Red Avenue New Materials Group Co., Ltd.
彤程新材料集團股份有限公司

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

Stock Code : 9607

GLOBAL OFFERING

Sole Sponsor, Sponsor-Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

國泰海通 GUOTAI HAITONG | 海通國際 HAITONG

Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

富強證券 FORTUNE (HK) SECURITIES

Joint Bookrunners and Joint Lead Managers

富途證券 FUTU Securities International

仁和資本 ARMONIA CAPITAL

华金证券国际 Huajin Securities International

老虎證券 TIGER BROKERS

圓通環球證券

If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

Red Avenue New Materials Group Co., Ltd.
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(A joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	68,118,700 H Shares
Number of Hong Kong Offer Shares	:	6,811,900 H Shares (subject to reallocation)
Number of International Offer Shares	:	61,306,800 H Shares (subject to reallocation)
Maximum Offer Price	:	HK$44.00 per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	RMB1.00 per H Share
Stock Code	:	9607

Sole Sponsor, Sponsor-Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

Joint Bookrunners and Joint Lead Managers

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — 1. Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between us and the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or before Friday, 25 September, 2026 (Hong Kong time) and, in any event, not later than 12:00 noon on Friday, 25 September, 2026 (Hong Kong time). The Offer Price will not be more than HK$44.00 per Offer Share, and is expected to be not less than HK$39.00 per Offer Share, unless otherwise announced. Applicants for the Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$44.00 for each Hong Kong Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the Offer Price as finally determined is less than HK$44.00 per Offer Share. If, for any reason, the Offer Price is not agreed between us and the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) at or before 12:00 noon on Friday, 25 September, 2026 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate and with our Company's consent, reduce the number of Offer Shares being offered under the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Offer Shares being offered under the Global Offering will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and ours at **www.rachem.com** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. For details, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. For details, please refer to the paragraph headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered, sold, pledged or otherwise transferred within the United States, except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The Offer Shares may only be offered and sold outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the websites of ours at **www.rachem.com** and Stock Exchange at **www.hkexnews.hk**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

21 September 2026

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.rachem.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **HK eIPO White Form** service at **www.hkeipo.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf, including by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table below.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your **broker** or **custodian** may require you to prefund your application in such amount as determined by your **broker** or **custodian**, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such prefunding requirement imposed by your **broker** or **custodian** with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*
100	4,444.38	2,000	88,887.48	10,000	444,437.40	300,000	13,333,122.00
200	8,888.75	2,500	111,109.36	20,000	888,874.80	400,000	17,777,496.00
300	13,333.13	3,000	133,331.22	30,000	1,333,312.20	500,000	22,221,870.00
400	17,777.50	3,500	155,553.09	40,000	1,777,749.60	600,000	26,666,244.00
500	22,221.86	4,000	177,774.95	50,000	2,222,187.00	700,000	31,110,618.00
600	26,666.24	4,500	199,996.84	60,000	2,666,624.40	800,000	35,554,992.00
700	31,110.62	5,000	222,218.70	70,000	3,111,061.80	900,000	39,999,366.00
800	35,554.99	6,000	266,662.45	80,000	3,555,499.20	1,000,000	44,443,740.00
900	39,999.37	7,000	311,106.18	90,000	3,999,936.60	2,000,000	88,887,480.00
1,000	44,443.75	8,000	355,549.92	100,000	4,444,374.00	3,405,900(1)	151,370,934.07
1,500	66,665.61	9,000	399,993.65	200,000	8,888,748.00		

Notes:

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of Hong Kong Offer Shares will be considered and any such an application is liable to be rejected.

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our Company's website at ***www.rachem.com*** *and the website of the Hong Kong Stock Exchange at* ***www.hkexnews.hk****.*

Hong Kong Public Offering commences . . . . 9:00 a.m. on Monday, 21 September, 2026

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2] . . . . 11:30 a.m. on Thursday, 24 September, 2026

Application lists of the Hong Kong Public Offering open[3]. . . . . 11:45 a.m. on Thursday, 24 September, 2026

Latest time for (a) completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]. . . . . 12:00 noon on Thursday, 24 September, 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant who will submit an **electronic application instruction** on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions, as this may vary by **broker** or **custodian**.

Application lists of the Hong Kong Public Offering close[3] . . . . 12:00 noon on Thursday, 24 September, 2026

Expected Price Determination Date . . . . at or before 12:00 noon on Friday, 25 September, 2026

Announcement of the final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering; and the basis of allocation of the Hong Kong Offer Shares to be published on our website at **www.rachem.com**[5] and the website of the Stock Exchange at **www.hkexnews.hk** . . . . at or before 11:00 p.m. on Monday, 28 September, 2026

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be published on our website at **www.rachem.com**[5] and the website of the Stock Exchange at **www.hkexnews.hk** by no later than . . . . 11:00 p.m. on Monday, 28 September, 2026

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** (alternatively: **www.hkeipo.hk/IPOResult**) with a "search by ID" function from . . . . 11:00 p.m. on Monday, 28 September, 2026 to 12:00 midnight on Sunday, 4 October, 2026

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from . . . . Tuesday, 29 September, 2026, to Monday, 5 October, 2026 (excluding Saturday, Sunday and public holidays in Hong Kong)

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[6][8] . . . . Monday, 28 September, 2026

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications under the Hong Kong Public Offering to be dispatched on or before[7][8] . . . . Tuesday, 29 September, 2026

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at. . . . . 9:00 a.m. on Tuesday, 29 September, 2026

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 24 September, 2026, the application lists will not open or close on that day. For further details, please see the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels.".

(5) None of the website or any of the information contained on the website forms part of this prospectus.

(6) No temporary documents of title will be issued in respect of the Offer Shares. H Share certificates for the Hong Kong Offer Shares will only become valid evidence of title provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with their terms prior to 8:00 a.m. on the Listing Date. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so at their own risk.

(7) **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the maximum price payable per Offer Share on application. Part of the applicant's identification document number, or, if the application is made

by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund cheque. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund cheque.

(8) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to the bank account in the form of **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheques in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Any uncollected H share certificates and/or refund cheques (if applicable) will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies."

The H Share certificates will only become valid evidence of title provided that the Global Offering has become unconditional in all respects and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with their respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Tuesday, 29 September, 2026. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus, respectively.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Capital Market Intermediaries, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. The information contained in our website at ***www.rachem.com*** *does not form part of this prospectus.*

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Who we are

We are a comprehensive new materials provider in the PRC. We are primarily engaged in the R&D, production, marketing, sales and distribution of new materials. According to F&S, "new materials" is an industry term referring to materials that are newly developed or improved from traditional materials, featuring enhanced performance or specific functional properties. During the Track Record Period, our principal businesses comprised three segments, namely (i) rubber additives for tyres and other chemical products; (ii) electronic materials; and (iii) fully biodegradable materials. With respect to our rubber additives for tyres and other chemical products segment, according to the F&S Report, we ranked first in sales revenue in both the global and PRC phenolic resins rubber additives for tyres markets in FY2025 with a market share of 41.4% and 45.9%, respectively. With respect to electronic materials, we ranked first, in terms of sales revenue, among local suppliers in both the PRC semiconductor photoresist market and the PRC thin-film transistor (TFT) array photoresist market in FY2025 with a market share of 5.8% and 26.2%, respectively.

Our history can be traced back to 1999 when we commenced our operations in the international trading of chemical materials for tyres. Leveraging on our industry experience, we subsequently expanded upstream by establishing our production bases and have since developed into a platform enterprise integrating R&D, manufacturing and sales functions. In 2018, we successfully listed on the Shanghai Stock Exchange. Building on our accumulated technological capabilities and industry experience, we have continued to expand both horizontally and vertically along the industry value chain. We have gradually expanded into the electronic materials segments through strategic investments and acquisitions. We also tapped into the fully biodegradable materials sector by developing products relating to PBAT. For further details of our milestones, please refer to the section headed "History, development and corporate structure — Milestones" in this prospectus.

Our business and products

Under our rubber additives for tyres and other chemical products business segment, our major product categories include rubber resins and additives such as phenolic resins, PTBP as well as other chemical products. These products are primarily used in the production of automobile tyres and other rubber products to optimize various properties of rubber products such as their stickiness, strength and safety. Our product offerings under the electronic materials segment are mainly divided into (i) semiconductor materials, including semiconductor photoresists, CMP polishing pads, high-purity solvents and EBR; and (ii) display panel materials, including display photoresists, organic insulating films and light-emitting materials. Our electronic materials are mainly used in the production of semiconductors and display panels by our downstream customers. In respect of our fully biodegradable materials segment, our products primarily include PBAT products mainly used in packaging materials and agricultural mulch films.

We are positioned in the midstream of the industry chain, supplying functional resins, photoresists and ancillary chemical products to downstream industries including producers of tyres, automobiles, semiconductors and display panels. Our principal raw materials include phenol, formaldehyde, resins and solvents. Apart from sourcing the raw materials from our suppliers, we are also committed to extending our operations upstream from our core products into the production of key raw materials and intermediates, with a view to realise in-house production of certain key intermediates to ensure supply stability, enhance cost control and improve our overall capability in providing comprehensive supply to our downstream customers.

As at the Latest Practicable Date, we operated seven production facilities across various provinces and municipalities in the PRC, including Shanghai, Zhangjiagang, Zhenjiang, Hubei, Beijing and Changzhou. These facilities had an aggregate gross floor area of approximately 146,000 sq.m. and an aggregate annual designed production capacity of over 200,000 tonnes of rubber resins, electronic resins and additives and approximately 1,000 tonnes and 6,000 tonnes of semiconductor photoresists and display panel photoresists, respectively. For details, please refer to the section headed "Business — Production — Production facilities" in this prospectus.

We continue to invest in and expand our production capacity through construction of new production facilities, as well as the upgrading and expansion of our existing production lines. Looking forward, we are establishing a new production base for rubber additives in Thailand with a view to further enhancing our global supply capabilities and supporting the continued growth of our business. For details, please refer to the section headed "Business — Our strategies — Broaden our international presence and global supply capability through strategic expansion in overseas markets" in this prospectus.

Our customers

We have established a customer base globally covering industry leading players in the automobile tyres, semiconductors and display panels industries. We maintain long-term and stable relationship with our major customers. Our products have passed the certification and/or gained recognition from our customers. In respect of our rubber additives for tyres customers, we have established ongoing business relationships with numerous well-known domestic and overseas tyre manufacturers, covering the world's top 20 tyre manufacturers, which together account for over 70% of the market share of the global tyre industry in 2025. For our electronic materials segment, we have also established business relationships with semiconductors and display panel manufacturers with significant market positions in their respective sectors, covering various leading 8- and 12-inches wafer fabrication manufacturers in the PRC.

During the Track Record Period, our revenue was primarily derived from the PRC. At the same time, we have been actively expanding our overseas markets, with revenue generated from overseas sales accounting for approximately 18.7%, 19.0%, 18.5% and 17.8% of our total revenue for FY2023, FY2024, FY2025 and 6M2026, respectively. For details, please refer to the section headed "Business —Sales and marketing — Geographical distribution" in this prospectus. We mainly supply our products to downstream customers through direct sales. During FY2023, FY2024, FY2025 and 6M2026, approximately 91.4%, 91.3%, 91.1% and 91.6% of our revenue were generated from direct sales. Under such a direct sales model, we are able to maintain close working relationships with our customers and develop an in-depth understanding of their operational requirements and preferences, which enables us to respond promptly to their needs and strengthen our customer relationships.

Our R&D

We place strong emphasis on technological development and innovation. We believe that our R&D efforts are essential to the development of our business, both in resolving technical issues relating to our existing products and in supporting the development, optimisation and promotion of new products. For FY2023, FY2024, FY2025 and 6M2026, we recorded R&D expenses of RMB179.8 million, RMB216.6 million, RMB232.5 million and RMB118.4 million, respectively. For details, please refer to the section headed "Business — Research and development" in this prospectus.

Our sustainability

As an advanced chemical materials manufacturer, we place strong emphasis on sustainability and environmental protection. We actively support the Sustainable Development Goals of the United Nations. We have officially joined the United Nations Global Compact (UNGC) and are fully committed to implementing its ten core principles in the four key areas of human rights, labor, environment, and anti-corruption. Notably, our Sino Legend factory achieved the EcoVadis

Platinum Award in the latest assessment cycle, securing the highest score within the industry in the PRC and standing as the sole recipient of this honor in the sector in 2026. For details, please refer to the paragraph headed "Environment, social and governance" in this section.

OUR COMPETITIVE STRENGTHS

We believe that the strengths set out below position us well to capture future opportunities and sustain our growth:

- We are well positioned to benefit from future market growth and opportunities as one of the major new chemical materials providers in the PRC
- Our diversified product portfolio and capabilities in offering comprehensive and tailored solutions enable us to provide products and services that effectively address our customers' needs
- Strong R&D capabilities that enable us to continuously deliver high-quality products
- Our vertically integrated operations enhance our efficiency and market competitiveness
- We have established strong and long-standing relationships with domestic and overseas leading enterprises
- Experienced management team with in-depth industry and management experience and knowledge and a dedicated team of employees

For details, please refer to the section headed "Business — Our competitive strengths" in this prospectus.

OUR STRATEGIES

We intend to pursue the following strategies to drive further growth including: (i) strengthen our R&D capabilities and efficiency to promote technological innovation and further enrich our product portfolio; (ii) broaden our international presence and global supply capabilities through strategic expansion in overseas markets; (iii) upgrade and maintain our production facilities to enhance our production capabilities and competitiveness of our products to meet market demand; and (iv) facilitate growth through potential investments and strategic acquisitions. For details, please refer to the section headed "Business — Our strategies" in this prospectus.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers mainly comprised tyre manufacturers, semiconductor manufacturers and display panel manufacturers. Revenue from our five largest customers in each year/period during the Track Record Period amounted to RMB829.4 million, RMB926.6 million, RMB1,020.9 million and RMB619.9 million, representing approximately 28.1%, 28.4%, 29.8% and 29.1% of our total revenue for the respective year/period, while the largest customer in each year/period during the Track Record Period contributed 11.3%, 11.7%, 10.8% and 10.6% of our total revenue, respectively, for the same year/period.

During the Track Record Period, we primarily purchase raw materials from suppliers engaging in the processing of fossil fuels and trading of electronic and/or chemical products. Purchases from our five largest suppliers in each year/period during the Track Record Period amounted to RMB486.6 million, RMB556.8 million, RMB644.3 million and RMB448.8 million, respectively, representing 25.1%, 25.4%, 28.3% and 31.8% of our total purchases for the respective year/period. Purchases attributable to our largest supplier in each year/period during the Track Record Period amounted to RMB108.0 million, RMB170.0 million, RMB152.6 million and RMB133.8 million, respectively, accounting for 5.6%, 7.7%, 6.7% and 9.5% of our total purchases, respectively.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth our summary financial information covering the Track Record Period. Such financial information is extracted from, and should be read together with and is qualified in its entirety by reference to, our consolidated financial statements contained in the Accountants' Report presented in Appendix I to this prospectus, including the related notes. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

Set forth below is a summary of our consolidated statements of profit or loss for each financial year/period during the Track Record Period. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Revenue	2,937,334	100.0	3,263,380	100.0	3,420,577	100.0	1,650,517	100.0	2,133,064	100.0
Cost of sales	(2,252,274)	(76.7)	(2,467,523)	(75.6)	(2,606,985)	76.2	(1,229,972)	(74.5)	(1,645,635)	(77.1)
Gross profit	685,060	23.3	795,857	24.4	813,592	23.8	420,545	25.5	487,429	22.9
Profit for the year/ period	404,118	13.8	534,185	16.4	577,261	16.9	358,273	21.7	389,096	18.2

Revenue

During the Track Record Period, we generated revenue from our sales of products including rubber additives for tyres and other chemical products, electronic materials and fully biodegradable materials. Our revenue was on an upward trend throughout the Track Record Period: our revenue increased by approximately RMB326.0 million or 11.1% from RMB2,937.3 million for FY2023 to RMB3,263.4 million for FY2024, by RMB157.2 million or 4.8% to RMB3,420.6 million for FY2025, and further by RMB482.5 million or 29.2% from RMB1,650.5 million for 6M2025 to RMB2,133.1 million for 6M2026.

Revenue by Segment

The following table sets forth a breakdown of our revenue by business segment during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Rubber additives for tyres and other chemical products	2,275,508	77.5	2,437,747	74.7	2,321,268	67.9	1,155,225	70.0	1,321,563	61.9
Electronic materials	561,490	19.1	744,853	22.8	986,117	28.8	441,499	26.7	692,511	32.5
Fully biodegradable materials	100,336	3.4	80,780	2.5	113,192	3.3	53,793	3.3	118,990	5.6
Total	**2,937,334**	**100.0**	**3,263,380**	**100.0**	**3,420,577**	**100.0**	**1,650,517**	**100.0**	**2,133,064**	**100.0**

Note: The revenue of each business segment and our Group presented in the table above is the revenue after elimination of all inter-segment sales and comprises sales to external customers only.

Our electronic materials segment had served as our core revenue growth driver, throughout the Track Record Period, capitalising on the growth in market demand for our semiconductor photoresists and display panel photoresists by virtue of positive developments in the downstream industries, and the expansion in actual production volume of our photoresist products.

The table below sets forth the sales volume and average selling price of our major product categories during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	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)]
	'000 tonnes	*RMB'000 per tonne*	*'000 tonnes*	*RMB'000 per tonne*	*'000 tonnes*	*RMB'000 per tonne*	*tonnes '000*	*RMB'000 per tonne*	*tonnes '000*	*RMB'000 per tonne*
Rubber additives for tyres and other chemical products										
— Self-manufactured phenolic resins. .	110.4	15.2	120.3	14.8	124.3	13.5	61.9	14.1	69.7	13.4
— Other self-manufactured products.	20.8	15.5	20.5	14.2	20.8	14.9	10.2	12.3	11.2	17.6
— Trading products . .	10.0	28.3	13.9	26.7	13.3	25.1	6.6	24.2	7.5	25.2
Electronic materials										
— Semiconductor materials	0.3	578.2	0.5	594.5	1.1	379.3	0.3	594.7	1.4	224.8
— Display panel materials	3.7	70.0	4.9	67.9	5.6	78.2	2.6	72.6	3.5	83.4
— Electronic resin and others	8.4	11.8	10.8	10.4	12.1	10.2	5.4	10.6	7.9	11.3
Fully biodegradable materials										
— PBAT	9.3	10.7	8.4	9.6	13.2	8.6	6.0	9.0	13.9	8.6

Note:

(1) Average selling price is calculated by dividing revenue from sales of the relevant products by the corresponding sales volume during the financial year/period concerned.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB685.1 million, RMB795.9 million, RMB813.6 million, RMB420.5 million and RMB487.4 million for FY2023, FY2024, FY2025, 6M2025 and 6M2026, respectively. Our overall gross profit margin remained relatively stable during the Track Record Period. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, we recorded a gross profit margin of approximately 23.3%, 24.4%, 23.8%, 25.5% and 22.9%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business segment during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	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)			
Rubber additives for tyres and other chemical products	567,451	24.9	622,629	25.5	565,540	24.4	295,667	25.6	298,374	22.6
Electronic materials	150,505	26.8	229,619	30.8	278,867	28.3	135,149	30.6	195,757	28.3
Fully biodegradable materials	(32,895)	(32.8)	(56,391)	(69.8)	(30,815)	(27.2)	(10,271)	(19.1)	(6,702)	(5.6)
Total	**685,060**	**23.3**	**795,857**	**24.4**	**813,592**	**23.8**	**420,545**	**25.5**	**487,429**	**22.9**

Government Grants

During the Track Record Period, we had received government grants as compensation for expenses already incurred or as financial support for our Group. Such government grants would be recognised as other income in our consolidated statements of profit or loss when there was no unfulfilled condition or contingency relating to such grants. The government grants received relating to purchases of items of property, plant and equipment were recognised as other income over the useful lives of the relevant assets. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our other income included government grants in the amount of approximately RMB26.9 million, RMB23.5 million, RMB50.3 million, RMB20.3 million and RMB33.5 million, representing 6.7%, 4.4%, 8.7%, 5.7% and 8.6% of our profit for the year/period, respectively.

Share of Profits of Associates

Throughout the Track Record Period, our share of profits of associates accounted for a significant portion of our profit for each financial year/period. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our share of profits of associates amounted to approximately RMB226.6 million, RMB314.4 million, RMB382.1 million, RMB219.5 million and RMB206.0 million, representing 56.1%, 58.9%, 66.2%, 61.3% and 52.9% of our profit for the year/period, respectively. Our share of profits of associates is wholly dependent on the business performance of our associates and may fluctuate and not be sustainable in the future. As we do not hold a controlling interest in any of our associates, we may not be able to exert substantial influence over our associates to effectively safeguard our share of profits of associates and realise investment returns. For further details of the risks associated with our investments in associates, please refer to the section headed "Risk Factors — We have investments in associates with share of profits of associates accounting for a significant portion of our profit throughout the Track Record Period, and our financial condition and results of operations may be affected by variance in the operating results and dividend distribution of our associates" in this prospectus.

Profit for the Year/Period

Our profit increased by approximately RMB30.8 million or 8.6% from RMB358.3 million for 6M2025 to RMB389.1 million for 6M2026, which was primarily attributable to (i) the increase in gross profit; (ii) the increase in other income and gains as a result of, among other things, the increase in government grants and the gain on purchase of unlisted equity investment at fair value through profit of loss recorded in 6M2026; (iii) the decrease in administrative expenses as a result of, among other things, the reductions in professional service expenses, business development expenses and depreciation expenses in relation to right-of-use assets; and (iv) the decrease in finance costs, mainly due to the reduction in interest on interest-bearing bank and other borrowings as a result of the exercise of conversion rights by bondholders of the convertible bonds issued by us and our redemption of the remaining amount of such convertible bonds during the second half of FY2025.

Our profit increased by approximately RMB43.1 million or 8.1% from RMB534.2 million for FY2024 to RMB577.3 million for FY2025, which was primarily attributable to (i) the increase in gross profit; (ii) the decrease in other expenses given that significant one-off impairment losses on property, plant and equipment were recorded in connection with our fully biodegradable materials segment during FY2024; and (iii) the increase in share of profits of associates mainly due to the improvement in results of operations of Zhongce Rubber, one of our major associates, over the financial years.

Our profit increased by approximately RMB130.1 million or 32.2% from RMB404.1 million for FY2023 to RMB534.2 million for FY2024, which was primarily attributable to (i) the increase in gross profit; (ii) the increase in other income and gains, mainly due to the bargain purchase gain arising from investment in an associate recorded during FY2024 as Prinx Chengshan became classified as an associate of us; and (iii) the increase in share of profits of associates, mainly due to the inclusion of share of profits of Prinx Chengshan as it became our associate and the improvements in results of operations of Zhongce Rubber.

Please refer to the section headed "Financial Information — Period to Period Comparison of Results of Operations" in this prospectus for further details of the changes in our profit for each financial year/period during the Track Record Period.

Summary of Consolidated Statements of Financial Position

Set forth below is a summary of our consolidated statements of financial position as at the end of each financial year/period during the Track Record Period.

	As at			
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	2,544,376	2,953,752	3,136,923	3,244,951
Non-current assets	4,789,529	5,455,375	6,081,812	6,286,104
Total assets	7,333,905	8,409,127	9,218,735	9,531,055
Current liabilities	1,808,247	2,784,536	3,073,789	3,699,968
Non-current liabilities	2,020,762	2,165,261	1,886,255	1,514,138
Total liabilities	3,829,009	4,949,797	4,960,044	5,214,106
Net current assets/(liabilities)	736,129	169,216	63,134	(455,017)
Net assets	3,504,896	3,459,330	4,258,691	4,316,949

Our net assets remained relatively stable at approximately RMB4,258.7 million as at 31 December 2025 and RMB4,316.9 million as at 30 June 2026, where the increases caused by, among other things, the total comprehensive income for 6M2026 of RMB291.1 million and the capital injection from non-controlling equity holders of RMB51.9 million had been largely offset by the decreases caused by, among other things, the dividend declared of RMB306.5 million.

Our net assets increased by approximately RMB799.4 million from RMB3,459.3 million as at 31 December 2024 to RMB4,258.7 million as at 31 December 2025, which was primarily attributable to the total comprehensive income for FY2025 of RMB594.8 million and the exercise of conversion rights for convertible bonds by bondholders in the amount of RMB562.6 million, as partially offset by the dividend declared of RMB298.0 million and the acquisition of non-controlling interests for RMB299.9 million.

Our net assets remained relatively stable at approximately RMB3,504.9 million as at 31 December 2023 and RMB3,459.3 million as at 31 December 2024, where the decreases caused by, among other things, the dividend declared of RMB501.4 million, the acquisition of non-controlling interest for RMB90.8 million and the repurchase of ordinary shares for RMB80.5 million had been largely offset by the increases caused by, among other things, the total comprehensive income for FY2024 of RMB550.4 million, the share-based payments of RMB43.1 million and the vesting of restricted shares in the amount of RMB23.5 million.

Please refer to the section headed "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position" in this prospectus for further details of the changes in our current and non-current assets and liabilities as at the end of each financial year/period during the Track Record Period.

Summary of Consolidated Statements of Cash Flows

Set forth below is a summary of our consolidated statements of cash flows for each financial year/period during the Track Record Period:

	FY2023	FY2024	FY2025	6M2025	6M2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash flows from operating activities	178,824	145,259	262,272	135,708	36,546
Net cash flows from/(used in) investing activities	119,123	(679,894)	(169,349)	(134,572)	(32,696)
Net cash flows (used in)/ from financing activities	(14,072)	370,720	(113,152)	72,637	(24,504)
Net increase/(decrease) in cash and cash equivalents	283,875	(163,915)	(20,229)	73,773	(20,654)
Cash and cash equivalents at beginning of year/ period	370,628	661,436	503,209	503,209	476,150
Effect of foreign exchange rate changes, net	6,933	5,688	(6,830)	1,968	(19,810)
Cash and cash equivalents at end of year/period	661,436	503,209	476,150	578,950	435,686

Please refer to the section headed "Financial Information — Liquidity and Capital Resources — Cash Flows" in this prospectus for further details of the changes in our cash flows for each financial year/period during the Track Record Period.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for each financial year/period during the Track Record Period (where applicable) and should be read in conjunction with the Accountants' Report presented in Appendix I to this prospectus.

	FY2023	FY2024	FY2025	6M2026
Profitability ratios				
Return on equity	12.2%	15.3%	15.0%	N/A
Return on total assets	5.7%	6.8%	6.5%	N/A
Gross Profit Margin	23.3%	24.4%	23.8%	22.9%
Net profit margin	13.8%	16.4%	16.9%	18.2%

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Liquidity ratios				
Current ratio (*times*)	1.4	1.1	1.0	0.9
Quick ratio (*times*) .	1.2	0.9	0.8	0.7
Capital adequacy ratio				
Gearing ratio	60.2%	100.9%	80.3%	87.7%

Please refer to the section headed "Financial Information — Key Financial Ratios" in this prospectus for the calculation basis of the above financial ratios.

COMPETITION

We primarily operate our business in semiconductor materials, display panel materials and rubber chemicals for automobile tyres industries. These industries are characterised by high technical barriers, substantial R&D investment, and a strong emphasis on product innovation and quality. For details, please refer to the section headed "Business — Competition" in this prospectus.

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business and industry, (ii) risks relating to conducting business in China and other jurisdictions and (iii) risks relating to the Global Offering. These risks include, among others, the following:

- Our business is subject to demands from our downstream industries that adopt our products. Any changes in the growth of these downstream industries could adversely affect our business, financial condition and results of operations.
- Our business and financial performance could be materially affected by fluctuations in the price and supply of raw materials.
- We may be subject to liability in connection with production safety and the use, storage and transportation of hazardous materials.
- Production process of our products involves discharge of pollutants which are subject to PRC laws and regulations, any non-compliance of which may subject us to fines or other liabilities.
- Our business growth and prospects are affected by our ability to continuously innovate and upgrade our technologies and production processes and to penetrate new markets.

As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the section headed "Risk Factors" in this prospectus in its entirety before you decide to invest in our Offer Shares.

LEGAL PROCEEDINGS AND COMPLIANCES

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant PRC laws and regulations in all material respects and have obtained all material licences, approvals and permits from relevant regulatory authorities for our operations.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, we will be owned as to approximately 0.12% by Ms. Zhang, 43.05% by Red Avenue Investment and 11.72% by Virgin Holdings. Red Avenue Investment is wholly owned by Ms. Zhang, and Virgin Holdings is owned as to 99.9% by Ms. Zhang and 0.1% by Red Avenue Investment. Accordingly, Ms. Zhang and the entities controlled by her, namely Red Avenue Investment and Virgin Holdings, will hold in aggregate approximately 54.89% of the issued share capital of our Company and will be our Controlling Shareholders upon the Listing. For details, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

LISTING EXPENSES

The Listing expenses to be borne by us are estimated to be approximately RMB104.3 million (based on the Offer Price of HK$41.5 per H Share, being the mid-point of the indicative Offer Price range), representing 4.3% of the estimated gross proceeds from the Global Offering. Our Listing expenses consist of (i) underwriting-related expenses, including underwriting commission, of approximately RMB73.4 million; and (ii) non-underwriting-related expenses of RMB30.9 million, comprising (a) fees and expenses of our legal advisors and reporting accountants of RMB17.1 million; and (b) other fees and expenses of RMB13.8 million.

During the Track Record Period, we incurred Listing expenses of approximately RMB18.7 million, of which RMB1.3 million was charged to our consolidated statements of profit or loss and RMB17.4 million are expected to be deducted from equity upon Listing. Subsequent to the Track Record Period, approximately RMB85.6 million of Listing expenses are expected to be incurred, of which RMB5.2 million are expected to be charged to our consolidated statements of profit or loss and RMB80.4 million are expected to be deducted from equity upon Listing.

We do not consider any of the above components of our Listing expenses to be unusually high for our Group. The Listing expenses stated above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

GLOBAL OFFERING STATISTICS

	Based on the low-end of the indicative Offer Price range of HK$39.00	**Based on the high-end of the indicative Offer Price range of HK$44.00**
Market capitalization of the H Shares following the completion of the Global Offering(1)	HK$2,656.6 million	HK$2,997.2 million
Total market capitalization of our A Shares and H Shares(2)	HK$46,700.0 million	HK$47,040.6 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our Company per Share(3)	HK$9.84	HK$10.33

Notes:

(1) The calculation of the market capitalization is based on the assumption that 68,118,700 H Shares will be in issue immediately after completion of the Global Offering.

(2) The calculation of the market capitalization is based on the assumption that 68,118,700 H Shares will be in issue immediately after completion of the Global Offering, and 616,069,636 A Shares will be in issue immediately after completion of the Global Offering (assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date) and excluding 3,001,917 treasury shares and 1,609,582 unvested restricted shares under share award scheme as at 30 June 2026 with the average closing price of RMB62.22 (equivalent to approximately HK$72.03) for the five trading days preceding the Latest Practicable Date.

(3) Please refer to the section headed "Appendix II — Unaudited Pro Forma Financial Information" in this prospectus for details regarding the assumptions used and the calculation method.

DIVIDENDS

Our declaration and payment of dividends are subject to the PRC laws and regulations, including, among other things, the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)》), and our Articles of Association. Our Articles of Association contain general profit distribution provisions, the details of which are set forth in the paragraphs below. Apart from that, as at the Latest Practicable Date, we have not adopted any formal dividend policy or pre-determined dividend payout ratio.

Pursuant to our Articles of Association, as the overarching principle, our profit distribution plan should emphasise providing investors with reasonable returns, where account should also be taken of our actual operating condition in the relevant financial year and the sustainable development of our business, and we should seek to maintain consistency, reasonableness and stability of our profit distribution plan, especially in relation to payment of cash dividends. We set it as our goal that over any consecutive three-year period, the total cash dividends distributed shall be no less than 30% of the average annual distributable profits recorded during that three-year period. We may opt not to make profit distribution if a non-unqualified opinion is given or material uncertainty related to going concern is expressed in the auditors' report for the latest financial year, if our debt to asset ratio exceeds 70%, or if we record a net cash outflow for the relevant financial year.

Our Articles of Association further provide that profit may be distributed by means of payment of cash dividends, issue of scrip shares or a combination of both, or such other means as may be permitted under the applicable laws and regulations. In deciding the profit distribution method, priority should be given to payment of cash dividends, provided that the following conditions are met: (i) we record distributable profit (i.e. profit after tax after making up for losses and appropriation for reserves) for the relevant financial year or interim period of six months; (ii) our aggregate distributable profit is positive; (iii) our auditors gave a standard unqualified opinion in its auditors' report in respect of our financial statements for the relevant financial year; and (iv) our cash flows are sufficient to meet our needs in connection with our daily operations and sustainable development. Where the above conditions are met, the amount of profit distributed by us by means of payment of cash dividends in respect of a financial year should be no less than 15% of the distributable profit recorded for that financial year. Where circumstances permit, we may pay interim cash dividends according to our profitability and capital needs.

Any proposed profit distribution plan is subject to the discretion of our Board and approval at a Shareholders' meeting. When formulating a cash dividend payment plan, our Board should take into consideration the following factors:

- characteristics of the industry in which we operate;
- our stage of development;
- our business model;
- our profitability for the relevant financial year/period;
- whether there are any significant capital expenditure plans; and
- such other conditions as may be deemed relevant by our Board.

During the Track Record Period, we had declared final dividends and interim dividend in the form of cash. In FY2023, FY2024, FY2025 and 6M2026, our final dividends declared in respect of the financial years ended 31 December 2022, 2023, 2024 and 2025 amounted to approximately RMB47.5 million, RMB352.4 million, RMB298.0 million and RMB306.5 million, respectively. In addition, during FY2024, we declared an interim dividend for the first half of the financial year in the amount of approximately RMB149.0 million. As at the Latest Practicable Date, all of the dividends declared during the Track Record Period had been settled.

USE OF PROCEEDS

Assuming an Offer Price of HK$41.50 per H Share (being the mid-point of the indicative Offer Price range), we estimate that we will receive net proceeds of approximately HK$2,706.1 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering. In line with our strategies, we intend to allocate: (i) approximately 32.8% of the net proceeds, or HK$887.6 million, for enhancing our R&D efficiency and capabilities; (ii) approximately 21.0% of the net proceeds, or HK$568.3 million, for the upgrade and maintenance of our production facilities; (iii) approximately 20.0% of the net proceeds, or HK$541.2 million, for strategic investments and/or acquisition; (iv) approximately 10.0% of the net proceeds, or HK$270.6 million, for repaying bank borrowings; (v) approximately 6.2% of the net proceeds, or HK$167.8 million, for expanding our overseas market presence and supply capabilities; and (vi) approximately 10.0% of the net proceeds, or HK$270.6 million, for working capital and general corporate uses.

For further details, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

LISTING ON THE SHANGHAI STOCK EXCHANGE

To improve the brand awareness of our Company and expand our financial resources for the Group's development, our then Shareholders resolved to apply for the listing of our Shares on the Shanghai Stock Exchange in 2018. On 27 June 2018, all issued Shares of our Company were listed on the Shanghai Stock Exchange under the stock code of 603650.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that since 30 June 2026, being the end of the Track Record Period, and up to the date of this prospectus, there has been no material adverse change in the financial or trading position of our Group, and that there has been no event since 30 June 2026 that would materially affect the information in the Accountants' Report presented in Appendix I to this prospectus.

Rule 13.48(1) of the Listing Rules requires an issuer listed on the Hong Kong Stock Exchange to send to its shareholders an interim report in respect of each interim period, i.e., the first six months of each financial year, not later than three months after the end of the interim period. In accordance with the Note to Rule 13.48(1) of the Listing Rules, the requirements under Rule 13.48(1) of the Listing Rules are not applicable to us in respect of the interim period which ended immediately before the Listing Date, i.e. 6M2026, even though the deadline for publishing the interim report in respect of 6M2026, i.e. 30 September 2026, falls after the Listing Date. This is because (a) this prospectus already contains the financial information required under Appendix D2 to the Listing Rules in relation to interim reports in respect of 6M2026, with comparative figures for 6M2025; (b) we have complied with the applicable code provisions in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules; and (c) we will not be in breach of the Articles of Association, the laws and regulations of the PRC or other regulatory requirements as a result of not distributing an interim report in respect of 6M2026. Therefore, we will not separately prepare, publish and send to our Shareholders an interim report in respect of 6M2026, and will instead publish an announcement no later than the deadline prescribed under Rule 13.48(1) of the Listing Rules for publishing the interim report in respect of 6M2026, i.e. 30 September 2026, stating this fact and reminding our Shareholders and the public that the relevant financial information has been included in this prospectus. Going forward, we will comply with the applicable requirements under Rules 13.46 to 13.49 of the Listing Rules in respect of every financial year and interim period ending after the Listing Date.

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the meanings set forth below. Certain other terms are explained in the section headed "Glossary of technical terms" in this prospectus.

"2021 RSA Scheme"	please refer to the definition of "2021 RSA Scheme" as set out in the section headed "History, Development and Corporate Structure" in this prospectus
"2023 RSA Scheme"	the restricted share award scheme adopted by our Company in September 2023, the principal terms of which are set out in "Appendix VI — Statutory and General Information — 5. Our 2023 RSA Scheme" in this prospectus
"6M2025"	the six months ended 30 June 2025
"6M2026"	the six months ended 30 June 2026
"A Share(s)"	the domestic share(s) of our Company, with a nominal value of RMB1.00 each, which is/are listed on the Shanghai Stock Exchange and traded in Renminbi
"Accountants' Report"	The accountants' report of our Company for the Track Record Period as included in Appendix I to this prospectus
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in "Appendix V — Summary of the Articles of Association" in this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"BAE"	Beijing Asahi Electronic Materials Co., Ltd (北京北旭電子材料有限公司) (formerly known as Beijing Beixu Electronic Glass Co., Ltd. (北京北旭電子玻璃有限公司)), a limited liability company established under the laws of the PRC on 16 November 1993 and an indirect wholly owned subsidiary of our Company
"BAE (Hubei)"	Beijing Asahi (Hubei) Electronic Materials Co., Ltd. (北旭(湖北)電子材料有限公司), a limited liability company established under the laws of the PRC on 21 May 2020 and an indirect wholly owned subsidiary of our Company
"Board"	the board of Directors of our Company
"business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"Capital Market Intermediary(ies)" or "CMI(s)"	the capital market intermediaries as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"Changjing Chemical"	Changzhou Changjing Chemistry Co., Ltd. (常州常京化學有限公司), a limited liability company established under the laws of the PRC on 19 August 1999 and was a direct wholly owned subsidiary of our Company prior to its deregistration. Changjing Chemical was deregistered on 24 February 2026
"Chinese Mainland" or "PRC"	the People's Republic of China which, for the purpose of this prospectus and for geographical reference only, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Co-lead Manager"	uSmart Securities Limited
"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", "our Company" or "the Company"	Red Avenue New Materials Group Co., Ltd. (彤程新材料集團股份有限公司), a company established under the laws of the PRC on 4 June 2008, and converted into a joint stock company with limited liability on 18 September 2016, whose A Shares are listed on the Shanghai Stock Exchange (stock code: 603650)
"Compliance Adviser"	Lego Corporate Finance Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and, in the case of our Company, means Ms. Zhang, Red Avenue Investment and Virgin Holdings individually and as a group of persons. Please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus for further details
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC securities markets and overseas securities activities of PRC entities
"Designated Bank"	HKSCC Participant's EIPO Designated Bank
"Director(s)"	the director(s) of our Company
"EAR99"	a U.S. export control classification for items that are generally not subject to specific license requirements under the EAR, unless such items are exported, re-exported or transferred (i) to a sanctioned or embargoed country; (ii) to an end user of concern (e.g. an entity listed on the Entity List); or (iii) in support of a prohibited end-use
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"EUR"	Euro, the lawful currency of the member states of the European Union

"Exchange Participant"	a person (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"FINI"	"Fast Interface for New Issuance," the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for the Listing
"F&S"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company
"F&S Report"	an independent market research report commissioned by us and prepared by F&S
"FY2023"	the financial year ended 31 December 2023
"FY2024"	the financial year ended 31 December 2024
"FY2025"	the financial year ended 31 December 2025
"General Rules of HKSCC"	the terms and conditions regulating the use of HKSCC's services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "we" or "us"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	the ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be listed on the Stock Exchange
"H Share Registrar"	Tricor Investor Services Limited
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited

"**HKSCC EIPO**"	the application for Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant(s)"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant and a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 6,811,900 H Shares (subject to reallocation as described in "Structure of the Global Offering") initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee), on and subject to the terms and conditions described in the paragraph headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the paragraph headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 17 September, 2026 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Controlling Shareholders, the Sole Sponsor, the Sponsor-Overall Coordinator and the Hong Kong Underwriters, as further described in the paragraph headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement" in this prospectus
"HKRAG"	Red Avenue Group Limited (彤程集團有限公司) (formerly known as Hong Kong Red Avenue Chemical Company Limited (香港彤程化工有限公司)), a limited liability company incorporated in Hong Kong on 9 August 1999 and a direct wholly owned subsidiary of our Company

"HKRAR"	Red Avenue Resins Limited (彤程樹脂有限公司) (formerly known as Hexion Resins Limited (瀚森樹脂有限公司) and Momentive Union Specialty Chemicals Limited (聯成邁圖精細化工有限公司)), a limited liability company incorporated in Hong Kong on 16 March 2012 and an indirect wholly owned subsidiary of our Company
"HKSLH"	Sino Legend Holding Group Limited (華奇控股集團有限公司), a limited liability company incorporated in Hong Kong on 22 May 2009 and an indirect wholly owned subsidiary of our Company
"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Independent Third Party(ies)" or "independent third party(ies)"	entity(ies) or person(s) which, to the best of our Directors' knowledge, information, and belief having made all reasonable enquiries, is/are not a connected person(s) of our Company within the meaning of the Listing Rules
"International Offer Shares"	the 61,306,800 H Shares (subject to reallocation) initially offered by our Company pursuant to the International Offering
"International Offering"	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, as further described in the section headed "Structure of the Global Offering — The International Offering" in this prospectus
"International Sanctions"	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the U.S. Government, the European Union, United Nations or the Government of Australia
"International Sanctions Legal Adviser"	Stephen Peepels, our legal advisers as to International Sanctions laws
"International Underwriters"	the underwriters of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, the Controlling Shareholders, the Sole Sponsor, the Sponsor-Overall Coordinator and the International Underwriters on or about the Price Determination Date, as further described in the paragraph headed "Underwriting — The International Offering" in this prospectus
"Joint Bookrunner(s)"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Global Coordinator(s)"	the joint global coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Lead Manager(s)"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Kempur"	Kempur Microelectronics, Inc. (北京科華微電子材料有限公司), a limited liability company established under the laws of the PRC on 13 August 2004 and an indirect non-wholly owned subsidiary of our Company

"Latest Practicable Date"	12 September 2026, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing"	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Tuesday, 29 September, 2026, on which dealings in our H Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended or supplemented or otherwise modified from time to time
"Macau"	the Macao Special Administrative Region of the PRC
"Main Board"	Main board of the Stock Exchange
"MRAG"	Red Avenue Group (Macao Commercial Offshore) Limited, a limited liability company incorporated in Macau on 28 July 2005 and an indirect wholly owned subsidiary of our Company
"Ms. Zhang"	Ms. Zhang Ning (張宁), our founder, chairperson of our Board, an executive Director and a Controlling Shareholder
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) expressed in Hong Kong dollars, at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as described in section headed "Structure of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares
"Overseas Listing Trial Measures"	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》) promulgated by the CSRC on 17 February 2023, as amended, supplemented or otherwise modified from time to time
"Overall Coordinators"	the overall coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"PRC Company Law"	the 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 Legal Adviser"	Allbright Law Offices, our legal adviser as to PRC laws
"Price Determination Date"	the date on which the Offer Price is to be determined
"Prinx Chengshan"	Prinx Chengshan Holdings Limited (浦林成山控股有限公司), an exempted company incorporated in the Cayman Islands on 22 May 2015 with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1809), and an invested entity held as to approximately 5.12% by our Group as at 30 June 2026
"QIB" or "Qualified Institutional Buyer"	a qualified institutional buyer within the meaning of Rule 144A

"RA Changzhou"	Red Avenue Electronic Materials (Changzhou) Co., Ltd. (彤程電子材料(常州)有限公司), a limited liability company established under the laws of the PRC on 30 April 2024 and an indirect wholly owned subsidiary of our Company
"RA Chemical"	Rachem (China) Co., Ltd. (彤程化學(中國)有限公司) (formerly known as Rachem (Shanghai) Co., Ltd. (彤程化學(上海)有限公司)), a limited liability company established under the laws of the PRC on 1 June 2011 and a direct wholly owned subsidiary of our Company
"RA Electronic"	Shanghai Red Avenue Electronic Materials Co., Ltd. (上海彤程電子材料有限公司), a limited liability company established under the laws of the PRC on 11 June 2020 and a direct wholly owned subsidiary of our Company
"RA Germany"	Red Avenue Europe GmbH, a limited liability company incorporated under the laws of Germany on 5 June 2025 and an indirect wholly owned subsidiary of our Company
"RA Innova"	Beijing Red Avenue Innova Co., Ltd. (北京彤程創展科技有限公司), a limited liability company established under the laws of the PRC on 26 October 2006 and a direct wholly owned subsidiary of our Company
"RA Oriental"	Red Avenue Oriental (Shanghai) Display Technology Co., Ltd. (彤程東方(上海)顯示技術有限公司), a limited liability company established under the laws of the PRC on 11 February 2026 and an indirect non-wholly owned subsidiary of our Company
"RA Shanghai Chemical"	Shanghai Red Avenue Chemical Co., Ltd. (上海彤程化工有限公司), a limited liability company established under the laws of the PRC on 17 August 1999 and a direct wholly owned subsidiary of our Company
"RA Thailand"	Red Avenue (Thailand) Co., Ltd., a limited liability company incorporated under the laws of Thailand on 16 May 2025 and an indirect non-wholly owned subsidiary of our Company
"RA Zhenjiang"	Red Avenue Electronic Materials (Zhenjiang) Co., Ltd. (彤程電子材料(鎮江)有限公司) (formerly known as Hansen Resin (Zhenjiang) Co., Ltd. (瀚森樹脂(鎮江)有限公司) and Zhenjiang Liancheng Maitu Fine Chemical Co., Ltd. (鎮江聯成邁圖精細化工有限公司)), a wholly foreign owned enterprise established under the laws of the PRC on 24 August 2012 and an indirect wholly owned subsidiary of our Company
"Red Avenue Group"	Red Avenue Group Co., Ltd. (彤程集團有限公司) (formerly known as Shanghai Red Avenue Investment Group Co., Ltd. (上海彤程投資集團有限公司)), the predecessor of our Company, a limited liability company established under the laws of the PRC on 4 June 2008
"Red Avenue Investment"	Red Avenue Investment Group Limited (彤程投資集團有限公司), a company incorporated in Hong Kong with limited liability on 22 July 2015, and wholly owned by Ms. Zhang, being one of our Controlling Shareholders
"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Accountants"	Ernst & Young, the reporting accountants of our Company
"Rule 144A"	Rule 144A under the US Securities Act

"R&D"	research and development
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAP"	System Applications and Products in Data Processing
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	Ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising our A Share(s) and H Share(s)
"Shareholder(s)"	holder of the Share(s)
"Sino Legend"	Sino Legend (China) Chemical Company Ltd. (華奇(中國)化工有限公司) (formerly known as Sino Legend (Zhangjiagang) Chemical Company Ltd. (華奇(張家港)化工有限公司), a limited liability company established under the laws of the PRC on 11 August 2006 and a direct wholly owned subsidiary of our Company
"Sole Sponsor"	Haitong International Capital Limited
"Sponsor-Overall Coordinator"	Haitong International Securities Company Limited
"STA"	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"THB"	Thai baht, the lawful currency of Thailand
"Track Record Period"	FY2023, FY2024, FY2025 and 6M2026
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "US dollars" and "US cents"	United States dollars and cents, respectively, the lawful currency of U.S.
"U.S. persons"	U.S. persons as defined in Regulation S

"U.S. Securities Act"	U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"Virgin Holdings"	Virgin Holdings Limited (維珍控股有限公司), a company incorporated in Hong Kong with limited liability on 19 August 2015, and being owned as to 99.9% by Ms. Zhang and 0.1% by Red Avenue Investment, being one of our Controlling Shareholders
"Zhongce Rubber"	Zhongce Rubber Group Co., Ltd (中策橡膠集團股份有限公司) (formerly known as Zhongce Rubber Group Co., Ltd (中策橡膠集團有限公司), Hangzhou Zhongce Rubber Co., Ltd (杭州中策橡膠有限公司) and Hangzhou Zhongce Rubber (Holdings) Co., Ltd (杭州中策橡膠(股份)有限公司)) a company established under the laws of the PRC on 12 June 1992, and converted into a joint stock company with limited liability on 15 October 2021, whose A shares are listed on the Shanghai Stock Exchange (stock code: 603049), and an invested entity held as to approximately 8.03% by our Group as at 30 June 2026
"Zhoushan Yutong"	Zhoushan Yutong Venture Capital Partnership Enterprise (Limited Partnership) (舟山市宇彤創業投資合夥企業(有限合夥) (formerly known as 舟山市宇通投資合夥企業(有限合夥)Zhoushan Yutong Investment Partnership (Limited Partnership)), a limited partnership established in the PRC on 27 November 2015. The general partner is Mr. Ding Yongtao (丁永濤) (a former employee of our Group). It is an employee shareholding platform held by limited partners who are former or existing employees of our Group.
"%"	percent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

Certain amounts and percentage figures included in this prospectus were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

For the purpose of this prospectus, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

This glossary contains explanations of certain technical terms used in this prospectus in connection with our Company and business. Such terminology and meanings may not correspond to standard industry meanings or usage of those terms.

"AMOLED"	a display technology in which the pixels are composed of Organic Light-Emitting Diodes (OLEDs), and the light emission of the pixels is controlled by applying electric current through active switches
"ArF photoresists"	the exposure wavelength of ArF photoresist is around 193nm, which can be further divided into ArF dry and ArF immersion photoresists. ArF dry photoresist is applied in the technology nodes from 110nm to 55nm. ArFi immersion lithography technology fills the space between the lens and the photoresist with immersion liquid. It improves the resolution of the lithography process by using the liquid to increase the refractive index. Assisted by resolution enhancement technologies and combined with multi-exposure technology, the immersion lithography process can be applied in the process nodes from 45nm down to 7nm
"ArFi photoresist"	ArF immersion photoresist specifically formulated for immersion lithography
"CMP polishing pads"	an essential consumable in the chemical mechanical polishing (CMP) process. It collaborates with the polishing slurry to polish the surface of semiconductor wafers through physical and chemical reactions, achieving an ultra-precision planarization effect. CMP polishing pads are typically made of rigid porous polyurethane materials and exert a crucial impact on the wafer polishing performance
"COD"	Chemical Oxygen Demand, a measure of organic compounds present in a water sample and the amount of oxygen required to breakdown such organic compounds
"DIB (二異丁烯)"	Diisobutylene, a colorless liquid, is soluble in ether, benzene and chloroform but insoluble in water. It serves as a key raw material for producing p-octylphenol (a tackifier for synthetic rubber), and is also used in manufacturing various surfactants, modifiers for phenolic and epoxy resins, ultraviolet absorbers, polymerization inhibitors, PVC stabilizers, plasticizers, as well as organic synthesis intermediates including isononyl alcohol
"EBR"	edge bead remover, a high-purity solvent used in the coating process of wafers or glass panels, is designed to dissolve and remove the photoresist residues remaining on the edges and back surfaces of substrates after spin coating
"G-/I- line photoresists"	photoresists exposed using high-pressure mercury lamps, with G-line exposure at a wavelength of 436nm and I-line exposure at 365nm, widely applicable in fields such as discrete devices, LEDs, integrated circuits, and advanced packaging
"KrF photoresists"	a type of photoresist exposed by krypton fluoride (KrF) excimer laser (with an exposure wavelength of around 248nm). KrF photoresist is the first photoresist adopting chemically amplified technology, which is widely used in technology nodes at 250nm and below to achieve process linewidths ranging from 250nm to 130nm. Combined with resolution enhancement technologies, it can further achieve process linewidths ranging from 110nm to 90nm

"MUB"	Membrane Ultra-Bacteria VOCs Degradation, method of wastewater treatment Volatile Organic Compounds that employs high efficiency microorganisms to decompose various pollutant types within wastewater
"PBAT"	a biodegradable plastic, which is a copolymer of polybutylene adipate and polybutylene terephthalate. It not only has good ductility and elongation at break, but also exhibits excellent heat resistance and impact resistance; in addition, it features outstanding biodegradability
"phenolic resin (酚醛樹脂)"	phenolic resin, a large category of synthetic resins prepared by the polycondensation of phenolic compounds and aldehyde compounds, exhibits excellent acid resistance, mechanical properties and heat resistance, and is widely used in industries including rubber products, anti-corrosion engineering, adhesives, flame-retardant materials, and grinding wheel manufacturing
"PHS resins"	an electronic-grade high-purity resin, which is widely applied in KrF deep ultraviolet photoresists, serves as a key component of photoresists and features excellent film-forming ability, developability and etch resistance
"Photolithography"	the process of transferring circuit patterns from a photomask onto a surface (such as a wafer)
"photoresist (光刻膠)"	also known as a photosensitive resist, is a light-sensitive liquid mixture composed of three main components: photosensitive resin, sensitizer and solvent. Upon exposure to light, the photosensitive resin rapidly undergoes photocuring reaction in the exposed areas, resulting in significant changes in the material's physical properties, especially solubility and adhesion. The desired pattern can be obtained by dissolving the soluble parts with a suitable solvent treatment
"PTBP (對叔丁基苯酚)"	p-tert-Butylphenol, also known as 4-tert-butylphenol, is a white flaky solid at room temperature with a characteristic alkylphenol odor. It is combustible but not highly flammable and can catch fire when exposed to open flames; upon heating, it decomposes to release toxic gases. It is readily soluble in organic solvents such as alcohols, esters, alkanes and aromatic hydrocarbons. Its primary applications include the synthesis of p-tert-butylphenolic resins, as well as serving as a polymerization inhibitor and stabilizer
"PTOP"	p-tert-Octylphenol, also known as 4-tert-octylphenol and 4-(1,1,3,3-tetramethylbutyl) phenol, is a white flaky crystal at room temperature. It is insoluble in water but soluble in most organic solvents, and is combustible when exposed to open flames or high temperatures. As a fine chemical raw material, it is widely used in the production of oil-soluble phenolic resins, surfactants, adhesives, pharmaceuticals, pesticides, additives and ink fixing agents
"RTO"	Regenerative Thermal Oxidizer, an industrial air pollution control device that destroys harmful Volatile Organic Compounds and Hazardous Air Pollutants by oxidizing such pollutants into Carbon Dioxide and water vapor by utilising high temperatures
"SAP system"	software used by organisations to manage business operations and customer relations via a centralised data management platform

"SKU(s)"	stock keeping units, a unique identifier of each distinct product
"TFT array photoresist"	photoresist used in the photolithography process to pattern the thin-film transistor (TFT) array on a display substrate

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitations, those regarding our future financial position, our strategies, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "aim", "anticipate", "believe", "consider", "could", "estimate", "expect", "going forward", "intend", "may", "might", "plan", "project", "propose", "predict", "seek", "should", "target", "will", "would" and the negative of these words and other similar expressions, are forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and our operating and expansion plans;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our ability to control costs; and
- our ability to identify and successfully take advantage of new business development opportunities.

Such statements reflect the current views of our management with respect to, including, without limitation, future events, operations, profitability, liquidity and capital resources, some of which may not materialise or may change. Actual results may differ materially from information, implied or expressed, in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors" in this prospectus and the following:

- changes in the laws, rules, policies and regulations applicable to us;
- general economic, market and business conditions in the PRC and other jurisdictions we operate in or intending to operate in, including the sustainability of the economic growth in the PRC and any such other jurisdictions;
- changes or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends, or other rates or prices; including those pertaining to the PRC and the industry and markets in which we operate;
- business opportunities and expansion that we may pursue;
- our business strategies and plans to achieve these strategies, including our products and geographic expansion plans;
- our ability to maintain the market positions;
- our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practices;
- capital market developments; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, 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 prospectus 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 contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risk factors set out in "Risk Factors" in this prospectus.

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

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is subject to demands from our downstream industries that adopt our products. Any changes in the growth of these downstream industries could adversely affect our business, financial condition and results of operations.

Our performance is subject to fluctuations in demand from our downstream industries. Our products are primarily supplied to downstream customers operating in the semiconductor, display panel, tyre and automobile industries. Demand for our products largely depends on the growth within these industries and sectors, which may be impacted by factors beyond our control. These factors include, among others: (a) a decline in demand for, or negative perception of, or publicity about, products of downstream industries; (b) a downturn in general economic conditions; (c) disruptions to logistics and transportation arising from geopolitical tensions or conflicts, regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes; (d) the failure of our customers' end products in which our products are used to meet evolving industry requirements or achieve market acceptance; (e) the inability of our customers to dedicate necessary resources to promote and commercialise their products; (f) any financial difficulties and market share loss of our customers; (g) the deterioration of our customers' financial condition; and (h) the effects of catastrophic and other disruptive events at our customers' production facilities including natural disasters, telecommunications failures, cyber-attacks, terrorist attacks, pandemics, epidemics or other outbreaks of infectious disease, breaches of security or loss of critical data.

In the event that any of the above events occur or demand in the downstream industries weakens, our sales to customers in such industries may decrease or fail to grow as expected, which could in turn materially and adversely affect our business, financial condition and results of operations.

Our business and financial performance could be materially affected by fluctuations in the price and supply of raw materials.

Our performance is subject to fluctuations in the prices of our major raw materials. The principal raw materials used in our production include phenol (苯酚), alkylphenol (烷基酚), isobutene (異丁烯), diisobutylene (二異丁烯), resorcinol (間苯二酚) and formaldehyde (甲醛), most of which are derived from the petrochemical and other basic chemical industries. Our raw material costs amounted to RMB1,813.2 million, RMB1,999.1 million, RMB2,117.4 million and RMB1,326.0 million for FY2023, FY2024, FY2025 and 6M2026, respectively. The prices of these materials are significantly influenced by factors beyond our control, including supply-side reforms, economic cycles, international market conditions, fluctuations in crude oil prices, volatility in prices of basic chemical materials and instability in the supply chain. A fluctuation in raw material prices may disrupt our supply chain and increase our production costs. We cannot guarantee we will not in the future experience price fluctuations of raw materials. If the prices of our major raw materials increase significantly or fluctuate frequently in the future and we are unable to implement timely and effective measures such as passing on cost increases to our customers, improving our procurement arrangements or enhancing our production efficiency, we may experience substantial pressure from rising production costs, and our profit margins, business, financial condition and results of operations could be materially and adversely affected. Moreover, we cannot guarantee we will not in the future experience supply shortages of raw materials. In such event, we may be required to seek alternative sources of supply and there is no guarantee that we will be able to obtain such supplies in a timely manner and at reasonable prices and on commercially reasonable terms, or at all. In addition, we generally do not enter into long-term supply agreements with our suppliers. There is no assurance that our suppliers will be able to supply the required raw materials to us in a timely manner or that they will not significantly increase the prices at the time of our purchase. If we are unable to keep up with demand for our products due to the failure to procure the raw materials we need, our customers may reduce, delay or cancel their orders and our business could be adversely affected.

We may be subject to liability in connection with production safety and the use, storage and transportation of hazardous materials.

Our business operation involves the use, storage and transportation of certain hazardous chemicals, precursor chemicals or explosive chemicals which are flammable, explosive or corrosive in nature. For example, phenol, being one of our major raw materials, is a hazardous chemical that is highly toxic in nature and certain of our resin products and materials are flammable, explosive and/or corrosive. As such, there are inherent safety risks in the research and development, production, storage and transportation of such materials, and we cannot assure you that our safety management system and measures will always be effective in preventing work safety incidents. Any material work safety accident could result in damage to our assets and harm to the personal safety of our employees. Any traffic accident, leak, spill or explosion involving hazardous products or raw materials may result in personal injury, property damage or environment contamination. In such event, we may be liable for the loss of life and property, personal injuries, medical expenses suffered by the victims in the accident and may negatively affect our reputation. In addition, we are required to comply with the applicable PRC laws and regulations relating to production safety. For details, please refer to the section headed "Regulatory overview — Overview of Chinese laws and regulations — Laws and regulations on work safety, environmental protection, and energy conservation review" in this prospectus. In the event of any material work safety accident, we may be subject to applicable fines and penalties for violation of applicable PRC laws and regulations. Furthermore, our manufacturing facilities may be required to suspend operations while the relevant authorities conduct their investigations, and we may not be permitted to resume production until we have implemented sufficient remedial measures to their satisfaction. Any of these consequences could disrupt the operation of our production bases and result in legal liability, and thus materially and adversely affect our financial condition and results of operations.

Production process of our products involves discharge of pollutants which are subject to PRC laws and regulations, any non-compliance of which may subject us to fines or other liabilities.

We are mainly engaged in the production of chemical materials including rubber additives and electronic chemicals. The production process involves the discharge of pollutants, including wastewater, exhaust gases and solid waste. We are subject to PRC environmental protection laws and regulations which govern the emission, discharge, release and disposal of environmental wastes and other pollutants. Under the applicable laws and regulations, entities that discharge or will discharge pollutants in the course of production or other activities shall take effective environmental protection measures to control and properly handle harmful substances. Failure to comply with the applicable PRC environmental laws or regulations may result in local environmental protection authorities imposing fines or suspending operations. PRC regulatory authorities may also order to suspend or close any facility failing to comply with such environmental protection laws and regulations. During the Track Record Period, we were subject to administrative penalties in respect of two incidents of non-compliance relating to a factory. For details, please refer to the section headed "Business — Environment, social and governance — Environmental protection" in this prospectus. We cannot assure you that we will at all times be in full compliance with all applicable environmental laws and regulations. Any failure to comply with such requirements, including exceeding prescribed discharge limits, may result in fines, compulsory rectification, suspension of production or other penalties. In addition, if more stringent environmental protection laws or regulations are introduced or existing standards are raised, our production costs could increase substantially, and we may be required to incur significant capital expenditures or suspend certain operations to achieve compliance. Any failure or any claim that we have failed to comply with these regulations could cause delays in our production and capacity expansion and affect our public image, either of which could harm our business.

Our business growth and prospects are affected by our ability to continuously innovate and upgrade our technologies and production processes and to penetrate new markets.

Our future success significantly depends on our ability to continue to innovate and upgrade our technologies, products and production processes in the high-end chemical materials sector. Product design, development and industrialisation in the high-end chemical materials sector is often a complex, time-consuming and costly process involving long development cycles, high technical intensity, uncertain timelines for customer qualification and certification and lengthy periods required for the training and retention of specialised technical personnel. There can be no assurance that we will be able to continually develop new products that meet the evolving market and customer requirements, complete the relevant certification processes in a timely and effective manner or successfully convert our R&D results into commercially viable products. If we fail to anticipate market trends or to develop and introduce new or upgraded products that achieve market acceptance, or if we are unable to obtain effective product certifications from our customers, our product offerings may become less competitive and our market share may be captured by existing or new competitors. In such circumstances, intensified competition could lead to reduced sales volume, pricing pressure and lower margins, which could in turn materially and adversely affect our business, results of operations and future profitability.

We recorded net current liabilities as at 30 June 2026 and 31 July 2026 and there is no assurance that we will not continue to record the same in future.

As at 30 June 2026 and 31 July 2026, we recorded net current liabilities in the amount of approximately RMB455.0 million and RMB572.2 million, respectively. For further details, please refer to the section headed "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Current Assets and Current Liabilities" in this prospectus. The net current liabilities position would expose us to liquidity risks, namely the risks of being unable to meet financial obligations as they fall due because of shortage of funds. As we seek additional debt financing, we may also experience difficulties and be offered less favourable terms. As a result, we may not be able to meet our funding needs and be restricted from making necessary capital expenditures or exploring future business opportunities. There is no assurance that we can promptly improve our liquidity and bring our net current liabilities position to an end, or that we will not again record net current liabilities in future. If our net current liabilities position lasts or recurs, we cannot rule out any chance that we will be forced to adjust, scale down or abandon our business plans and strategies or abort or delay their execution. This could in turn materially and adversely affect our business, financial condition and results of operations.

The average selling prices of our product are affected by factors such as our product mix and pricing policy and can be volatile.

The average selling price of each of our product categories for a financial year/period depends, to a material extent, on the portfolio of products offered by us under that product category, and the respective selling price and sales volume of each constituent product. As an example, during the Track Record Period, our semiconductor materials (being the major product category under our electronic materials segment) exhibited significant price fluctuations, where the average selling price increased from approximately RMB578,200 per tonne for FY2023 to RMB594,500 per tonne for FY2024 primarily because of the increased proportion of revenue contributed by advanced photoresist products, and subsequently decreased to RMB379,300 per tonne for FY2025 and RMB224,800 per tonne for 6M2026 mainly due to the increase in proportion of sales volume attributable to ancillary solvents such as EBR. In addition, we adopt a dynamic pricing policy whereby we generally adjust the unit selling prices of our products from time to time taking into account a basket of factors including, among other things, raw material costs. For further details, please refer to the section headed "Financial Information — Description of Selected Components of Our Consolidated Statements of Profit or Loss — Revenue — Revenue by Segment" in this prospectus. Going forward, the average selling prices of our products may continue to change from time to time as we adjust our product mix under our business strategies or as raw material prices fluctuate. There is no assurance that the average selling prices of our products will not again display high volatility in future. Any significant adverse fluctuation in the average selling prices of our products could materially affect our results of operations and financial condition.

Fluctuations in exchange rates of foreign currencies may adversely affect our business, financial condition and results of operations.

The exchange rate of Renminbi against other foreign currencies fluctuates and is affected by factors beyond our control, such as, among other things, changes in international political and economic conditions, as well as supply and demand in the local market. As a portion of our revenue from sales and our procurement of certain raw materials are denominated and settled in foreign currencies, we are therefore exposed to gains or losses arising from fluctuations in exchange rates. During the Track Record Period, we recorded foreign exchange gain of RMB7.8 million and RMB4.3 million for FY2023 and FY2024, respectively, and foreign exchange losses of RMB19.7 million and RMB29.9 million for FY2025 and 6M2026, respectively. Furthermore, the proceeds from the Global Offering will be received in Hong Kong dollars and the trading price of our H Shares on the Hong Kong Stock Exchange will be denominated in Hong Kong dollars. Fluctuations in the exchange rate between Renminbi and Hong Kong dollars or other foreign currencies may therefore affect the Renminbi value of the proceeds from the Global Offering after conversion and the value of, and any dividends payable on, our Shares to investors whose principal financial currency is Renminbi or a currency other than Hong Kong dollars. Any material volatility or adverse movements in the relevant exchange rates could, in turn, adversely affect the value of your investment.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations. We may not be able to effectively integrate or manage our acquired business.

We have actively pursued mergers, acquisitions and industry consolidation opportunities, to complement our organic growth and develop new profit growth drivers. For example, we have invested in BAE and Kempur since 2020 to expand into the electronic materials business, For details, please refer to the section headed "History, Development and Corporate Structure — Milestones" in this prospectus. We may in the future acquire additional assets or businesses and/or enter into strategic alliance that may generate synergies when combined with our existing business. Nevertheless, future acquisitions and the subsequent integration of new assets and businesses into our own may entail a number of risks. Given that our acquired businesses may differ from us in terms of geographical presence, product mix, competitive landscape, operating philosophy and management approach, there can be no assurance that the integration of such businesses with our Group will be completed as planned or that the business development and performance targets we envisaged for these acquisitions will be achieved in full, or at all. If we fail to successfully integrate our acquired businesses or to realise expected synergies, we may be exposed to risks such as underperformance of acquired entities, impairment of goodwill, diversion of management attention and resources, and failure to achieve our strategic objectives, any of which could materially and adversely affect our business, financial condition and results of operations.

Our fully biodegradable materials segment has recorded gross losses during the Track Record Period and we face the risk that the segment may continue to incur losses and may not achieve the expected returns.

We may from time to time expand into new business areas or expand our product offerings based on our assessment of, inter alia, the estimated returns, prevailing and expected market conditions, customer demand and other commercial considerations. However, the actual performance of such businesses may differ from our expectations and is subject to factors beyond our control, including but not limited to, market response to our products, changes in downstream demand, technological trends, competitive landscape and changing regulatory developments and macroeconomic conditions.

In 2020, we invested in the construction of our production line of PBAT products and subsequently tapped into the fully biodegradable materials sector. Our fully biodegradable materials segment recorded gross losses of RMB32.9 million, RMB56.4 million, RMB30.8 million and RMB6.7 million in FY2023, FY2024, FY2025 and 6M2026, respectively, primarily due to the lower-than-expected market demand as well as costs arising from manufacturing overheads and depreciation and amortization in respect of the relevant production line. For details, please refer to the section headed "Financial Information — Description of selected components of our consolidated statements of profit or loss — Gross profit and gross profit margin" in this prospectus. We continue to adopt measures to improve the profitability of this business segment, the details of which are set out in the section headed "Business — Our products — Fully biodegradable materials" in this prospectus. However, there is no assurance that measures implemented and/or to be implemented by us to enhance the profitability of the business segment would be effective or the performance of this business will improve in the near term or at all. If the development of this business segment or the market response to our PBAT products remains weaker than expected or deteriorates further, we may continue to record losses in respect of such business segment and may be required to recognise significant impairment losses on the relevant assets, which may adversely affect our financial performance.

We may fail to maintain an appropriate inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence for our inventories.

Our inventories mainly consist of raw materials, work-in-progress and finished goods. We have taken measures to optimize our inventory level and conduct regular inventory check to reduce the risk of inventory obsolescence. For details of our inventory management policy, please see the paragraph headed "Business — Inventory management" in this prospectus. As at 31 December 2023, 2024 and 2025 and 30 June 2026, we had inventories of RMB430.7 million, RMB486.2 million, RMB581.4 million and RMB581.9 million, respectively. During the Track Record Period, we made provision for inventories amounting to RMB11.3 million, RMB11.9 million, RMB10.2 million and RMB7.7 million, respectively, for FY2023, FY2024, FY2025 and 6M2026. We made provision for write-down of inventories as our inventories may be damaged, obsolete in whole or in part, or the net realizable value of inventories is lower than their cost, resulting in failure to recover the cost of inventories. For the same periods, our inventory turnover days were 68 days, 70 days, 76 days and 65 days, respectively. Please refer to the section headed "Financial information — Discussion of certain key items of consolidated statements of financial position — Inventories" in this prospectus. We primarily adopt a sales-driven production planning model while maintaining an appropriate level of inventory to meet customers' urgent needs and to mitigate the impact of unexpected factors that may disrupt production schedules. However, we cannot guarantee that we will be able to maintain proper inventory levels for our raw materials, work-in-progress and finished goods. If we maintain an inventory that is higher than the actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory of our raw materials, work-in-progress or finished goods. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Therefore, our business, financial condition and results of operations may be materially and adversely affected.

We have been and intend to continue investing significantly in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

We invest in R&D activities to develop and introduce new and enhanced products. For FY2023, FY2024, FY2025 and 6M2026, our R&D expenses amounted to RMB179.8 million, RMB216.6 million, RMB232.5 million and RMB118.4 million, respectively, accounting for approximately 6.1%, 6.6%, 6.8% and 5.6% of our total revenue for the respective year/period. The industry in which we operate is subject to rapid technological innovations. To expand our product portfolio and to remain competitive in the industry, we need to continue investing significant resources in R&D activities. As a result, we may continue to incur significant R&D expenses in the future. However, we cannot guarantee that our efforts will be successful or deliver the effects, functions or benefits we expect. R&D activities are inherently uncertain. We may not be able to obtain sufficient resources, including qualified R&D personnel and R&D equipment to support the R&D of new or enhanced products. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our R&D outcomes. Further, even if our R&D efforts successfully result in the development and commercialization of new products, these efforts may not contribute to our future results of operations within our expected timeframe, or at all. The success and profitability of our new products are subject to various factors such as market demand, macroeconomic conditions or the pace of technological advancement, which are beyond our control. Therefore, the contributions from our R&D efforts may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

Our historical results may not be indicative of our future performance, and we may not be successful in expanding our operations or managing our growth.

We have recorded stable growth in our revenue during the Track Record Period. During FY2023, FY2024 and FY2025, our revenue amounted to RMB2,937.3 million, RMB3,263.4 million and RMB3,420.6 million, respectively. In 6M2025 and 6M2026, our revenue amounted to RMB1,650.5 million and RMB2,133.1 million, respectively. However, there can be no assurance that we will be able to maintain our historical growth rates in the future. Our future growth depends on a number of factors beyond our control, including but not limited to, the overall global economic conditions and the performance of the industries in which we operate. Our business, results of operations, and financial condition also depend in part on our ability to effectively manage our growth or implement our growth strategies. For details of our strategies, please refer to the section headed "Business — Our strategies" in this prospectus. However, we cannot assure you we would be able to implement our strategies as planned. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications, delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be adversely affected.

We do not generally enter into long-term agreements with our customers and our business may be adversely affected by fluctuations in the level of orders placed by them.

We do not typically enter into long-term agreements with our customers. Our business with customers is generally conducted through individual purchase orders, and our customers are not obligated to continue to place orders with us at historical levels, or at all. As such, our customer portfolio and order types and sizes may vary from period to period. If we fail to secure sufficient new orders from existing or new customers to replace any reduced or lost business, our revenue, profitability and cash flow may be materially and adversely affected.

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

During the Track Record Period, we received government grants, many of which are non-recurring in nature or are subject to periodic review. In FY2023, FY2024, FY2025 and 6M2026, we recorded government grants of RMB26.9 million, RMB23.5 million, RMB50.3 million and RMB33.5 million, respectively. In addition, certain members of our Group were entitled to preferential income tax treatments. Please refer to the section headed "Financial information — Description of selected components of consolidated statements of profit or loss — Income tax" in this prospectus for further details. If we cease to be entitled to (i) such government grants or preferential tax treatment or (ii) if the relevant PRC laws and regulations change, upon which our income tax expenses may increase, our business, results of operations, financial condition and prospects could be adversely affected. There is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations, financial condition and prospects.

If we are unable to offer high-quality products, it may reduce the market acceptance of our products, damage our reputation or expose us to product liability and other claims.

Our customers generally have stringent requirements for quality, performance and reliability that our products must meet. Due to the complex product development and production process, our products may contain undetected defects or failures, which may be difficult to detect at an early stage of the production process and often are time-consuming, expensive or impossible to correct. If such defects and failures do exist in our products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with after-sales services, cancellations or rescheduling of orders or shipments, and product returns or discounts. They may also result in claims against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged and our customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, financial condition and results of operations.

We may be subject to the risks associated with international trade, including changes in geopolitical conditions, disruptions to or cost volatility in international shipping and logistics, changes in regulatory requirements in relation to transfer pricing, tariffs, international sanctions and related legal regimes.

During the Track Record Period, we derived a portion of our revenue from overseas countries and regions. In FY2023, FY2024, FY2025 and 6M2026, our overseas sales accounted for approximately 18.7%, 19.0%, 18.5% and 17.8% of our total revenue, respectively. We are also involved in intra-group transactions with our overseas subsidiaries. As such, our business and operations are exposed to a range of risks associated with international trade, including but not limited to, changes in geopolitical conditions, disruptions to or cost volatility in international shipping and logistics, changes in regulatory requirements in relation to transfer pricing, international sanctions, export controls and related legal regimes.

As a PRC-based producer of advanced chemical products, we operate in an industry that is exposed to geopolitical risks arising from intensifying global trade tensions. Any escalation of geopolitical tensions among major economies may result in the imposition, tightening or expansion of export controls, sanctions, licensing requirements or other regulatory restrictions that affect the cross-border supply and use of advanced chemical products and related technologies. In particular, semiconductor and display panel materials supplied by us may be used in sensitive downstream applications and, as such, could from time to time become subject to enhanced export control scrutiny or restrictions in overseas markets. Restrictions or controls imposed by foreign governments over the export of critical technologies, equipment or software to the PRC may also adversely affect industry participants' access to advanced production equipment, process know-how and technological upgrades.

Our operations may be subject to trade policies administered by government authorities, including, but not limited to, increased custom duties, tariffs, taxes and other costs. Margins on the sales of products that include components obtained from certain suppliers from other countries and regions could be materially and adversely affected by international trade regulations, including custom duties, tariffs and antidumping penalties. For instance, recent developments in international trade relations have led to increased tariffs on products imported into the United States. In April 2025, the U.S. government introduced a two-tier tariff structure comprising a 10% 'baseline' tariff on most imports into the U.S. and higher, country-specific 'reciprocal' tariffs on imports from certain countries and regions, including the PRC. These measures, together with pre-existing U.S. import duties, have resulted in significantly higher effective tariff rates on products from the PRC, which may in turn increase the costs of PRC companies in supplying to the U.S. market and adversely affect the price competitiveness and demand for their products. In response to the additional U.S. tariffs, the PRC government has implemented a series of retaliatory tariff measures on imports originating from the U.S., including the imposition of additional duties on a wide range of products, which may increase the cost of supplies for PRC manufacturers.

Our revenue attributable to the U.S. amounted to RMB4.7 million, RMB6.0 million, RMB4.5 million and RMB2.2 million for FY2023, FY2024, FY2025 and 6M2026, respectively, representing approximately 0.2%, 0.2%, 0.1% and 0.1% of our total revenue for the respective year/period.

During the Track Record Period, under the terms of the relevant purchase orders, applicable import tariffs in respect of our sales generated from the U.S. were borne by our customers and we were not responsible for the payment of such tariffs. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material order cancellations or other material adverse impact on our financial performance or business operations as a result of the additional U.S. tariffs. While the trade tensions between the U.S. and the PRC exerted certain degree of pressure on the unit selling prices and overall sales volume of the Group's products to the U.S., given that our sales to the U.S. accounted for a relatively insignificant proportion of our total revenue and we do not expect a significant increase in U.S. sales as a proportion of our total revenue, nor do we anticipate any material reliance on the U.S. market in the near future, with the support of our International Sanctions Legal Adviser, our Directors are of the view, and the Sole Sponsor concurs that the U.S. tariffs did not and will not have any material adverse effect on our overall business operations during the Track Record Period or in the near future. In addition, although our products sold to other overseas markets were also subject to tariffs, there were no material changes in the relevant tariff policies in those markets during the Track Record Period. On the other hand, while phenol, one of our major raw materials, is subject to PRC anti-dumping duties, the impact on our raw material costs and supply stability has been limited during the Track Record Period. Please refer to the section headed "Business — Procurement and supply — Raw materials and procurement" for details. However, there is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such tariffs or new trade policies. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

Our operations may also be negatively affected by sanctions administered by the government authorities of overseas countries. In particular, the U.S. government has imposed various economic sanctions which restrict dealings with certain countries, entities, individuals, sectors or activities, including but not limited to restrictions on providing or receiving funds, goods, services or technology, and prohibitions on certain transactions involving designated persons or jurisdictions (such as those on the Specially Designated Nationals and Blocked Persons List (the "**SDN List**")).

During the Track Record Period, we have, directly and indirectly, sold our products to certain customers in Russia. Our revenue generated from sales to Russia during the Track Record Period was US$0.6 million, US$1.2 million, US$0.5 million and nil, representing approximately 0.1%, 0.3%, 0.1% and nil of our total revenue for FY2023, FY2024, FY2025 and 6M2026, respectively. While Russia is not a comprehensively sanctioned country, it is subject to various listed-based sanctions programs and/or sectoral sanctions programs administered by the United States. Nevertheless, as advised by our International Sanctions Legal Adviser, our sales to Russia do not represent a Primary Sanctioned Activity or Secondary Sanctionable Activity (as defined in the Guide for New Listing Applicants), nor do they violate any applicable U.S. sanctions or export control laws on the basis that (i) none of our products supplied, sold, exported or otherwise transferred to Russia incorporate more than 10% value of U.S. origin content; (ii) none of the our products sold to Russia were covered by U.S. owned intellectual property rights; and (iii) none of our counterparties involved in the sales to Russia during the Track Record Period were individuals, entities or organisations included on the SDN List or otherwise subject to list based sanctions programs. Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we have not (i) provided goods or services to, or had, directly or indirectly, any contracts or any other activity with, any sanctioned person or entity on the SDN List or in any sanctioned countries or territories; (ii) engaged, nor have our affiliates, agents, directors, officers or employees engaged in other transactions, business or financial dealings that directly or indirectly involve Cuba, Iran, North Korea, Syria, and the sanctioned areas of Ukraine; or (iii) received any financing or financial assistance either directly or indirectly, from any company, entity or body incorporated or located in the United States. Based on the above, as advised by our International Sanctions Legal Adviser, our business operation did not involve violation of the applicable international sanction laws of the United States. However, sanctions laws and regulations are constantly evolving and new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions.

Based on the above, we consider that there was no material, direct or indirect, impact from tariffs and sanctions on our business and operation during the Track Record Period. However, it is uncertain how the laws and policies relating to tariffs, sanctions and other trade restrictions may evolve over time. If the export sales of our customers' end products are restricted, prohibited or made subject to any trade conditions under any international policies or international export controls or economic sanctions imposed by any jurisdictions or adversely affected by U.S. tariff policies which in turn reduce their profitability and competitiveness in the U.S. market, our customers may lower their order volumes, or delay or scale back procurement plans. In such circumstances, our customers' demand for our products may decrease and, as a result, our business, financial condition and results of operations may be materially and adversely affected. In addition, if international trade tensions, tariffs or other trade measures adversely affect the availability or pricing of key raw materials (for example, through increased import tariffs or trade restrictions imposed by the PRC), our procurement costs may increase and our ability to secure stable supplies of such raw materials may be compromised, which may also adversely affect our business, financial condition and results of operations.

We may be subject to risks associated with U.S. export control laws and regulations, which could adversely affect our business operations.

In recent years, the United States has increased export controls and restrictions on the PRC through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce ("**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). The export, re-export and in-country transfer of items subject to the EAR to an entity on the Entity List is generally prohibited unless a license exception is available or specified license requirements are met. The restrictions under the EAR cover not only products that are produced in the United States and transferred to a purchaser in final form, but also include transfers of (i) non-U.S. produced items which are produced with certain U.S. software, technology or manufacturing equipment; and (ii) items produced with U.S. technologies that are destined to be sold to persons on the Entity List regardless of whether the listed entity is the purchaser, consignee or end-user of such products. Certain of our products, namely our CMP polishing pads and two of our catalyst products (the "**EAR Products**"), are subject to the EAR as their production involves the use of certain U.S. technology. During the Track Record Period, our revenue generated from the sale of the EAR Products amounted to RMB31.7 million, RMB55.3 million, RMB77.1 million and RMB75.3 million, respectively, representing approximately 1.1%, 1.7%, 2.3% and 3.5% of our total revenue in the respective year/period. As advised by our International Sanctions Legal Adviser, the EAR Products are classified as EAR99 as they are generally considered as commercial industrial consumables. As such, on the basis that, during the Track Record Period and up to the Latest Practicable Date, we have not sold or delivered such products to a sanctioned or embargoed country, any entity listed on the Entity List or, to the best of our knowledge, in support of a prohibited end use, our sales of the EAR Products are not subject to any specific licensing requirements and do not otherwise violate the EAR. Apart from the EAR Products, our products are not subject to the EAR, as they are neither produced in the United States nor do they contain any U.S.-origin components, or are produced using U.S.-origin technology or software. Nevertheless, it is possible that the U.S. government may in future expand or otherwise revise such export controls and restrictions. If more extensive restrictions or regulations are imposed by the United States or other jurisdictions in the future, it may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our R&D, product offerings and business operations. In addition, if any of our customers or suppliers is listed on the Entity List or otherwise subject to restrictions from sourcing or selling technologies, software, or components subject to the EAR from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers.

On 9 August 2023, the US government released an executive order and an advanced notice of proposed rule-making (the "**ANPRM**") providing a conceptual framework for outbound investment controls focused on China (including Hong Kong and Macau). On 28 October 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of 9 August 2023 entitled "Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern" (the "**Final Rule**"). The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities ("**Covered Activities**") relating to three sectors: (i) semiconductor and microelectronics; (ii) quantum information technologies; and (iii) AI systems (collectively defined as "**Covered Foreign Persons**"). U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, including but not limited to acquisitions of an equity interest.

A Covered Activity in respect of the semiconductor and microelectronics sector, as defined in §§850.208, §§850.217 and §§850.224 under the Final Rule, is limited to (i) developing or producing any electronic design automation software for integrated circuits or advanced packaging; (ii) developing or producing front-end semiconductor fabrication equipment, volume advanced packaging equipment, or items designed exclusively for use in extreme ultraviolet (EUV) lithography fabrication equipment; or (iii) designing, fabricating or packaging integrated circuits that meet specified advanced performance parameters (or using certain advanced packaging techniques). In addition, the term "fabricate" is specifically defined in §§850.214 as "to form devices such as transistors, poly capacitors, non-metal resistors and diodes on a wafer of semiconductor material."

Under our semiconductor materials business, we principally engage in R&D, production and sale of chemical materials and consumables such as photoresist, CMP polishing pads and high-purity reagents, which are process inputs used by our downstream customers during semiconductor manufacturing. We do not engage in the design, fabrication or packaging of integrated circuits, nor do we develop or produce any specified fabrication equipment or software. Our photoresists are used primarily in deep ultraviolet (DUV) lithography and are not designed exclusively for EUV equipment. Accordingly, based on our understanding and as advised by our International Sanctions Legal Adviser, our business does not fall within the scope of Covered Activities, and therefore we would not be deemed as a Covered Foreign Person under the Final Rule. Based on the above, our Directors are of the view that the Final Rule will not have any material impact on the Global Offering. However, we cannot predict how the Final Rule will be enforced, and neither can we guarantee that there will not be an expansion to the scope of the Final Rule, a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future. Any such developments may adversely affect the trading price of our Shares and our ability to raise capital in the future.

Our business depends on our ability to protect our intellectual property rights.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with third parties to protect our intellectual property rights. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming. For details of our intellectual property rights, please refer to the section headed "Business — Intellectual property" in this prospectus. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks related to the result of the proceedings, the amount of damages that we can recover, and the enforcement process. Accordingly, we may not be able to effectively protect or enforce our intellectual property rights in all relevant jurisdictions, which may have a material adverse effect on our business, financial condition and results of operations.

Our business depends substantially on the continued services and efforts of our experienced management and research and development personnel, and our operations may be severely disrupted if we lost their service.

Our future performance depends on the service and contribution of our experienced management to oversee and execute our business plans, identify and pursue new opportunities and product innovations. We also rely on our experienced management team to ensure smooth business operations. If we fail to retain any member of our management team or we were unable to ensure a smooth transaction of their responsibilities, our business could be significantly disrupted, which may adversely affect our business, financial condition and results of operations. Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our research and development team. A stable and experienced R&D team is crucial for our product development, technological innovation, production efficiency and product quality improvement. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the R&D and production of our products. We cannot assure you that we will be able to hire, develop or retain qualified staff or other highly skilled employees that we need in order to achieve our strategic objectives. Even if we do, these recruitments may require us to invest in significant amount of costs and resources, which may adversely affect our financial condition.

Any failure by our customers to make payments to us, or any disputes over, or significant delays in receiving, such payments could materially and adversely affect our cash flows and profitability.

During the Track Record Period, our trade receivables primarily represent receivables from customers for sales of our products. As at 31 December 2023, 2024 and 2025 and 30 June 2026, our gross trade receivables amounted to RMB614.1 million, RMB649.3 million, RMB701.4 million, RMB924.1 million, respectively. The credit period granted to our customers was generally 10 days to 90 days. Our trade receivables turnover days were 73 days, 71 days, 72 days, 69 days during FY2023, FY2024, FY2025 and 6M2026, respectively. For details of our trade receivables, please refer to the section headed "Financial information — Discussion of certain key items of consolidated statements of financial position — Trade and bills receivables" in this prospectus. Our customers may face unexpected circumstances such as worsened operational performance which may resulted in delays or failures in the settlement of our trade receivable. As such, we cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. If we fail to collect a significant portion of our trade receivables, our financial condition would be materially and adversely affected.

We have investments in associates with share of profits of associates accounting for a significant portion of our profit throughout the Track Record Period, and our financial condition and results of operations may be affected by variance in the operating results and dividend distribution of our associates.

During the Track Record Period, we invested in certain associates, which were accounted for using the equity method. Such investments accounted for RMB1,580.2 million, RMB2,131.2 million, RMB2,531.9 million and RMB2,554.8 million as at 31 December 2023, 2024, and 2025 and 30 June 2026, respectively. Under the equity method of accounting, we recognize our proportionate share of the profits and losses of our associates in our consolidated statement of profit or loss. Throughout the Track Record Period, our share of profits of associates accounted for a significant portion of our profit for each financial year/period. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our share of profits of associates amounted to approximately RMB226.6 million, RMB314.4 million, RMB382.1 million, RMB219.5 million and RMB206.0 million, representing 56.1%, 58.9%, 66.2%, 61.3% and 52.9% of our profit for the year/period, respectively. Our share of profits of associates is wholly dependent on the business performance of our associates, which involve a variety of risks beyond our control and therefore could fluctuate and may not be sustainable in future. These risks include but are not limited to (i) our associates incurring unforeseen liabilities and expenses; and (ii) unexpected deterioration in the business performance of our associates which resulted in significant financial losses. As we do not hold a controlling interest in any of our associates, the major business decisions of our associates rest with their respective controlling or substantial shareholders and we are not in a position to direct their business operations. As a result, we may not be able to exert substantial influence over our associates to effectively safeguard our share of profits of associates and realise investment returns. Where any of the risks highlighted above materialize, it could have a material adverse impact on our financial condition and results of operations. In addition, we are exposed to liquidity risk arising from our investments in associates, particularly in relation to the timing and availability of dividend distributions. Although we may record profits from these associates, they may decide not to declare or pay dividends due to factors such as business expansion needs, financing constraints, regulatory requirements or other considerations. As a result, there may be a mismatch between the recognition of profits and the actual receipt of cash, which could affect our liquidity position. Furthermore, as these investments are not readily convertible into cash, we may be unable to generate sufficient cash flow from our associates to fund our operations as and when needed, or at all.

We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, increasing both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company, the Stock Exchange and the SFC, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, as well as the various regulatory authorities in the PRC, and to new and evolving regulatory measures under applicable laws. We may also be subject to the changing social trends on the concerns regarding environmental, social and governance risks. Our efforts to comply with new and changing laws, regulations and social trends have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. Moreover, as these laws, regulations and standards are subject to varying interpretations, their enforcement in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty for compliance and additional costs necessitated by ongoing updates to our disclosure and governance practices. Any failure to address and comply with these laws and regulations and any subsequent changes could subject us to substantial fines or other liabilities or require us to suspend or adversely modify our operations.

Any failure to obtain or continuously maintain or renew approvals, licences or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licences and permits in order to operate our business. Licences, approval and permits required for our operations mainly include Production Safety Permit (安全生產許可證) for hazardous chemicals, Hazardous Chemicals Business License (危險化學品經營許可證) and Hazardous Chemicals Registration Certificate (危險化學品登記證). If we fail to maintain compliance with such laws and regulations, or otherwise fail to obtain or maintain any of the required approvals, licences or permits or make or complete the necessary filings in any of the jurisdiction where we operate our business, our operations may be adversely affected. In addition, in the event that we are required to renew our existing licences or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licences and permits in a timely manner or at a reasonable cost. If we are unable to obtain, or experience material delays in obtaining necessary approvals, licences and permits, it may have a material and adverse impact on our business, financial condition and results of operations.

Our Kempur factory may be subject to administrative penalties or suspension of production due to the lack of a Production Safety Permit or any leakage of, or incident involving, hazardous chemical.

Under the applicable PRC laws and regulations, where an entity engages in the production of hazardous chemicals without obtaining the requisite production safety permit, the competent authorities may order it to cease production, confiscate any illegal gains and impose a fine ranging from RMB100,000 to RMB500,000. As at the Latest Practicable Date, Kempur had not obtained the

Production Safety Permit for hazardous chemicals required for the production of photoresists at the Kempur factory. For details, please refer to the section headed "Business — Licences, permits and registrations" in this prospectus. We cannot assure you that the relevant authorities will not in the future require us to suspend or cease production at the Kempur factory or impose fines or other administrative penalties on us. If any of the foregoing were to occur, we may incur additional costs and our business, financial condition and results of operations could be adversely affected. In addition, as advised by our PRC Legal Advisers, in the event of any leakage of, or incident involving, hazardous chemicals, Kempur may be subject to administrative penalties depending on the nature and severity of the incident. In the most serious circumstances, where an incident is classified as an especially serious accident, the highest accident classification under the relevant PRC laws and regulations, a maximum fine of up to RMB20 million may be imposed on Kempur. In the event of such an incident, we may incur substantial costs in connection with remedial actions, business interruption and potential penalties, which could materially and adversely affect our financial condition and results of operations.

We may be subject to administrative penalties with respect to non-compliance incidents of our owned properties.

During the Track Record Period, we had not obtained the requisite construction planning permit (建設工程規劃許可證), construction commencement permit (施工許可證) and/or acceptance of completed construction project prior to the commencement of construction and/or operations of certain production facilities, which may subject us to administrative penalties under the applicable PRC laws and regulations. Please refer to the section headed "Business — Properties — Owned properties" in this prospectus for further details. We cannot assure you that we will not be subject to actions and penalties by the relevant PRC government authorities. If we were required to pay fines and/or cease any of the operations we conduct on such properties, our business, operation and financial condition may be materially and adversely affected.

Failure to directly register and pay the social insurance and housing provident funds on behalf of our employees in accordance with the applicable PRC regulations may have an adverse impact on our results of operation.

According to the applicable PRC laws and regulations, an employer shall register social insurance and housing provident funds accounts and pay social insurance and housing provident funds for its employees. During the Track Record Period, social insurance and housing provident funds contributions in respect of certain employees were made through a third-party agent. Therefore, the relevant member of the Group had not strictly complied with the statutory requirement to directly register social insurance and housing provident funds accounts and make contributions for such employee. For details, please refer to the section headed "Business — Employees — Social Insurance and Housing Provident Funds Contribution for our Employees" in this prospectus. There is no assurance that the relevant subsidiaries will not be subject to penalties imposed by the relevant government authorities, nor can we assure you that the relevant employee will not in the future lodge complaints or claims against us in connection with such payment arrangements. If any of the foregoing were to occur, we may be required to make additional contributions, pay surcharges and administrative fines or otherwise incur additional costs, which could in turn adversely affect our results of operations.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products.

Any negative publicity, whether warranted or not, could adversely affect our business. We believe that our brand is integral to the success of our business. Since we operate in a highly competitive market, brand maintenance directly affects our ability to maintain our market position. The successful maintenance of our brand depends on our ability to provide competitive products and to strengthen business relationship with our customers. The successful promotion of our brand depends on the effectiveness of our marketing efforts and the amount of word-of-mouth referrals by our customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities will be successful or effective as expected. In addition, any negative publicity about our Company, Directors, employees, branding or products, whether warranted or not, may adversely affect our reputation and business. If our brand and reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

Our products may be subject to warranty, indemnity and/or product liability claims, which could result in significant costs and damage to our business, reputation, market acceptance of our products, financial condition, results of operations and prospects.

We primarily engaged in the sales of high-end chemical materials. Our product development and production processes require high technical standards and specialised know-how. Any defects in our products may affect their quality and the performance of the end products. If any of our products contain defects, we may be required to incur additional development and remediation costs pursuant to warranty and indemnification provisions in our contracts and purchase orders, which may divert our technical and other resources from other product development efforts. Our downstream customers and any third party that use our products may bring claims against us for indemnification and damages resulting from the defects of our products. Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our technical and management personnel, and harm our business. In addition, if any of our products contain defects, or have reliability, quality or compatibility problems not capable of being resolved, our reputation may be harmed, which could adversely affect our operating results.

We may not be able to obtain additional funding on acceptable terms or at all, which may affect our ability to expand our business or meet unforeseen contingencies.

To grow our business and remain competitive, we may require additional capital from time to time for our daily operations and business expansion. Our ability to obtain additional capital is subject to a variety of potential changes in the future, including: (a) our profitability, overall financial condition and results of operations; (b) our market position and competitiveness; (c) general market conditions for capital-raising activities by our competitors in China; and (d) economic, political and other conditions in the countries or regions we operate in.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to sell additional equity securities or incur additional indebtedness. The sale of additional equity or equity-linked securities could dilute our Shareholders' shareholding interest. The additional indebtedness and related interest expenses could lead to increased debt service obligations and restrict our operations or our ability to pay dividends to our Shareholders due to certain operating and financing covenants.

Data security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. Please refer to the section headed "Business — Data privacy and information security risk management" in this prospectus for more details. The secure maintenance of such data is critical. Our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

We may be subject to claims by third parties for intellectual property infringement.

We depend to a large extent on our ability to effectively develop and maintain intellectual property rights relating to our business without infringing the intellectual property rights of third parties. Our products may use patents, copyrights, trademarks or other proprietary rights owned by other third parties. However, we cannot assure you that our competitors and other third parties will not bring legal claims against us for infringing on their patents, copyrights, trademarks or other intellectual property rights, whether such claims have merits or otherwise. The intellectual property laws in China, which cover the validity, enforceability and scope of protection of intellectual property rights, are evolving, and litigation is becoming a more commonly pursued method for resolving commercial disputes. Given the foregoing and the increasing competition in the market, we are exposed to a higher litigation risk. Any intellectual property lawsuits against us, whether successful or not, may harm our brand and reputation. Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. There is no guarantee that we can obtain favorable judgments in all legal cases. If we are found to be liable for infringement upon intellectual property rights of certain third parties, we may be required to pay damages or cease using certain technologies or content that are critical to our products. Any resulting liabilities or expenses or any changes to our products that we have to make to limit future liabilities may have a material adverse effect on our business, financial condition and results of operations.

Share-based payments may cause shareholding dilution to our existing Shareholders and potentially have a material and adverse effect on our financial performance.

During the Track Record Period, we made share-based payments to our Directors, senior management and key employees for their contribution to us and providing them with an incentive for outstanding future performance. For FY2023, FY2024, FY2025 and 6M2026, we recognized equity-settled share-based payment expenses of RMB4.4 million, RMB43.1 million, RMB19.2 million and RMB4.2 million, respectively. To further incentivize our Directors, senior management and key employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

Downturns or volatility in general economic conditions could have a material adverse effect on our business, financial condition and results of operations.

Our sales and profitability depend significantly on general economic conditions and any adverse changes in general economic conditions, including any recession, economic slowdown or disruption of credit markets, may lead to lower demand for and price fluctuations of our products. Economic uncertainty affects our businesses 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 the 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 decrease, delay or even cancel their existing and future orders with us. In response to the decline in end-user demand and the shrunk customer base, we may consider lowering the price of our products and our profitability could be adversely affected. In addition, financial difficulties experienced by our suppliers or customers could result in product delays, increased accounts receivable defaults and inventory obsolescence. All these factors related to general economic conditions, which are beyond our control, could adversely impact our business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. During the Track Record Period, We maintained a number of insurance policies to cover potential liabilities that may arise in our daily operations. Please refer to the section headed “Business — Insurance” in this prospectus for further details. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. Any uninsured occurrence including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured equipment or facilities may result in substantial costs and the diversion of resources. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are subject to risks relating to litigation and disputes, which could adversely affect our business, financial condition, results of operations and prospects.

We may be subject to disputes or claims of various types brought by our competitors, employees, suppliers, customers, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconducts of our employees. Such disputes and claims may evolve into litigations and damage our reputation, thereby adversely affecting our customer base. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Litigation is distractive and expensive as it may cause us to incur legal fees, allocate a significant portion of our resources and divert management team's attention from our day-to-day operations, any of which could adversely affect our business. In the event of an adverse judgement against us, we may need to spend a significant amount to settle claims or pay damages, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to natural disasters, health epidemic, acts of war, terrorism or other factors beyond our control.

Natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fires or floods, outbreaks of a widespread health epidemic or pandemic, or other events such as acts of war, terrorism, environmental accidents, power outages or communication interruptions may result in loss of lives, injury, destruction of assets and may materially and adversely affect our business. Our operations could also be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause potential changes in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE PRINCIPAL PLACE WE OPERATE

Our business is affected by changes in the economic, political or social conditions or government policies of the countries or regions we operate in.

During the Track Record Period, the majority of our business assets, sales and revenue are located in and/or derived from the PRC. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in the PRC. Any changes in the political and economic policies in the PRC may materially and adversely affect our business, results of operations and financial condition and failure to fully adapt to these changes in political and economic policies may adversely affect our growth. Particularly, in recent years, regulatory policies over work safety and environmental protection in the PRC had been increasingly stringent. For details, please refer to the section headed "Regulatory Overview" in this prospectus. Laws, regulations and policies may continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. If we cannot fully comply with these laws, regulations and policies, our business, financial condition, results of operations and prospects may be adversely affected.

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

We are a company incorporated under the laws of the PRC and our Shareholders are subject to the tax laws and regulations in the PRC. Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in the PRC, subject to applicable tax treaties between the PRC and the jurisdiction in which the foreign individual which reduce or exempt the relevant tax obligations. On the other hand, for non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Taxation Administration also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. As such, we are required to withhold applicable tax from our dividend payments pursuant to the applicable PRC tax laws and regulations. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be adversely affected. The applicable tax implications in respect of our dividend payments and/or gains from the sale or other disposition of our H Shares are subject to the then relevant PRC laws and regulations, including whether the relevant preferential tax treatment will be revoked in the future. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your investment in our H Shares may be materially affected.

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

We are a company incorporated under the laws of the PRC and a substantial portion of our business, assets and operations are located in the PRC. In addition, the majority of our Directors and executive officers reside in the PRC. As a result, it may not be possible for you to directly effect service of process upon or to enforce judgements against us or such Directors or executive officers who reside in the PRC. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People's Court, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated court of Hong Kong with respect to any civil and commercial cases (excluding certain types of which) may apply for recognition and enforcement of the judgment in the relevant court. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in other jurisdictions may be recognized and enforced in the PRC in consideration of the treaties or arrangements providing for the reciprocal enforcement of judgments of courts between the PRC and the country where the judgment was made. If no such treaties or arrangements are in place, you may experience difficulties in the enforcement of judgments in the PRC.

Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations which may in turn affect the value of your investment.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. While we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our H Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange regulations that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders or satisfy any other foreign exchange obligation.

RISK RELATING TO THE GLOBAL OFFERING

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the Global Offering, our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be traded on the Hong Kong Stock Exchange. Under current PRC laws and regulations, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nevertheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Given the different characteristics of the H Share and A Share markets, the historical trading prices of our A Shares may not be indicative of the further performance of our H Shares. You should therefore avoid placing excessive reliance on the trading history of our A Shares when assessing an investment in our H Shares.

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

Prior to the Global Offering, there has been no public market for our H Shares, and there is no assurance that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the Global Offering. In addition, the Offer Price of our H Shares is subject to agreement between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and us, and may not be indicative of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares may be materially and adversely affected.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control.

The price and trading volume of our H Shares may be subject to significant volatility due to a range of factors beyond our control. These may include, among others, changes in our further business and financial condition, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. In addition, the price and trading volume of our Shares may fluctuate due to factors that are not directly related to our performance, including changes in the general market conditions of securities in Hong Kong and elsewhere in the world. Particularly, the business, performance and/or market price of the shares of other listed companies engaging in similar business may also affect the price and trading volume of our Shares.

Normally, a stabilizing manager acting on behalf of the underwriters may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the offer shares at a level higher than that which might otherwise prevail in the open market. However, given that we will not grant any over-allotment option to the underwriters, no stabilizing manager has been appointed by us in connection to the Global Offering and it is anticipated that no price stabilization activities will be conducted by any underwriters, which may result in substantial losses for investors during the period when price stabilization activities would normally have been conducted.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse impact on the prevailing market price of our H Shares, and issue of additional Shares in the future may result in dilution of your shareholding.

The market price of our H Shares could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the perception that such sales may occur. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which trading in our H Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sales of Shares by such Shareholders and the availability of these Shares for future sales may have a negative impact on the market price of our Shares. In addition, we may issue additional Shares in the future to, among other things, raise equity capital or pursuant to any existing or future share incentive schemes. Our Shareholders may experience dilution in their shareholdings if we issue additional Shares in the future.

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

We have declared dividends in the past. Nevertheless, our historical dividends may not be indicative of our future dividend policy. There is no assurance that we will be able to declare or distribute dividends of any amount in any year in the future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS Accounting Standards. In particular, pursuant to our Articles of Association, we may opt not to make any profit distribution under certain circumstances, including when we record a net cash outflow or if our debt to asset ratio exceeds 70% for the relevant financial years. For details, please refer to the section headed "Summary — Dividends" in this prospectus. During the Track Record Period, we have declared dividends in FY2024 and FY2025 despite recording net cash outflows in the relevant financial years. Nevertheless, our historical dividend declarations should not be regarded as indicative of our future dividend distributions. In addition, the declaration and payment of any future dividends are subject to the discretion of our Directors depending on, among others, our business and financial performance, cash requirements and availability, capital and regulatory requirements and general business conditions and other factors as our Directors may deem relevant from time to time, and subject to the approval at Shareholders' meeting.

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

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

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

Certain facts, forecasts, statistics and data contained in this prospectus have been derived from various official government publications. The information from the official government sources has not been prepared or independently verified by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the underwriters or any of our or their respective affiliates or advisers, and therefore, we make no representation as to the accuracy of such facts, forecasts, statistics and data. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should give due consideration as to how much weight or importance you should attach to or place on such facts, forecasts, statistics and data.

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

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

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

This prospectus contains certain forward-looking statements relating to us. When used in this prospectus, the words "aim", "anticipate", "believe", "can", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. Such statements reflect the current views and the best estimates of our management with respect to future events, business 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 prospectus. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. Such press and media coverage may include references to information that do not appear in this prospectus or is inaccurate. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information. You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong when making your investment decision regarding our H Shares. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you have not and will not rely on any information other than that contained in this prospectus, the Global Offering, and any formal announcements made by us in Hong Kong in relation to our Global Offering.

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

Rules	**Subject matter**
Rules 8.12 and 19A.15	Management presence in Hong Kong
Rules 3.28 and 8.17	Appointment of joint company secretaries
Rule 10.04	Allocation of H Shares to existing minority Shareholders and their associates

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

We do not have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Our Group's core business operations are principally located, managed and conducted in the PRC and our Company's headquarter is situated in the PRC. Besides, most of our executive Directors and senior management, who are primarily responsible for the overall management, corporate strategy, planning, business development and control of our Group's business, principally reside in the PRC. Our Directors consider that either by means of relocation of our existing executive Directors to Hong Kong or the appointment of additional executive Directors who are ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and would not be in the best interests of our Company and our Shareholders as a whole.

As such, our Company does not, and will not for the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Accordingly, we have applied for, and pursuant to Rule 19A.15 of the Listing Rules, 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:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives (the "**Authorized Representatives**") are Mr. Yu Yaoming (俞堯明), an executive Director and Mr. Wong Chun Wing Samuel (黃俊穎) ("**Mr. Wong**"), our joint company secretary. Each of our Authorized Representatives will be available to meet with the Stock Exchange within a reasonable time frame upon request of the Stock Exchange and will be readily contactable by phone and email. Each of the Authorized Representatives is authorized to communicate on our behalf with the Stock Exchange;

(b) each of the Authorized Representatives has means for contacting all of our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, our Authorized Representatives and our Directors, we have implemented a policy that (i) each Director will provide their respective contact details (including mobile phone number, office phone number, e-mail address and fax numbers (where available)) to the Stock Exchange and the Authorized Representatives; and (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will endeavour to provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone;

(c) our Directors who are not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;

(d) we have appointed Lego Corporate Finance Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. The Compliance Adviser will have access at all times to our Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules, who will act as an additional channel of communication of our Company with the Stock Exchange. Our Company shall ensure that our Authorized Representatives, Directors and our senior management members will timely provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set forth in the Listing Rules;

(e) we have provided the Stock Exchange with the names and contact information of at least two of the Compliance Adviser's officers who will act as our Compliance Adviser's contact persons between the Stock Exchange and our Company. We will inform the Stock Exchange as soon as practicable in respect of any change of the Authorized Representatives and/or the Compliance Adviser;

(f) we will appoint other professional advisers (including legal advisers in Hong Kong) after the Listing to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

(g) our Company has designated staff members as the communication officers at our headquarter after the Listing who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's professional advisers in Hong Kong, including legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondences and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT 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 the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

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

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

(2) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (WUMP) Ordinance and the Takeovers Code;

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

(4) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Wang Ning (王寧) as one of our joint company secretaries. Our Company believes that it would be in the best interests of our Company and the corporate governance of the Group to have as its joint company secretary a person such as Ms. Wang, who has day-to-day knowledge of our Company's affairs. Ms. Wang has the necessary nexus to our Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. However, Ms. Wang presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Wong, 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. Wang for an initial period of three years from the Listing Date (the "**Engagement Period**"), to enable Ms. Wang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Wang may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Ms. Wang will work closely with Mr. Wong to jointly discharge the duties and responsibilities as company secretary and assist Ms. Wang in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Wong will also assist Ms. Wang in organizing 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. Mr. Wong is expected to work closely with Ms. Wang and will maintain regular contact with Ms. Wang, the Directors, and the senior management of our Company. The waiver will be revoked immediately if Mr. Wong ceases to provide assistance to Ms. Wang as a joint company secretary for the Engagement Period, or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Wang 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 Engagement Period. Ms. Wang will also be assisted by (a) the Compliance Adviser, particularly in relation to compliance with the Listing Rules; and (b) our legal advisers in Hong Kong, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the Engagement Period, the qualifications of Ms. Wang 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 will continue. We will demonstrate and seek the Stock Exchange's confirmation prior to the end of the three year period that Ms. Wang, having benefited from the assistance of Mr. Wong for the preceding three years, has attained the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary so that a further waiver will not be necessary.

ALLOCATION OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Rule 10.04 of the Listing Rules requires that a person who is an existing shareholder of a listing applicant may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a listing applicant either in his/her/its own name or through nominees if the conditions in Rule 10.03 of the Listing Rules are fulfilled, namely that (i) no securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. Paragraph 1C(2) of Appendix F1 to the Listing Rules states that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors or existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Chapter 4.15 of the Guide for New Listing Applicants provides that the Stock Exchange will consider granting a waiver from Rule 10.04 of the Listing Rules and a consent, pursuant to paragraph 1C(2) of Appendix F1 to the Listing Rules, to allow a listing applicant's existing shareholders or their close associates to participate in its initial public offering if any actual or perceived preferential treatment arising from their ability to influence the listing applicant during the allocation process can be addressed.

Prior to the Listing, the share capital of our Company comprises entirely A Shares listed on the Shanghai Stock Exchange. As a company listed on the Shanghai Stock Exchange with its A Shares publicly traded thereon and with a large public Shareholder base, it would be unduly burdensome for our Company to seek the prior consent of the Stock Exchange for each of the minority existing Shareholders or their close associates who subscribe for the H Shares in the Global Offering.

Our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of, and a consent under paragraph 1C(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the voting rights in our Company prior to the completion of the Global Offering and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (together, the "**Permitted Existing Shareholder**"), on the following conditions:

(a) each Permitted Existing Shareholder to whom our Company may allocate the H Shares under the International Offering holds less than 5% of the voting rights in our Company prior to the completion of the Global Offering;

(b) each Permitted Existing Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;

(c) none of the Permitted Existing Shareholders has the right to appoint any Directors nor have any other special rights in our Company;

(d) allocation to the Permitted Existing Shareholders and their close associates will not affect our Company's ability to satisfy the public float requirement under Rule 8.08(1) (as amended and replaced by Rule 19A.13A(2)) of the Listing Rules;

(e) our Company will confirm to the Stock Exchange that:

    (i) in the case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders or their close associates by virtue of their relationship with our Company other than the preferential treatment of assured entitlement under cornerstone investments following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, that the Permitted Existing Shareholders or their close associates' cornerstone investment agreements do not contain any material terms which are more favorable to the Permitted Existing Shareholders or their close associates than those in other cornerstone investment agreements;

    (ii) in the case of participation as placees, no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the placing tranche;

(f) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange that, to the best of its knowledge and belief, no preferential treatment has been, nor will be, given to any of the Permitted Existing Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the placing tranche; and

(g) the Sole Sponsor will confirm to the Stock Exchange that based on (i) their discussions with our Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators, and to the best of its knowledge and belief, it has no reason to believe that any of the Permitted Existing Shareholders or their close associates received any preferential treatment or is in a position to exert influence on our Company to obtain actual or perceived preferential treatment in the allocation either as a cornerstone investor or as a placee by virtue of their relationship with our Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and details of allocation to the Permitted Existing Shareholders holding more than 1% of the total number of issued Shares immediately prior to the completion of the Global Offering will be disclosed in this prospectus and/or the allotment results announcement of our Company, as the case may be.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILING

We have filed the required documents with the CSRC, and we have received a filing notice from the CSRC dated 4 August 2026, confirming our completion of the filing procedures pursuant to the new filing regime introduced by the new regulations on filing for the Global Offering and the application for listing of the H Shares on the Stock Exchange. No other approvals from the CSRC under the PRC laws and regulations are required to be obtained for the listing of the H Shares on the Stock Exchange.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of 6,811,900 H Shares initially offered and the International Offering of 61,306,800 H Shares initially offered (subject to reallocation on the basis under the section headed "Structure of the Global Offering" in this prospectus).

The Listing of our H Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Overall Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to the Offer Price being agreed between the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and us. The International Offering is expected to be fully underwritten by the International Underwriters pursuant to the terms and conditions of the International Underwriting Agreement which is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price. Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, any of the Underwriters, any of our or their respective affiliates or any of our or their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale, delivery, subscription or acquisition in connection with the H Shares shall, under any circumstances, constitute a representation or create any implication that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

Details of the structure of the Global Offering (including its conditions) are set out in the sections headed "Structure of the Global Offering" and "Underwriting" in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and us on the Price Determination Date which is expected to be on or before Friday, 25 September, 2026, and in any event no later than 12:00 noon on Friday, 25 September, 2026. If the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and our Company are unable to reach an agreement on the Offer Price by such time and date, the Global Offering will not proceed.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his acquisition of the Hong Kong Offer Shares to confirm, that he/she is aware of the restrictions on offers and sales of the Hong Kong Offer Shares in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation for subscription in any jurisdiction or in any circumstances in which such an offer or invitation for subscription is not authorised or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering. Dealings in the H Shares on the Stock Exchange are expected to commence on Tuesday, 29 September, 2026. Except for the A Shares that have been listed on the Shanghai Stock Exchange and our pending application to the Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or debt securities is listed on or dealt in on the Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

The H Shares will be traded in board lot of 100 H Shares. The stock code of the H Shares is 9607.

Under section 44B(1) of the Companies (WUMP) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of any transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

H SHARE REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Tricor Investor Services Limited. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered in our H Share register of members will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless otherwise determined by our Board, dividends payable in respect of our H Shares in Hong Kong dollars will be paid to Shareholders whose names are listed on our H Share register of members in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or the exercise of any rights in relation to them. It is emphasised that none of our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective affiliates or any of our or their respective directors, officers, employees, advisers, agents or representatives, or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, or dealing in, the H Shares or the exercise of any rights in relation to them.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. However, the translated English names of PRC nationals, entities, government authorities, departments, institutions, facilities, certificates, titles, laws, regulations (including our Company's subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the Chinese name prevails. In addition, if there is any inconsistency between the names of any of the nationals, entities, government authorities, departments, institutions, facilities, certificates, titles, laws, regulations mentioned in the English version of this prospectus which are not in the English language and their English translations, the names in their respective original language shall prevail.

ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this prospectus may have been subject to rounding adjustments, or have been rounded to a set number of decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless otherwise specified, this prospectus contains certain translations for convenience purposes at the following rates:

US$1.00	=	RMB6.77430
HK$1.00	=	RMB0.86384
US$1.00	=	HK$7.84208

No representation is made that any amounts in RMB, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Ms. Zhang Ning (張宁)	Room 4823 Four Seasons Place 8 Finance Street Central Hong Kong	Canadian
Mr. Ding Lin (丁林)	Room 1802 No. 6, Lane 3888 Douhui Road Minhang District Shanghai PRC	Chinese
Mr. Yuan Minjian (袁敏健)	Room 201 No. 14, Lane 728 Changdao Road Pudong New Area Shanghai PRC	Chinese
Mr. Yu Yaoming (俞堯明)	Room 503 No. 10, Lianyang Nianhua Garden Lane 910 Dingxiang Road Pudong New Area Shanghai PRC	Chinese
Mr. Tang Jie (湯捷)	Room 301 No. 13, Lane 128 Ziteng Road Minhang District Shanghai PRC	Chinese
Non-executive Director		
Mr. Li Xiaoguang (李曉光)	8-1502 Jinshuiwan Residential Complex Qujiangchi South Road No. 855 Yanta District Xi'an City Shaanxi PRC	Chinese

Name	Residential Address	Nationality
Independent non-executive Directors		
Mr. Zhang Yun	6402 Middleburg Lane Bethesda, Maryland 20817–5532 United States of America	American
Mr. Jiang Changjian (蔣昌建)	Room 201 No. 23, Lane 289 Jinian Road Yangpu District Shanghai PRC	Chinese
Mr. Feng Yaoling (馮耀嶺)	Room 101, Unit 1 Floor 7 Zhujiang Road No. 106 Zhujiang Road Fenghuangcheng Tianmushan Road Community Committee Xuejiadao Road Huangdao District Qingdao City Shandong PRC	Chinese
Mr. Chan Chi Fung Leo (陳志峰)	Flat B, Floor 21 Tsui King Court 18 Water Street Sai Ying Pun Hong Kong	Chinese (Hong Kong)

For further details of the Directors and other senior management members, please see the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Haitong International Capital Limited** Suites 3001–3006 and 3015–3016 One International Finance Centre No.1 Harbour View Street Central Hong Kong
Sponsor-Overall Coordinator	**Haitong International Securities Company Limited** 28/F, 30/F Suites 3001–3010 and 3015–3016 One International Finance Centre No.1 Harbour View Street Central Hong Kong
Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	**Haitong International Securities Company Limited** 28/F, 30/F Suites 3001–3010 and 3015–3016 One International Finance Centre No.1 Harbour View Street Central Hong Kong **Fortune (HK) Securities Limited** 4102-6, 41st Floor, Cosco Tower, Nos 183 Queen's Road Central, Hong Kong
Joint Bookrunners and Joint Lead Managers	**Futu Securities International (Hong Kong) Limited** 34/F, United Centre, 95 Queensway, Admiralty, Hong Kong **Harmonia Capital Limited** Unit 2505, 25/F, Cosco Tower, 183 Queen's Road Central, Hong Kong **Huajin Securities (International) Limited** Suite 1101, 11/F Champion Tower, 3 Garden Road, Central, Hong Kong **Tiger Brokers (HK) Global Limited** 23/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

	Yuan Tong Global Securities Limited Unit 15, 19/F, Cosco Tower, Grand Millennium Plaza, Sheung Wan, Hong Kong
Co-lead Manager	**uSmart Securities Limited** Room 2602A, 26/F, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong
Capital Market Intermediaries	**Haitong International Securities Company Limited** 28/F, 30/F Suites 3001–3010 and 3015–3016 One International Finance Centre No.1 Harbour View Street Central Hong Kong
	Fortune (HK) Securities Limited 4102–6, 41st Floor, Cosco Tower, Nos 183 Queen's Road Central, Hong Kong
	Futu Securities International (HONG KONG) Limited 34/F, United Centre, 95 Queensway, Admiralty, Hong Kong
	Harmonia Capital Limited Unit 2505, 25/F, Cosco Tower, 183 Queen's Road Central, Hong Kong
	Huajin Securities (International) Limited Suite 1101, 11/F Champion Tower, 3 Garden Road, Central, Hong Kong
	Tiger Brokers (HK) Global Limited 23/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

uSmart Securities Limited
Room 2602A,
26/F,
Tower 1,
Lippo Centre,
89 Queensway
Admiralty,
Hong Kong

Yuan Tong Global Securities Limited
Unit 15,
19/F,
Cosco Tower,
Grand Millennium Plaza,
Sheung Wan, Hong Kong

Legal Advisers to our Company

As to Hong Kong law
Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC law
AllBright Law Offices
9/F, 11/F-12/F, Shanghai Tower
No. 501 Yincheng Middle Road
Pudong New Area
Shanghai
PRC

As to International Sanctions law
Stephen Peepels
51 Tung Street, 1st Floor
Meehan House
Sheung Wan
Hong Kong

Legal Advisers to the Sole Sponsor and the Underwriters

As to Hong Kong and. U.S. law
Han Kun Law Offices LLP
Rooms 4301–10, 43/F
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law
Beijing Dacheng Law Offices, LLP (Shanghai)
9th/24th/25th Floor
Shanghai World Financial Center
100 Century Avenue
Shanghai
PRC

Auditor and Reporting Accountant	**Ernst & Young** *Certified Public Accountants and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Shanghai 200040 PRC
Receiving Banks	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong **China CITIC Bank International Limited** 29/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong

Registered office	Room 2501, 25th Floor Shanghai Tower 501 Yincheng Middle Road Pilot Free Trade Zone Shanghai PRC
Headquarters and principal place of business in the PRC	Room 2501, 25th Floor Shanghai Tower 501 Yincheng Middle Road Pilot Free Trade Zone Shanghai PRC
Principal place of business in Hong Kong under Part 16 of the Companies Ordinance	40th Floor, Jardine House 1 Connaught Place Central Hong Kong
Company's website	**www.rachem.com** *(information contained in this website does not form part of this prospectus)*
Joint company secretaries	**Ms. Wang Ning (王寧)** Room 2501, 25th Floor Shanghai Tower 501 Yincheng Middle Road Pilot Free Trade Zone Shanghai PRC **Mr. Wong Chun Wing Samuel (黃俊穎)** *(An associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorised Representatives (for the purpose of the Listing Rules)	**Mr. Yu Yaoming (俞堯明)** Room 503 No. 10, Lianyang Nianhua Garden Lane 910 Dingxiang Road Pudong New Area Shanghai PRC **Mr. Wong Chun Wing Samuel (黃俊穎)** 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit committee	Mr. Chan Chi Fung Leo (陳志峰) *(Chairperson)* Mr. Zhang Yun Mr. Feng Yaoling (馮耀嶺)

Remuneration and Appraisal committee	Mr. Jiang Changjian (蔣昌建) *(Chairperson)* Mr. Ding Lin (丁林) Mr. Feng Yaoling (馮耀嶺)
Nomination committee	Mr. Feng Yaoling (馮耀嶺) *(Chairperson)* Ms. Zhang Ning (張宁) Mr. Zhang Yun
Strategic committee	Ms. Zhang Ning (張宁) *(Chairperson)* Mr. Ding Lin (丁林) Mr. Li Xiaoguang (李曉光) Mr. Jiang Changjian (蔣昌建)
Compliance adviser	**Lego Corporate Finance Limited** Room 1505, 15/F Wheelock House 20 Pedder Street Central Hong Kong
H Share registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal bank	**China Merchants Bank** **Shanghai Branch** Changyang Sub-Branch No. 1441 Changyang Road Yangpu District Shanghai PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Overall Coordinators, the Global Coordinator, the Bookrunner, the Lead Manager, the Underwriters, any of their respective directors and advisers or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

OVERVIEW OF CHINA'S NEW MATERIAL INDUSTRY

Definition and Classification of New Materials

New materials refer to materials that are newly developed or improved from traditional materials, featuring enhanced performance or specific functional properties. The new materials industry is characterized by high technological intensity, high R&D investment, and high value added, with strong international relevance and broad application fields. It is widely regarded as an important indicator of a country's comprehensive national strength and technological capability. New materials are generally classified into three categories, which are advanced basic materials, key strategic materials, and frontier new materials, as detailed below:

- **Advanced basic materials:** As high-performance upgraded iterations of traditional basic materials, advanced basic materials constitute the core support of the industrial system. Their performance is enhanced through process optimization and compositional modification, covering areas such as advanced steel and phenolic resin rubber additives for tyres. With mature technologies and extensive application, these materials are well aligned with manufacturing upgrading needs.

- **Key strategic materials:** Key strategic materials are core materials that support emerging industries and major equipment, featuring high technological barriers and significant strategic importance. They focus on high-performance structural and functional materials, including high-performance fibers semiconductor photoresist, CMP Polishing Pad, EBR, and Display photoresist. These materials determine the level of autonomy and controllability in downstream high-end manufacturing.

- **Frontier new materials:** Frontier new materials refer to innovative materials at the stage of technological breakthrough or early industrialization, including fully biodegradable materials, representing future development directions with disruptive potential and high growth prospects.

OVERVIEW OF CHINA'S RUBBER CHEMICALS INDUSTRY FOR AUTOMOTIVE TYRES

The Importance and Commercial Prospects of Rubber Products

Rubber is an important strategic material for industrial development, boasting properties such as elasticity and wear resistance, and serving as an excellent electrical insulating material. Owing to these characteristics, it is a high-quality raw material for tyre production. Affected by fluctuations in external market demand, the total production volume of tyre casings in China witnessed a volatile growth from 2021 to 2025, rising from 902.5 million units in 2021 to 1,207.4 million units in 2025 at a CAGR of 7.5%. Looking ahead, driven by the development of the automotive industry at home and abroad, especially the rise of NEVs and the release of domestic production capacity, the total production volume of tyre casings in China will achieve steady growth. It is projected to increase to 1,452.6 million units in 2030, representing a CAGR of approximately 3.8% from 2025 to 2030.

Definition and Classification of Rubber Additives

Rubber additives are specialty chemical products used in rubber processing to enhance the performance of rubber products and ensure their service life. As crucial auxiliary materials in the rubber industry, they significantly improve processing techniques and improve product quality. Although required at low volumes, they play a decisive role in enhancing product performance. High-quality rubber additives improve processing properties, elevate quality, prevent aging and degradation, and extend service life. Their primary applications include tyres and sealing strips. Rubber additives are categorized into general-purpose and specialty types. General-purpose additives include antioxidants; specialty additives encompass processing aids and functional additives, with the former improving processing conditions and the latter enhancing adhesion between rubber and framework materials. Phenolic resins are vital specialty rubber additives. In the automotive tyre sector, they are divided into tackifying, bonding, and reinforcing resins, which respectively improve adhesion, bonding strength, and mechanical strength. Phenolic resins for automotive/tyre applications drive process innovation in the tyre industry, forming a close connection. Though rubber additives constitute a low proportion of final product costs, they determine the lifespan, safety, and environmental performance of rubber goods (especially tyres), exerting a valuable leverage effect on downstream industries.

Policy Analysis of the Rubber Additives Industry

Policies	Issuance Date	Issuing Authority	Main Content
Announcement on Increasing Export Tax Rebate Rates for Certain Products (Announcement No. 15 of 2020) (關於提高部分產品出口退稅率的公告 (2020年第15號)	2020.03	Ministry of Finance; State Taxation Administration	Includes rubber additives and related products in the scope of export tax rebate incentives.
Guiding Opinions on Promoting High-quality Development of the Petrochemical and Chemical Industry during the 14th Five-Year Plan Period (關於"十四五"推動石化化工行業高質量發展的指導意見)	2022.04	Ministry of Industry and Information Technology and five other departments	Encourages development of high-end chemical materials, including electronic chemicals and high-performance rubber materials.
Implementation Plan for Innovative Development of the Fine Chemical Industry (2024–2027) (精細化工產業創新發展實施方案 (2024–2027年))	2024.07	Ministry of Industry and Information Technology and eight other departments	Supports development of high-end fine chemicals, including rubber additives, and promotes regional industrial upgrading.
Work Plan for Stabilising Growth of the Petrochemical and Chemical Industry (2025–2026) (石化化工行業穩增長工作方案 (2025–2026年))	2025.09	Ministry of Industry and Information Technology and six other departments	Supports R&D and industrialisation of high-end chemical products, including electronic chemicals and specialty rubber, to meet demand from key industries such as integrated circuits and new energy.

Commercial Prospects and Market Drivers of China's Rubber Additives Market

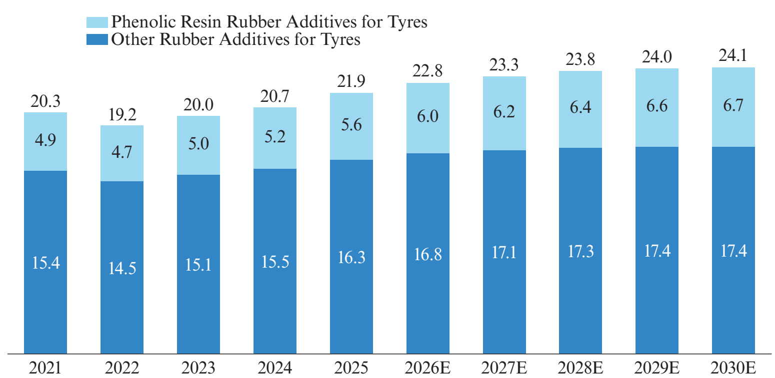
China is the world's largest producer of rubber additives, with its output accounting for approximately 78% of global production in 2025.

Affected by global economic fluctuations, China's rubber additives market experienced slight fluctuations from 2021 to 2025. Total output value increased from RMB21.3 billion in 2021 to RMB22.6 billion in 2025, representing a CAGR of 1.5%. Among these, specialty rubber additives grew from RMB7.5 billion to RMB8.7 billion, achieving a CAGR of 3.6%; while other rubber additives grew from RMB13.8 billion to RMB13.9 billion, achieving a CAGR of 0.3%. Looking ahead, driven by rising demand for NEVs and expanding application scenarios, the market is projected to continue growing. Total output value is expected to rise to RMB25.7 billion in 2030, representing a CAGR of 2.6% from 2025 to 2030. Among these, specialty rubber additives are projected to grow to RMB11.6 billion, with a CAGR of approximately 5.9%. Other rubber additives are expected to increase to RMB14.2 billion, achieving a CAGR of about 0.4%.

In the global rubber additive market, with the continuous growth in the number of NEVs, rubber additives for tires maintain steady growth from 2021 to 2025. The market value of global rubber additives for tires grew from RMB20.3 billion in 2021 to RMB21.9 billion in 2025, achieving a CAGR of 2.0%. It is projected to reach approximately RMB24.1 billion by 2030, with an estimated CAGR of around 1.9% from 2025 to 2030. Specifically, the output value of phenolic resin rubber additives for tires increased from RMB4.9 billion in 2021 to RMB5.6 billion in 2025, achieving a CAGR of 3.4% during this period. In the future, since the demand for tire replacements is relatively stable, the output value of phenolic resin rubber additives for tires will grow at a slower pace. By 2030, the output value is projected to reach RMB6.7 billion, with a CAGR of approximately 3.6% from 2025 to 2030.

Market Size of Global Rubber Additives for Automotive Tyres, by Output Value, RMB Billion, 2021–2030E

CAGR	2021–2025	2025–2030E
Phenolic Resin Rubber Additives for Tyres	3.4%	3.6%
Other Rubber Additives for Tyres	1.5%	1.3%
Total	2.0%	1.9%

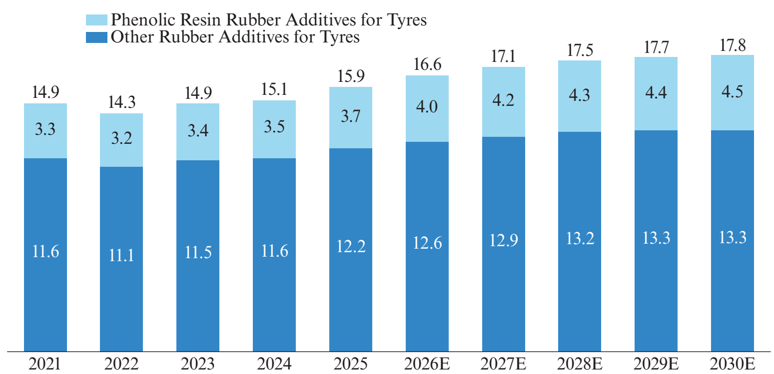


Source: Frost & Sullivan, China Rubber Industry Association, Expert Interview

In China's rubber additive market, the majority of rubber additives are used in automotive tyre applications. With the rising demand for NEVs, rubber additives for tyres are projected to maintain steady growth. The market value of rubber additives for tyres in China grew from RMB14.9 billion in 2021 to RMB15.9 billion in 2025, achieving a CAGR of 1.6%. It is projected to reach approximately RMB17.8 billion by 2030, with an estimated CAGR of around 2.2% from 2025 to 2030. Specifically, the output value of phenolic resin rubber additives for tyres increased from RMB3.3 billion in 2021 to RMB3.7 billion in 2025, achieving a CAGR of 2.9% during this period. In the future, driven by rising demand for high-performance rubber additives, the output value of phenolic resin rubber additives for tyres will continue to grow. By 2030, the output value is projected to reach RMB4.5 billion, with a CAGR of approximately 3.7% from 2025 to 2030.

Market Size of China's Rubber Additives for Automotive Tyres, by Output Value
RMB Billion, 2021–2030E

CAGR	2021–2025	2025–2030E
Phenolic Resin Rubber Additives for Tyres	2.9%	3.7%
Other Rubber Additives for Tyres	1.2%	1.8%
Total	1.6%	2.2%



Source: Frost & Sullivan, China Rubber Industry Association, Expert Interview

Market Drivers and Future Trends Analysis of the China's Rubber Additives Market

- **Growing Demand for NEVs:** The rapid penetration of NEVs has become a growth engine for China's automotive industry, driving expansion in the overall vehicle market and boosting demand for tyres and rubber products. Compared with traditional fuel vehicles, NEVs impose stricter requirements on tyre performances such as low rolling resistance and lightweighting to meet their range and energy efficiency targets. This trend drives the high-end and precision manufacturing of tyres, compelling the optimization of compound systems and setting higher standards for the performance and efficiency of rubber additives.

- **ESG Transformation Drives Process Optimization:** Against the backdrop of China's dual carbon goals and intensifying environmental regulations, green manufacturing and technological innovation have become the core drivers of high-quality development in the rubber additives industry. Policy and market demands are raising environmental thresholds, accelerating technological innovation and clean production upgrades across the sector. Upstream enterprises' heightened ESG transition requirements for raw material environmental standards are driving emission reductions in rubber additive production, accelerating the adoption of clean technologies and green products.

- **Following Downstream Partners Overseas:** As Chinese tyre manufacturers accelerate overseas factory expansion in Thailand, Vietnam, Europe, and other regions, domestic rubber additive companies are responding to globalization by implementing overseas strategies. To serve global customers and enhance localized competitiveness, domestic rubber additive companies establish overseas distribution centers or production bases. This ensures timely responses to market demands, provides technical support and delivers customized solutions. Such localized operations reduce trade and logistics risks, integrate into the global tyre supply chain, strengthen partnerships with local enterprises, and boost global market share and influence.

- **Southeast Asia and Latin America Emerge as New Export Engines:** Against the backdrop of strict trade barriers imposed by traditional markets in Europe and the US, Chinese rubber chemical companies are accelerating their expansion into emerging markets like Southeast Asia, the Middle East, and Latin America. Rapidly growing demand for rubber products in these regions, coupled with relaxed access policies and low trade costs provide new opportunities.

Cost Analysis of Raw Material

The primary raw material for phenolic resin rubber additives is phenol. Since 2022, its price of phenol has been fluctuating downward, the price of phenol decreased from 10,497.5 RMB per ton to 6,929.98 RMB per ton. In the future, as the supply-demand relationship for phenol and phenolic resin rubber additives remains stable, phenol prices are expected to stabilize or rise slightly.

Key Success Factors and Competitive Landscape Analysis of the Rubber Additives Industry

- **Formulation Techniques:** Rubber additive production involves fine chemical synthesis, with specialized formulation design capabilities serving as the core competitive advantage of the industry's leading enterprises. Precise control over reaction conditions enables industry-leading product yields, purity, and batch consistency. Simultaneously, fine-tuning microstructures meets customized demands from downstream customers, with formulation design becoming more complex for high-end applications. This capability ensures product performance and reliability, serving as a key advantage for addressing market needs and delivering customized solutions.

- **Industrial Chain Integration Capability:** Key intermediates in the rubber additives industry (such as phenol, aniline, and cyclohexane) are critical to product performance. To ensure product quality and mitigate raw material price volatility risks, some enterprises pursue vertical integration by expanding into upstream key intermediates and raw materials. This strategy ensures controllable production, stable additive performance, and enhances corporate involvement in the supply chain. Self-producing core intermediates reduces reliance on external suppliers, mitigates profit margin shocks, and strengthens bargaining power and cost competitiveness.

- **Comprehensive Product Portfolio:** Leading enterprises in the industry possess a complete product portfolio spanning multiple categories such as vulcanizing agents and accelerators, enabling them to provide one-stop solutions for downstream rubber product manufacturers, particularly tyre companies. Through this comprehensive product line strategy, companies meet diverse rubber product requirements.

Competitive Landscape Analysis of China's Rubber Additives Industry:

In 2025, the top 5 companies in the phenolic resin rubber additives for global tyres market, ranked by sales revenue in 2025

Ranking	Company Name	Market Share (%)	Sales Revenue (Unit: RMB100 Million)
1	**The issuer**	**41.4%**	**23.3**
2	Company P	~23.7%	~13.3
3	Company Q	~18.1%	~10.2
4	Company R	~8.5%	~4.8
5	Company S	~3.6%	~2.0
	Top 5	~95.3%	**53.6**

Source: Frost & Sullivan

Note:

Company P has its headquarter in the United States. Its products include performance additives, process solutions, pharmaceuticals and chemical intermediates.

Company Q, headquartered in Japan, is a listing company. Its main products include phenolic resin, building materials, etc.

Company R, headquartered in South Korea, is a listing company. Its products include electronic materials, rubber additives, and others.

Company S, headquartered in PRC, is a listing company. Centered on synthetic resins and functional materials, the company has been expanding into semiconductor and electronic materials.

In 2025, the top 5 companies in the global phenolic resin rubber additives market for tyres collectively achieved sales revenue of approximately RMB5.4 billion. Based on sales revenue in 2025, the company ranks as the world's largest company in phenolic resin rubber additives for tyres.

In 2025, the top 5 companies in phenolic resin rubber additives for China tyres market, ranked by sales revenue in 2025

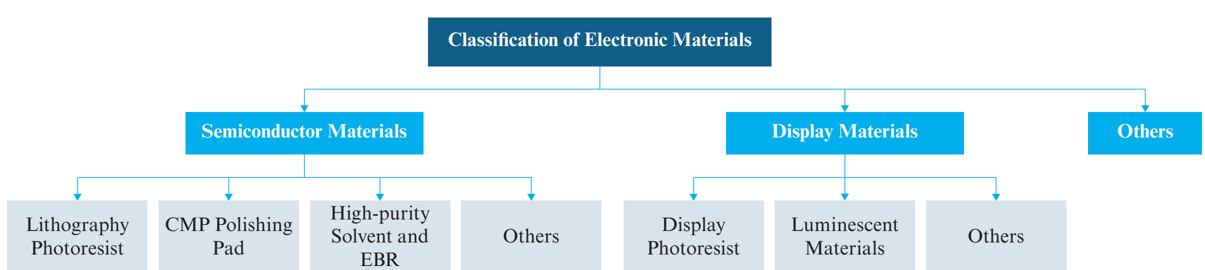
Ranking	Company Name	Market Share (%)	Sales Revenue (Unit: RMB100 Million)
1	**The issuer**	**45.9%**	**17.0**
2	Company P	~10.3%	~3.8
3	Company Q	~6.8%	~2.5
4	Company S	~5.4%	~2.0
5	Company R	~2.7%	~1.0
	Top 5	~71.1%	**26.3**

Source: Frost & Sullivan

In 2025, the top 5 companies in China's phenolic resin rubber additives market for tyres collectively achieved sales revenue of approximately RMB2.6 billion. Based on sales revenue in 2025, the company is China's largest phenolic resin rubber additive company for tyres.

OVERVIEW OF ELECTRONIC MATERIALS INDUSTRY

Electronic materials include semiconductor materials, display materials, etc. Semiconductor materials consist of lithography photoresist, CMP pad, EBR, among others. Display materials comprise display panel photoresist, luminescent materials, and more.



Overview and Development Status of the Semiconductor Industry

China has become one of the world's largest semiconductor consumption markets. The downstream applications of the semiconductor consumption market cover numerous sectors including consumer electronics, communications, automotive electronics and artificial intelligence. Driven by market demand and supported by national policies, China's domestic chip manufacturing industry is in a stage of rapid development. In terms of the market size of the integrated circuit (IC) industry in PRC, it has grown from RMB1.0 trillion in 2021 to RMB1.4 trillion in 2025, representing a CAGR of 8.2% during this period. Looking ahead, the market size of the IC industry in PRC is expected to maintain a high-speed growth momentum, projected to reach RMB2.1 trillion by 2030 with a CAGR of 8.0% from 2025 to 2030.

Overview of the Semiconductor Photoresist Industry

Definition, Classification and Industrial Importance of Semiconductor Photoresist Products

Semiconductor photoresist is a critical material for chip manufacturing, which can accurately transfer the circuit patterns on the photomask onto the silicon wafer surface. Its performance determines the integration level of chips, exerts an impact on their computing speed, power consumption and cost, and is the key to sustaining Moore's Law and achieving the miniaturization of chip manufacturing processes. Classified by photosensitive wavelength, semiconductor photoresist includes G-line (436nm), I-line (365nm), KrF (248nm), ArF (193nm) and EUV (13.5nm) types, and it is a core material supporting the manufacturing of the semiconductor industry.

- **G/I line photoresist:** As a fundamental category of semiconductor photoresists, it corresponds to the exposure wavelengths of 436 nm and 365 nm and is used in the manufacturing of basic semiconductor components such as power devices. Its core value lies in ensuring the reliability and stability of basic devices, as well as meeting the large-scale demand for power semiconductors and basic chips in downstream fields.

- **KrF/ArF/EUV photoresist:** As the core category of high-end semiconductor photoresists, they meet the requirements of different advanced manufacturing processes. KrF photoresist corresponds to a wavelength of 248 nm and is applied in the mid-to-high-end manufacturing processes of logic and memory chips; ArF photoresist corresponds to a wavelength of 193 nm and serves as a critical material for the manufacturing of core devices in high-end end products; EUV photoresist corresponds to a wavelength of 13.5 nm and underpins the performance breakthroughs of chips. The industrial value of the three lies in driving the upgrading of the semiconductor industry and determining the localization capability of high-end chips. Technological breakthroughs in this field can break foreign monopolies, reduce production costs, and ensure the supply of core devices for strategic emerging industries, which stands as an important symbol for measuring the core competitiveness of a country's semiconductor industry.

Policy Analysis of the Semiconductor Photoresists Industry

The following table summarises key policies supporting the development of the semiconductor photoresists industry in China, highlighting regulatory support for localisation and technological advancement:

Policies	Issuance Date	Issuing Authority	Main Content
Notice on Import Tax Policies for Supporting the Development of the Integrated Circuit and Software Industries (關於支持集成電路產業和軟件產業發展進口稅收政策的通知)	2021.03	Ministry of Finance; General Administration of Customs; State Taxation Administration	Grants import duty exemptions for key materials, including photoresists, where domestic supply is unavailable or insufficient.
Implementation Opinions on Promoting the Innovation and Development of Future Industries (工業和信息化部等七部門關於推動未來產業創新發展的實施意見)	2024.01	Ministry of Industry and Information Technology and six other departments	Promotes development of advanced materials, including semiconductor materials, and accelerates innovation and application of cutting-edge materials.

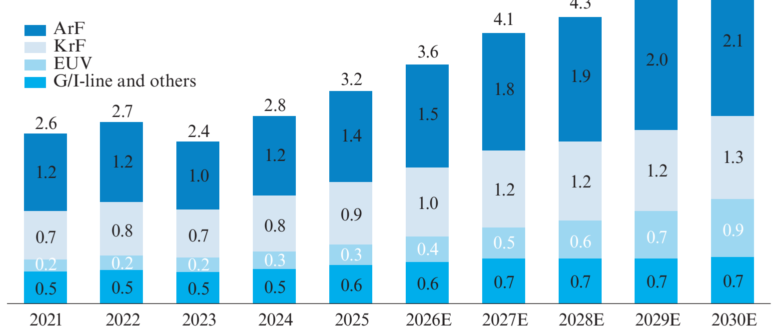
Market Size of the Semiconductor Photoresist Industry

In terms of the sales value of Global semiconductor photoresist market, the sales revenue of ArF photoresist increased from USD1.2 billion in 2021 to USD1.4 billion in 2025, and is projected to reach USD2.1 billion by 2030, representing a CAGR of 9.3% during 2025 and 2030. The sales revenue of KrF photoresist rose from USD0.7 billion in 2021 to USD0.9 billion in 2025 with a CAGR of 6.5%, and is expected to reach USD1.3 billion by 2030, with a CAGR of 6.0% during 2025 and 2030. The sales revenue of EUV photoresists grew from USD0.2 billion in 2021 to USD0.3

billion in 2025, and is forecast to reach USD0.9 billion by 2030, with a CAGR of 22.9% during 2025 and 2030. The sales revenue of G/I-line and other photoresists grew from USD0.5 billion in 2021 to USD0.6 billion in 2025, and is forecast to reach USD0.7 billion by 2030.

Market Size of Global Semiconductor Photoresists, by Sales Revenue
USD Billion, 2021–2030E

CAGR	2021–2025	2025–2030E
Semiconductor Photoresists	5.7%	9.2%
ArF	4.2%	9.3%
KrF	6.5%	6.0%
EUV	13.3%	22.9%
G/I-line and others	4.8%	4.0%

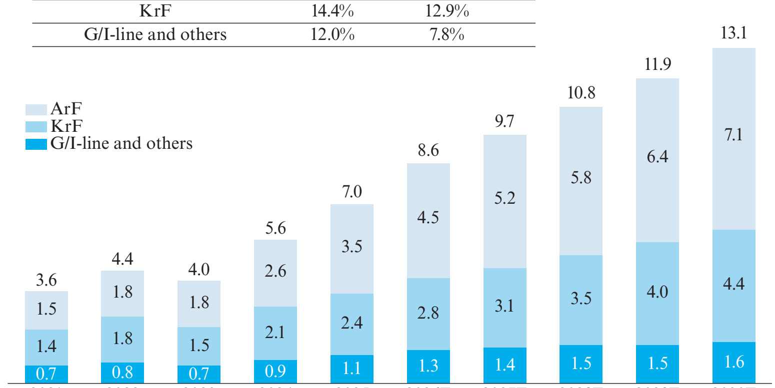


Source: Frost & Sullivan, SEMI

In terms of the sales value of China's semiconductor photoresist market, the sales revenue of ArF photoresist increased from RMB1.5 billion in 2021 to RMB3.5 billion in 2025, with a CAGR of 23.6%, and is projected to reach RMB7.1 billion by 2030, representing a CAGR of 15.2% for the period. The sales revenue of KrF photoresist rose from RMB1.4 billion in 2021 to RMB2.4 billion in 2025, with a CAGR of 14.4%, and is expected to reach RMB4.4 billion by 2030, with a CAGR of 12.9% for the period. The sales revenue of G/I-line and other photoresists grew from RMB0.7 billion in 2021 to RMB1.1 billion in 2025, with a CAGR of 12.0%, and is forecast to reach RMB1.6 billion by 2030, with a CAGR of 7.8% for the period.

Market Size of China's Semiconductor Photoresists, by Sales Revenue
RMB Billion, 2021–2030E

CAGR	2021–2025	2025–2030E
Semiconductor Photoresists	18.1%	13.4%
ArF	23.6%	15.2%
KrF	14.4%	12.9%
G/I-line and others	12.0%	7.8%



Source: Frost & Sullivan, SEMI

Market Drivers and Future Trends Analysis of the Semiconductor Photoresist Industry

- **The expanding end-market demand represented by artificial intelligence is reshaping the structure of the semiconductor industry.** The increase in computing power demand for the training and inference of large models has directly driven the growth in market shipments of high-end chips such as high-performance computing chips. It has also raised the technical requirements for the lithography process, as well as the market demand for consumption volume and technical application thresholds of high-performance photoresists.

- **Wafer production capacity in China is expanding.** PRC is pushing forward the construction and capacity ramping of wafer fabs, emerging as a concentrated hub for new capacity additions. The commissioning of domestic wafer fabs has boosted production capacity and driven the growth of photoresist demand.

- **Continuous upgrading of technological routes, with high-endization as the long-term core trend:** As wafer manufacturing processes evolve toward more advanced nodes with smaller feature sizes, the lithography process demands higher resolution and stability, driving the technological upgrading of photoresists.

- **Accelerated localization process with the competitive focus shifting toward comprehensive capabilities:** Against the backdrop of the expanding wafer production capacity in PRC and the growing demand for supply chain security, the localization process of photoresists has been accelerated. Domestic photoresists are evolving from early-stage experiments and small-batch verification to multi-production-line adoption and large-scale application, with their scope of application expanding from a single process node to multiple nodes.

Cost Analysis of Raw Material

Raw materials for photoresists include resins, photoinitiators, and others, each with a wide range of subtypes and prices. From 2021 to 2024, resin, one of the key inputs, ranged between USD1,800 and USD6,000 per ton, with moderate fluctuations, while semiconductor photoresist selling prices remained relatively stable. In 2025, resin prices are generally between USD1,800 and USD4,900 per ton and may continue to fluctuate.

Key Success Factors and Competitive Landscape Analysis of the Semiconductor Photoresist Industry

Key Success factors include:

- **Strong R&D capabilities and sustained innovation capacity:** The core driving force for the commercial success of semiconductor photoresist suppliers lies in their technological innovation capabilities. With the advancement of semiconductor manufacturing processes, the performance requirements for photoresists are constantly rising, and advanced process nodes demand breakthroughs in aspects such as resolution for photoresists. Suppliers are required to continuously invest in R&D, explore new materials and manufacturing processes, and address key technological bottlenecks.

- **Capability to pass rigorous certification by downstream wafer fabs:** Photoresist is a material with strong certification attributes, and its product adoption requires long-cycle, multi-round process verification and yield evaluation, covering stages such as pilot line verification, trial production line adoption and mass production line stability testing. Passing certification by leading wafer fabs means that the product meets mass production-level requirements for core indicators such as defect control. Meanwhile, successful certification helps forge highly sticky customer partnerships; once integrated into the mainstream material system, the high replacement cost ensures stable supply relationships.

- **Capability for independent and controllable supply of key upstream materials:** The performance of photoresists is highly dependent on the quality and stability of upstream monomers, resins and additives. Enterprises that realize the vertically integrated layout of the "monomer-resin-photoresist" industrial chain can conduct in-depth optimization of molecular structures and purification processes at the source, reducing reliance on external supplies.

- **Stable large-scale production capacity:** Scaling up photoresists from laboratory formulations to mass-produced products carries the risk of scale-up effects, with stringent requirements for production line cleanliness, process consistency and batch stability. Enterprises with large-scale production capacity typically possess high-standard production facilities, a comprehensive quality control system and mature experience in process scale-up.

Competitive Landscape Analysis of China's Semiconductor Photoresist Industry:

The Top Ten Semiconductor Photoresist Players in the Global Market, Ranked by Sales Revenue of Semiconductor Photoresist in Global Market in 2025

Ranking	Company Name	Market Share (%)	Sales Revenue (Unit: RMB100 Million)
1	Company A	18.2%	43.0
2	Company B	16.5%	39.0
3	Company C	12.7%	30.0
4	Company D	11.8%	28.0
5	Company E	11.0%	26.0
6	Company F	9.0%	21.3
7	Company G	4.2%	10.0
8	Company H	2.9%	7.0
9	**The Company**	**1.8%**	**4.1**
10	Company I	0.5%	1.2
	Top 10	**88.6%**	**209.6**

Source: Frost & Sullivan

Note:

Company A, headquartered in Japan, is a listing company. The company's business covers semiconductor photoresists, display photoresists, supporting materials, etc.

Company B, has its headquarter in Japan. The company's business covers semiconductor photoresists, display photoresists, synthetic resins, and functional polymer materials.

Company C, headquartered in Japan, is a listing company. The company's business covers semiconductor silicon, semiconductor photoresist, electronic materials, etc.

Company D, headquartered in the U.S., is a listing company. The company's business covers semiconductor photoresist, engineered materials, electronic chemicals, etc.

Company E, headquartered in Japan, is a listing company. The company's business covers semiconductor materials, display and other electronic materials, etc.

Company F, headquartered in Japan, is a listing company. The company supplies photoresists and functional materials for semiconductor and display applications.

Company G, headquartered in South Korea, is a chemical company that provides fine chemical materials including photoresists and CMP slurries, serving the electronic components and semiconductor materials markets. It is a listing company.

Company H, headquartered in Germany, is a listing company. In the electronics segment, the company provides critical materials for the semiconductor and display industries, including photoresists, OLED materials, and other advanced electronic materials.

Company I, headquartered in PRC, provides end-to-end semiconductor material solutions, including photoresist, CMP slurries and other high-performance materials.

The Top Five Domestic Players in China's Semiconductor Photoresist Market, Ranked by the Sales Revenue of Semiconductor Photoresist in China's Market in 2025

Ranking	Company Name	Market Share (%)	Sales Revenue (Unit: RMB100 Million)
1	The Company	5.8%	4.1
2	Company I	1.7%	1.2
3	Company J	1.4%	1.0
4	Company K	1.0%	0.7
5	Company L	0.6%	0.4
	Top 5	**10.5%**	**7.4**

Source: Frost & Sullivan

Note:

Company J has its headquarter in Chinese Mainland. The company's business covers semiconductor photoresists, display photoresists, and supporting materials.

Company K has its headquarter in Chinese Mainland. Its products are mainly applied in the semiconductor and display industries.

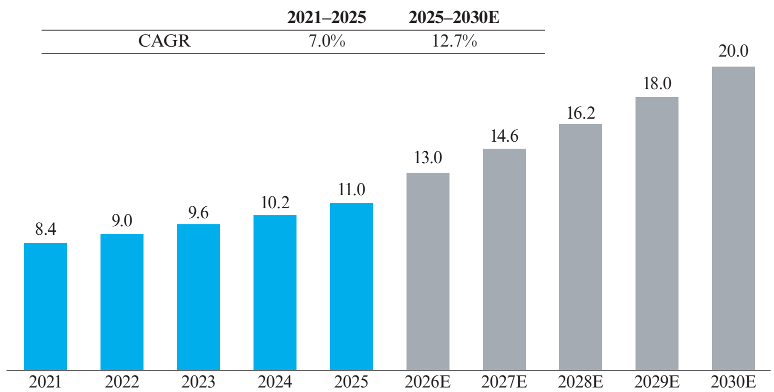
Company L has its headquarter in Chinese Mainland. Its core offerings include photoresists and related chemical materials, providing localized material solutions for integrated circuit and display manufacturing customers.

The market share of the semiconductor photoresist market is dominated by leading suppliers from Japan. In global market, the company ranks as the ninth largest overall in terms of sales value of semiconductor photoresists in 2025. In 2025, the total sales value of the top five domestic enterprises in China's semiconductor photoresist market reached approximately RMB740 million. Based on the sales value of semiconductor photoresists in the Chinese market in 2025, the issuer is the top domestic company in terms of semiconductor photoresist sales value in China's market.

Overview of the CMP Polishing Pad Industry

CMP polishing pads are core consumables for CMP, applied in semiconductor wafer manufacturing to perform high-precision planarization on silicon wafers and surface thin films such as silicon oxide. Working in conjunction with polishing slurries and polishing heads, they achieve the synergistic chemical and mechanical material removal under specific pressure and rotational speed, controlling the microscopic topography of wafer surfaces at the nanometer level to meet the planarization requirements of advanced manufacturing processes. From the global market perspective, the sales revenue grew from RMB8.4 billion in 2021 to RMB11.0 billion in 2025, with a CAGR of 7.0% during the period, and is projected to reach RMB20.0 billion in 2030 with a CAGR of 12.7% during 2025 and 2030.

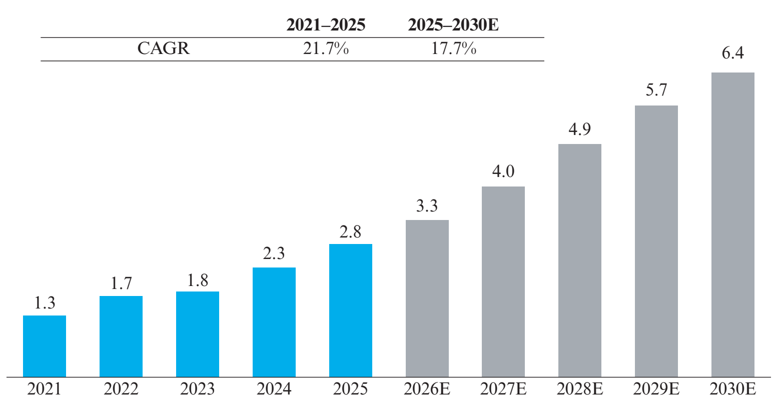
Market Size of Global CMP Polishing Pad, by Sales Revenue
RMB Billion, 2021–2030E



Source: Frost & Sullivan, Expert Interview

Benefiting from the expansion of wafer manufacturing capacity in China and the growing demand for chips with mature processes, the market size of domestic CMP polishing pads has witnessed rapid growth from 2021 to 2025, with sales revenue increase from RMB1.3 billion to RMB2.8 billion at a CAGR of 21.7%. Going forward, driven by the increased polishing processes per wafer resulting from technological iteration of advanced-process chips, the sales revenue of CMP polishing pads in China is projected to reach RMB6.4 billion by 2030, representing a CAGR of 17.7%.

Market Size of China's CMP Polishing Pad, by Sales Revenue
RMB Billion, 2021–2030E



Source: Frost & Sullivan, Prospectus of other Listed Company

Policy Analysis of the CMP Polishing Pad Industry

The following table summarizes key policies supporting the development of the CMP polishing pads industry in China, highlighting policy support for semiconductor consumables and localization of critical materials:

Policies	Issuance Date	Issuing Authority	Main Content
The 14th Five-Year Plan for the Development of the Raw Materials Industry (“十四五”原材料工業發展規劃)	2021.12	Ministry of Industry and Information Technology; Ministry of Science and Technology; Ministry of Natural Resources	Advances breakthroughs in critical materials for key sectors, including integrated circuits and aerospace, covering photoresists and other key electronic materials.
Notice on Issuing the Implementation Plan for the “Three Products” Initiative in the Raw Materials Industry (關於印發原材料工業“三品”實施方案的通知)	2022.08	General Office of the Ministry of Industry and Information Technology; General Office of the State-owned Assets Supervision and Administration Commission of the State Council; General Office of the State Administration for Market Regulation; Office of the China National Intellectual Property Administration	Promotes upgrading and industrialisation of advanced materials, including photoresists, and strengthens standards systems across the full value chain.
Proposals of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development (中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議)	2025.10	Central Committee of the Communist Party of China	Prioritises development of emerging industries and breakthroughs in core technologies across integrated circuits, advanced materials and high-end equipment.
MIIT Work Priorities for 2026 (工業和信息化部部署2026年重點工作)	2025.12	Ministry of Industry and Information Technology	Identifies integrated circuits, new displays and new materials as key priorities, supporting technological innovation and industrial cluster development.

Overview of the High-purity solvent and EBR Industry

EBR is a high-purity solvent for the semiconductor lithography process. It can dissolve and remove the photoresist residues remaining on the wafer edge and back surfaces of substrates. With the expansion of semiconductor wafer manufacturing capacity in China, the market size of EBR in China has grown rapidly from 2021 to 2025, with sales revenue rising from RMB0.2 billion to RMB0.7 billion at a CAGR of 36.7%. In the future, the semiconductor industry’s pursuit of yield improvement and cost control will drive wafer fabs to strengthen the control of edge defects and increase the procurement demand for high-performance EBR. It is projected that the sales revenue of EBR in China will reach RMB1.7 billion by 2030, with a CAGR of 20.1%. In the global market, with the increasing application of advanced processes and the growing demand for precision in semiconductor photoresist processes, the sales revenue of EBR in 2025 was USD0.8 billion, and it is estimated to achieve USD1.9 billion, with the CAGR of 17.7% during this period.

Overview of the Display Materials Industry

Definition and Classification of the Display Photoresists

Display photoresists are critical materials in display panel manufacturing. Through photolithography processes, they enable the formation of fine patterns on substrates, thereby supporting high performance and high resolution of display devices. As core materials within the display industry, the quality and performance of display photoresists have a direct impact on panel yield rates, resolution, and color performance. With continuous global advancements in display technologies, particularly the maturation and commercialization of OLED and Micro LED technologies, the importance of display photoresists has become increasingly prominent. They not only support the upgrading of traditional LCD panels but also provide essential material foundations for the development of next-generation display technologies.

- **TFT Array Photoresists:** TFT array photoresists are used in the array process of TFT backplates to pattern electronic circuits on the substrate, featuring high resolution and high photosensitivity.

- **Color Photoresists:** Color photoresists include red, green, and blue (RGB) photoresists, as well as black matrix (BM) photoresists. They are used in the color filter (CF) process of LCD panel manufacturing to form color filters.

- **Transparent Photoresists:** Transparent photoresists are mainly divided into PS spacer photoresists and OC planarization layer photoresists. PS spacer photoresists are used to fabricate elastic spacer structures that support the glass substrates and define the liquid crystal cell gap, requiring excellent elasticity and photolithographic performance. OC planarization layer photoresists are applied to smooth height differences between pixel structures, thereby improving display contrast. High planarization performance is the key technical requirement.

- **Organic Insulating Films:** Organic insulating films typically perform key functions such as isolating conductive layers, preventing electric leakage, planarizing surfaces and buffering stress. In the high-end display field, organic insulating films can be applied in the backplate of LCD, OLED, Micro-LED and other display technologies, for instance, serving as passivation layers, interlayer dielectric materials and pixel defining layers. Compared with inorganic insulating films, organic insulating films have distinct advantages in flexibility, low dielectric constant and process compatibility, and are important basic materials for realizing high-definition, thin and light, flexible and highly integrated devices.

Policy Analysis of the Display Photoresists Industry

The following table summarises key policies supporting the development of the display photoresists industry in China, reflecting policy support for new display technologies and related material supply chains:

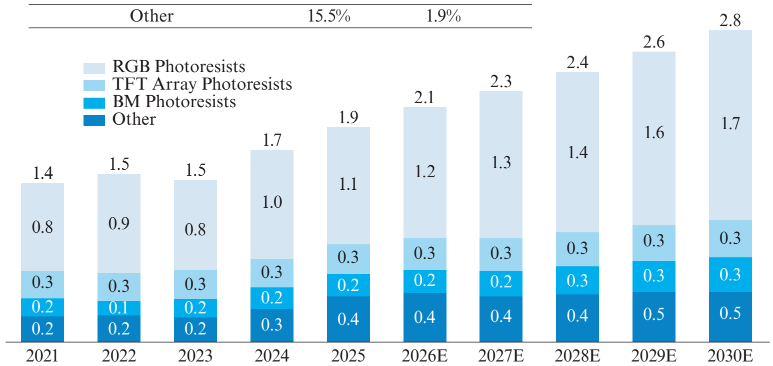
Policies	Issuance Date	Issuing Authority	Main Content
Notice on Import Tax Policies for Supporting the Development of the New Display Industry (2021–2030) (關於2021 — 2030年支持新型顯示產業發展進口稅收政策的通知)	2021.03	Ministry of Finance; General Administration of Customs; State Taxation Administration	Provides import duty exemptions for key materials, including display photoresists, and related equipment where domestic supply is unavailable or insufficient (effective from 1 January 2021 to 31 December 2030).
Action Plan for Stabilising Growth of the Electronic Information Manufacturing Industry (2025–2026) (電子信息製造業2025 — 2026年穩增長行動方案)	2025.08	Ministry of Industry and Information Technology; State Administration for Market Regulation	Supports technological innovation and major project deployment in new display and semiconductor sectors, and promotes international cooperation.

Market Size and Market Drivers Analysis of the Display Photoresists

From the perspective of sales revenue in Global display photoresist market, sales revenue of RGB photoresists grew from USD0.8 billion in 2021 to USD1.1 billion in 2025, representing a CAGR of 7.4%, and is projected to reach USD1.7 billion by 2030, with a CAGR of 10.2% during 2025 and 2030. Sales revenue of BM photoresists is expected to increase from USD0.2 billion in 2025 to USD0.3 billion in 2030, with a CAGR of 9.2% from 2025 to 2030. Sales revenue of other display photoresists rose from USD0.2 billion in 2021 to USD0.4 billion in 2025, achieving a CAGR of 15.5%, and is projected to reach USD0.5 billion by 2030.

Market Size of Global Display Photoresists, by Sales Revenue
USD Billion, 2021–2030E

CAGR	2021–2025	2025–2030E
Total	7.8%	7.8%
RGB Photoresists	7.4%	10.2%
TFT Array Photoresists	1.8%	4.4%
BM Photoresists	5.7%	9.2%
Other	15.5%	1.9%

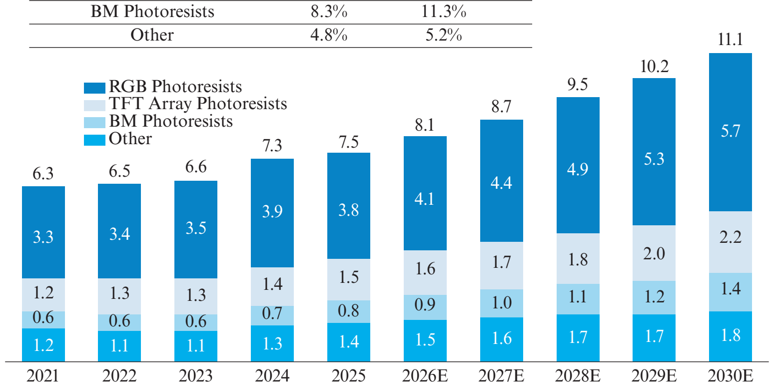


Source: Frost & Sullivan, Expert Interview

From the perspective of sales revenue in China's display photoresist market, RGB photoresists grew from RMB3.3 billion in 2021 to RMB3.8 billion in 2025, and is projected to reach RMB5.7 billion by 2030, with a CAGR of 8.8% during 2025 and 2030. Sales revenue of TFT array photoresists increased from RMB1.2 billion in 2021 to RMB1.5 billion in 2025, and are expected to reach RMB2.2 billion by 2030, representing a CAGR of 8.4% during 2025 and 2030. Sales revenue of BM photoresists increased from RMB0.6 billion in 2021 to RMB0.8 billion in 2025, with a CAGR of 8.3%, and is expected to reach RMB1.4 billion by 2030, corresponding to a CAGR of 11.3% from 2025 to 2030. Sales revenue of other display photoresists rose from RMB1.2 billion in 2021 to RMB1.4 billion in 2025, and is projected to reach RMB1.8 billion by 2030, with a CAGR of 5.2% during 2025 and 2030.

Market Size of China's Display Photoresists, by Sales Revenue
RMB Billion, 2021–2030E

CAGR	2021–2025	2025–2030E
Total	4.4%	8.3%
RGB Photoresists	4.6%	8.8%
TFT Array Photoresists	3.4%	8.4%
BM Photoresists	8.3%	11.3%
Other	4.8%	5.2%



Source: Frost & Sullivan, Expert Interview

Market Divers Analysis of China's Display Photoresists Industry:

- **Continued expansion of downstream panel production capacity provides a stable demand foundation**: In the global LCD panel capacity landscape, Chinese manufacturers occupy a dominant position. Leading players possess significant scale advantages in large-size LCD panels, while OLED production capacity is also expanding. The continuous expansion of panel capacity directly drives demand growth for display photoresists.

- **Ongoing display technology innovation drives industry upgrading:** The display industry is evolving toward higher resolution, higher refresh rates, and increasingly complex device structures, with technologies such as 8K displays, flexible OLED, and Mini LED reaching commercialization maturity. These advanced display technologies raise the technical thresholds for high-performance photoresists.

- **Accelerated release of demand for domestic substitution**: From a market structure perspective, the localization rates of TFT array photoresists, BM photoresists, and RGB photoresists remain relatively low, with core market segments long dominated by Japanese and Korean suppliers. Against the backdrop of rising global supply chain uncertainties, panel manufacturers have placed greater emphasis on the security and controllability of key materials, strengthening their willingness to introduce domestic photoresist products. On the one hand, domestic photoresists can reduce reliance on overseas suppliers and enhance supply stability; on the other hand, when performance is comparable, domestic products offer advantages in cost efficiency and delivery responsiveness.

Cost Analysis of Raw Material

Raw materials for display photoresists, including resins and photoinitiators, cover numerous subtypes with wide price ranges. Photoinitiators, a key raw material, have ranged from USD15 to USD120 per kg in recent years, showing mild fluctuations with limited impact on photoresist prices. In 2025, prices are around USD20 to USD100 per kg and may continue moderate fluctuations.

Key Success Factors and Competitive Landscape Analysis of the Display Photoresists Industry

Key Success Factors Analysis:

- **Sustained technological innovation to achieve breakthroughs in advanced formulations:**

  Display photoresists are technology-intensive materials whose performance improvements rely heavily on continuous innovation in formulation systems, resin design, and process integration. Companies need to consistently increase R&D investment, attract multidisciplinary talent with expertise in chemical synthesis, materials engineering, and process development, and build a comprehensive R&D system covering basic research, application development, and mass-production commercialization.

- **Stable mass-production and quality control capabilities to ensure high purity and consistency:**

  Display photoresists impose stringent requirements on purity and batch-to-batch consistency, making mass-production capability critical for large-scale applications. Companies must establish robust manufacturing processes and strict quality control systems, and introduce intelligent and automated technologies to improve efficiency and reduce human-induced variability.

- **Capability to pass stringent certification by leading panel manufacturers and build deep collaborative relationships:**

  Display photoresists are materials with strong certification requirements, and product adoption involves long-cycle process verification and mass-production testing. To obtain certification from leading panel manufacturers, companies must meet mass-production-level standards in product performance stability, process compatibility, and long-term supply capability. This requires deep participation in customers' R&D activities and production line commissioning, provision of customized solutions, and the establishment of rapid-response mechanisms to support customers' technical improvements or process adjustments in a timely manner.

Competitive Landscape of the China's Display Photoresists Industry:

The top five global players in the display photoresist market, ranked by sales revenue of TFT array photoresists in the Chinese market in 2025

Ranking	Company Name	Market Share (%)	Sales Revenue (Unit: RMB100 Million)
1	Company H	44.8%	6.5
2	**The Company**	**26.2%**	**3.8**
3	Company M	10.3%	1.5
4	Company N	6.9%	1.0
5	Company O	5.5%	0.8
	Top 5	**93.8%**	**13.6**

Source: Frost & Sullivan

Note:

Company M, headquartered in PRC, is a listing company. Its business focuses on the research, development, manufacturing, and sales of key materials for semiconductor and display applications.

Company N, headquartered in PRC, is a listing company. Its main products include photoresists for display and semiconductor applications, functional materials, etc.

Company O, headquartered in PRC, is a company focuses on the R&D and production of display-related materials, including photoresists, color resists, black matrix materials, and other functional materials, serving downstream panel manufacturers and the broader semiconductor and display industries.

In 2025, the sales revenue of TFT array photoresists in the Chinese market of the top five enterprises in the global display photoresist market reached approximately RMB1,360 million. Based on the sales revenue of TFT array photoresists in the Chinese market in 2025, the issuer ranks second in the Chinese market in terms of TFT array photoresist sales value.

Overview of the Luminescent Materials Industry

Definition and Current Development of the Luminescent Materials

Luminescent materials are functional materials that convert electrical energy or other forms of energy into electromagnetic radiation and visible light under external energy excitation. They are widely used in display and related application fields. In display and lighting applications, luminescent materials regulate light color and brightness by tuning energy-level structures and chemical compositions, making them one of the critical foundational materials that determine device display performance and energy efficiency.

Downstream Market Exposure and Demand Outlook

The Company's new chemical materials are primarily applied in semiconductors, display panels, and specialty tire industries. In the semiconductor sector, photoresist materials are critical in chip fabrication processes, directly linking the Company's products to downstream chip demand. With the rapid development of AI, cloud computing, and high-performance computing, demand for computing power continues to rise, driving sustained expansion in semiconductor manufacturing and underpinning strong growth prospects for related materials.

In the display panel sector, photoresist products are used in panel manufacturing processes, with downstream applications covering consumer electronics such as smartphones, tablets, and televisions. Demand in this segment is supported by continuous product upgrades and increasing display performance requirements. While the growth rate is relatively moderate compared to semiconductors, the industry demonstrates stable demand with limited volatility, contributing to consistent consumption of related chemical materials.

In the specialty tire sector, the Company's additives are applied in tire manufacturing, with demand driven by the broader automotive industry. In particular, the rapid penetration of electric vehicles has led to increasing requirements for high-performance and durable tires, thereby supporting demand for advanced chemical additives.

Overall, these downstream industries exhibit limited cyclicality. In the near term, semiconductor demand is expected to grow rapidly, while display panels and tires are likely to maintain steady growth, collectively supporting a stable and positive outlook for the Company's products.

SOURCES OF INFORMATION

We have engaged Frost & Sullivan, an independent market research and consulting firm, to conduct an analysis of the new material industry and prepare a report thereon. The report prepared by Frost & Sullivan for us is referred to as the Frost & Sullivan Report in this prospectus. We have paid a total of RMB700,000 to Frost & Sullivan for the preparation of the report, which we believe reflects the market rates for such reports.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies.

RESEARCH METHODOLOGY

The Frost & Sullivan Report has been prepared by gathering primary and secondary research data from various sources through intelligence collection methodologies. Primary research involves discussing the current industry landscape with a number of leading industry participants across the entire industry value chain and conducting interviews with relevant parties to obtain objective factual data and forward-looking forecasts. Secondary research involves the consolidation of data and publications obtained from public sources, including official data and announcements from government authorities, corporate reports, independent research reports and data from Frost & Sullivan's proprietary databases.

BENCHMARKS AND ASSUMPTIONS

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environments globally and in China are likely to remain stable during the forecast period; and (ii) the key industry drivers are likely to drive the growth of the new material industry during the forecast period. All statistical data is based on information available as at the date of the Frost & Sullivan Report.

OVERVIEW OF CHINESE LAWS AND REGULATIONS

Laws and Regulations on Work Safety, Environmental Protection, and Energy Conservation Review

Work Safety

In accordance with the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) (hereinafter referred to as the "Work Safety Law"), which was most recently revised by the Standing Committee of the National People's Congress on 10 June 2021 and took effect on 1 September 2021, all entities engaged in production and business operations within the territory of the People's Republic of China shall comply with the Work Safety Law and other relevant laws and regulations on work safety, and strengthen the management of work safety. Entities shall establish and improve work safety responsibility systems and procedures, improve work safety conditions, enhance work safety standardization, raise work safety level, and ensure work safety. Those who violate the Work Safety Law shall be subject to fines and penalties, suspension of production, or ordered to cease operations and rectify the situation, depending on the severity of the violation. If such act constitutes a crime, the violator shall be held criminally liable in accordance with the law.

In addition to general requirements for work safety, for new, renovated, or expanded construction projects, in accordance with the Measures for the Supervision and Administration of "Three Simultaneities" for the Safety Facilities of Construction Projects (《建設項目安全設施"三同時"監督管理辦法》) (hereinafter referred to as the "**Measures for Safety Facilities of Construction Projects**"), issued by the former State Administration of Work Safety on 14 December 2010, and revised on 2 April 2015, safety facilities in new, renovated, or expanded construction projects must be designed, constructed, and put into operation and use simultaneously with the main project. For construction projects specifically stipulated in the Measures for Safety Facilities of Construction Projects, a qualified safety assessment agency shall conduct a comprehensive study and preliminary evaluation of the construction project's work safety conditions. If an enterprise violates the relevant regulations, it may be ordered to rectify the situation within a specified time limit, cease construction, or suspend production and business operations for rectification, and may be subject to fines.

In addition, in accordance with the Measures for Safety Supervision and Management of Hazardous Chemicals Construction Project (《危險化學品建設項目安全監督管理辦法》), promulgated on 30 January 2012 and revised on 27 May 2015, any new, renovated, or expanded construction project for the production and storage of hazardous chemicals, as well as any chemical construction project involving the production of hazardous chemicals (including any construction project for long-distance pipeline of hazardous chemicals) within the territory of the People's Republic of China, shall select a qualified safety assessment agency to conduct safety assessment of the construction project during the feasibility study phase, and shall apply to the competent authority responsible for construction project safety permits for the review of safety conditions and the review of safety facility design of the construction project.

During the trial production period of a construction project, the project owner shall, in accordance with these regulations, entrust a qualified safety assessment agency to conduct safety assessment for acceptance of the construction project and its safety facilities. The same safety assessment agency that conducted the safety assessment during the feasibility study phase shall not be entrusted for this purpose.

Before the construction project is officially put into production and use, the responsible entity shall organize relevant personnel to conduct safety assessment for acceptance of safety facilities of the construction project, to determine whether the safety facilities pass the completion acceptance.

If any new, renovated, or expanded construction project for the production and storage of hazardous chemicals violates the Measures for Safety Supervision and Management of Hazardous Chemicals Construction Project (《危險化學品建設項目安全監督管理辦法》), the competent administrative department shall have the right to order the suspension of construction and require rectification within a time limit. Failure to rectify within the time limit shall result in a fine. If such act constitutes a crime, the violator shall be held criminally liable in accordance with the law.

Environmental Protection

In accordance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) (hereinafter referred to as the "Environmental Protection Law"), which was most recently revised by the Standing Committee of the National People's Congress on 24 April 2014 and took effect on 1 January 2015, entities that discharge or will discharge pollutants in the course of production or other activities shall take effective environmental protection measures to control and properly handle harmful substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated during such activities. The State shall adopt pollutant discharge permitting administration system in accordance with the law.

In accordance with the Law of People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), promulgated by the Standing Committee of the National People's Congress on 29 December 2018 and brought into force on the same day, the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), revised by the State Council on 16 July 2017 and brought into force on 1 October 2017, and the Interim Measures for the Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), promulgated by the former Ministry of Environmental Protection on 20 November 2017 and brought into force on the same day, the State shall implement an environmental impact assessment system for construction projects. Any construction entity shall, prior to commencement of a construction project, submit an environmental impact report or statement for approval, or file an environmental impact registration form as required by the competent environmental protection authority under the State Council. Furthermore, upon completion of any construction project requiring environmental impact assessment report or statement, the construction entity shall, in accordance with the standards and procedures prescribed by the competent environmental protection authority under the State Council, conduct acceptance inspection of the supporting environmental protection facilities and prepare acceptance report. Supporting environmental protection facilities of construction projects may only be put into operation or use after passing acceptance inspections.

In accordance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), most recently revised by the Standing Committee of the National People's Congress on 29 April 2020 and brought into force on 1 September 2020, the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), most recently revised by the Standing Committee of the National People's Congress on 27 June 2017 and brought into force on 1 January 2018, and the Law of the People's Republic of China on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), most recently revised by the Standing Committee of the National People's Congress on 26 October 2018 and brought into force on the same day, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid wastes shall take measures to prevent or reduce environmental pollution caused by solid wastes, and shall be liable for the environmental pollution caused in accordance with the law. If hazardous wastes are present in solid wastes, they shall be disposed of in accordance with the hazardous waste management regulations. Enterprises, public institutions, and other producers and operators that directly or indirectly discharge industrial waste water and medical sewage into water bodies, as well as those that need to obtain a pollutant discharge permit before discharging waste water and sewage, shall obtain pollutant discharge permits. Enterprises and public institutions that discharge industrial waste gas or toxic and harmful air pollutants listed in the catalog published in accordance with Article 78 of the Law of the People's Republic of China on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》) and other entities subject to pollutant discharge permit administration according to the law, shall obtain pollutant discharge permits.

In accordance with the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated on 24 January 2021, and the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》) promulgated on 1 April 2024, the State shall implement the administration of permitting by classification (i.e., key administration and simplified administration) for enterprise discharge activities based on factors such as the amount of pollutants generated, the amount of pollutants discharged, and the degree of impact on the environment. Enterprises, public institutions, and other producers and operators included in the Classified Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain pollutant discharge permits within the specified time limit. Those without a pollutant discharge permit shall not discharge pollutants.

Fire Safety

In accordance with the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) most recently revised by the Standing Committee of the National People's Congress on 29 April 2021 and brought into force on the same day, the emergency management department under the State Council and the emergency management departments of local people's governments at or above the county level shall supervise and manage fire protection work. Fire protection design and construction shall comply with the national technical standards of fire protection for construction projects.

In accordance with the Interim Provisions on the 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》), most recently revised by the Ministry of Housing and Urban-Rural Development of China on 21 August 2023 and brought into force on 30 October 2023, any special construction projects shall be subject to review and acceptance of fire protection design. For any construction projects other than special construction projects, their fire protection acceptance shall be filed with the competent authority.

Energy Conservation Review

In accordance with the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), most recently revised by the Standing Committee of the National People's Congress on 26 October 2018 and brought into force on the same day, the State shall implement an energy conservation assessment and review system for fixed asset investment projects. If any project fails to meet mandatory energy conservation standards, the project owner shall not commence the project construction; those projects already completed but below the energy conservation standards, shall not be put into production or use. For government-invested projects that do not meet mandatory energy conservation standards, the authorities responsible for project approval shall not approve their construction. Specific measures shall be formulated by the competent authority in charge of energy conservation under the State Council in conjunction with relevant departments of the State Council.

Laws and Regulations on Hazardous Chemicals and Precursor Chemicals

Production

In accordance with 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 revised on 2 March 2011, and 7 December 2013, entities or individuals shall not engage in the production, storage, use, operation, transportation and other business activities of hazardous chemicals without approval. Entities engaged in the storage of hazardous chemicals shall set up conspicuous signs for hazardous chemical pipelines, regularly conduct inspection and test on such pipelines, and set up conspicuous safety warning signs at workplace and on safety facilities and equipment. In addition, enterprises shall, according to the types and hazardous properties of the hazardous chemicals stored by them, set up corresponding safety facilities and equipment, and conduct regular maintenance and upkeep of them in accordance with relevant national and industry standards. Entities storing highly toxic chemicals or other hazardous chemicals in large quantities, which constitute major hazardous installations, shall report the quantity of major hazard installations stored, storage places and the information on management personnel to the work safety administration and public security organ of the local people's government at the county level. Additionally, enterprises engaged in the production of hazardous chemicals listed in the Catalog of Hazardous Chemicals (《危險化學品目錄》) shall obtain hazardous chemical safety production licences in accordance with the Regulations on Safety Production Licences (《安全生產許可證條例》) before commencing production.

In accordance with the Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》) promulgated by the former State Administration of Work Safety on 1 July 2012, and brought into force from 1 August 2012, enterprises engaged in the production and import of chemicals listed in the Catalog of Hazardous Chemicals (《危險化學品目錄》) shall complete registration with the work safety supervision and administration department before the completion acceptance of construction projects or before the first import of those chemicals. The hazardous chemical registration certificate is valid for three years, and enterprises may apply for renewal three months prior to the expiration of the certificate.

Operations

In accordance with the Administrative Measures for Business Permits for the Operation of Hazardous Chemicals (《危險化學品經營許可證管理辦法》), issued on 17 July 2012 and most recently revised on 27 May 2015, the State shall implement a licensing system for the business operation (including storage) of hazardous chemicals listed in the Catalog of Hazardous chemicals (《危險化學品目錄》) within its territory. Any enterprise engaged in the business operation of hazardous chemicals shall obtain a permit for the business operation of hazardous chemicals in accordance with these measures. However, for any hazardous chemical production enterprise that has legally obtained a work safety license for hazardous chemicals, if it sells hazardous chemicals produced by itself within its factory area, a business permit for the operation of hazardous chemicals is not required. Enterprises engaged in the operation of hazardous chemicals without a business permit shall be punished in accordance with the provisions of the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) concerning the unauthorized production, operation and storage of hazardous substances; if such act constitutes a criminal offense, the responsible person shall be held liable in accordance with the law.

In accordance with the Regulations for the Administration of Precursor Chemicals (《易製毒化學品管理條例》), promulgated by the State Council on 26 August 2005, and revised and brought into force on 29 July 2014, 6 February 2016, and 18 September 2018, precursor chemicals are classified into three categories. Category I refers to the main raw materials that can be used for drug manufacture. Categories II and III refer to chemical reagents that can be used for drug manufacture. Any application for purchasing the precursor chemicals under the item of pharmaceuticals in Category I shall be subject to the examination and approval of the drug regulatory authority of the people's government of the province, autonomous region or municipality directly under the Central Government where the applicant is located, and a purchase license shall be obtained. Any application for purchasing the precursor chemicals under any item other than pharmaceuticals in Category I shall be subject to the examination and approval of public security organ of the people's government of the province, autonomous region or municipality directly under the Central Government where the applicant is located, and a purchase license shall be obtained. For the purchase of Category II and Category III precursor chemicals, the applicant shall, prior to the purchase, register the type and quantity of chemicals to be purchased with the public security organ of the county-level government where the applicant is located.

Whoever, in violation of these regulations, purchases precursor chemicals without a license or registration, shall have the illegally purchased precursor chemicals confiscated by the public security organ and be imposed a fine; if there are illegal gains, such gains shall be confiscated; if the violator holds a business license, the local administration for market supervision shall revoke its business license; if such act constitutes a crime, the violator shall be held criminally liable in accordance with the law. In addition, the competent administrative authority may, within three years from the date of making the administrative penalty decision, suspend the acceptance of applications for production, operation, purchase, transportation, import and export permits of precursor chemicals filed by the entity or individual that has committed the aforesaid illegal acts.

Usage

In accordance with the Measures for the Implementation of the Hazardous Chemicals Safety Usage Permit (《危險化學品安全使用許可證實施辦法》), promulgated on 16 November 2012, and revised on 27 May 2015 and 6 March 2017, chemical enterprises (excluding hazardous chemical manufacturers) that are included in the Catalogue of Industries Applicable to Safe Use of Hazardous

Chemicals and use hazardous chemicals in production in quantities reaching the quantitative standards for the consumption of hazardous chemicals, shall obtain Hazardous Chemicals Safety Usage Permit (hereinafter referred to as "**Safety Usage Permit**") in accordance with the provisions of these measures.

If an enterprise uses hazardous chemicals for production without obtaining a Safety Usage Permit, and the quantity of hazardous chemicals used reaches the quantitative standards for the consumption of hazardous chemicals, the competent administrative department shall have the right to order the immediate cessation of the illegal act and rectification within a time limit, and impose a fine. If the enterprise fails to rectify the situation within the time limit, the competent administrative department shall have the right to order the suspension of production for rectification.

Laws and Regulations on Product Quality

In accordance with the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), most recently revised by the Standing Committee of the National People's Congress on 29 December 2018 and brought into force on the same day, the State Administration for Market Regulation is responsible for supervising product quality nationwide. Producers are prohibited from producing and selling products that do not meet the standards and requirements for protecting human health and personal and property safety. Products shall not pose unreasonable risks to personal and property safety. If a product defect causes personal injury or damage to the property of others, the injured party may claim compensation from the producer or seller of the product. Producers and sellers of substandard products may be ordered to suspend production and sales, and may have their products confiscated and/or be imposed a fine; if there are illegal gains, such gains shall also be confiscated; in serious cases, their business licences may be revoked.

Laws and Regulations on Import and Export of Goods

In accordance with the Customs Law of the People's Republic of China (《中華人民共和國海關法》), most recently revised by the Standing Committee of the National People's Congress on 29 April 2021 and brought into force on the same day, the Customs of the People's Republic of China shall be the State organ responsible for supervising the entry and exit of goods across the national border. The Customs shall have the right to exercise supervision and control over the means of transport, goods, travelers' luggage, postal items and other articles entering or leaving the territory, collect customs duties and other taxes and fees, uncover and suppress smuggling, work out customs statistics and handle other customs operations. A customs declaration entity is the consignee or consignor of imported or exported goods or a customs declaration enterprise filed with the customs. Consignees and consignors of import and export goods may handle customs declaration procedures themselves or entrust an agent to handle the procedures.

In accordance with the Law of the People's Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》), most recently revised by the Standing Committee of the National People's Congress on 29 April 2021 and brought into force on the same day, and the Regulations for the Implementation of the Law of the People's Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》), most recently revised by the State Council on 29 March 2022 and brought into force on 1 May 2022, the General Administration of Customs of the People's Republic of China ("**GACC**") shall be in charge of the nationwide inspection of import and export commodities. Its subordinate entry-exit inspection and quarantine authorities shall conduct inspections on import and export commodities listed in the catalog and other import and export commodities that are required to be inspected by entry-exit inspection and quarantine authorities according to laws and administrative regulations. For import and export commodities not subject to the aforementioned inspections, entry-exit inspection and quarantine authorities shall conduct random inspections according to national regulations. Imported goods that are subject to mandatory inspection but have not been inspected shall not be sold or used. Export goods that are subject to mandatory inspection but have not been inspected or have failed to pass inspection shall not be exported. Consignees and consignors of import and export goods may handle customs declaration procedures themselves or entrust a customs declaration agent to handle the procedures.

In accordance with the Provisions on the Recordation of Customs Declaration Entities of the People's Republic of China (《中華人民共和國海關報關單位備案管理規定》) issued by the General Administration of Customs on 19 November 2021 and brought into force from 1 January 2022, a customs declaration entity is the consignee or consignor of imported or exported goods or a customs declaration enterprise, as filed with the customs in accordance with these provisions. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business.

In accordance with the Notice on Matters Concerning the Registration of Consignors and Consignees of Import and Export Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) issued by the Department of Enterprise Management and Audit-Based Control under the General Administration of Customs on 3 January 2023 and brought into force on the same day, consignors and consignees of import and export goods applying for recordation shall obtain the qualification of market entities, but do not need to be filed as foreign trade business.

In accordance with the Tariff Law of the People's Republic of China (《中華人民共和國關稅法》) promulgated by the Standing Committee of the National People's Congress on 26 April 2024, and effective from 1 December 2024, the goods permitted to be imported into or exported out of and all articles allowed to enter the People's Republic of China shall be subject to tariffs in accordance with the law and other relevant laws and administrative regulations. The consignees of imported goods, the consignors of exported goods, and the carriers or recipients of entry articles are tariff payers. The tariff items and tariff rates of import and export goods and the rules applicable to tariff items and tariff rates, among others, shall be governed by the Customs Import and Export Tariffs of the People's Republic of China.

On 17 October 2020, the Standing Committee of the National People's Congress promulgated the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) (hereinafter referred to as the "**Export Control Law**"), which came into effect on 1 December 2020. The Export Control Law has established a comprehensive legal framework for the State's control over the export of dual-use items, military products, nuclear, and other items such as goods, technologies, and services related to maintaining the national security and interest and performing nonproliferation and other international obligations. The Export Control Law stipulates (among other provisions) that the export control administrative departments of the State shall, in accordance with the provisions of this law and relevant laws and administrative regulations, as well as export control policies, formulate and adjust the export control lists for controlled items in conjunction with the relevant departments under the prescribed procedures, and publish the lists in a timely manner. As needed for maintaining the national security and interest and performing nonproliferation and other international obligations, with the approval of the State Council or both the State Council and the Central Military Commission, the export control administrative departments of the State may exercise temporary control over the export of goods, technologies, and services outside of the control lists, and make an announcement.

On 1 December 2024, the Regulations of the People's Republic of China on the Export Control of Dual-Use Items (《中華人民共和國兩用物項出口管制條例》) (hereinafter referred to as the "**Regulations on Export Control of Dual-Use Items**") promulgated by the State Council came into effect. The Export Control List of Dual-Use Items of the People's Republic of China (《中華人民共和國兩用物項出口管制清單》) (hereinafter referred to as the "**Dual-Use Items List**") (Announcement No. 51 [2024] of the Ministry of Commerce) jointly promulgated by the Ministry of Commerce, the Ministry of Industry and Information Technology, the General Administration of Customs, and the State Cryptography Administration came into effect on the same day. Under the Regulations on Export Control of Dual-Use Items, the competent commerce department of the State Council shall, in accordance with the provisions of the Export Control Law and the Regulations on Export Control of Dual-Use Items and the export control policy for dual-use items, formulate and adjust the export control list for dual-use items in conjunction with relevant national authorities according to prescribed procedures, and publish the list in a timely manner. As needed for maintaining the national security and interest and performing nonproliferation and other international obligations, with the approval of the State Council or both the State Council and the Central Military Commission, the competent commerce department of the State Council may exercise temporary control over the export of goods, technologies, and services outside of the dual-use items list, and make an announcement. To export any dual-use items specified in the export control list or dual-use items subject to the aforesaid temporary control, any export business shall apply to the competent commerce department of the State Council for licensing. The purpose of formulating the aforementioned Dual-Use Items List, as published in the Announcement No. 51 [2024] of the Ministry of Commerce, is to systematically integrate the dual-use items already subject to control, establish a complete list system and rules, and does not involve any adjustment to the specific content of the scope of control.

Laws and Regulations on Overseas Investments of Domestic Enterprises

Regulations of the National Development and Reform Commission on Overseas Investments of Domestic Enterprises

In accordance with the Measures for the Administration of Overseas Investments of Enterprises (《企業境外投資管理辦法》) promulgated on 26 December 2017, the State shall implement classified management of approval and recordation for investment projects where domestic enterprises ("**investing entities**"), directly or through overseas enterprises under their control, acquire overseas ownership, right of control, right of business management, or other relevant rights and interests overseas, by contributing assets or rights and interests, providing financing or security, or any other means (including investment projects in the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and Taiwan region). Sensitive projects conducted by investors directly or through overseas enterprises controlled by them shall be subject to approval management. The approval authority is the NDRC. Non-sensitive projects directly conducted by investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or security, shall be subject to recordation management. Among the projects subject to recordation management, if the investor is an enterprise managed by the Central Government (including financial enterprises managed by the Central Government and enterprises directly managed by the State Council or the agencies of the State Council), the recordation authority is the NDRC; if the investor is a local enterprise, and the amount of Chinese investment is not less than USD300 million, the recordation authority is the NDRC; if the investor is a local enterprise, and the amount of Chinese investment is less than USD300 million, the recordation authority is the development and reform department of the provincial government at the place of registration of the investor.

For projects within the scope of approval or recordation management, an investing entity shall obtain the project approval document or recordation notification before it or its controlled overseas enterprise contributes assets, equity (excluding pre-project expenses for approval and recordation procedures), or provides financing or security for the project. Without a valid approval document or recordation notification, competent authorities such as foreign exchange administration and customs shall not process relevant procedures, and financial institutions shall not handle relevant fund settlement and financing business in accordance with the law.

An investing entity shall submit a project completion report through the online system within 20 working days from the date of occurrence of any of the following circumstances: completion of the construction project to which the investment project belongs, delivery of investment target equity or assets, or full disbursement of the Chinese investment amount.

In cases where an investment entity violates the Measures for the Administration of Overseas Investments of Enterprises (《企業境外投資管理辦法》), the approval and recordation authorities shall have the right to take measures such as refusing approval or recordation, revoking approval document or recordation notification, ordering the investment entity to suspend or cease the implementation of the project, requiring the adoption of remedial measures, ordering rectification within a time limit, and issuing warnings to the investment entity and its main persons in charge. If such act constitutes a crime, the violator shall be held criminally liable in accordance with the law.

Regulations of the Ministry of Commerce on Overseas Investment of Domestic Enterprises

In accordance with the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated on 6 September 2014, overseas investment activities where enterprises legally formed in China own non-financial enterprises overseas or obtain the ownership, right of control, or right of business management of or any other interest in existing non-financial enterprises outside of China by formation, acquisition, merger or other means, shall be subject to approval and recordation management by the Ministry of Commerce and provincial-level commerce departments, depending on the specific circumstances of overseas investment. Overseas investments involving countries with which China does not have diplomatic relations, countries subject to UN sanctions, industries involving products and technologies under export restriction by China, and industries affecting the interests of more than one country/region shall be subject to approval management. All other overseas investments by enterprises shall be subject to recordation management.

For overseas investment projects subject to approval management, enterprises shall submit application to the competent commerce department. The competent commerce department shall solicit opinions from the economic and commercial office of the relevant Chinese embassy or consulate abroad. For approved overseas investments projects, the Ministry of Commerce will issue a written approval decision and grant an "Overseas Investment Certificate for Enterprises".

For overseas investment projects subject to recordation management, enterprises shall fill out the "Overseas Investment Recordation Form", and submit it along with a copy of their business license to the competent commerce department for recordation, and obtain an "Overseas Investment Certificate for Enterprises" issued by the competent commerce department.

For violations of the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), the competent commerce department shall have the right to revoke the enterprise's overseas investment recordation, issue a warning, publicly announce the penalty decision according to the law, prohibit the enterprise from applying for such approval again within one or three years, and prohibit the enterprise from enjoying relevant national incentive or support policies within three years. If such act constitutes a crime, the violator shall be held criminally liable in accordance with the law.

Laws and Regulations on Foreign Exchange

In accordance with the Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (hereinafter referred to as the "**Foreign Exchange Administration Regulations**") promulgated by the State Council on 29 January 1996 and brought into force on 1 April 1996, all international payments and transfers are classified into current account items and capital account items. Most current account items are not subject to approval by the foreign exchange administrative authorities, but capital account items are subject to approval. The Foreign Exchange Administration Regulations were subsequently revised on 14 January 1997 and 1 August 2008, and entered into force on 5 August 2008. The latest revised Foreign Exchange Administration Regulations stipulates that international payments in foreign exchange and the transfer of foreign exchange under the current account shall not be subject to any state control or restriction.

The State Administration of Foreign Exchange (SAFE) issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) on 26 December 2014. According to this notice, a domestic company shall, within 15 working days upon the end of its overseas listing and issuance, handle registration formalities for overseas listing with the local branch of SAFE at its place of registration. Funds raised by a domestic company through overseas listing may be transferred back to the corresponding special-purpose domestic account or be deposited in a special-purpose overseas account, and the use of such funds shall be consistent with those mentioned in publicly disclosed documents such as the prospectus.

In accordance with the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Administration Policies for Settlement of Foreign Exchange under Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the State Administration of Foreign Exchange on 9 June 2016, the relevant policies clearly stipulate that the foreign exchange income under capital account eligible for voluntary settlement (including repatriated funds raised from overseas listings) may be settled through banks based on the domestic enterprises' actual needs for business operation. The ratio of voluntary settlement of foreign exchange income under capital account of domestic enterprises is tentatively set at 100%, and the SAFE may adjust the aforesaid ratio in a timely manner according to the balance-of-payments status.

Laws and Regulations on Intellectual Property Rights

Patents

In accordance with the Patent Law of the People's Republic of China (《中華人民共和國專利法》), most recently amended by the Standing Committee of the National People's Congress on 17 October 2020 and brought into force on 1 June 2021, and the Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), most recently amended by the State Council on 11 December 2023 and brought into force on 20 January 2024, patents are classified into three categories: invention patents, utility model patents, and design patents. The term of an invention patent right shall be 20 years, that of an utility model patent right shall be 10 years, and that of the design patent right shall be 15 years, all commencing from the date of application.

Copyright

In accordance with the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), most recently amended by the Standing Committee of the National People's Congress on 11 November 2020 and brought into force on 1 June 2021, works of Chinese citizens, legal entities or entities without legal personality, which are original intellectual achievements in the fields of literature, art and science that can be expressed in a certain form, whether published or not, shall enjoy copyright in accordance with the law. Copyright shall include personality rights and property rights, such as the right of publication, the right of authorship, the right of alteration, the right of integrity, and the right of reproduction.

In accordance with the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) issued by the National Copyright Administration on 20 February 2002, and the Regulations for the Protection of Computer Software (《計算機軟件保護條例》) revised by the State Council on 30 January 2013 and brought into force on 1 March 2013, the National Copyright Administration shall be in charge of the administration of the registration of software copyright of the whole country, and it accredits the China Copyright Protection Center as the body for software registration. The Center shall issue registration certificates to applicants for computer software copyright in accordance with the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) and the Regulations for the Protection of Computer Software (《計算機軟件保護條例》).

Trademarks

In accordance with the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), most recently revised by the Standing Committee of the National People's Congress on 23 April 2019 and brought into force on 1 November 2019, and the Regulation for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), most recently revised by the State Council on 29 April 2014 and brought into force on 1 May 2014, registered trademarks are trademarks approved to be registered by the Trademark Office of the China National Intellectual Property Administration, including goods trademarks, service trademarks, collective trademarks, and certification trademarks. The period of validity of a registered trademark shall be 10 years, counted from the day the registration is approved. If a registrant needs to continue to use the registered trademark after the period of validity expires, the renewal formalities shall be completed within 12 months prior to the expiration date. The period of validity for each renewal of registration shall be ten years, counted from the day following the expiration date of the previous period of validity.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名稱管理辦法》), promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and brought into force from 1 November 2017, domain name registration shall be handled through domain name registrar established in accordance with relevant provisions. An applicant becomes the domain name holder upon successful registration.

Laws and Regulations on Taxation

Enterprise Income Tax

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), promulgated by the Standing Committee of the National People's Congress and most recently revised on 29 December 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council and most recently revised on 6 December 2024 (collectively referred to as the "**Enterprise Income Tax Law**"), the enterprise income tax rate shall be 25% for both foreign-invested enterprises and domestic enterprises, with tax incentives granted to special industries and projects. The enterprise income tax on small low-profit enterprises that meet the prescribed conditions shall be levied at a reduced tax rate of 20%. The enterprise income tax on important high- and new-tech enterprises that are necessary to be supported by the State shall be levied at a reduced tax rate of 15%.

Value-Added Tax

In accordance with the Interim Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council and most recently revised on 19 November 2017, and the Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-Added Taxes (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the Ministry of Finance, most recently revised on 28 October 2011 and effective from 1 November 2011, entities and individuals that sell goods, provide labor services of processing, repair or maintenance, or import goods within the territory of the People's Republic of China are taxpayers of value-added tax.

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-Added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which came into effect on 1 May 2018, the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods shall be adjusted to 16% and 10%, respectively.

In accordance with the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》), issued on 20 March 2019 and effective from 1 April 2019, the tax rates of 16% and 10% applicable to any taxpayer's VAT taxable sale or import of goods shall be adjusted to 13% and 9%, respectively.

In accordance with the Notice by the Ministry of Finance and the State Taxation Administration of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》) (Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration), promulgated on 3 September 2023 and effective from 1 January 2023, from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to credit the amount of input tax creditable in the current period plus 5% thereof against the amount of tax payable.

Laws and Regulations on Employment and Social Welfare

Employment

The Labor Law of the People's Republic of China (《中華人民共和國勞動法》) was promulgated by the Standing Committee of the National People's Congress on 5 July 1994, and most recently revised on 29 December 2018. In accordance with the law, any employer shall establish a sound system of employment rules so as to ensure that its employees enjoy the labor rights and perform the employment obligations. Any employer shall formulate comprehensive work safety and health policies. Any employer shall strictly implement national work safety and health regulations and standards, provide work safety and health education to employees, prevent work-related accidents, and reduce occupational hazards.

The Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) (promulgated by the Standing Committee of the National People's Congress on 29 June 2007, and most recently revised on 1 July 2013) and the Regulation on the Implementation of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) (promulgated by the State Council on 18 September 2008 and brought into force on the same day) clarify the rights and obligations of both parties of labor contracts, including the conclusion, performance, modification, rescission and termination of labor contracts. Employers shall enter into written labor contracts with employees and pay employees in a timely manner and in full according to the terms of the labor contract and national regulations. Employers may rescind labor contracts with employees under specific circumstances and shall pay economic compensation to employees in accordance with the law.

Social Insurance

The Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) (hereinafter referred to as the "Social Insurance Law"), promulgated by the Standing Committee of the National People's Congress in 2010 and most recently amended on 29 December 2018, has established social insurance systems including basic endowment insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. It also details the legal obligations and responsibilities of employers for failing to comply with relevant social insurance laws and regulations. In accordance with the Social Insurance Law and the Interim Regulation on the Collection and Payment of Social Insurance Premiums, promulgated by the State Council on 22 January 1999, and most recently revised and brought into force on 24 March 2019, enterprises shall register with the local social insurance agencies and withhold and pay the relevant social insurance premiums on behalf of their employees. Employers who fail to pay social insurance premiums may be ordered to pay or make up the arrears within a specified time limit, and a late payment penalty may be imposed; if they still fail to pay after the deadline, they may be fined an amount equal to one to three times the amount in arrears.

On 31 July 2025, the Supreme People's Court of China promulgated the Interpretation (II) by the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) ("**New Judicial Interpretation**"), which came into effect on 1 September 2025. In accordance with Article 19(1) of this interpretation, any agreement or commitment between an employer and an employee to exempt the employer from paying social insurance premiums shall be deemed invalid by the people's courts. In addition, if an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to rescind the labor contract and claims economic compensation from the employer in accordance with Article 38(3) of the Labor Contract Law, the people's court shall support such claims. It is clearly stipulated that if an employer fails to pay social insurance premiums in accordance with the law, the employee shall have the right to rescind the labor contract and obtain corresponding economic compensation in accordance with the Labor Contract Law.

Housing Accumulation Funds

In accordance with the Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), promulgated by the State Council on 3 April 1999, and revised on 24 March 2002 and 24 March 2019, enterprises shall register with the designated housing accumulation fund management center and open a bank account for depositing employees' housing accumulation funds. Employers and employees shall also deposit the housing accumulation funds in a timely manner and in full, with the deposit amount being no less than 5% of the employee's average monthly salary in the previous year. If an employer fails to make the deposit in full or delays the deposit, the housing accumulation fund management center shall order the employer to make the deposit within a specified time limit. If the employer still fails to make the deposit after the deadline, the management center may apply to the people's court for compulsory enforcement.

If an employer fails to complete the registration and open housing accumulation fund accounts for its employees, the housing accumulation fund management center shall order the employer to make the deposit within a specified time limit. If the employer still fails to make the deposit after the deadline, a fine of not less than RMB10,000 and not more than RMB50,000 shall be imposed.

Occupational Disease Prevention and Control

In accordance with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), promulgated on 27 October 2001, and revised on 31 December 2011, 2 July 2016, 4 November 2017, and 29 December 2018, employers shall provide a working environment and conditions that meet national occupational health standards and requirements, take measures to ensure that employees receive occupational health protection, establish and improve the responsibility system for occupational disease prevention and control, strengthen the management of occupational disease prevention and control, improve the level of occupational disease prevention and control, and bear liability for the hazards caused by occupational diseases. In addition, if occupational disease hazards listed in the occupational disease catalogue are present in the workplace, production units shall truthfully declare the hazard items in a timely manner to the local health administrative department and accept its supervision.

HISTORY AND DEVELOPMENT

We are a comprehensive new materials provider in the PRC. We are primarily engaged in the R&D, production, marketing, sales and distribution of new materials. With respect to our rubber additives for tyres and other chemical products segment, according to the F&S Report, we ranked first in sales revenue in both the global and PRC phenolic resins rubber additives for tyres markets in FY2025. With respect to electronic materials, we ranked first, in terms of sales revenue, among local suppliers in both the PRC semiconductor photoresist market and the PRC TFT array photoresist market in FY2025. Headquartered in Shanghai, our customer network stretches across different regions of the PRC and overseas. Please refer to the section headed "Business" in this prospectus for further details of our business operation.

Our history traces back to the establishment of RA Shanghai Chemical in August 1999. Ms. Zhang, chairperson of our Board, an executive Director and a Controlling Shareholder, founded RA Shanghai Chemical, through which our business first operated. Please refer to the section headed "Directors and Senior Management — Board of Directors" in this prospectus for further details on Ms. Zhang.

On 4 June 2008, the predecessor of our Company, Red Avenue Group, was established as a limited liability company in the PRC. In preparation for the listing on the Shanghai Stock Exchange, our Company was established on 18 September 2016 through the conversion of Red Avenue Group from a limited liability company into a joint stock limited company. On 27 June 2018, our Company was listed on the Shanghai Stock Exchange.

Since 1999, our Group has evolved through several key phases of business expansion. In our initial phase starting in 1999, we focused on the trading and sales of tyre rubber additives as international trader and agent. Between 2006 and 2011, we expanded upstream by establishing our own production bases and material testing and performance research development centers, evolving into a Group principally engaged in the research and development, production, marketing, sale and distribution of specialty rubber additive. Since 2020, we have expanded our portfolio into (i) electronic chemicals through strategic investment and acquisition, and the commissioning of our display photoresist, semiconductor photoresist, high-purity solvents production lines; and (ii) fully biodegradable materials through establishment of our own PBAT production plant. In 2024, we invested in establishing our own production base for the research and development, production, and sales of semiconductor wafer polishing pads, with the aim to further widening our business portfolio into this segment.

MILESTONES

The following table outlines the key business and corporate milestones of our Group since its establishment:

Year	**Business development**
1999	We commenced our operations in the PRC, engaging in the trading and sales of tyre rubber additives products for globally renowned chemical enterprises
2006	• We invested in the construction of our production base in Zhangjiagang, Jiangsu Province, for the manufacture of specialty rubber additives • We established our material testing and performance research and development centre in Beijing, principally focusing on component analysis, performance testing, and application validation for tyres and rubber products

Year	**Business development**
2010	We established our functional new materials research and development centre in Shanghai, principally focusing on functional new materials and green eco-friendly rubber materials, along with application testing
2011	We invested in the construction of our production base in Shanghai for the manufacture of specialty rubber additives
2016	Our Company was established through conversion of its predecessor, Red Avenue Group, from a limited liability company into a joint stock limited company in September
2018	Our Company was listed on the Shanghai Stock Exchange (stock code: 603650) in June
2019	We strategically invested in Zhongce Rubber to build a collaborative innovation ecosystem, aiming to become an innovation hub, foundational technology support platform, and solution provider for tyre industry of the PRC
2020	*Electronic chemicals business* • We established RA Electronic to develop our electronic chemicals business • We strategically invested in Kempur to develop our manufacture capabilities in semiconductor photoresist • We strategically invested in BAE to develop our manufacture capabilities in display panel photoresist *Fully biodegradable materials business* • Our Group has been authorized by BASF SE, a leading global chemical company headquartered in Germany, to produce and sell certified PBAT in accordance with its high-quality standards • We invested in the construction of a 60,000-tonne PBAT plant in Shanghai. This plant will utilize the process technology licensed by BASF SE
2021	• We acquired 100% equity interest of RA Zhenjiang, which is principally engaged in the manufacture of phenolic resin. This acquisition extends the Group's resin product applications into areas such as can and container coatings, composite materials, and electronic materials, while also accelerating its market development in copper-clad laminates and epoxy molding compounds for semiconductor packaging • We completed the formulation development and certification for upstream photoresist resin products, including, LCD photoresists
2023	Our electronic chemicals business was further strengthened following the commissioning of our semiconductor photoresist and high-purity solvents production line in Shanghai

Year	Business development
2024	We invested in the construction of our production base in Changzhou, Jiangsu Province, for the research and development, production, and sales of CMP polishing pads
2025	• We established RA Thailand for the construction of our production base in Thailand for the manufacture of rubber additives • We established RA Germany as our representative office in Germany for the sales of resin products

MAJOR SUBSIDIARIES

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

	Name of subsidiary	Place of establishment	Date of establishment	Date of commencement of business	Registered capital	Equity interest attributable to our Company	Principal activities
1.	Sino Legend	The PRC	11 August 2006	January 2008	RMB460,564,600	100%	Sales and manufacture of chemical products
2.	RA Chemical	The PRC	1 June 2011	December 2012	RMB806,314,822	100%	Sales and manufacture of chemical products
3.	RA Electronic	The PRC	11 June 2020	April 2023	RMB1,000,000,000	100%	Sales, manufacture, and research and development of, electronic materials
4.	BAE	The PRC	16 November 1993	May 2022 *(Note)*	RMB65,298,876	100%	Sales, manufacture and research and development of, electronic materials

Note: As BAE commenced operations prior to it was acquired by, and became a member of, our Group, this date refers to the date upon which it became a member of our Group.

As at the Latest Practicable Date, our Company had 17 subsidiaries. Please refer to the section headed "Appendix VI — Statutory and General Information — 1. Further Information about Our Group — C. Changes in the Share Capital of Our Subsidiaries" to this prospectus for more details on recent share capital changes of members of our subsidiaries.

MAJOR SHAREHOLDING CHANGES CONCERNING OUR COMPANY

1. Establishment of our Company and early shareholding changes of our Company before conversion into joint stock limited company

On 4 June 2008, the predecessor of our Company, Red Avenue Group, was established as a limited liability company in the PRC. At the time of establishment, Red Avenue Group's registered capital amounted to RMB50 million, which had been fully paid up and was owned as to 97.0% by Ms. Zhang (chairperson of our Board and an executive Director), 2.0% by Mr. Song Xiuxin (宋修信), a former employee of our Group and one of the limited partners of Zhoushan Yutong, and 1.0% by Mr. Liu Zhijing (劉志京), a director of certain members of our Group.

In our initial phase beginning in 1999, we focused on the trading and sale of tyre rubber additives as an international trader and agent. In 2006, we invested in the construction of our production base, the Sino Legend factory in Zhangjiagang, Jiangsu Province, for the manufacture of specialty rubber additives, and established our material testing and performance research and development centre in Beijing, which primarily focuses on component analysis, performance testing and application validation for tyres and other rubber products. The Sino Legend factory commenced operation in 2008. Through the establishment of our own production bases and material testing and performance research and development centres, we expanded upstream and evolved into a business principally engaged in the research and development, production, marketing, sale and distribution of specialty rubber additives.

After the equity interest transfers and register capital increases completed in August 2014 and December 2015, the shareholding structure of Red Avenue Group was as follows:

Name of Shareholder	Registered share capital *(RMB million)*	Approximate percentage of equity interest held *(%)*
Red Avenue Investment	294.57	58.9
Virgin Holdings	100.00	20.0
Zhoushan Yutong*(Note 1)*	60.00	12.0
Best Linker Investment Limited (卓匯投資有限公司) ("**Best Linker**")*(Note 2)*	25.00	5.0
Mr. Song Xiuxin*(Note 2)*	10.00	2.0
Zhoushan Xiangzhuo Investment Management Partnership (Limited Partnership) (舟山市翔卓投資管理合夥企業(有限合夥)) ("**Xiangzhuo Investment**")*(Note 3)*	3.41	0.7
Begonia Group Limited (秋棠集團有限公司) ("**Begonia Group**")*(Note 4)*	3.15	0.6
Zhoushan Shunyuan Investment Management Partnership (Limited Partnership) (舟山市順元投資管理合夥企業(有限合夥)) ("**Shunyuan Investment**")*(Note 3)*	2.87	0.6
Ms. Zhou Bo (周波)*(Note 2)*	1.00	0.2
Total	**500.00**	**100.00**

Notes:

1. Zhoushan Yutong is a limited partnership established under the laws of the PRC in November 2015. The then general partner was Mr. Zhou Jianhui (a former Director from 18 September 2016 to 15 October 2025). It is an employee shareholding platform then held by six limited partners (including Mr. Zhou Jianhui and Mr. Yang Quanhai) who were former or existing employees of our Group. Mr. Yang Quanhai was the chairman of Sino Legend from April 2013 to March 2016.

2. Mr. Song Xiuxin and Ms. Zhou Bo are former employees of our Group. Best Linker is ultimately owned by an Independent Third Party.

3. Xiangzhuo Investment is a limited partnership established under the laws of the PRC in December 2015. The then general partner was Mr. Tang Jie (湯捷) (an executive Director and senior management of our Group). It was an employee shareholding platform then held by 33 limited partners (including Mr. Tang Jie) who were former or existing employees of our Group.

   Shunyuan Investment is a limited partnership established under the laws of the PRC in December 2015. The then general partner was Ms. Gu Yunling (顧雲岑) (an employee of our Group). It was an employee shareholding platform then held by 32 limited partners (including Ms. Gu Yunling) who were former or existing employees of our Group.

4. Begonia Group is a limited company incorporated in Hong Kong in July 2015. It was then owned as to 79.37% by Mr. Shi Jingui (施金貴), a former employee of our Group, and 7.94% by Mr. Xie Corey Xiaojuan, an existing employee of our Group. The remaining shareholding was held by two Independent Third Parties.

2. Conversion into a joint stock limited company

In preparation for the listing on the Shanghai Stock Exchange, in September 2016, our Company was established through conversion of the predecessor of our Company, Red Avenue Group, from a limited liability company into a joint stock limited company. Upon completion of the conversion, our Company had a total share capital of RMB500,000,000 divided into 500,000,000 Shares.

3. Increase in registered capital in October 2016 and November 2016

In October 2016, the registered capital of our Company increased from RMB500,000,000 to RMB507,187,500 by way of additional cash contribution of RMB7,187,500. Zhoushan Saifan Investment Management Partnership (Limited Partnership) (舟山市賽凡投資管理合夥企業(有限合夥)) ("**Saifan Investment**"), an Independent Third Party, solely subscribed for such increase in the registered capital for cash consideration of RMB23 million. The consideration was determined between the parties on arm's length basis with reference to the then-operation status of our Company and the development prospects and future plans of our Group. This capital increase was completed on 10 November 2016.

In November 2016, the registered capital of our Company increased from RMB507,187,500 to RMB527,187,500, by way of additional cash contribution of RMB20 million. Mr. Zeng Ming (曾鳴), an Independent Third Party, solely subscribed for such increase in the registered capital for cash consideration of RMB80 million. The consideration was determined between the parties on arm's length basis with reference to the then-operation status of our Company and the development prospects and future plans of our Group. This capital increase was completed on 10 November 2016.

After these registered capital increases, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares held	Approximate percentage of shareholding *(%)*
Red Avenue Investment	294,570,000	55.9%
Virgin Holdings	100,000,000	19.0%
Zhoushan Yutong	60,000,000	11.4%
Best Linker	25,000,000	4.7%
Mr. Zeng Ming	20,000,000	3.8%
Mr. Song Xiuxin	10,000,000	1.9%
Saifan Investment	7,187,500	1.4%
Xiangzhuo Investment	3,410,000	0.6%
Begonia Group	3,150,000	0.6%
Shunyuan Investment	2,870,000	0.5%
Ms. Zhou Bo	1,000,000	0.2%
Total	**527,187,500**	**100.00%**

4. Listing of our Shares on the Shanghai Stock Exchange

To improve the brand awareness of our Company and expand our financial resources for the Group's development, our then Shareholders resolved to apply for the listing of our Shares on the Shanghai Stock Exchange in 2018. On 27 June 2018, all issued Shares of our Company were listed on the Shanghai Stock Exchange under the stock code of 603650.

5. Issuance and redemption of convertible bonds

On 26 January 2021, with the approval of the CSRC, our Company issued convertible bonds (the "**Convertible Bonds**") in the principal amount of RMB800,180,000 with a maturity date of 25 January 2027. The Convertible Bonds bore increasing interests ranged from 0.3% per annum in the first year to 2.0% per annum in the sixth year. Bondholders had the right to convert their Convertible Bonds into A Shares during the period from 2 August 2021 to 25 January 2027 at the initial conversion price of RMB32.96 per A Share.

In October 2025, our Board resolved to exercise our redemption rights under the Convertible Bonds and redeemed all Convertible Bonds outstanding as at 13 November 2025. This redemption was completed on 14 November 2025 and, immediately upon such redemption, no Convertible Bonds remained outstanding.

Between 2 August 2021 to 13 November 2025, our Company issued an aggregate of 25,275,474 A Shares to the holders of the Convertible Bonds upon the exercise of their conversion rights.

6. Issuance, repurchase and cancellation of Shares pursuant to restricted share award schemes

Pursuant to the restricted share award schemes as described below and relevant administration measures, our Company had issued certain restricted A Shares to eligible participants. For details of the existing restricted share award scheme adopted by our Company, please refer to the section headed "Appendix VI — Statutory and General Information — 5. Our 2023 RSA Scheme" in this prospectus.

Our Company adopted a restricted share award scheme in September 2021 ("**2021 RSA Scheme**"). On 2 December 2021, our Company allotted and issued an aggregate of 3,094,597 restricted A Shares to a total of 140 grantees at a grant price of RMB29.26 per A Share (the "**2021 RSA Allotment**"). The grant price for these restricted A Shares had been settled by all grantees. From the 2021 RSA Allotment up to 11 July 2024, as a result of certain grantees leaving the employment of our Group or otherwise failing to meet the requisite eligibility criteria subsequent to the grant, all these restricted A Shares had been repurchased and cancelled by our Company pursuant to the rules of the 2021 RSA Scheme.

Our Company adopted the 2023 RSA Scheme in September 2023. The terms of the 2023 RSA Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by our Company after the Listing, but the 2023 RSA Scheme may be required to re-comply with Chapter 17 of the Listing Rules if there are any material alterations or changes to its terms and conditions. On 1 November 2023, our Company allotted and issued an aggregate of 4,768,000 restricted A Shares to a total of 162 grantees at a grant price of RMB14.88 per A Share (the "**2023 First RSA Allotment**"). The grant price for these restricted A Shares had been settled by all grantees. On 27 August 2024, our Company allotted and issued an aggregate of 237,000 restricted A Shares to a total of 10 grantees at a grant price of RMB14.90 per A Share (together with the 2023 First RSA Allotment, the "**2023 RSA Allotment**"). The grant price of the A Shares allotted and issued in August 2024 had been settled by all grantees. No further awards of A Shares may be granted under the 2023 RSA Scheme. Up to the Latest Practicable Date, the selling restrictions in respect of an aggregate of 3,323,914 restricted A Shares had been released and, as a result of certain grantees leaving the employment of our Group or otherwise failing to meet the requisite eligibility criteria subsequent to the grants, a total of 198,338 restricted A Shares had been repurchased and cancelled by our Company pursuant to the rules of the 2023 RSA Scheme. As at the Latest Practicable Date, there were a total of 1,482,748 restricted A Shares that remained to be subject to selling restrictions under the 2023 RSA Scheme. As at the Latest Practicable Date, we had not yet completed the necessary regulatory filings in respect of 13,334 A Shares which have been repurchased and cancelled. We expect to complete such regulatory filings by November 2026.

Save as disclosed above, as advised by our PRC Legal Adviser, all necessary regulatory approvals, registrations, or filings in relation to the changes in the registered capital and shareholding of our Company described above have been made and obtained, and the aforesaid changes have been properly and legally completed pursuant to the applicable PRC laws, regulations and rules in all material respects.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions as required to be disclosed under Rule 4.05A of the Listing Rules, or any major disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

Our Company has been listed on the Shanghai Stock Exchange since June 2018. During the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of the Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange.

Our PRC Legal Adviser is of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable.

Based on the independent due diligence conducted by the Sole Sponsor and the PRC Legal Adviser's view above, nothing has come to the Sole Sponsor's attention that would cause it to disagree with the Directors' confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

Our Company seeks to be listed on the Stock Exchange to further advance our global strategic layout, establish an international capital platform, and enhance our comprehensive competitiveness by broadening our customer base and further strengthening our international brand awareness. Please see the sections headed "Business — Our Strategies" and "Future Plans and Use of Proceeds" in this prospectus.

LOCK-UP

Each of our Controlling Shareholders will be subject to the non-disposal restrictions under Rule 10.07 of the Listing Rules. Each of our Controlling Shareholders will, prior to the Listing, provide a non-disposal undertaking pursuant to Note 3 to Rule 10.07 of the Listing Rules and the Hong Kong Underwriting Agreement. Please refer to the section headed "Underwriting" in this prospectus for further details.

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Rule 19A.13A(2) of the Listing Rules provides that there must be an open market in the securities for which listing is sought. Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

Our A Shares are listed on the Shanghai Stock Exchange. The total number of the H Shares to be issued pursuant to the Global Offering represents approximately 10.0% of the total issued share capital of our Company (assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date). Immediately following completion of the Global Offering and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, the total number of the H Shares expected to be held by the public represents approximately 10.0% of the total issued share capital of our Company (excluding treasury shares), which is higher than the prescribed percentage of H Shares required to be held in public hands of 10% under Rule 19A.13A(2)(a) of the Listing Rules.

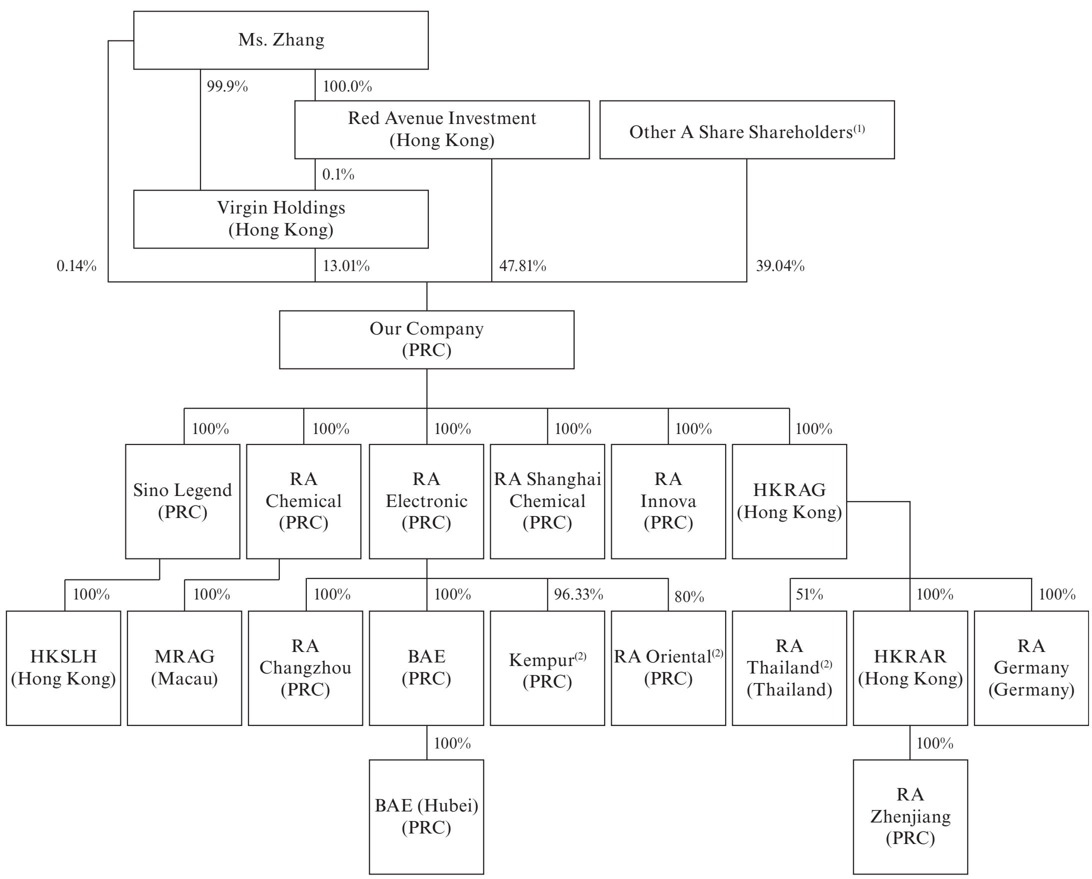
Satisfaction of the Free Float Requirement

Rule 19A.13C(2) of the Listing Rules provides that there must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing. Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000. Our Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rue 19A.13C) of the Listing Rules.

CORPORATE STRUCTURE

Corporate structure immediately prior to the Global Offering

The following chart sets out the shareholding and corporate structure of our Group immediately prior to the Global Offering:



Notes:

(1) None of these A Share Shareholders held more than 5% interest in our Company as at the Latest Practicable Date. The A Shares held by these A Share Shareholders include, among others, certain A Shares repurchased by our Company from the market and held by our Company as treasury shares, which amounted to 3,001,917 A Shares, or approximately 0.49%, of the total issued share capital of our Company as at the Latest Practicable Date. Before these treasury shares are resold by our Company, these A Shares shall not carry any voting rights at general meetings or any other rights attributable to the shares, such as rights of profit distributions, capitalization issue or other subscription of shares. These treasury shares are reserved by our Company for the purpose of any share incentive scheme that may be adopted by our Company in the future, but if any of these treasury shares are not used for such purpose on or before 5 July 2027, the unused treasury shares shall be cancelled in accordance with the applicable law.

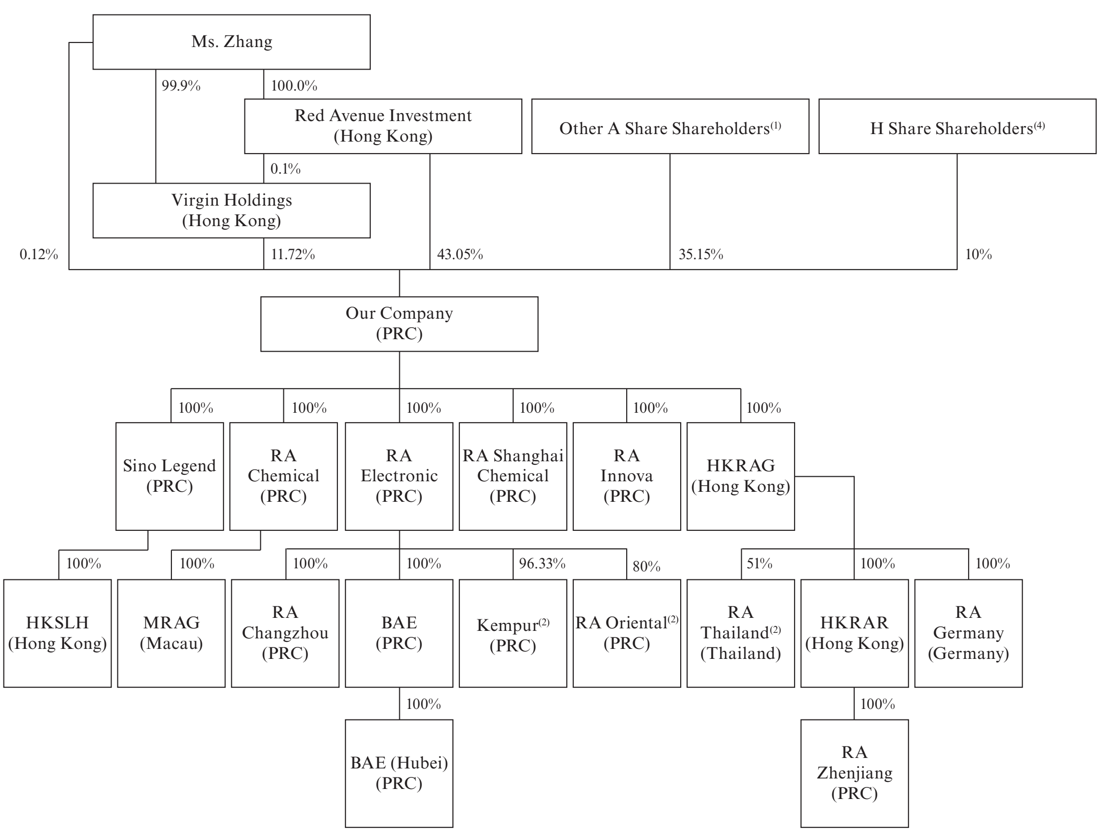
(2) The table below sets out the identity of the other shareholders which held the remaining shareholding interests of these non-wholly owned subsidiaries as at the Latest Practicable Date:

Name of our non-wholly owned subsidiary	Name of the other shareholder (percentage of equity interests)	Relationship with our Group as at the Latest Practicable Date
Kempur	Beijing Comens New Materials Co., Ltd. (北京高盟新材料股份有限公司) (3.6705%)	Independent Third Party
RA Oriental	Beijing BOE Materials Technology Co., Ltd. (北京京東方材料科技有限公司) (20%)	Substantial shareholder of RA Oriental. It is not regarded as a connected person of our Company pursuant to Rule 14A.09 of the Listing Rules
RA Thailand	Gold Dynasty Limited (49%)	Gold Dynasty Limited is wholly owned by Ms. Zhang and therefore is an associate of Ms. Zhang and a connected person of our Company.

(3) Certain percentages shown in this chart are approximate figures.

Corporate structure immediately after the Global Offering

The following chart sets out the shareholding and corporate structure of our Group immediately upon completion of the Global Offering (assuming no other changes in the issued share capital of our Company between the Latest Practicable Date and the Listing Date):



Notes:

(1)–(3) See the respective notes to the corporate structure chart immediately prior to the completion of the Global Offering as set out above.

(4) These H Shares will count towards the public float upon Listing.

(5) Certain of the percentages shown in the chart are approximate figures.

OVERVIEW

Who we are

We are a comprehensive new materials provider in the PRC. We are primarily engaged in the R&D, production, marketing, sales and distribution of new materials. During the Track Record Period, our principal businesses comprised three segments, namely (i) rubber additives for tyres and other chemical products; (ii) electronic materials; and (iii) fully biodegradable materials. With respect to our rubber additives for tyres and other chemical products segment, according to the F&S Report, we ranked first in sales revenue in both the global and PRC phenolic resins rubber additives for tyres markets in FY2025. With respect to electronic materials, we ranked first, in terms of sales revenue, among local suppliers in both the PRC semiconductor photoresist market and the PRC TFT array photoresist market in FY2025.

Our history can be traced back to 1999 when we commenced our operations in the international trading of chemical materials for tyres. Leveraging on our industry experience, we subsequently expanded upstream by establishing our production bases and have since developed into a platform enterprise integrating R&D, manufacturing and sales functions. In 2018, we successfully listed on the Shanghai Stock Exchange. Building on our accumulated technological capabilities and industry experience, we have continued to expand both horizontally and vertically along the industry value chain. We have gradually expanded into the electronic materials segments through strategic investments and acquisitions. We also tapped into the fully biodegradable materials sector by developing products relating to PBAT. For further details of our milestones, please refer to the section headed "History, Development and Corporate Structure — Milestones" in this prospectus.

Over the years, we have continued to develop our business through optimising our R&D capabilities, expanding our product offerings and production capacity, as well as enhancing environmental protection and production safety of our production bases. We believe that these ongoing initiatives would enable us to further expand our coverage and increase our market share in both domestic and global markets.

Our business and products

Under our rubber additives for tyres and other chemical products business segment, our major product categories include rubber resins and additives such as phenolic resins, PTBP as well as other chemical products. These products are primarily used in the production of automobile tyres and other rubber products to optimize various properties of rubber products such as their stickiness, strength and safety. Our product offerings under the electronic materials segment are mainly divided into (i) semiconductor materials, including semiconductor photoresists, CMP polishing pads, high-purity solvents and EBR; and (ii) display panel materials, including display photoresists, organic insulating films and light-emitting materials. Our electronic materials are mainly used in the production of semiconductors and display panels by our downstream customers. In respect of our fully biodegradable materials segment, our products primarily include PBAT products mainly used in packaging materials and agricultural mulch films.

We are positioned in the midstream of the industry chain, supplying functional resins, photoresists and ancillary chemical products to downstream industries including producers of tyres, automobiles, semiconductors and display panels. Our principal raw materials include phenol, formaldehyde, resins and solvents. Apart from sourcing the raw materials from our suppliers, we are also committed to extending our operations upstream from our core products into the production of key raw materials and intermediates, with a view to realise in-house production of certain key intermediates to ensure supply stability, enhance cost control and improve our overall capability in providing comprehensive supply to our downstream customers. We initially focused on the production and sale of specialty phenolic resins for tyre applications and rubber additives and have later expanded into producing certain upstream intermediates in-house. During the Track Record Period, we produce a significant portion of DIB and PTBP in house for the production of our phenolic resin. In terms of electronic materials, we are also committed to gradually achieving in-house production of phenolic resins required for display photoresists and G-/I-line photoresists, as well as PHS resins required in the production of KrF photoresists.

As at the Latest Practicable Date, we had seven production facilities, namely, (i) the RA Chemical factory; (ii) the Sino Legend factory; (iii) the RA Zhenjiang factory; (iv) the RA Electronic factory; (v) the BAE (Hubei) factory; (vi) Kempur factory; and (vii) the RA Changzhou factory. Among these, the RA Chemical factory, the Sino Legend factory and the RA Zhenjiang factory mainly engage in the production of rubber resins, electronic resins and additives, with an aggregated annual designed production capacity of over 200,000 tonnes of rubber resins, electronic resins and additives. On the other hand, the RA Electronic factory and the BAE (Hubei) factory are principally engaged in the production of electronic materials, with a total annual designed production capacity of approximately 1,000 tonnes of semiconductor photoresists, 18,800 tonnes of high-purity solvents and 6,000 tonnes of display panel photoresists. The RA Changzhou factory was newly established with a focus in the R&D and manufacturing of CMP polishing pads.

We continue to invest in and expand our production capacity through construction of new production facilities, as well as the upgrading and expansion of our existing production lines. Looking forward, we are establishing a new production base for rubber additives in Thailand with a view to further enhancing our global supply capabilities and supporting the continued growth of our business. For details, please refer to the paragraph headed "Our strategies — Broaden our international presence and global supply capability through strategic expansion in overseas markets" in this section.

Our customers

We have established a customer base globally covering industry leading players in the automobile tyres and semiconductors and display panels industries. We maintain long-term and stable relationship with our major customers. Our products have passed the certification and/or gained recognition from our customers. For details of our customer certification process, please refer to the paragraph headed "Business operations — product certification by our customers" in this section. In respect of our rubber additives for tyres customers, we have established ongoing business relationships with numerous well-known domestic and overseas tyre manufacturers, covering the world's top 20 tyre manufacturers, which together account for over 70% of the market share of the global tyre industry in 2025. For our electronic materials segment, we have also established business relationships with semiconductors and display panel manufacturers with significant market positions in their respective sectors, covering various leading 8-inches and 12-inches wafer fabrication manufacturers in the PRC.

During the Track Record Period, our revenue was primarily derived from the PRC. At the same time, we have been actively expanding our overseas markets, with revenue generated from overseas sales accounting for approximately 18.7%, 19.0%, 18.5% and 17.8% of our total revenue for FY2023, FY2024, FY2025 and 6M2026, respectively. During the Track Record Period, we have established a global presence covering more than 40 countries and regions worldwide. For details, please refer to the paragraph headed "Sales and marketing — Geographical distribution" in this section. We mainly supply our products to downstream customers through direct sales. During FY2023, FY2024, FY2025 and 6M2026, approximately 91.4%, 91.3%, 91.1% and 91.6% of our revenue were generated from direct sales. Under such a direct sales model, we are able to maintain close working relationships with our customers and develop an in-depth understanding of their operational requirements and preferences, which enables us to respond promptly to their needs and strengthen our customer relationships.

Our R&D

We place strong emphasis on technological development and innovation. We believe that our R&D efforts are essential to the development of our business, both in resolving technical issues relating to our existing products and in supporting the development, optimisation and promotion of new products. Our R&D team collaborates closely with our management and other departments to address technical issues in product development, production and customers' requirements. We have established our R&D centers in Beijing and Shanghai, focusing on the development of formulations for rubber additives, functional materials and electronic chemicals, as well as conducting testing in respect of the application of various materials. In addition, it has been our R&D initiative to integrate the development of electronic grade resin, key raw materials for photoresist and the application of electronic chemical products, fostering synergies between our R&D teams of semiconductors and display panel photoresist. We also actively collaborate with leading universities and research institutes to jointly advance our R&D endeavours. For details, please refer to the paragraph headed "Research and development" in this section.

Our sustainability

As an advanced chemical materials manufacturer, we place strong emphasis on sustainability and environmental protection. We actively support the Sustainable Development Goals of the United Nations. We have officially joined the United Nations Global Compact (UNGC) and are fully committed to implementing its ten core principles in the four key areas of human rights, labor, environment, and anti-corruption. To deeply embed the concept of sustainable development, we have established a comprehensive sustainability management system to fully integrate relevant principles into every aspect of our daily operations and management. This provides a solid foundation for the efficient advancement and standardized implementation of our sustainability initiatives. Notably, our Sino Legend factory achieved the EcoVadis Platinum Award in the latest assessment cycle, securing the highest score within the industry in the PRC and standing as the sole recipient of this honor in the sector in 2026. At the same time, we continuously enhance the transparency of our external information disclosure and actively communicate our sustainability values and concepts to all stakeholders. Since 2018, we have published annual social responsibility reports or ESG reports, fostering consensus on development through regular communication.

We are committed to building a trustworthy and sustainable supply chain by embedding best practices in areas including labour rights protection, health and safety management, environmental compliance, compliance management system development, the upholding of business ethics, and carbon emissions performance management throughout the entire supply chain. We actively promote the use of green energy in our production operations. As the Science Based Targets initiative (SBTi) science-based emissions reduction targets steadily advances, we will continue to use green innovation as our core driving force to accelerate the low-carbon transformation process and strive to become an industry-leading supplier of environmentally friendly materials. For details, please refer to the paragraph headed "Environment, social and governance" in this section.

Our financial performance

We have recorded stable growth during the Track Record Period. Our revenue increased from RMB2,937.3 million for FY2023 to RMB3,263.4 million for FY2024, representing an increase of approximately 11.1%. For FY2025, we recorded revenue of RMB3,420.6 million, representing an year-on-year increase of approximately 4.8% as compared to FY2024. For 6M2025 and 6M2026, we recorded revenue of RMB1,650.5 million and RMB2,133.1 million, respectively, representing an increase of approximately 29.2%. We also recorded significant growth in our net profit during the Track Record Period. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, we recorded net profit of RMB404.1 million, RMB534.2 million, RMB577.3 million, RMB358.3 million and RMB389.1 million, respectively.

OUR COMPETITIVE STRENGTHS

We are well positioned to benefit from future market growth and opportunities as one of the major new chemical materials providers in the PRC

We are a key player holding market leading position in various new chemical materials industries in the PRC. More specifically:

- We are a leading local supplier of semiconductor photoresists in the PRC. According to F&S, we ranked first, in terms of sale revenue, among local suppliers in both the PRC semiconductor photoresist markets and the PRC TFT array photoresist market in FY2025.

- We are a leading supplier of phenolic resins worldwide. According to the F&S Report, we ranked first in sales revenue in both the global and PRC phenolic resins rubber additives markets for tyres in FY2025. Based on the statistics issued by Rubber Chemicals/Additives Committee of the China Rubber Industry Association (中國橡膠工業協會橡膠助劑專業委員會), we ranked first among all producers for phenolic resin for rubber (橡膠酚醛樹脂) in the PRC in 2025.

In terms of production scale and capacity, through continuous investments and upgrade, our production facilities had an aggregated annual designed production capacity of over 200,000 tonnes of rubber resins, electronic resins and additives. With respect to our electronic materials segment, our RA Electronic factory and BAE (Hubei) factory had an annual designed production capacity of 1,000 tonnes of semiconductor photoresists, 18,800 tonnes of high-purity solvents and 6,000 tonnes of display photoresists. Through economies of scale, refined production management and continuous technological improvement, we are able to effectively reduce our per-unit production costs, enhances resource utilisation efficiency and further expand our product offerings.

The markets in which we operate are expected to offer substantial growth potential. In respect of our electronic materials business, as advised by F&S, driven by the expansion of wafer fabrication capacity in the PRC and the growing demand from PRC display panel manufacturers for local supplies, the PRC semiconductor and display photoresists markets are expected to grow rapidly at a CAGR of approximately 13.4% and 8.3%, respectively, from 2025–2030. Meanwhile, the global rubber additives for automotive tyres market is expected to grow at a moderate and stable pace, underpinned by increasing demand for tyres with high-end performance and environmentally friendly materials and is expected to increase from RMB21.9 billion in 2025 to RMB24.1 billion in 2030 according to the F&S Report.

We believe that our leading market position, coupled with our scale of production capacity, product variety, R&D experience and expertise, as well as product quality and reputation among the market, would enable us to be well-equipped to stay competitive and lay a solid foundation for us to continue expanding in the domestic and global markets and increasing our market coverage.

Our diversified product portfolio and capabilities in offering comprehensive and tailored solutions enable us to provide products and services that effectively address our customers' needs

With our substantive experience in the industry, our greatest strength lies in our understanding of the needs of our downstream customers. We adhere to a market-oriented approach in our product development and R&D strategies. We continue to build a diversified product portfolio across our three core business segments in order to capture industry trends and evolving customers' needs. As a platform-based enterprise, we maintain close communication with our downstream customers to gain an in-depth understanding of their requirements and provide them with tailored and comprehensive solutions. We are capable of offering tailored formulation and/or specifications to suit our customers' diverse needs. As at 30 June 2026, we had over 1,000 SKUs across our three business segments.

For the electronic materials segment, leveraging our strong capabilities in resin synthesis and formulation of photoresist, as well as our large-scale production capacities for photoresists and related ancillary solvents, we are able to offer an extensive product portfolio spanning high-purity base resins, semiconductor and display photoresists and ancillary solvents tailored for multiple application scenarios and different customers' need. In recent years, we have continuously promoted the development and customer accreditation of high-end photoresists such as ArF and KrF photoresists, thereby further enriching our product pipeline and supply capabilities for mid-to-high-end process nodes. For our rubber additives for tyres, through integrating our self-produced and other traded products, we are able to provide our customers with a comprehensive solution ranging from formulation design of resin and product selection to the application of our products in different scenarios. For our fully biodegradable materials segment, we strive to develop a diverse range of products from PBAT resins to modified plastic materials with a view to covering different application scenarios required by our customers.

We consider our ability to provide tailored products and technical services to our customers is one of the contributing factors to our success. Leveraging our experience in the application of new chemical materials and our strong R&D capabilities, we have developed a distinct advantage in delivering tailored solutions to our customers. Our R&D, sales and product development teams work closely to address any technical issues and requirements of our customers. Based on our industry experience, we are able to understand the production process, conditions and requirements of our customers and provide tailored solutions addressing their needs. Our diversified product portfolio and strong capabilities in delivering tailored technical solutions continue to reinforce our competitive position and support our long-term development. As such, we believe that we are well positioned to capture evolving customer demand and deepen our penetration in both domestic and overseas markets.

Strong R&D capabilities that enable us to continuously deliver high-quality products

We have been committed to the R&D of advanced new chemical materials to meet the evolving needs of our customers. Over the years, we have accumulated extensive technological expertise and industry experience. We have established our R&D centers in Beijing and Shanghai, focusing on the development of formulations for rubber additives, functional materials and electronic chemicals, as well as conducting testing in respect of the application of various materials. In addition, it has been our R&D initiative to integrate the development of electronic grade resin, key raw materials for photoresist and the application of electronic chemical products.

We take a holistic approach in the coordination of our R&D initiatives across different business operations, enabling seamless transition from our R&D initiatives to mass-production and application by our customers. Our product management department regularly conduct internal meetings with R&D personnels of our various business segments to discuss issues encountered in product development and review technical issues raised from the sales department. Our R&D department also works closely with our production team to ensure smooth production of new products. We continue to increase our investment in R&D, with the associated expenses maintaining steady growth over the years. Our R&D expenses amounted to RMB179.8 million, RMB216.6 million, RMB232.5 million and RMB118.4 million for FY2023, FY2024, FY2025 and 6M2026, respectively. We have developed a series of core technologies and patent portfolios with independent intellectual property rights around our key raw materials, formulation design and production processes, providing strong support for product upgrades and the development of new products.

During the Track Record Period, our R&D activities continued to progress and made a number of developments, including:

- In the field of rubber additives of tyres, we have been committed to developing sustainable new materials. Specifically, we have successfully developed bio-based process oil (EcoaveRBO-T) and bio-based lignin-based filler (Ecoave LF1001). At the same time, our latest processing aid (SL-5048) can effectively address technical challenges associated with high-silica formulations in green tyre applications, providing customers with specialised technical solutions.

- In the field of semiconductor materials, we have developed multiple ArF dry and ArFi photoresist products and passed the relevant product certification process of our customers, achieved technological breakthroughs in high-resolution KrF and negative KrF photoresists, thereby establishing a comprehensive KrF product portfolio and achieved in-house manufacturing of certain PHS resins, achieved breakthroughs in graded processing technology of phenolic resins, enabling in-house supply of upstream raw materials, developed high-sensitivity I-line chemically amplified photoresists and launched a full range of thick-film photoresist materials for advanced packaging applications and established high-purity solvent purification technology, supporting the commercialisation of G5-grade EBR.

- Our major R&D achievements in the field of display panel materials include (i) in high-resolution photoresist technology, we have successfully developed high-performance positive TFT photoresists based on traditional novolac systems that support finer line widths, providing key material support for the high-definition evolution of LCD and OLED panels; (ii) in low-power organic insulating films, we have launched new organic insulating film materials that combine a low dielectric constant with high light transmittance, significantly reducing the driving power consumption of display panels; and (iii) in OLED light-emitting materials, we have achieved breakthrough in the large-scale application of highly efficient red light-emitting materials by our customers, supporting them in achieving breakthrough progress in high-colour-gamut technology standards.

- In the field of biodegradable materials, we have successfully launched high-performance biodegradable PBAT materials suitable for agricultural mulch film, which have been applied in various agricultural products providing functions such as weed suppression, heat retention and moisture conservation. Such material can be used to replace traditional polyethylene agricultural mulch film thereby promoting the green and sustainable development of the agricultural sector.

We believe that our R&D capabilities will continue to form a core driver of our long-term competitiveness and sustainable growth. With continuous investment in R&D, we are able to respond quickly to evolving customer needs, support their technological upgrades and further strengthen our position in the advanced new chemical materials industry.

Our vertically integrated operations enhance our efficiency and market competitiveness

With our vertically integrated operations, we are able to offer downstream application know-how and customers services and at the same time, possess strong upstream chemical capabilities, thereby offering our customers suitable formulation design, technical support in application and customised services. We began as a specialist in rubber additives for tyres and have since evolved into a vertically integrated enterprise by actively pursuing the R&D and production of upstream raw materials such as resins required for photoresists as well as DIB and PTBP used in the production of our rubber additives. We leverage upstream polymer capabilities across our rubber additives for tyres and electronic materials, which share common resin production processes and allow for the transferability of our process technologies and R&D capabilities. For example, synthesis technologies of phenolic resin are used not only in tackifying and reinforcing resins for tyres, but also in electronic-grade phenolic resins and resins for photoresists.

By extending upstream and producing key resins and intermediates in-house, we have effectively reduced raw material procurement costs and supply chain volatility, thereby strengthening our cost control capabilities. On the other hand, our vertically integrated operating model enhanced our R&D efficiency, shortened new product development cycles and accelerated formulation optimisation and performance iteration. This integrated approach also enables us to respond more flexibly to customers' multifaceted requirements in terms of performance, cost and environmental attributes, and to provide solutions from upstream materials to the application in customers' products, thus increasing customer stickiness and the long-term value of our customer relationships.

We have established strong and long-standing relationships with domestic and overseas leading enterprises

As an advanced chemical materials supplier with integrated R&D capabilities, large production capacity and reliable product quality, we have gained recognition from numerous sizable and well-known domestic and overseas enterprises, including leading tyre, semiconductor and display panel producers. We have established on-going business relationships with internationally renowned tyre producers, covering the world's top 20 tyre manufacturers, which together account for over 70% of the market share of the global tyre industry in 2025. Our customers also cover various leading 8-inches and 12-inches wafer fabrication manufactures in the PRC. We have consistently received recognitions from our customers as their "supplier of the year" and "strategic supplier".

We have established long-term relationship with our top five customers during the Track Record Period. In particular, we have established business relationship for over 15 years with each of Customer/Supplier Group C and Customer Group F. The long-term and stable relationship with our customers evidenced their recognition of our products and technological capabilities. In addition, as we are generally required to undergo lengthy and stringent certification process by our customers before obtaining orders from them, it is costly for our customers to switch to other suppliers, resulting in strong customer loyalty to our products. Our products have been continuously validated by major industry participants in different end-markets, which further evidences our production and R&D capabilities and underscores our ability to capture new business opportunities in the market.

Experienced management team with in-depth industry and management experience and knowledge and a dedicated team of employees

We have a management team which has extensive experience and in-dept understanding of our industry. Our management team is led by our founder, executive Director and chairperson of the Board, Ms. Zhang. Ms. Zhang holds a bachelor of engineering majoring in biochemical engineering from Beijing Technology and Business University, a master of science degree in engineering business management from the University of Warwick in England, an Executive Masters in Business Administration from Cheung Kong Graduate School of Business, and a Doctor of Business Administration in Global Financial Management from Arizona State University. In June 2026, Ms. Zhang obtained her Doctor of Materials and Chemical Engineering from Peking University in the PRC. Ms. Zhang has over 26 years of experience in the chemical products industry and the investment field and possesses a deep understanding of domestic and international customer needs. Our other management team members also have significant experience in the chemical products industry and have served in senior management capacities at large enterprises. For details of the background of our Directors, please refer to the section headed "Directors and Senior Management — Board of Directors" in this prospectus.

Our dedicated team of employees is also fundamental to our success. Our management, R&D, sales and production team possess extensive expertise in the new chemical materials industry, which enables us to effectively translate our R&D results into commercialization of our products. We place great importance on talent development and retention. We are committed to stimulating employees' potential and enhancing their motivation through diversified incentive policies and performance appraisal system. These measures help us maintain a stable and high-calibre talent pool, support the continuous optimisation of our operations, and strengthen our ability to execute our development strategies.

OUR STRATEGIES

Strengthen our R&D capabilities and efficiency to promote technological innovation and further enrich our product portfolio

We are committed to reinforcing our R&D capabilities and efficiency to stay at the forefront of technological innovation while continuously expanding and upgrading our product portfolio. By integrating new materials, advanced formulations and manufacturing techniques, we aim to enhance product performance and address diverse customer needs across a wide range of application scenarios.

Driven by applications in AI, big data, and the Internet of Things (IoT), there are increasing demands for high-performance and low-power integrated circuit chips. As material systems become more complex, there is a greater need for various types of process chemicals (such as specialty edge bead removers, negative developers, and developer rinses). From the perspective of overall chip manufacturing technology trends, we will continue to develop advanced photoresists, with a focus on expanding our ArF dry and ArFi product portfolio to meet next-generation lithography requirements. We will develop a full suite of photoresist ancillary materials, in particular materials used for multiple patterning processes to support higher integration density. Also we intend to strengthen the development of process chemicals, including special EBR, negative tone developers and development rinse materials, to provide more comprehensive process solutions. In addition, we intend to broaden our offerings of advanced packaging materials, to capture growth opportunities in three-dimensional integration and advanced packaging. We also plan to further invest in the research and development of OLED light-emitting materials to improve key performance indicators such as efficiency and lifespan, thereby enhancing the competitiveness of our products. Through further investment in R&D, we believe that we will further enhance the technological capabilities and competitiveness of our electronic materials, in particular our semiconductor photoresist materials.

In respect of rubber additives for tyres, from the perspective of downstream demand, new energy vehicles are placing higher requirements on tyre performance, which continues to drive market demand for related specialty materials such as green tyres and low rolling-resistance materials. Global tyre manufacturers are accelerating technological upgrades and product mix adjustments, and their reliance on high-quality, environmentally friendly rubber materials for tyres continues to deepen. Going forward, we will continue to enhance our product development and manufacturing capabilities by focusing on the development of production processes of low-free-phenol products and the upgrading of green and low-carbon raw materials and processes. Through technological improvements, we aim to reduce the carbon emissions associated with the production of our existing phenolic resins and better address our tyres customers' sustainability requirements for traditional phenolic resins for tyres. We also plan to concentrate our future R&D efforts on tread resins, liquid rubber, bio-based process oils and other related products, with a view to expanding our product offering and strengthening our market competitiveness.

In strengthening our R&D capabilities and efficiency, we will proactively recruit research and management talent with industry experience and professional expertise, forming a specialized and multi-layered talent pool through a combination of internal training and external recruitment. We believe that this will provide a solid foundation for sustained technological leadership and business expansion. In addition, we plan to integrate the use of AI into our R&D processes to improve efficiency and shorten development cycles. We also plan to increase and upgrade our R&D equipment, encompassing both hardware and software, to support more sophisticated experimentation and testing, as well as strengthening cooperation with universities and other research institutions as well as external experts to broaden our access to advanced technologies and industry know-how.

In terms of enriching our product portfolio, we intend to develop a wider range of electronic materials, including photoresists and supporting materials for advanced process nodes to meet the growing demand arising from, among others, the broader adoption of AI technologies. On the other hand, we would further develop vertically by deepening our deployment in the development of raw materials for our chemical materials. For our rubber additives for tyres, we plan to further enrich our product portfolio by introducing new products that meet increasingly stringent requirements regarding safety, energy efficiency and environmental protection. We also intend to cooperate with leading tyres manufacturers to co-develop low-rolling-resistance tyre materials specifically targeting new energy vehicles. For our biodegradable materials segment, we will focus on developing more high value-added products and extending our biodegradable solutions into a broader range of application scenarios, including high heat-resistant packaging, multilayer composite food packaging and highly weather-resistant outdoor products.

We believe that these initiatives, taken together, will allow us to expand our market share and capture the substantial growth opportunities in our target markets.

Broaden our international presence and global supply capabilities through strategic expansion in overseas markets

The global rubber additives market is expected to benefit from increasing automobile production and sales, particularly new energy vehicles. According to the F&S Report, the market size of global rubber additives for automative tyres is expected to grow from approximately RMB21.9 billion in 2025 to approximately RMB24.1 billion in 2030, with a projected growth at a CAGR of 1.9% from 2025 to 2030. We are committed to continuously expanding our market share internationally. In FY2023, FY2024, FY2025 and 6M2026, approximately 18.7%, 19.0%, 18.5% and 17.8% of our revenue, respectively, was generated from overseas countries and regions, mainly covering Thailand, Japan, Korea and other Asian countries. Going forward, it is our strategy to further expand our global market coverage and promote our transformation from a "PRC supplier" into a "global integrated new chemical materials service".

We plan to establish overseas production facilities to enhance global supply capabilities and responsiveness to global demand. Particularly, we are establishing our first overseas production base for rubber additives in Thailand with an expected annual production capacity of 30,000 tonnes of rubber additives (the "**Thailand Production Base**"), through Gold Dynasty Limited, our 51%-owned joint venture company. Upon completion of the construction of the Thailand Production Base, the production capacity of our rubber additives for tyres and other chemical products segment is expected to increase by approximately 15.5%. As at the Latest Practicable Date, the Thailand Production Base is under construction with the civil works substantially completed and installation works in progress. It is expected that the construction of the production base will be completed in or around the first quarter of 2027. The establishment and construction of the Thailand Production Base will be funded by our internal resources, and no part of the net proceeds from the Global Offering is expected to be applied for such purpose. As part of our overseas expansion strategy, we plan to establish additional overseas production facilities for rubber additives and related intermediate materials, with a view to further enhancing our overseas production capacity, the stability of our raw-material supply and our cost-control capabilities. For further details, please refer to the section headed "Future plans and use of proceeds" in this prospectus. We believe that the establishment of overseas production facilities would enable us to better serve our overseas customers and further consolidate our position as a core supplier in the global market, as well as enhancing our flexibility in responding to changes in the international trade landscape and thereby strengthening our overall competitiveness and resilience to risks. In addition, we also intend to establish overseas subsidiaries and/or offices and expand our sale team for overseas sales to further deepen our engagement with overseas markets by providing local services to overseas customers and improving our responsiveness to demand from overseas customers. For details, please refer to the section headed "Future Plan and Use of Proceeds" in this prospectus. With growing demand for high-performance adhesion and reinforcement resins for new energy vehicle tyres, and our planned expansion into traditional tyre markets in Europe as well as emerging markets such as Southeast Asia and Latin America, we expect such initiatives to drive growth in our overseas sales revenue and increase our global market share.

Upgrade and maintain our production facilities to enhance our production capabilities and competitiveness of our products to meet market demand

We continuously upgrade and maintain our production facilities to enhance our production capabilities and enhance competitiveness of our products to meet market demand. Such upgrades are primarily intended to enhance our capability to develop and produce more advanced materials which meet the evolving needs of our customers in their downstream applications, the growing demand for more complex material systems and the increasingly stringent requirements. We believe that ongoing improvement of our production capabilities will enable us to maintain our competitiveness and drive long-term growth. In particular, we intend to further enhance our production lines for high-performance resins, including phenolic resins for photoresists and PHS resins, with a view to strengthening our self-sufficiency in electronic-grade resins. We also plan to leverage our solvent purification and production capabilities to upgrade our production lines of photoresists and high-purity solvents in order to further enhance the quality and performance of our products and improve their purity and consistency to meet the needs arising from technological iteration and innovation. At the same time, we seek to enhance our production capabilities for new process materials in response to the needs of advanced process manufacturing. Building on our ongoing ESG initiatives, we will continue to upgrade major production machinery and equipment to promote the green transition of our rubber additives production processes and to reduce the intensity of carbon emissions.

For our detailed plans on upgrading and maintaining our production facilities, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

Facilitate growth through potential investments and strategic acquisitions

Over the years, we have continuously sought opportunities in strategic acquisitions and investments with a view to cultivating new drives for our business growth and enhance our competitiveness in the long run. Going forward, we will continue to identify and pursue strategic investments and/or acquisitions that would bring synergy to our core business. Our focus would be on companies that would bring synergy to our core business, including but not limited to, companies engaging in R&D, production and/or sale of upstream raw materials of our products or other new chemical materials that are complementary to our business operations. In evaluating potential targets for investment and acquisition, we primarily assess factors such as their business strategies, management, product offerings, technological expertise and financial performance. We believe that, through these strategic investments and acquisitions, we would be able to efficiently expand our technology and product portfolio and broaden our market access, thereby accelerating our revenue growth.

OUR BUSINESS MODEL

We are primarily engaged in the R&D, production, marketing, sales and distribution of new chemical materials. During the Track Record Period, our principal businesses comprised three segments, namely (i) rubber additives for tyres and other chemical products; (ii) electronic materials and (iii) fully biodegradable materials. The table below sets forth the breakdown of our revenue by our business segments for the year indicated:

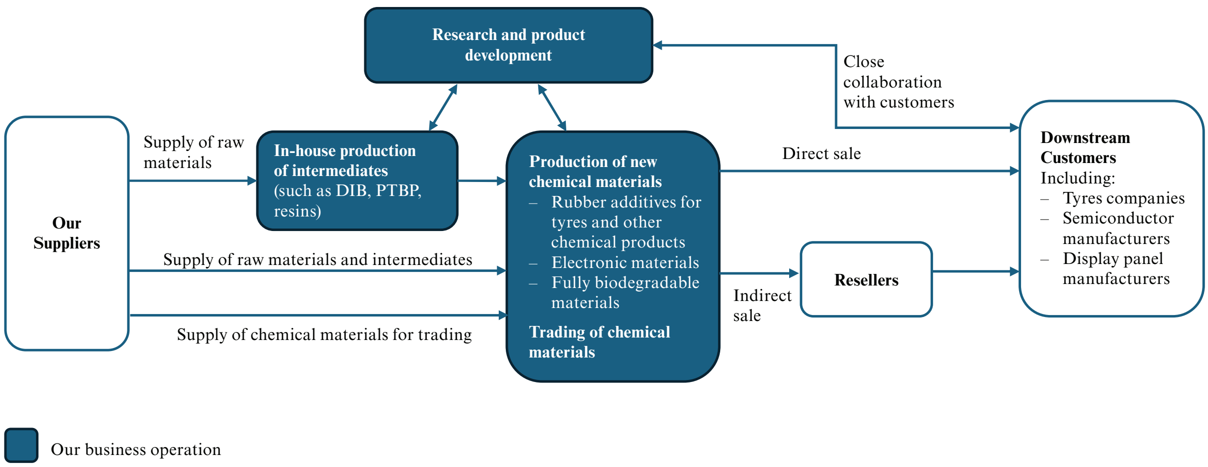
	FY2023		FY2024		FY2025		6M2025		6M2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
							(unaudited)			
Rubber additives for tyres and other chemical products	2,275,508	77.5	2,437,747	74.7	2,321,268	67.9	1,155,225	70.0	1,321,563	61.9
Electronic materials	561,490	19.1	744,853	22.8	986,117	28.8	441,499	26.7	692,511	32.5
Fully biodegradable materials	100,336	3.4	80,780	2.5	113,192	3.3	53,793	3.3	118,990	5.6
Total	**2,937,334**	**100.0**	**3,263,380**	**100.0**	**3,420,577**	**100.0**	**1,650,517**	**100.0**	**2,133,064**	**100.0**

We operate as a platform enterprise integrating research, product development, manufacturing and sales, enabling us to offer a comprehensive solution to our customers. We work closely with our customers in their downstream product development, which enables us to gain a thorough understanding of specific application scenarios and technical requirements and to translate these into practical material solutions. In addition, we operate a vertically integrated manufacturing operation under which we also produce certain key production materials for our products, which enhance our understanding of and control over the upstream raw materials used in our products.

During the Track Record Period, our products were mainly sold in the PRC, while a portion of our sales were generated from overseas markets. For details, please refer to the paragraph headed "Sales and marketing — geographical distribution" in this section. We mainly sell our products directly to our customers covering industry's leading players in the automobile tyres, semiconductors and display panels industries in the PRC and globally.

During the Track Record Period, our revenue was primarily derived from the sale of self-manufactured products. We also operated a limited trading business primarily within the rubber additives for tyres and other chemical products segment, mainly including rubber additives and catalysts products, to complement our product portfolio. Products sold under our trading business mainly include products that are outside our product offerings or were temporarily sourced from external suppliers to ensure a stable supply during the product certification period of our self-manufactured products by our customers. For details of the product certification process, please refer to the paragraph headed "Business operations — Product certification by our customers" in this section. In fulfilling customer orders, which typically comprise a variety of products, we primarily supply our self-manufactured products and may, where necessary, procure a limited amount of complementary products from external suppliers. Our trading business forms an integral part of our integrated solutions offering, which enhances procurement efficiency for customers through a one-stop sourcing arrangement, and our value primarily lies in the provision of technical support and tailored product combinations supported by our thorough understanding of customers' end-use applications. For FY2023, FY2024, FY2025 and 6M2026, revenue derived from our trading business amounted to RMB289.2 million, RMB369.6 million, RMB398.7 million and RMB232.9 million, respectively, representing approximately 9.9%, 11.3%, 11.7% and 10.9% of our total revenue for the respective year/period.

The following diagram sets forth our business model:



OUR PRODUCTS

We offer a wide range of chemical materials across our three business segments. The table below sets forth the breakdown of our revenue by our major product categories for the year indicated:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)* *(unaudited)*	*%*	*(RMB'000)*	*%*
Rubber additives for tyres and other chemical products										
— Self-manufactured phenolic resins	1,670,700	56.9	1,777,838	54.5	1,675,848	49.0	870,397	52.7	936,121	43.8
— Other self-manufactured products(1)	322,427	11.0	290,933	8.9	310,639	9.1	126,350	7.7	197,779	9.3
— Trading products(2)	282,381	9.6	368,976	11.3	334,781	9.8	158,478	9.6	187,663	8.8
Sub-total	2,275,508	77.5	2,437,747	74.7	2,321,268	67.9	1,155,225	70.0	1,321,563	61.9
Electronic materials										
— Semiconductors materials	201,436	6.9	303,084	9.3	427,587	12.5	191,749	11.6	308,284	14.5
— Display panel materials	260,571	8.9	330,188	10.1	435,644	12.7	192,057	11.6	294,882	13.8
— Electronic resins and others(3)	99,483	3.3	111,581	3.4	122,886	3.6	57,693	3.5	89,345	4.2
Sub-total	561,490	19.1	744,853	22.8	986,117	28.8	441,499	26.7	692,511	32.5
Fully biodegradable materials										
— PBAT	100,336	3.4	80,780	2.5	113,192	3.3	53,793	3.3	118,990	5.6
Total	**2,937,334**	**100.0**	**3,263,380**	**100.0**	**3,420,577**	**100.0**	**1,650,517**	**100.0**	**2,133,064**	**100.0**

Notes:

(1) Including (but not limited to) PTBP, resorcinol (間苯二酚), catalyst and by-products from our production.

(2) Including (but not limited to) rubber additives, tire protective wax, leveling agents (均勻劑), polyurethanes (聚氨酯), and white carbon black (precipitated silica) (白炭黑(沉澱二氧化硅)).

(3) Others include (but not limited to) other electronic materials such as glass powder, a high-performance sealing specialty material.

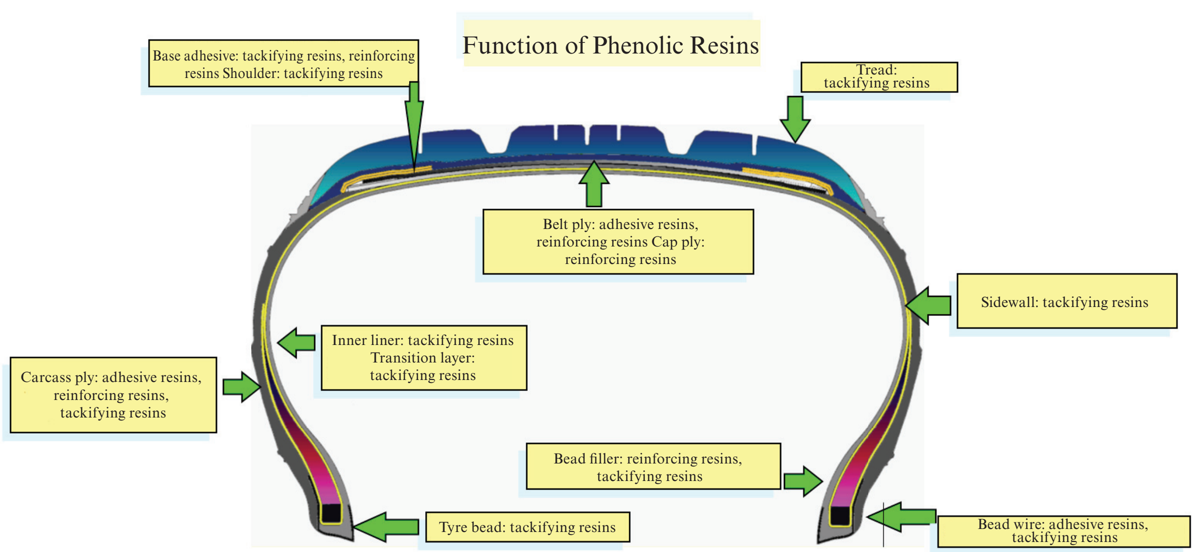
Rubber additives for tyres and other chemical products

The rubber additives for tyres and other chemical products segment is our largest business segment during the Track Record Period. In FY2023, FY2024, FY2025 and 6M2026, revenue generated from this segment amounted to approximately 77.5%, 74.7%, 67.9% and 61.9% of our total revenue, respectively. Our major product categories under this segment include rubber resins and additives such as phenolic resins. These products are primarily used in the production of automobile tyres and other rubber products to optimize various properties of rubber products such as their stickiness, strength and safety.

Phenolic resins

Rubber additives products are typically classified into five main categories, including rubber accelerators, rubber antioxidants vulcanizing agents, specialty functional additives, and processing additives. Among these, the first three types of products, namely accelerators, antioxidants, and vulcanizing agents are commonly used in rubber products and are referred to as general-purpose rubber additives. In contrast, specialty functional additives, and processing additives are referred to as functional rubber additives. Our phenolic resins are one of the specialty rubber additives which mainly serve as special materials for automotive and tyres applications. Phenolic resins are a broad class of synthetic resins produced by the polycondensation of phenolic compounds and aldehydes. They possess excellent acid resistance, mechanical properties and heat resistance, and are widely used in areas such as rubber products, anti-corrosion processes, adhesives, flame-retardant materials, and grinding wheels.

Set out below is an illustration of the typical application scenarios of phenolic resins in the manufacture of tyres based on cross-sectional diagram of a tyre:



In the applications in automative tyres industry, phenolic resins are categorized by its function mainly into (i) tackifying resins, which are used to improve stickiness during tyre processing; (ii) adhesive resins, which enhance the bonding between framework materials and rubbers; and (iii) reinforcing resins, which increase the mechanical strength of rubber materials. Set forth below are details our major phenolic resins products:

Product categories	Major products	Applications
Tackifying resins	PTBP tackifying resin	Mainly for rubber products with a high proportion of synthetic rubber and requiring high processing tack, such as tyres, conveyor belts, hoses, rubber rollers, rubber sheets, cable covering, adhesives, retreaded tyres and other products
	PTOP tackifying resin	With excellent tackifying performance, it can be used in any composite rubber products that require high-viscosity bonding, particularly those based on synthetic rubber
Reinforcing resins	Modified phenol-formaldehyde resin Unmodified phenol-formaldehyde resin	Mainly used in the bead area of tyres, and also in sole adhesives and automotive window weatherstrips and similar applications
Adhesive resins	Resorcinol-formaldehyde resin	Widely used in various rubbers and for bonding steel cord, nylon, rayon, polyester, vinylon and glass fibre

PTBP

PTBP is an important organic phenolic intermediate which is primarily used in resin synthesis, polymer material modification, surfactants, and additives. It mainly serves as a molecular weight regulator and chain terminator in polycarbonate (聚碳酸酯). PTBP is classified into general grade and polycarbonate (PC) grade. We sell PTBP to our customers as well as using it for our in-house production of phenolic resins.

Electronic materials

The electronic materials segment represents our key strategic focus for ongoing development and growth. China's domestic chip manufacturing and related electronic materials industries are currently undergoing rapid development, driven, among other factors, by expanding wafer fabrication capacity in the PRC and favourable national policies. In parallel, demand for display panel materials is expected to increase as local display panel manufacturers place greater emphasis on the security and controllability of key materials in light of rising global supply chain uncertainties.

Revenue from our electronic materials segment amounted to RMB561.5 million, RMB744.9 million and RMB986.1 million for FY2023, FY2024 and FY2025, respectively, representing a CAGR of approximately 32.5%. In 6M2025 and 6M2026, revenue from our electronic materials segment were RMB441.5 million and RMB692.5 million, respectively, representing an increase of approximately 56.9%. Our product offerings under the electronic materials segment are mainly divided into (i) semiconductor materials, including semiconductor photoresists, CMP polishing pads, high-purity solvents and EBR; and (ii) display panel materials, including display photoresists, organic insulating films and light-emitting materials. Our electronic materials are mainly used in the production of semiconductors and display panels by our downstream customers.

Semiconductor materials

Semiconductor photoresists

Photoresist is an essential material used in photolithography, which is one of the major processes in the manufacturing process of semiconductors and display panels. In photolithography, circuit patterns on a photomask are projected onto the surface of a substrate coated with photoresist, and corresponding patterns are formed in the photoresist layer through exposure and development. These patterns are then transferred onto the substrate by subsequent processes such as etching and ion implantation, enabling the formation of micron- and nanometre-scale circuit structures on substrates such as wafers and glass panels, which are used in the production of semiconductors and display panels. Photoresist is one of the key materials in photolithography with the most stringent precision requirements. Its performance also directly determines the linewidth and lithography quality, making it an irreplaceable component in the entire process chain.

In terms of semiconductor photoresists, our product portfolio covers a range of products, including G-line, I-line, ArF and KrF photoresists. Each type operates at a distinct exposure wavelength, which determines the resolution and precision of circuit pattern transfer in the photolithography process. With the comprehensive range of products, we are able to meet the requirements of various process nodes and application scenarios across the semiconductor manufacturing value chain. As such, we have become one of the major domestic suppliers of photoresists for 8-inches to 12- inches integrated circuit production lines in the PRC.

High-purity solvents and EBR

High-purity electronic chemical EBR is a key solvent in semiconductor manufacturing, primarily used in the photoresist cleaning process. It serves as an edge bead remover or cleaning solution component to effectively dissolve residual photoresist, ensuring the cleanliness and yield of chip manufacturing. G5-grade EBR is currently the highest specification for electronic-grade solvents, which is mainly designed to meet the needs for ultra-high-purity solvents required by advanced chip manufacturing processes. In 2023, we successfully carried out trial production of G5-grade EBR. These products have achieved mass-scale supply to leading domestic advanced semiconductor chip manufacturers, successfully breaking foreign monopolies and establishing a benchmark for G5-grade EBR production technology in the PRC.

CMP polishing pads

CMP polishing pads are core consumables in chemical mechanical polishing (CMP) to hold and evenly distribute the polishing slurry, provide the mechanical contact and pressure for material removal, remove debris generated during polishing to maintain a stable environment to ensure that the wafer surface would achieve a uniform and flat polishing effect. CMP polishing pads are primarily used in cutting-edge fields such as microelectronics and semiconductors, where the quality and performance are especially critical in the manufacturing of high-performance integrated circuits and micro-nano devices. To deepen our presence in this field, we had established a new production facility, being the RA Changzhou factory, to engage in the R&D and manufacturing of CMP polishing pads. In 2025, we successfully secured orders for CMP polishing pad orders from several major domestic 8-inch and 12-inch wafer foundries and began production and delivery.

Display panel materials

Display photoresists

In terms of display photoresists, we are a leading local supplier of positive photoresist for LCDs in the PRC and the first PRC manufacturer to achieve commercial production of locally made positive photoresist for array applications. Our products cover all the mainstream display technologies such as amorphous silicon (a-Si), low-temperature polycrystalline silicon (LTPS), indium gallium zinc oxide (IGZO), and organic light-emitting diode (OLED), and have achieved stable commercial production and supply for a wide range of display panel production lines covering medium- to large-sized glass substrates.

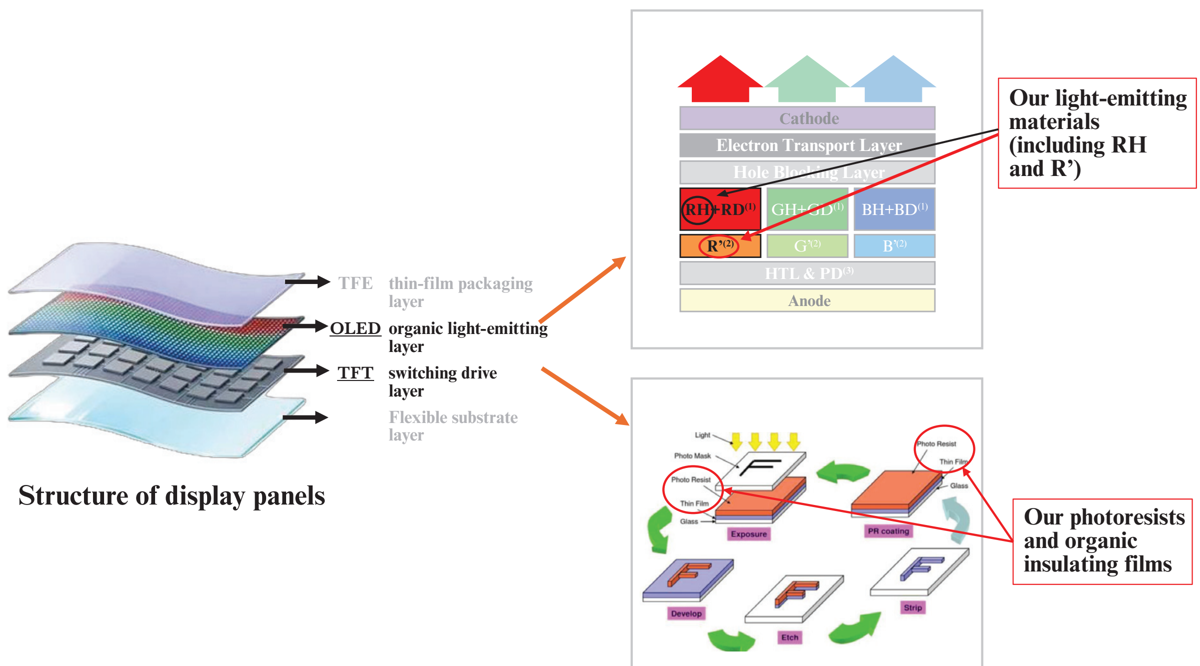
Organic insulating films

Organic insulating film typically refers to a functional thin-film resin used in the display industry through processes such as coating, exposure and development. With their relatively high dielectric constant and low out-gassing of impurities, they are used to form organic dielectric layers in electronic devices, improving capacitance design precision and meeting the production demands of high-resolution and high-reliability display devices. During the Track Record Period, we have launched new organic insulating film materials that combine a low dielectric constant with high light transmittance, significantly reducing the driving power consumption of display panels and accelerating the commercialization of low-power, high-definition display technologies.

Light-emitting materials

Light-emitting materials are functional materials that can convert electrical energy, light energy, or other forms of energy into electromagnetic radiation and visible light under external excitation. They are widely used in fields such as displays, lighting, signal indication and optoelectronic devices. In OLED light-emitting materials, we have achieved breakthrough in the large-scale application of highly efficient red light-emitting materials by our customers, supporting them in achieving breakthrough progress in high-color-gamut technology standards.

Set out below is an illustration of the application of our display panels materials in the production of display panels:



Structure of display panels

Notes:

(1) RH and RD, GH and GD, and BH and BD respectively denote pairs of red, green and blue organic light-emitting sub-layers with different dopant or host compositions within the organic light-emitting layer of the display panel, which together enable fine tuning of emission efficiency, color coordinates and device lifetime.

(2) R', G' and B' respectively denote modified or variant structures of the red, green and blue organic light-emitting sub-layers disposed within the organic light-emitting layer of the display panel.

(3) The hole transport layer and the doped emissive (prime-doped) layer.

Electronic resins

Electronic-grade phenolic resin is a type of high-performance synthetic resin for the high-technology electronics industry. It is primarily used as a curing agent for epoxy resins in the production of copper clad laminates (覆銅板). Copper clad laminates is a key base material for printed circuit boards which serve as essential components in a wide range of electronic applications including but not limited to telecommunications, consumer electronics, computers and automative electronics.

Fully biodegradable materials

Our products under the fully biodegradable materials segment primarily include PBAT products mainly used in packaging materials and agricultural mulch films. After conducting thorough feasibility study on, among other things, key demand drivers in the PRC market, including national policies promoting the control of plastic pollution as well as the market size of plastics and related products which could indicate the substitution potential for fully bio-degradable materials, we decided to tap into the fully biodegradable materials market to capture the future market demand. PBAT does not only have good ductility and elongation at break but also offers favourable heat resistance and impact properties. Since 2020, leveraging the PBAT polymerisation technology licensed by BASF SE, a leading global chemical company headquartered in Germany, we have been developing fully biodegradable materials for various applications. Our PBAT-modified materials have obtained food safety certifications from the relevant regulatory authorities in different countries and could be extensively utilized in the production of biodegradable food packaging. These materials exhibit exceptional barrier properties and outstanding transparency, positioning them as highly effective alternatives to the traditional polyethylene (PE) films.

During the Track Record Period, we recorded gross losses of RMB32.9 million, RMB56.4 million, RMB30.8 million and RMB6.7 million in FY2023, FY2024, FY2025 and 6M2026, respectively, mainly due to the lower-than-expected market demand as well as costs arising from manufacturing overheads and depreciation and amortization in respect of the relevant production line. For details, please refer to the sections headed "Financial Information — Description of selected components of our consolidated statements of profit or loss — Gross profit and gross profit margin" in this prospectus. As a result of insufficient market demand, the utilisation rate of our production line of PBAT products has remained low. For details, please refer to the paragraph headed "Production — Production capacity and utilisation rates" in this section. According to F&S, the fully biodegradable materials market (including PBAT) is expected to achieve long-term growth, supported by increasing environmental awareness and driven by more stringent performance requirements and broader application coverage in both the PRC and global markets. In light of such market potential, a number of market participants, including our Group, have entered or expanded into the PBAT market in recent years. Notwithstanding this positive long-term outlook, the growth in the market demand of fully biodegradable materials has materialised at a relatively gradual pace, due to, among other factors, the time and extent of the implementation of relevant government policies and the development of downstream applications. In particular, the adoption of fully biodegradable materials generally involves higher costs, which may constrain penetration in cost sensitive, lower value-added applications, while broader adoption of fully biodegradable materials in higher value-added sectors is expected to take time. Against this backdrop, the relatively slower than expected demand growth, together with the increase in market entrants and supply, has resulted in industry overcapacity and intensified price competition in recent years. We consider that these factors contributed to the lower-than-expected demand for our PBAT products and the sales performance of these products during the Track Record Period. With a view to enhancing the profitability of the business segment as well as the utilisation rate of the relevant production line, we continue to adopt measures to stimulate demands for our products such as advancing their solutions in both agricultural and packaging applications, deepening collaboration with potential customers and broadening end-use scenarios.

In 2025, we have made progress in our agricultural mulch film by developing specialty products for our customers to meet differentiated regional crop needs. We were working with several customers on potential cooperation and were conducting laboratory testing of these products. We also expanded into food packaging applications and, through long-term product testing with downstream customers, initially developed commercialised products that meet customers' requirements. We were in discussions with potential customers and conducting laboratory testing in respect of food packaging applications of our PBAT products at their facilities. Going forward, we will continue to invest in the R&D of high value-added applications of biodegradable materials across different industries and actively broadening our customer base and product offerings for biodegradable materials.

Product life cycle

Our products, which principally comprise rubber additives for tyres and other chemical products and electronic materials, do not have a clearly defined or fixed product life cycle, as demand for our products is primarily driven by our customers' ongoing production requirements and prevailing industry conditions rather than specific product replacement or upgrade cycles. The product life cycles for each product and/or SKU may vary depending on various factors such as specific product application, technological upgrades, changes in industry standards, regulatory requirements and evolving end-user preferences.

Pricing

The table below sets for the sales volume and average selling prices of our major product categories during the years /periods indicated.

	FY2023		FY2024		FY2025		6M2025		6M2026	
	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)
	(tonnes '000)	*(RMB '000)*	*(tonnes '000)*	*(RMB '000)*	*(tonnes '000)*	*(RMB '000)*	*(tonnes '000)*	*(RMB '000)*	*(tonnes '000)*	*(RMB '000)*
Rubber additives for tyres and other chemical products										
— Self-manufactured phenolic resins	110.4	15.1	120.3	14.8	124.3	13.5	61.9	14.1	69.7	13.4
— Other self- manufactured products	20.8	15.5	20.5	14.2	20.8	14.9	10.2	12.3	11.2	17.6
— Trading products	10.0	28.3	13.9	26.6	13.3	25.1	6.6	24.2	7.5	25.2
Electronic materials										
— Semiconductor materials	0.3	578.2	0.5	594.5	1.1	379.3	0.3	594.7	1.4	224.8
— Display panel materials	3.7	70.0	4.9	67.9	5.6	78.2	2.6	72.6	3.5	83.4
— Electronic resins and others	8.4	11.8	10.8	10.4	12.1	10.2	5.4	10.6	7.9	11.3
Fully biodegradable materials										
— PBAT	9.3	10.7	8.4	9.6	13.2	8.6	6.0	9.0	13.9	8.6

Note:

(1) Average selling price is calculated through dividing revenue by the relevant sales volume during the respective year/period, which represented the average price at which our products were sold to our customers.

For details of changes in the average selling price of our products, please refer to the section headed "Financial Information — Description of selected components of our consolidated statement of profit or loss — Revenue by segment" in this prospectus. We may need to adjust our product pricing from time to time in response to fluctuations in raw material costs, changes in market demand and competitive dynamics.

BUSINESS OPERATIONS

Operation flows

Set for the below is a summary of the key steps of our general business operation:

Procurement and production	Confirmation of Customer orders	Delivery	Issue of invoices
• Product management, production and procurement departments to formulate production and procurement plans of the following three months • Procurement department to arrange procurement of required raw materials • Production team of products in accordance with the monthly plan and liaise with R&D for any technical issues • On-going and rolling basis	• Customers contact us for order requests and quotation • Our sales department to confirm with customers the major terms of the order, including the specifications of products order, quantities, per unit price, delivery schedule and payment terms and arrange signing of purchase orders	• Logistics department to arrange third-party logistics companies to arrange delivery of products	• Finance department to issue invoices to customers after confirmation of receipt of products • Customers to settle the relevant transaction amounts in accordance with the agreed payment terms

Product certification by our customers

Prior to mass production of a new product, we are generally required to go through extended and rigorous certification processes by our customers which typically include extended product testing, technical specification verification and end-use application testing and on-site quality system audits. The time required for such certification processes vary depending on technical requirements and specifications of the relevant product and the customer. Specifically, given the stringent requirements, the product certification of our photoresist products may take around two to three years. On the other hand, given the stringent safety and quality requirements for tyres, the product certification process for our specialty rubber additives typically takes one to two years. Our products may be required to undergo customer certification procedures from time to time under various circumstances, including, but not limited to, the launch of new products or SKUs, changes in product formulations, or the supply of existing products or SKUs to new customers or for new applications. During the Track Record Period, we successfully completed the certification processes for various products and SKUs, demonstrating the consistent quality and reliability of our products as recognised by our customers. These successful verifications also reflect the strong recognition of our technological capabilities and quality management systems by our major customers and support the deepening of our long-term business relationships with them.

PRODUCTION

Production planning

We generally make production plans based on estimated sales. Our sales department would, on a monthly basis, formulate a three-month rolling plan based on market conditions and the annual budget and we would make production plan for the following month based on such plan. We also take into consideration the need to maintain sufficient inventory in preparation for urgent demand from our customers and mitigate any unexpected supply shortages of raw material or other events. After the monthly production plan is confirmed, each of our production bases will then arrange its daily production schedule for each production line based on its production capacity and conditions. We closely monitor the implementation of our production plan and promptly make any necessary adjustments in the event of any unexpected circumstances such as delays in supply of raw materials and production disruption.

Production process

The diagrams below illustrate the key production processes for our major products:

Phenolic resins

The production process includes the following key steps: (i) Formulation of raw materials: Preparing and mixing of raw materials (mainly include phenol, isobutylene and formaldehyde etc.) in accordance with specified ratios and formulation. We also produce PTBP as one of the upstream raw materials of our PTBP tackifying resin. PTBP is produced through an alkylation reaction between phenol and isobutylene in the presence of acid catalysts. (ii) Catalytic condensation reaction: Catalysts are added to the raw materials, and the mixture then undergoes polymerisation at controlled temperatures, forming resin structures through addition and condensation reactions. (iii) Dehydration: Water generated during the reaction are removed through distillation. (iv) Cooling and solidification: Resins are cooled and solidified to control molecular weight and viscosity (v) Granulation and drying: Solidified resins are processed into granules of the required particle size. Moisture is removed through hot air or vacuum drying to meet the required specifications. (vi) Packaging: The finished product is packaged and stored under appropriate conditions.

Photoresists

The production process includes the following key steps: (i) Raw material preparation: Prepare solid components and solvent in accordance with specific formulation and specification. (ii) Mixing and blending: Adding high-purity solvents into the mixing tank under controlled environment and gradually adding solid resin and other additives, maintaining specific temperature and timing until all solids are dissolved and forming clear solution. (iii) Performance testing: After the mixed solution has been aged for a defined period, we will take samples for performance testing. (iv) Filtration and purification: conducting pre-filters and ultrafine final filters to the qualified solution to remove gels, sub-micron particles, and residual metal-bearing contaminants. (v) Packaging: Fill the filtered photoresist into specific bottles to prevent contamination and solvent loss and store under appropriate conditions.

PBAT

The production process includes the following key steps: (i) Raw material preparation and esterification: Preparation of raw materials (mainly include purified terephthalic acid (PTA), adipic acid (AA) and an excess amount of 1,4-Butanediol (BDO)) and the addition of suitable catalysts etc. to carry out esterification under specified reaction conditions. (ii) Pre-polycondensation: Conduct pre-polycondensation reaction under controlled conditions (including temperature and vacuum) to remove water and excess BDO to attain required molecular weight and viscosity range. (iii) Chain extension: Further reaction of pre-polymerized PBAT under controlled temperature and vacuum until reaching the required specifications. (iv) Granulation: Cooling the materials and cutting them into uniform pellets. Drying and cooling the pellets to prevent them from sticking to each other. (v) Packaging: Packing the PBAT pellets and storing them under appropriate conditions.

Production facilities

As at the Latest Practicable Date, we had seven production facilities, a summary of which is set forth in the following table:

Production facilities	Location	Gross floor area *(sq.m.)*	Major product(s)	Year of commencement	Land/ property right
RA Chemical factory	Shanghai	46,412.96	Rubber resins and additives, PBAT	2012	Owned
Sino Legend factory	Zhangjiagang	28,122.13	Rubber resins and additives	2008	Owned
RA Zhenjiang factory	Zhenjiang	10,757.64	Electronic resins and additives	2021*(Note)*	Owned
RA Electronic factory	Shanghai	25,586.68	Semiconductor photoresists, high-purity solvents	2023	Owned
BAE (Hubei) factory	Hubei	18,913.80	Display photoresists	2022*(Note)*	Owned
Kempur factory	Beijing	9,321.13	Semiconductor photoresists	2021*(Note)*	Owned
RA Changzhou factory	Changzhou	7,253.71	CMP Polishing pads	2024	Leased

Note: As each of the RA Zhenjiang factory, BAE (Hubei) factory and Kempur factory was established prior to our acquisition of the controlling interests in the respective subsidiary, the year of commencement of the respective factory represents the year of such acquisition.

Production capacity and utilisation rates

By production facilities

The table below sets forth a summary of our production capacity of our major production facilities, namely, the RA Chemical factory, the Sino Legend factory, the RA Zhenjian factory, the RA Electronic factory, the BAE (Hubei) factory and the RA Changzhou factory, and their utilisation rates during the Track Record Period:

	Designed production capacity(1)				Actual production volume				Utilisation rate (%)			
	FY2023	FY2024	FY2025	6M2026	FY2023	FY2024	FY2025	6M2026	FY2023	FY2024	FY2025	6M2026(1)
RA Chemical factory												
— Rubber resins and additives *(tonnes)*	95,000	95,000	95,000	47,500	52,332	58,111	62,961	35,313	55.1	61.2	66.3	74.3
— PBAT(2) *(tonnes)* . .	60,000	60,000	60,000	30,000	8,747	9,235	11,597	9,275	14.6	15.4	19.3	30.9
— Others *(tonnes)* . . .	35,000	35,000	35,000	17,500	19,131	25,894	25,143	16,820	54.7	74.0	71.8	96.1
Total	190,000	190,000	190,000	95,000	80,210	93,240	99,701	61,407	42.2	49.1	52.5	64.6
Sino Legend factory(3)(6)												
— Rubber resins and additives *(tonnes)*	72,000	72,000	72,000	36,000	79,509	82,224	79,193	42,572	110.4	114.2	110.0	118.1
RA Zhenjiang factory												
— Electronic resins and additives *(tonnes)*	40,000	40,000	40,000	20,000	11,249	15,073	17,307	10,747	28.1	37.7	43.3	53.7
RA Electronic factory(4)												
— Semiconductor photoresists *(tonnes)*	333	1,000	1,000	500	3	61	217	209	0.9	6.1	21.5	41.8
— High-purity solvent *(tonnes)*	6,267	18,800	18,800	9,400	7	212	1,357	2,186	0.1	1.1	7.2	23.3
Total	6,600	19,800	19,800	9,900	10	273	1,574	2,395	0.2	1.4	7.9	24.2
BAE (Hubei) factory(5)(6)												
— Display photoresists *(tonnes)*	6,000	6,000	6,000	3,000	3,682	5,094	5,936	3,102	61.4	84.9	98.9	103.4
— Others *(tonnes)* . . .	1,320	1,320	1,320	660	—	—	—	2	—	—	—	0.3
Total	7,320	7,320	7,320	3,660	3,682	5,094	5,936	3,104	50.3	69.6	81.1	84.8
RA Changzhou factory(7)												
— CMP polishing pads *(pieces)*	—	—	250,000	125,000	—	—	4,594	8,166	—	—	1.8	6.5

Notes:

(1) The designed production capacity is based on the approved annual production capacity of the production facilities. For illustrative purposes only, as to 6M2026, the annual designed production capacity has been adjusted on a pro rata basis for the calculation of the utilisation rates during the period.

(2) During the Track Record Period, the production line of PBAT at the RA Chemical factory was temporarily suspended from time to time due to low market demand. As a result, the utilisation rate of such production line has remained low during the Track Record Period.

(3) During the Track Record Period, the utilization rate of our Sino Legend factory exceeded 100% mainly due to increase in sales volume driven by market demand. The Sino Legend factory manufactures a wide range of specialty materials for tyres, including, among others, tackifying resins, reinforcing resins and adhesive resins, and its products have completed certification by a number of international tyre customers. We are currently in discussions with customers regarding the transfer of the production of certain products to the RA Chemical factory. As the RA Chemical factory mainly produces tackifying resins and can therefore only take up part of the orders that were undertaken by the Sino Legend factory, and given that the relevant customer certification processes will take time, such production transfer will need to be implemented on a gradual basis. In addition, we may transfer part of the orders currently fulfilled by the Sino Legend factory to our new overseas production facility after its construction is completed.

(4) The RA Electronic factory had a lower utilisation rate in the Track Record Period as it was newly established and only commenced production in September 2023. For illustrative purposes only, the annual designed production capacity of the RA Electronic Factory in FY2023 has been adjusted on a pro rata basis for the purpose of calculating the utilisation rates. Given that semiconductor photoresists and high-purity solvents generally require a relatively long product certification period, the utilisation rate of the RA Electronic factory increased gradually

during the Track Record Period. For details of the product certification process, please refer to the paragraph headed "Business operations — Product certification by our customers"in this section. During the Track Record Period and up to the Latest Practicable Date, the RA Electronics factory completed certification procedures and commenced commercial production for various products and/or SKUs. As the RA Electronics factory may be required to undergo different customer certification procedures from time to time in connection with, among others, the introduction of new products or SKUs, changes to formulations and the supply of existing products or SKUs to new customers or for new applications, our Directors believe that its utilisation rate is expected to continue to increase at a steady pace.

(5) During 6M2026, the utilisation rate of our production facilities for display photoresists at the BAE (Hubei) factory exceeded 100%, primarily due to the continued increase in sales of our display panel materials. We will plan for further enhancement to our production capacity for display photoresists based on our business development needs.

(6) During the Track Record Period, the Sino Legend factory and BAE (Hubei) factory did not engage in over-capacity production exceeding 30% of the approved production capacity, over which could constitute a violation of laws or regulations or subject to administrative penalties. Under the Environmental Impact Assessment Law (《環境影響評價法》) and the Notice on Issuing the "List of Major Changes in Pollution-Affecting Construction Projects (Trial)" issued by the General Office of the Ministry of Ecology and Environment (《生態環境部辦公廳關於印發〈污染影響類建設項目重大變動清單(試行)〉的通知》), an excess capacity ratio of no more than 30% does not constitute a major change to the approved construction project that may otherwise require re-compliance of the requisite environmental impact assessment procedures. Therefore, as advised by the PRC Legal Adviser, our Sino Legend factory and BAE (Hubei) factory were not required to undertake renewed environmental impact assessment procedures as a result of their over-capacity productions there.

(7) As the RA Changzhou factory commenced production only at the end of 2024, we did not record any production volume of CMP polishing pads at the RA Changzhou factory in 2024.

(8) Given that production at the Kempur factory is expected to be gradually relocated to the RA Electronics factory, as further described in the section headed "Licences, permits and registrations" in this section below, the production capacity of the Kempur factory has not been included in the table as it would not reflect our ongoing production capacity.

During the Track Record Period, some of our production facilities, including RA Zhenjiang factory, RA Electronic factory and the RA Changzhou factory, recorded relatively low utilisation rates. This was primarily because our products, as advanced chemical materials, are generally required to undergo extended and rigorous customer product certification processes prior to the commencement of full commercial production. For details of our product certification processes, please refer to the paragraph headed "Business operations — Product certification by our customers" in this section. As the relevant production facilities and/or production lines are relatively new, they are still in the process of building up their product portfolios and their utilisation rate is expected to increase gradually over time as more products and/or SKUs have completed the customers' product certification processes. As at the Latest Practicable Date, we were establishing our first overseas production base for the production of rubber additives in Thailand, with an expected annual production capacity of 30,000 tonnes of rubber additives. For details, please refer to the paragraph headed "Our strategies — Broaden our international presence and global supply capabilities through strategic expansion in overseas markets" in this section.

By business segments

The table below sets forth a summary of the production capacity and utilisation rates of our production facilities by our business segments during the Track Record Period:

	Designed production capacity[(1)] (tonnes)				Actual production volume (tonnes)				Utilisation rate (%)			
	FY2023	FY2024	FY2025	6M2026	FY2023	FY2024	FY2025	6M2026	FY2023	FY2024	FY2025	6M2026
Rubber additives for tyres and other chemical products	194,000	194,000	194,000	97,000	133,885	143,809	146,323	79,940	69.0	74.1	75.4	82.4
Electronic materials[(2)(3)]	37,240	50,440	50,440	25,220	12,923	17,142	20,680	14,117	34.7	34.0	41.0	56.2
Fully biodegradable materials[(4)]	60,000	60,000	60,000	30,000	8,747	9,235	11,597	9,275	14.6	15.4	19.3	30.9

Notes:

(1) The designed production capacity is based on the approved annual production capacity of the relevant production facilities or production lines. For illustrative purposes only, as to 6M2026, the annual designed production capacity has been adjusted on a pro rata basis for the calculation of the utilisation rates during the period.

(2) The production capacity and actual production volume of our CMP polishing pads, which are measured in pieces, are excluded as their units of measurement are not directly comparable with, and cannot be aggregated with, those of our other products (which are measured in tonnes). For details of the production capacity and production volume of our CMP polishing pads at the RA Changzhou factory, please refer to the paragraph headed "Production — Production capacity and utilisation rates — by production facilities" in this section above.

(3) We recorded relatively low utilisation rates in respect of our production lines for our electronic materials segment during the Track Record Period as these products had been undergoing the relevant customer certification process on a gradual basis. For details, please refer to the paragraph headed "Production — Production capacity and utilisation rates — By production facilities" in this section above. Following the completion of certification procedures for various products and/or SKUs in our electronic materials segment, the utilisation rates of the relevant production facilities have recorded a steady growth during the Track Record Period from 34.7% in FY2023 to 56.2% in 6M2026.

(4) During the Track Record Period, the production line of PBAT was temporarily suspended from time to time due to low market demand. As a result, the utilisation rate of such production line under our fully biodegradable materials segment has remained low during the Track Record Period. For details, please refer to the paragraph headed "Our products — Fully biodegradable materials" in this section above.

Production machinery and equipment

Our major production machinery and equipment mainly include reaction vessels, distillation tower, large-scale storage tank and other electronic testing equipment, most of which are owned by us. We mainly sourced our machinery and equipment from manufacturers in the PRC. For the depreciation method of our machinery and equipment, please refer to the section headed "Appendix I — Accountants' Report — Note 2.3" in this prospectus. We conduct regular maintenance of our machinery and equipment. We generally carry out maintenance at intervals of approximately one to three years, depending on the specific type and condition of the equipment and instrument. During the Track Record Period, we did not experience any insufficiency of machinery or equipment or malfunctioning of machinery or equipment which would have had a material impact on our business, financial condition or results of operations.

QUALITY CONTROL

We place great emphasis on the quality of our products, which we believe is vital to our operations, and we strive to maintain high standards through a robust quality management system, which is developed in alignment with IATF16949, ISO9001, ISO45001 and ISO 14001 standards. Our quality control department is the primary entity responsible for quality management and supervision for the entire process of our operations, from supply to production and further to procurement and inventory management. In term of, R&D management, the team is responsible for organizing and executing all forms of verification and validation, along with preparing and updating various inspection procedures. They regularly summarize quality records and conduct data analysis to foster continuous improvement and ensure adherence to our standards. For supplier quality management, we have implemented a robust supplier onboarding management system with clearly defined supplier qualification principles. Suppliers are selected against a stringent set of criteria to ensure sustained compliance with our standards. We have formulated precise specifications for all raw materials and strictly implement incoming material inspections as well as sample testing. In addition, we conduct comprehensive qualification assessments on shortlisted suppliers to evaluate their technical capabilities. For product quality management, we perform various quality inspection and testing procedures at different stages of our operations. This ensures that our products meet the relevant quality standards and comply with applicable laws and regulations. Upon delivery, all products undergo rigorous inspections aligned with our established quality management standards. We verify that each product adheres to the sales specifications effective at the time of shipment to customers, providing an assurance of quality and compliance. For customer service quality management, we have implemented a procedure to efficiently resolve customer complaints. Across the full product lifecycle spanning design, R&D, manufacturing and delivery, customer feedback is systematically managed, fulfilling our commitment to customer satisfaction.

SALES AND MARKETING

Geographical distribution

During the Track Record Period, our products were mainly sold in the PRC. In FY2023, FY2024, FY2025 and 6M2026, approximately 81.3%, 81.0%, 81.5%, 82.2% of our total revenue was generated from sales in the PRC. During the Track Record Period, we also sold our products worldwide covering more than 40 countries and regions worldwide. In FY2023, FY2024, FY2025 and 6M2026, our overseas sale accounted for approximately 18.7%, 19.0%, 18.5% and 17.8% of our total revenue, respectively.

The following table sets forth the breakdown of our revenue by geographical regions, based on the locations of our customers, during the Track Record Period:

	FY2023		FY2024		FY2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PRC	2,388,611	81.3	2,644,288	81.0	2,787,095	81.5	1,754,367	82.2
Asia (excluding PRC)								
— Thailand	152,141	5.2	154,628	4.7	159,373	4.7	95,455	4.5
— Japan and Korea	132,340	4.5	157,432	4.8	142,180	4.2	81,457	3.8
— Rest of Asia	168,123	5.7	193,224	5.9	224,238	6.6	140,545	6.6
Europe	53,156	1.8	67,754	2.1	58,881	1.7	25,218	1.2
America	31,604	1.1	41,083	1.3	38,449	1.1	29,258	1.4
Others	11,360	0.4	4,971	0.2	10,362	0.3	6,764	0.3
Total	**2,937,334**	**100.0**	**3,263,380**	**100.0**	**3,420,577**	**100.0**	**2,133,064**	**100.0**

Our Sales Channels

We have established a sales model in which our products are mainly sold through direct sales channels, with additional sales made through resellers. The table below sets out a breakdown of our revenue by sales channel during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct customers	2,683,609	91.4	2,980,059	91.3	3,117,065	91.1	1,508,247	91.4	1,953,585	91.6
Resellers	253,725	8.6	283,321	8.7	303,512	8.9	142,270	8.6	179,479	8.4
Total	**2,937,334**	**100.0**	**3,263,380**	**100.0**	**3,420,577**	**100.0**	**1,650,517**	**100.0**	**2,133,064**	**100.0**

Direct Sales

We mainly supply our products to downstream customers through direct sales. During FY2023, FY2024, FY2025 and 6M2026, revenue generated from direct sales represent approximately 91.4%, 91.3%, 91.1% and 91.6% of our total revenue, respectively. We had 578, 572, 635 and 504 direct sales customers in FY2023, FY2024, FY2025 and 6M2026, respectively, which were mainly tyre, semiconductors and display panel manufacturers. Adopting a direct sales model enables us to precisely understand and respond to customer needs, allowing us to offer tailored services that meet our customers' specific requirements. We remain focused on building a direct sales customer base that includes key industry players in both the PRC and overseas markets.

Indirect Sales

We have conducted a small portion of our sales to customers who are resellers, who, to the best of our knowledge, may on-sell our products to their downstream customers. In FY2023, FY2024, FY2025 and 6M2026, the revenue from our sales to the resellers amounted to RMB253.7 million, RMB283.3 million, RMB303.5 million and RMB179.5 million, respectively, representing 8.6%, 8.7%, 8.9% and 8.4% of the total revenue for the same years, respectively. During FY2023, FY2024, FY2025 and 6M2026, we sold our products to 32, 33, 37 and 40 resellers, respectively. As compared to FY2023, we entered into transactions with two new resellers and ceased to have business transaction with one reseller during FY2024. On the other hand, we entered into transactions with six new resellers and ceased to have business transactions with two resellers during FY2025, as compared to FY2024. In 6M2026, we entered into transactions with 10 new resellers, while we ceased to have business transactions with seven resellers with whom we had transacted in FY2025. We primarily sell our products to our resellers in order to more effectively serve overseas markets and to expand our geographic coverage and customer reach in a cost-effective manner, as the resellers would typically provide localized services, including import formalities, local logistics and warehousing services to the downstream customers. In addition, we sell our products to certain PRC resellers for onward sales to relatively small-scale end customers in the PRC, enabling us to more effectively manage payment collection and mitigate the credit risks that may arise from direct sales to such end customers. During the Track Record Period, we sold our products to resellers in regions such as the PRC, Japan, South Korea, India and Southeast Asia and there is no material difference between the type of products we offered to our direct customers and reseller customers. As confirmed by F&S, it is not uncommon for chemical materials manufacturers to conduct part of their sales through resellers to leverage on their sales networks, local market knowledge and customer relationships.

We treat the resellers (including both the overseas and PRC resellers) under our indirect sales model as our customers instead of distributors. We supply and deliver products to locations specified by such resellers, and at such point, control over the products would be transferred to them. Revenue from goods sold under the indirect sale model is recognized using the same principles as those applied in our direct sales model. We do not enter into long-term agreement with the resellers and major terms of our purchase orders with the resellers are generally the same as those of our direct sales customers. Under our purchase orders with the resellers, there were no terms (a) requiring a minimum purchase amount or imposing a minimum sales target; (b) restricting the appointment of distributors or sub-distributors; and (c) mandating selling prices to any sub-distributor (if any) or their downstream customers. We do not generally accept return of unsold products, except in specific circumstances such as product defects or quality issues caused by us. Please refer to the paragraph headed "Sales and marketing — Product returns and warranty" in this section for further details.

On the basis that (i) we do not impose minimum purchase amount or sale target on the resellers; (ii) we do not generally accept return of unsold products from the resellers except for quality issues; (iii) the relationships between us and the resellers are categorised as seller-buyer relationship on a "buy-out" basis; and (iv) our products are mainly customised for specific end-use applications rather than for general use, and we therefore believe that orders placed by our resellers generally correspond to underlying end customers' demand, our Directors consider that the risk of channel stuffing in respect of our sales to the resellers is low. Based on independent due diligence work conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would cause it to disagree with our Directors' view above.

Before commencing our business relationship with the resellers, in addition to their background, we would also evaluate their regional marketing resources, industry knowledge, familiarity with local customer needs, track record of creditworthiness and customer feedback, the types of end customers the resellers serve and their target sales regions. We conduct rigorous reviews of our business relationship with the resellers through regular assessment, including evaluation on metrics such as sales volume, revenue, market share, and new product development. We maintain close communication with our reseller customers and would monitor and inquire about any material changes in their orders such as order volume or frequency (if any). However, we do not generally impose specific control measures over (i) the business transactions between the resellers (including both overseas and PRC resellers) and their downstream customers, including matters such as their inventory levels or the appointment of downstream distributors or sub-distributors (if any); or (ii) their downstream distributors or sub-distributors (if any). As our products are mainly customised rather than for general application, it would be difficult for any resellers or downstream distributors or sub-distributors (if any) to market and sell such products without our technical guidance. Accordingly, we do not consider that the appointment of any distributors or sub-distributors (if any) by our resellers would have a material impact on our Group. If any reseller or its downstream distributors or sub-distributors (if any) acts in a manner that adversely affects our interests, we will take prompt corrective actions, including termination of cooperation where necessary.

To the best of our knowledge, as at the Latest Practicable Date, all of our resellers are Independent Third Parties. To the best of our knowledge, other than the ordinary business relationships, there is no other relationship between the resellers and each of our Company, our subsidiary, our Shareholders who owned 5% or more of the total issued Shares, Directors or senior management or any of their respective associates.

Major terms of typical sale and purchase agreements with our customers

We do not generally enter into long-term agreement with our customers. We generally enter into separate purchase orders with our customers on an order-by-order basis.

Terms of each purchase order may vary. Set out below are the salient terms of typical purchase orders entered into with our customers:

- ***Duration:*** We generally enter into separate purchase order with our customers for each order.
- ***Pricing policy:*** The purchase order generally set out the unit price and the total contract price (including and excluding VAT).
- ***Payment and credit term:*** We generally require our customers to make prepayment prior to delivery or pay within 10 days to 90 days on delivery or following the issuance of invoice.
- ***Logistics:*** We are generally responsible for delivering our products to locations, ports or terminals as designated by our customers, depending on the terms of sales of the individual orders.
- ***Return arrangements:*** We typically do not allow product return except for limited reasons related to product quality issues.
- ***Termination:*** The purchase order may be terminated upon the mutual consent between our customers and us.

Pricing Policy

We regularly monitor the prevailing market prices and industry pricing trends to ensure the sustainability and profitability of our operations. The sales team formulates product prices in a comprehensive manner by considering multiple key factors, including (i) raw material cost, (ii) market demand; (iii) prevailing market price, and (iv) our sales strategy.

Logistics and delivery

During the Track Record Period, we utilized qualified third-party logistics service providers to handle the transportation of our finished goods from our production plants to locations designated by customers. Once our finished products have undergone production inspection and are stored in the warehouse, our system aligns the shipping plan with sales orders and assigns transportation responsibilities to the appropriate logistics providers based on customer destinations. We select third-party logistics service providers through an internal comparison system to conduct automated comparisons of quotations submitted by logistics providers, considering factors such as past performance, operational capabilities and collaboration track record to determine their respective scope and regions of service. We establish stringent transportation standards that these logistics providers must adhere to, and we assess their compliance and performance monthly to ensure efficient and reliable delivery of our products.

Our arrangements with third-party logistics service providers enable us to deliver products in a fast and efficient manner, while reducing our capital expenditure and mitigating risks associated with traffic accidents, delivery delays and product loss for which we would otherwise be liable. We monitor each order in accordance with the delivery timelines specified in the contracts and require logistics providers to upload customer receipt confirmations in real time.

Our business operations involve the transportation and delivery of hazardous raw materials and products, which inherently carries risks of leaks, spills or other accidents that may result in personal injury, property damage and/or environmental contamination. Depending on the terms of the relevant agreements or purchase orders, the delivery of raw materials and products may be arranged either by us or by our customers or suppliers. Where we are responsible for the transportation and delivery of any hazardous raw materials and/or products, in order to mitigate the risks arising during transportation, we will ensure that qualified third-party carriers holding the requisite hazardous goods transportation licences are engaged to handle such deliveries. On the other hand, where the transportation and delivery of raw materials and products are arranged by our customers or suppliers, they will be responsible for any risks arising during transportation.

Product returns and warranty

We normally grant our customers a warranty period of nine to 12 months. We typically do not allow our customers to return products to us, except under certain circumstances in relation to quality issues, our customers may request return or replacement of such defect products. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product returns or claims from our customers with respect to product defects or quality issues.

Customer complaints policies

We have established a sound complaint handling process to ensure that customer complaints are handled in a timely and fair manner. The procedure is generally initiated by the customer's quality control department by issuing a complaint report to our sales team. Upon receiving the report, our sales team will promptly submit it to the quality control department of the corresponding production plant, who will conduct a thorough internal analysis to identify the root cause of the complaint and issue a report to provide formal feedback to the customer. Once the customer confirms that the identified problem has been effectively improved and resolved, the complaint will be officially closed. We prioritize clear communication and effective response strategies to manage customer feedback efficiently. Our sales team actively engages with customers to ensure that their concerns are addressed satisfactorily and that they receive timely updates throughout the resolution process. This commitment to transparency reinforces our dedication to quality and service excellence.

After-sales support services

We have developed a high-quality after-sales service and customer support team. In the event that our products have any defect or quality issue, we will arrange for replenishment or replacement within the specified timeframe upon receipt of customer notification. We regard premium after-sales service as pivotal to our success, as it optimizes the product value chain and elevates satisfaction levels among both customers and end-users. To maintain effective communication with our customers, we conduct regular after-sales satisfaction surveys, gathering feedback through our sales team. For any unsatisfactory feedback and suggestions raised by customers, our customer service department will convene cross-functional meetings with relevant departments to conduct a thorough assessment and analysis and discuss targeted response measures. Where the quality issue is attributable to our products, we commit to resolving it promptly in accordance with the customer's requirements, or fulfilling restocking or replacement within the timeframe requested by the customer.

Seasonality

We experience seasonal fluctuations in the demand for our rubber additives and other chemical products segment. We have historically experienced, and expect to continue to experience, a decrease in demand during July and August due to routine summer maintenance activities undertaken by our tyre manufacturers clients. Such maintenance activities generally involve equipment inspection, repair and replacement, as well as scheduled rest periods for production personnel, which are typically arranged to mitigate the operational challenges associated with high-temperature conditions during summer. To effectively manage these seasonal characteristics, we proactively engage with our clients to understand downstream demand changes, allowing us to prepare for production and inventory management well in advance. During the Track Record Period, our electronic materials and fully biodegradable materials businesses have no obvious cyclical or seasonal fluctuation.

Marketing

Our marketing strategy focuses on emphasizing our core competitive advantage: the synergistic combination of technology, service, and scale, which strategically positions us favorably against both domestic and international peers. We have positioned our brand as a leading integrated provider of new materials, emphasizing our core values of innovation, sustainability, and reliability. This strategic positioning has cultivated a strong brand reputation in both the tyre and semiconductor industries.

Complementing our dedicated internal sales and marketing team, our product promotion strategy is multifaceted, involving participation in industry events and leveraging customer referral channels. New products are promoted through technical exchanges with customers and presentations at industry conferences, while we enhance overseas brand awareness through sales visits, international exhibitions, and collaborations with local resellers. In the rubber additives segment for tyres and other chemical products segment, we strengthen our partnerships with our customers through joint research and development initiatives and customized production. Our collaborations with major domestic and international clients further amplify our global brand presence. Looking ahead, we will intensify international market promotion by establishing overseas subsidiaries and production bases, enabling more responsive, localized supply and services to customers worldwide.

OUR CUSTOMERS

During the Track Record Period, our customers mainly comprised tyre manufacturers, semiconductor manufacturers and display panel manufacturers. In FY2023, FY2024, FY2025 and 6M2026, we have a total of 610, 605, 672 and 544 customers, respectively.

Top five customers

Revenue from our five largest customers in each year during the Track Record Period amounted to RMB829.4 million, RMB926.6 million, RMB1,020.9 million and RMB619.9 million, representing approximately 28.1%, 28.4%, 29.8% and 29.1% of our total revenue for the respective year/period, while the largest customer in each year during the Track Record Period contributed 11.3%, 11.7%, 10.8% and 10.6% of our total revenue, respectively, for the same years/period.

The following tables set forth details of our top five customers during the Track Record Period.

FY2023

Ranking	Customer	Products sold	Year of commencement of business relationship	Credit terms	Payment method	Revenue	Percentage of total revenue
						(RMB'000)	*(%)*
1	Customer Group A(1)	Rubber additives	2015	up to 75 days	Bills and bank transfer	333,107	11.3
2	Customer Group B(2)	Electronic chemicals	2020	90 days	Bank transfer	241,986	8.2
3	Customer/Supplier Group C(3)	Rubber additives and Fully biodegradable materials	2009	up to 90 days	Bank transfer	113,703	3.9
4	Customer Group D(4)	Rubber additives	2019	10 days	Bills and bank transfer	71,667	2.4
5	Customer Group E(5)	Rubber additives	2015	up to 90 days	Bills and bank transfer	68,898	2.3
					Total	**829,361**	**28.1**

Notes:

(1) Customer Group A is a group of companies headquartered in the PRC that engages in the manufacturing, research and development of tyres. Customer Group A was founded in 1958 and listed on the Shanghai Stock Exchange, and is one of the top 10 tyre companies in the world. As at the Latest Practicable Date, we held 8.03% in the shares in a member of Customer Group A (which was the holding company of the other members within Customer Group A) ("**Customer Group A Holdco**"). In addition to our interests in Customer Group A Holdco, as at the Latest Practicable Date, Ms. Zhang, our executive Director and chairperson of our Board, was also indirectly interested in approximately 1.13% of the total issued share capital, and acted as a director of Customer Group A Holdco.

(2) Customer Group B is a group of companies headquartered in the PRC that engages in the manufacturing of semiconductor-based display products and are held by a company listed on the Shenzhen Stock Exchange in 2001. As at the Latest Practicable Date, RA Oriental (one of our non-wholly owned subsidiary) was indirectly owned as to 20% by a member of Customer Group B.

(3) Customer/Supplier Group C is a group of companies headquartered in Japan that engages in the trading, investment and manufacturing in sectors such as automobiles, energy, chemicals, food, and infrastructure, which was listed on the Tokyo Stock Exchange. Customer/Supplier Group C is also our supplier during the Track Record Period. For details, please refer to the paragraph headed "Overlapping of customers and suppliers" in this section.

(4) Customer Group D is a group of companies headquartered in the PRC that engages in the research, development and manufacturing of polyurethane, petrochemical, fine chemical, new materials, and new energy materials, which was listed on the Shanghai Stock Exchange in 2001.

(5) Customer Group E comprises two companies that engages in the manufacturing, research and development of tyres, one of which was founded in 1958 and listed on the Shenzhen Stock Exchange, and a major tyre company in the PRC.

FY2024

Ranking	Customer	Products sold/ Services provided	Year of commencement of business relationship	Credit terms	Payment method	Revenue	Percentage of total revenue
						(RMB'000)	*(%)*
1	Customer Group A	Rubber additives	2015	up to 75 days	Bills and bank transfer	382,584	11.7
2	Customer Group B	Electronic chemicals	2020	90 days	Bank transfer	267,458	8.2
3	Customer/Supplier Group C	Rubber additives and Fully biodegradable materials	2009	up to 90 days	Bank transfer	112,788	3.5
4	Customer Group F[(1)]	Rubber additives	2009	up to 90 days	Bills and bank transfer	85,357	2.6
5	Customer Group E	Rubber additives	2015	up to 90 days	Bills and bank transfer	78,437	2.4
					Total	**926,624**	**28.4**

Note:

(1) Customer Group F is a group of companies headquartered in the PRC that engages in the manufacturing, research and development of tyres, which was listed on the Shanghai Stock Exchange in 2011.

FY2025

Ranking	Customer	Products sold/ Services provided	Year of commencement of business relationship	Credit terms	Payment method	Revenue	Percentage of total revenue
						(RMB'000)	*(%)*
1	Customer Group A	Rubber additives	2015	up to 75 days	Bills and bank transfer	368,158	10.8
2	Customer Group B	Electronic chemicals	2020	90 days	Bank transfer	345,714	10.1
3	Customer/Supplier Group C	Rubber additives and Fully biodegradable materials	2009	up to 90 days	Bank transfer	126,401	3.7
4	Customer Group F	Rubber additives	2009	up to 90 days	Bills and bank transfer	109,540	3.2
5	Customer G[(1)]	Rubber additives	2022	60 days	Bills and bank transfer	71,050	2.0
					Total	**1,020,863**	**29.8**

Note:

(1) Customer G is a company established in the PRC in 2016 with a registered capital of USD0.2 million, and engages in the wholesale, import and export of chemical raw materials and products. Certain companies under the same group as Customer G were our suppliers during the Track Record Period. For details, please refer to the paragraph headed "Overlapping of customers and suppliers" in this section.

6M2026

Ranking	Customer	Products sold/ Services provided	Year of commencement of business relationship	Credit terms	Payment method	Revenue	Percentage of total revenue
						(RMB'000)	*(%)*
1	Customer Group B	Electronic chemicals	2020	up to 90 days	Bank transfer	226,412	10.6
2	Customer Group A	Rubber additives	2015	up to 75 days	Bills and bank transfer	215,971	10.1
3	Customer/Supplier Group C	Rubber additives and Fully biodegradable materials	2009	up to 90 days	Bank transfer	63,519	3.0
4	Customer Group F	Rubber additives	2009	up to 90 days	Bills and bank transfer	57,199	2.7
5	Customer Group H(1)	Electronic chemicals	2021	up to 60 days	Bank transfer	56,802	2.7
					Total	**619,903**	**29.1**

Note:

(1) Customer Group H is a group of companies headquartered in the PRC, and is one of the leading semiconductor foundries in the world, which was listed on the Main Board of the Stock Exchange and Shanghai Stock Exchange. It engages in the manufacturing, research, development and sale of semiconductor integrated circuits, covering chip manufacturing, testing, packaging, design services and technical services.

All of our five largest customers during the Track Record Period were Independent Third Parties. Save as disclosed, as at the Latest Practicable Date, to the best of our knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers during the Track Record Period.

PROCUREMENT AND SUPPLY

Raw Materials and Procurement

We procure a variety of materials and equipment necessary for the production of our products. The principal raw materials used in our production include phenolic resins, phenol, alkylphenol, isobutene, diisobutylene, resorcinol and formaldehyde, most of which are derived from the petrochemical and other basic chemical industries. In FY2023, FY2024, FY2025 and 6M2026, our cost of raw materials amounted to RMB1,813.2 million, RMB1,999.1 million, RMB2,117.4 million and RMB1,326.0 million, respectively, according for 80.5%, 81.0%, 81.2% and 80.6% of our cost of sales for the respective periods. We mainly procure our production materials from the PRC. We also procure certain raw materials from overseas countries and regions such as Japan and Vietnam.

We have an internal procurement department responsible for the procurement of raw materials, which formulates procurement plans based on the production schedule and inventory levels. Prior to entering into supply agreements with our raw material suppliers, we conduct due diligence on shortlisted qualified candidates and review their operational history, performance track records and market reputations. We also obtain various product samples from potential suppliers for inspection and testing by our quality control department and conduct on-site audits of their production facilities to ensure that the suppliers fully meet our quality standards. We generally select three or more suppliers to participate in the bidding process before formalizing a cooperative relationship with the supplier. Our procurement department then enters into procurement agreements and places purchase orders, tracks the execution process of the procurement agreements, and ensures timely delivery of the purchased materials. Upon receipt of the raw materials, we conduct inspections and examinations and retain the right to reject or return any supplies that do not meet our quality standards.

Our suppliers primarily comprise chemical manufacturers and chemical products trading companies. During the Track Record Period, the procurement price of phenol (our key raw material) from chemical trading companies remained relatively stable. The average procurement prices from such suppliers ranged from approximately RMB7,000 to RMB8,000 (tax inclusive) per tonne, which was broadly in line with the movement of the relevant market prices over the same period. To manage the fluctuation of raw material prices, we closely monitor market trends and adjust our procurement strategy accordingly to minimize the effects of price volatility. In particular, we regularly monitor movements in market prices of bulk raw materials through publicly available data and implement an internal price comparison process, under which we would obtain quotations from multiple suppliers before confirming any procurement. We also manage our procurement costs through contractual arrangements with certain of our suppliers. Under the relevant framework agreements, the procurement prices are typically adjusted on a regular basis with reference to the then prevailing market prices plus a fixed premium. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material fluctuations of raw material prices nor any material shortage or delay in the supply of raw materials.

Phenol, being one of our major raw materials, is subject to PRC anti-dumping duties, pursuant to which additional import duties ranging from 10.6% to 287.2% (depending on the originating countries) are imposed on imported phenol originated from the U.S., the European Union, Korea, Japan and Thailand since September 2019 under the PRC Anti-dumping Regulations (中國反傾銷條例). In FY2023, FY2024 and FY2025, we acquired approximately 4,900, 3,700 and 1,400 tonnes, respectively, of phenol originating from countries or regions subject to PRC anti-dumping duties, representing approximately 7.4%, 5.0% and 1.9% of our total procurement volume of phenol in the respective year. During 6M2026, we have not procured any phenol originating from such countries or regions. All phenol procured by us from overseas is imported into and used solely in export processing within bonded zones (保稅區) in Zhangjiagang and Shanghai of the PRC, with all such finished products being sold to overseas customers. Accordingly, we are exempt from PRC anti-dumping duties in respect of the imported phenol used in our products under the bonded processing arrangement. During the Track Record Period, we have not paid any PRC anti-dumping duties on phenol procured from overseas countries or regions. As at the Latest Practicable Date, we had no plan to further procure phenol originating from countries or regions subject to PRC anti-dumping duties.

Our Directors are of the view that the impact of the PRC anti-dumping duties on our raw material costs and supply stability has been limited on the basis that (i) as confirmed by F&S, locally supplied phenol of comparable price and quality has remained readily available in the PRC; and (ii) we had not experienced any supply chain disruptions or substantial cost increases due to tariff policies during the Track Record Period and up to the Latest Practicable Date. Based on independent due diligence work conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would cause it to disagree with our Directors' view above that the impact of PRC anti-dumping duties on our Group's raw material costs and supply stability has been limited.

OUR SUPPLIERS

During the Track Record Period, we primarily purchase raw materials from suppliers engaging in the processing of fossil fuels and trading of electronic and/or chemical products.

Supply chain management

In order to ensure the quality of the raw materials, we have established a supplier management policy to select the most suitable suppliers according to our procurement plans. We maintain a list of qualified suppliers to facilitate our selection of the most suitable raw materials suppliers based on selection criteria including technological expertise, infrastructure and equipment, product quality, product stability, credentials, reputation, and after-sales service. We implement stringent supplier management protocols. Our evaluation process for prospective suppliers involves batch quality assessments, timely delivery evaluation and regulation on-site audits of suppliers' manufacturing facilities. We rate our suppliers based on their performance, allowing us to eliminate any that do not meet our standards. In addition to assessing new suppliers, we conduct annual assessments of our existing suppliers through on-site inspections. We require our suppliers to promptly rectify any issues identified during these audits, and those who fail to take rectification measures in a timely manner will be removed from our list of qualified suppliers. Our operations are not dependent on a single supplier. To guarantee stable supply of raw materials, we have established relationships with multiple suppliers to avoid overdependence. Our R&D center has also created contingency plans specifically to address raw material shortages or production interruptions and has implemented a comprehensive set of solutions for material substitution.

We typically enter into separate purchase orders with our suppliers on an order-by-order basis, while from time to time we also enter into long-term framework agreements with certain suppliers to ensure stable supply of key raw materials for our production. Set out below are the salient terms of our long-term agreements with our suppliers:

- ***Duration:*** The duration of our long-term framework supply agreements is typically one year.
- ***Supply of products:*** The supplier shall supply the ordered amounts of raw materials (subject to adjustment or further agreement between the parties) to us on a monthly basis
- ***Price:*** The price of products would be determined with reference to the market price at the time of delivery
- ***Delivery:*** We typically collect the products at locations designated by our suppliers and are responsible for arranging the subsequent delivery.
- ***Product return:*** We have the right to return products that are not in conformity with the agreed product specifications.

Top five suppliers

We primarily procure our raw materials in the PRC and overseas. Purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB486.6 million, RMB556.8 million, RMB644.3 million and RMB448.8 million, respectively, representing 25.1%, 25.4%, 28.3% and 31.8% of our total purchases for the respective year/period. Purchases attributable to our largest supplier in each year during the Track Record Period amounted to RMB108.0 million, RMB170.0 million, RMB152.6 million and RMB133.8 million, respectively, accounting for 5.6%, 7.7%, 6.7% and 9.5% of our total purchases, respectively.

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

FY2023

Ranking	Supplier	Major products procured from the supplier	Year of commencement of business relationship	Credit terms	Payment method	Purchase amount	Percentage of total Purchase
						(RMB'000)	*(%)*
1	Supplier Group A(1)	Chemical materials	2012	Prepayment	Bank transfer	108,001	5.6
2	Supplier Group B(2)	Chemical materials	2013	10–15 days after month end	Bills and bank transfer	104,985	5.4
3	Customer/Supplier Group C(3)	Chemical materials	2009	up to 90 days	Bank transfer	98,438	5.1
4	Supplier D(4)	Chemical materials	2015	Prepayment	Bank transfer	91,378	4.7
5	Supplier E(5)	Chemical materials	2016	10 days after month end	Bills	83,776	4.3
					Total	**486,578**	**25.1**

Notes:

(1) Supplier Group A comprises two companies that engage in the sale of advanced materials such as high-purity chemicals, engineering plastics and medical-grade polymers, one of which was established in 2009 with a registered capital of USD2 million; and the other of which was established in 2005 with a registered capital of USD0.5 million.

(2) Supplier Group B comprises two companies established principally engaged in wholesale business involving chemical products, electronic products and metal materials, one of which was established in 2001 in the PRC with a registered capital of RMB15 million; and the other of which was established in 2011 in Hong Kong.

(3) Customer/Supplier Group C is a group of companies headquartered in Japan that engages in the trading, investment and manufacturing in sectors such as automobiles, energy, chemicals, food, and infrastructure, which was listed on the Tokyo Stock Exchange. Customer/Supplier Group C is also our customer during the Track Record Period. For details, please refer to the paragraph headed "Overlapping of customers and suppliers" in this section.

(4) Supplier D is a company established in the PRC in 2001 with a registered capital of RMB311.5 million, and engages in the processing of petroleum, coal, and other fuels.

(5) Supplier E is a company established in the PRC in 2011 with a registered capital of RMB0.5 million, and engages in the sale of chemicals, plastic products, and rubber products.

FY2024

Ranking	Supplier	Major products procured from the supplier	Year of commencement of business relationship	Credit terms	Payment method	Purchase amount	Percentage of total Purchase
						(RMB'000)	*(%)*
1	Supplier D	Chemical materials	2015	Prepayment	Bank transfer	170,009	7.7
2	Supplier Group B	Chemical materials	2013	10–15 days after month end	Bills and bank transfer	133,220	6.1
3	Supplier Group A	Chemical materials	2012	Prepayment	Bank transfer	113,449	5.2
4	Supplier F[(Note)]	Chemical materials	2014	up to 30 days from delivery date	Bills	71,627	3.3
5	Supplier E	Chemical materials	2016	10 days after month end	Bills	68,458	3.1
					Total	**556,763**	**25.4**

Note: Supplier F is a company established in the PRC in 2014 with a registered capital of RMB10 million, and principally engaged in the trading of chemical raw materials and products.

FY2025

Ranking	Supplier	Major products procured from the supplier	Year of commencement of business relationship	Credit terms	Payment method	Purchase amount	Percentage of total Purchase
						(RMB'000)	*(%)*
1	Supplier D	Chemical materials	2015	Prepayment	Bank transfer	152,630	6.7
2	Supplier Group G[(Note)]	Electronic materials	2021	45 days from delivery date	Bank transfer	150,635	6.6
3	Supplier Group B	Chemical materials	2013	10–15 days after month end	Bills and bank transfer	140,676	6.2
4	Supplier Group A	Chemical materials	2012	Prepayment	Bank transfer	119,466	5.3
5	Supplier F	Chemical materials	2014	up to 30 days from delivery date	Bills	80,891	3.6
					Total	**644,298**	**28.3**

Note: Supplier Group G comprises five companies representing Asia-pacific offices of a multinational group engaging in the fields of high-performance materials, electronic materials and industrial chemicals which is listed on the New York Stock Exchange.

6M2026

Ranking	Supplier	Major products procured from the supplier	Year of commencement of business relationship	Credit terms	Payment method	Purchase amount	Percentage of total Purchase
						(RMB'000)	*(%)*
1	Supplier Group G	Electronic materials	2021	up to 45 days	Bank transfer	133,843	9.5
2	Supplier D	Chemical materials	2015	Prepayment	Bank transfer	125,280	8.9
3	Supplier Group B	Chemical materials	2013	10–15 days after month end	Bills and bank transfer	88,231	6.3
4	Supplier Group A	Chemical materials	2012	Prepayment	Bank transfer	57,974	4.1
5	Supplier H[(1)]	Electronic materials	2021	60 days from invoice date	Bank transfer	43,423	3.1
					Total	**448,751**	**31.8**

Note:

(1) Supplier H is a company established in 1954 and headquartered in Japan that engages in the research, development, manufacturing, and sale of electronic materials, photosensitive materials and polymer products for semiconductor industry, which was listed on the Tokyo Stock Exchange.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year during the Track Record Period were Independent Third Parties. To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers in each year comprising the Track Record Period as of the Latest Practicable Date.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, two of our five largest customers, being Customer/Supplier Group C and Customer G, were also our suppliers. Customer/Supplier Group C is a Japanese conglomerate with operations across multiple sectors, who mainly purchased rubber additives, fully biodegradable materials and PTBP from us as a reseller for onward sales to Japan, and supplied us with chemical materials such as DIB and cresol (間對甲酚). Customer G is a company established in the PRC which mainly purchased catalysts from us as a reseller for onward sales. On the other hand, certain companies under the same group as Customer G, a multi-national manufacturer of metal-based chemicals, supplied us with chemical materials such as molybdic acid (鉬酸) and molybdenum salt (異辛酸鉬). The chemical materials we purchased from Customer/Supplier Group C and the group companies of Customer G were not specifically used in the production of the products sold to Customer/Supplier Group C and Customer G, respectively.

The total revenue we generated from Customer/Supplier Group C amounted to RMB113.7 million, RMB112.8 million, RMB126.4 million and RMB63.5 million in FY2023, FY2024, FY2025 and 6M2026, representing approximately 3.9%, 3.5%, 3.7% and 3.0% of our total revenue for the respective year/period. On the other hand, our purchases from Customer/Supplier Group C amounted to RMB98.4 million, RMB35.4 million, RMB21.3 million and RMB14.4 million in FY2023, FY2024, FY2025 and 6M2026, representing 5.1%, 1.6%, 0.9% and 1.0%, respectively, of our total purchase for the same year/period. The total revenue we generated from Customer G amounted to RMB31.7 million, RMB55.3 million, RMB71.0 million and RMB48.0 million in FY2023, FY2024, FY2025 and 6M2026, representing approximately 1.1%, 1.7%, 2.1% and 2.3% of our total revenue for the respective year/period. On the other hand, our purchases from companies under the same group as Customer G amounted to RMB37.3 million, RMB50.6 million, RMB41.6 million and nil in FY2023, FY2024, FY2025 and 6M2026, representing 2.0%, 2.3%, 1.8% and nil, respectively, of our total purchase for the same year/period.

The following table demonstrates the gross profit margin derived from Customer/Supplier Group C and Customer G during FY2023, FY2024, FY2025 and 6M2026:

	FY2023	FY2024	FY2025	6M2026
	%	%	%	%
Customer/Supplier Group C .	16.6	20.9	21.9	15.6
Customer G	6.5	11.3	17.7	19.7

Negotiations of the terms of our sales to and purchases from this overlapping customer and supplier were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from the overlapping customer and supplier were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis. According to F&S, the arrangement in respect of our transactions with the overlapping customers and suppliers are in line with industry norm.

INVENTORY MANAGEMENT

Our inventory comprises raw materials, work-in-progress and finished goods. As at 31 December 2023, 2024 and 2025 and 30 June 2026, our inventory level (after provision) amounted to approximately RMB430.7 million, RMB486.2 million, RMB581.4 million and RMB581.9 million, respectively. Our inventory turnover days for FY2023, FY2024, FY2025 and 6M2026 was 68 days, 70 days, 76 days and 65 days, respectively.

We have implemented an effective inventory control system that fosters close collaboration among various functional departments, including sales, procurement and production. Our sales team provide a rolling forecast of customer purchasing plans for the upcoming three months to both the procurement and production teams, allowing us to efficiently align our raw material sourcing and production schedules in advance. For details, please refer to the paragraph headed "Production — Production planning" in this section. We would formulate safety stock requirements for raw materials based on the production patterns of each production plant. The procurement department would make arrangements to schedule purchase orders taking in account such stock requirements and the lead times of different raw materials. We regularly review and assess the need to make provision on our inventories based on their carrying amount and net realisable value. In FY2023, FY2024, FY2025 and 6M2026, we made provision for our inventories of RMB11.3 million, RMB11.9 million, RMB10.2 million and RMB7.7 million, respectively.

RESEARCH AND DEVELOPMENT

We place strong emphasis on technological development and innovation. As at 30 June 2026, our R&D team consists of 300 dedicated personnel with approximately 80 individuals holding a master's or doctorate degree. For FY2023, FY2024, FY2025 and 6M2026, we recorded R&D expenses of RMB179.8 million, RMB216.6 million, RMB232.5 million and RMB118.4 million, respectively. As at 30 June 2026, we hold 410 registered patents in the PRC, including 281 invention patents and 129 utility model patents.

Our core technology and technical know-how

Set out below are the core technology and technical know-how required for our major products:

Phenolic resins

There are different technical requirements for the structural composition and distribution of phenolic resins in different application scenarios. The core technology involves the adjustment of molecular structure and its distribution to meet the application needs of different scenarios. For example, in the rubber sector, we have to establish the mechanism of phenolic resins in rubber formulations in order to design the appropriate structure of the phenolic resin to synthesise relevant products that satisfy application requirements.

PTBP

Optical-grade PTBP has specific requirements regarding certain impurities. As such, it is necessary to control the entire synthesis process to meet these impurity standards. In addition, there are also requirements for the raw materials used in the synthesis.

Photoresists

Our core technologies for the production of our photoresist products primarily relate to the design and precise control of key materials, advanced formulation engineering, and stringent manufacturing management. At the material level, this includes the structural design and performance control of the base resins and photosensitive components. At the formulation level, our core technical know-how lies in the design and optimization of the formulation of photoresist which would affect the coordination of its properties such as UV absorption, contrast, resolution and heat resistance. In addition, stable large-scale production and quality control technologies are indispensable, particularly ultra-clean manufacturing, filtration and purification processes for controlling trace metal ions and micro-particles, so as to ensure long-term consistency, low defectivity and high reliability in semiconductor manufacturing environments.

Photoresist resins

The production of photoresist resins requires a systematic and mechanistic understanding of the reactivity and structure-property relationships of different polymer backbones and functional groups, as well as the capability to rationally adjust and regulate the molecular structure of resins to satisfy the formation requirements of photoresist formulation. Given the stringent requirements for the production of photoresist products, it places high demands on the process engineering and quality control in the manufacture of resins to ensure consistency in mass productions. As photoresist systems impose exceptionally tight specifications on resin purity and lot-to-lot uniformity, resin manufacturing places very high demands on process engineering, including robust reaction scale-up, meticulous control of reaction kinetics and impurity profiles, and implementation of advanced in-process and final quality control regimes to ensure consistent mass production meeting semiconductor-grade standards.

PBAT

Our core technical know-how for the production PBAT products lies in the continuous polyester condensation reaction technology, particularly, the techniques in enhancing the effective molecular. In terms of knowledge on degradable molecular structure design, it includes the degradation cycle of the molecules under conditions such as industrial composting. In terms of structural design, in order to meet the application needs of certain specific scenarios, it is necessary to make fine adjustments to the structure to satisfy different requirements in processing and application.

R&D process

Our R&D process typically comprises four key states, including (i) planning; (ii) development and review; (iii) product verification; and (iv) mass production. From initial concept design through to achieving stable mass production of a technology, the full product development cycle generally requires approximately two years.

The planning process is initiated through two principal pathways. Under the sales-driven pathway, our product management department would from time to time identify innovation opportunities based on customer feedback and market demand and relay such findings to our R&D department for further development planning. Alternatively, new product development plans may be driven by internal R&D initiative, where our R&D personnel would conduct market studies and preliminary technical research to assess emerging needs and define potential product directions. During the development and review stage, our R&D team would conduct sample preparation and produces multiple prototype formulations for evaluation. Internal departments, including product management, production and R&D, collaborate on raw material procurement, the consolidation of technical input and requirements, and the execution of performance and reliability testing. We collaborate with our downstream customers in the product verification stage. Given the technological requirements of our products, we are generally required to go through product verification process by our customers. For details, please refer to the paragraph headed "Business operations — Product certification by our customers" in this section. Upon the completion of product certification, the product is finalized and transferred to mass production for commercial release. All relevant internal departments coordinate to supervise the manufacturing process, implement stringent quality control measures and manage customer orders and delivery arrangements.

R&D facilities and equipment

We have established our R&D centers in Beijing and Shanghai, focusing on the development of formulations for rubber additives, functional materials and electronic chemicals, as well as conducting testing in respect of the application of various materials. In addition, it has been our R&D initiative to integrate the development of electronic grade resin, key raw materials for photoresist and the application of electronic chemical products with a view to fostering the synergies between our R&D teams of semiconductors and display panel photoresist. Our product development process requires various equipment, mainly include (i) general physicochemical analytical equipment, such as equipment for chemical, physical, and elemental analysis; (ii) performance testing equipment for electronic chemicals such as exposure machines, lithography machines and other specialized instruments for photoresist processing and characterization; and (iii) performance testing equipment for rubber products such as mixers, tensile testers hardness testers, abrasion testers, and various sample preparation and cutting machines. For example, the development of our photoresist products involves the use of reactor vessel to synthesize key components, exposure tool to expose photoresist samples to patterned light and ultraviolet absorption spectrometer to measure the absorption of photoresists and raw materials at certain photosensitive wavelengths.

Collaboration

We would cooperate with leading universities and research institutes to jointly conduct R&D projects relating to our products and businesses from time to time. We typically enter into technology development agreements with such institutes, pursuant to which we would agree on the payment arrangements of the relevant R&D fees and the ownership of intellectual property rights on a case-by-case basis. Through our collaborations with a university, we developed certain core technologies and applied for the registration of four patents arising from such technologies during the Track Record Period. During the Track Record Period, we entered into collaborations with two universities for research and development in relation to certain applications of materials in rubber products, each with a term of three years and a lump-sum research and development fee payable by us shortly after execution of the cooperation agreements. The principal terms of the cooperation agreements include the timelines for the different stages of the research, the obligations of each parties, restrictions on the use or transfer of the relevant technology, confidentiality obligations of the parties, and the ownership of, and arrangements in relation to, any results of such R&D projects. Under such collaboration, the relevant intellectual property rights arising there from shall be jointly owned by the parties and both parties shall have the right to jointly apply for the relevant patents.

We attach great importance to the protection of intellectual property rights arising from collaborative R&D projects. Where the intellectual property rights are wholly owned by us, we will clearly provide in the relevant collaboration agreements that all patents, core technologies and other intellectual property rights developed thereunder shall belong to us and will impose restrictions on the use of such intellectual property rights on the relevant counterparty. We may also separately enter into confidentiality agreements with the key personnels of the R&D project and will promptly complete the relevant intellectual property registration and ownership confirmation procedures to ensure clear title. Where intellectual property rights arising from collaborations are jointly owned by us and the external party, we will clearly define the scope of such joint ownership, the rights and obligations of each part and the restrictions on the transfer, pledge, licensing and commercial use in the relevant collaboration agreements. Any commercial exploitation of such jointly owned intellectual property rights shall require the prior written consent of the other party.

As part of our integrated R&D strategy, we also collaborate closely with our customers in the R&D of different types of chemical materials and related technology. We collaborate with our customers to develop, refine and optimise formulations to meet their downstream application needs. Depending on the circumstances, we may from time to time enter into separate confidentiality agreements with customers in relation to such collaboration. During the Track Record Period, our collaboration with customers did not involve the development of any new patents.

Key R&D projects and achievements

During the Track Record Period, we were engaged in various R&D projects in relation to our products, major application sectors and other technical know-hows. For our R&D achievements during the Track Record Period, please refer to the paragraph headed "Our competitive strengths — Strong R&D capabilities that enable us to continuously deliver high-quality products" in this section. As at the Latest Practicable Date, some of our major on-going R&D projects include photoresists and supporting materials for advanced process nodes, photoresists and related materials for advanced packaging, G5-grade high-purity solvents and formulated process chemicals, high-resolution TFT positive photoresists and low-temperature photoresists and related resins for OLED production, as well as low-dielectric, high-sensitivity positive and negative organic film materials and related acrylic resins for LCD production. On the other hand, for phenolic resins, we are focusing on developing processes for sustainable and green phenolic resins. Furthermore, in respect of PBAT, we are developing raw materials with higher elongation performances according to customers' needs with respect to agricultural mulch films.

INSURANCE

We maintain a number of insurance policies to cover potential liabilities that may arise in our daily operations, including but not limited to public liability insurance, machinery breakdown insurance, environmental pollution liability insurance and work safety liability insurance. We believe our insurance policy covers major risks within our business, and our insurance policy is consistent with industry standards and complies with relevant rules and regulations set forth in PRC. Despite such, we may still be exposed to claims and liabilities that exceed our insurance policy. Please refer to the section headed "Risk factors — we may not have sufficient insurance coverage to cover our potential liability or losses" in this prospectus.

COMPETITION

We primarily operate our business in semiconductor materials, display panel materials and rubber chemicals for automobile tyres industries. These industries are characterised by high technical barriers, substantial R&D investment, and a strong emphasis on product innovation and quality. The semiconductor materials industry has been historically dominated by international companies, with PRC manufacturers rapidly narrowing the gap through innovation and local capacity expansion. Display panel materials follow a similar pattern, with a few international players holding dominant market share, while PRC companies leverage technological advancement and cost competitiveness to strengthen their market position. In rubber chemicals for automobile tyres, there is intense competition on formulation expertise, supply chain integration, and product breadth, while increasingly focusing on high-performance and sustainable solutions. All three industries, including semiconductor materials, display panel materials, and rubber chemicals for automotive tyre, feature significant entry barriers due to high technical requirements, substantial R&D investment, and strict product validation processes. We remain focused on leveraging our R&D capabilities, customer-centric strategies, industry experience and reputation and operational efficiency to maintain and strengthen our market position.

PROPERTIES

During the Track Record Period, we mainly operated our business through owned properties, land use rights and leased properties in the PRC. We primarily use our owned and leased properties as production facilities and office premises.

As at 30 June 2026, none of the properties held or leased by us had a carrying amount of 15% of more of our consolidated total assets and no single property interest forming part of our Group's property activities had a carrying amount of 1% or more of our total assets. As such, we are not required by Rule 5.01A(1) of the Listing Rules to include valuation reports in this prospectus. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance as described in paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance, to include a valuation report with respect to all of our interests in land or buildings.

Owned properties

As at 30 June 2026, we owned a total of 32 properties within the PRC and we have obtained property ownership certificates and/or building ownership certificates for our owned properties, except that RA Zhenjiang had not obtained the relevant building ownership certificate in respect of buildings with a total gross floor area of approximate 9,321.68 sq.m.. As advised by our PRC Legal Adviser, the lack of building ownership certificates does not affect our normal use of the properties or subject us to any administrative penalty under applicable PRC laws and regulations, but it may affect the exercise of our rights in the transfer, mortgage or disposal of the underlying properties.

RA Chemical

During the Track Record Period, the production lines of rubber resins and additives and PBAT of the RA Chemical factory had been in use prior to obtaining the required acceptance of completed construction project. As advised by our PRC Legal Adviser, for a project delivered for use before obtaining the acceptance of completed construction project (竣工驗收), the relevant PRC governing authorities may order the entity to rectify and impose a fine in the range of 2% to 4% of the contraction contract price. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties in respect of the above non-compliance of RA Chemical. As at the Latest Practicable Date, we had obtained the relevant acceptance of completed construction project and building ownership certificate for the properties of RA Chemical. In FY2023, FY2024, FY2025 and 6M2026, RA Chemical recorded revenue (before elimination of intra-group transactions) of RMB1,024.8 million, RMB1,107.1 million, RMB1,099.0 million and RMB713.9 million, respectively.

Based on the total contract price of the relevant buildings, the maximum potential fines in respect of the above non-compliances are estimated to be approximately RMB7.3 million. On the basis that (i) RA Chemical had already obtained the relevant acceptance of completed construction project and building ownership certificate and the non-compliance had been rectified; and (ii) RA Chemical had obtained a credit report from the Shanghai Public Credit Information Service Centre (上海市公共信用信息服務中心) (the "**RA Chemical Report**"), which confirmed that during the Track Record Period, RA Chemical had no violation records in respect of planning and resources, housing, sub-rural development, ecological environment, work safety or fire safety, our PRC Legal Adviser is of the view that, barring any material change in the PRC policies and regulations and the implementation and regulatory requirements of the local governments, the risk that RA Chemical would be retrospectively fined by the relevant government authority for commencement of operation prior to obtaining the acceptance of completed construction project is remote, and such non-compliance would not have any material adverse effect on the normal use and operation of the properties. Our PRC Legal Adviser further advises that, as RA Chemical has already obtained the building ownership certificate as at the Latest Practicable Date, the historical non-compliance has been rectified and we will not be required to relocate from the relevant properties.

According to the RA Chemical Report, RA Chemical had no record of violations or irregularities in production safety during the Track Record Period. We have also obtained a safety assessment report prepared by third party construction advisory company. Our Directors confirm that the properties of RA Chemical are in compliance with the relevant safety requirements in all material respects during the Track Record Period and up to the Latest Practicable Date.

RA Zhenjiang

As at the Latest Practicable Date, the properties of RA Zhenjiang are primarily used as our production lines for electronic resins and additives. Among the properties of RA Zhenjiang, buildings with approximately 9,321.68 sq.m. were established prior to our acquisition of RA Zhenjiang in 2021 ("**Pre-acquisition Properties**"). Due to the lack of relevant records, we were unable to ascertain whether the Pre-acquisition Properties had obtained the relevant construction planning permit and construction commencement permit prior to their construction. In addition, the remaining buildings with approximately 1,435.96 sq.m. that were constructed after our acquisition of RA Zhenjiang had been in use prior to obtaining the required acceptance of completed construction project ("**Post-acquisition Properties**").

According to our PRC Legal Adviser, we may be subject to the followings due to the lack of relevant construction planning permit, construction commencement permit and/or acceptance of completed construction project in respect of the properties of RA Zhenjiang:

(i) in respect of construction works carried out without the relevant construction planning permit (建設工程規劃許可證), the relevant PRC government authority may order the cessation of construction. If the impact on planning caused by such construction can be eradicated, the relevant PRC government authorities may order the rectification of such impact within a specified time limit and impose a fine of 5% to 10% of the construction price. If such impact cannot be eliminated, the relevant PRC government authority may (i) order the construction entity to demolish the construction within a specified time limit; (ii) if the construction cannot be demolished, confiscate the buildings or structures or any income illegally earned from such properties; and/or (iii) impose a fine of not more than 10% of the construction price;

(ii) in respect of construction work carried out without the relevant commencement permit (施工許可證), the relevant PRC government authorities may order the construction entity to suspend the construction, rectify the behavior within a time limit and impose a fine between 1% and 2% of the contract price of the project; and

(iii) for a project delivered for use before obtaining the acceptance of completed construction project (竣工驗收), the relevant PRC governing authorities may order the entity to rectify and impose a fine in the range of 2% to 4% of the contraction contract price.

Based on the total contraction price the relevant buildings, the maximum potential fines in respect of the above non-compliances are estimated to be approximately RMB4.8 million. In FY2023, FY2024, FY2025 and 6M2026, RA Zhenjiang recorded revenue (before elimination of intra-group transactions) of RMB114.4 million, RMB157.5 million, RMB180.6 million and RMB121.9 million, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties in respect of the above non-compliance of RA Zhenjiang. As at the Latest Practicable Date, we have obtained the building ownership certificate in respect of the Post-acquisition Properties. Based on (i) a credit report from the Jiangsu Public Credit Information Centre (江蘇省公共信用信息中心) (the "**RA Zhenjiang Report**") which confirmed that, during the Track Record Period, RA Zhenjiang had no violation records in respect of planning and resources, housing, sub-rural development, ecological environment, work safety or fire safety; and (ii) an interview conducted with the local Comprehensive Administrative Law Enforcement Bureau* (綜合行政執法局) (the "**Law Enforcement Bureau**"), which had confirmed that they would not order RA Zhenjiang to demolish or cease its operation at the relevant buildings, or impose administrative penalties on RA Zhenjiang, and RA Zhenjiang may continue to use the buildings for its normal production and operation, our PRC Legal Adviser is of the view that, barring any material change in the PRC policies and regulations and the implementation and regulatory requirements of the local governments, the risk that the relevant government authority would impose administrative penalties on RA Zhenjiang with respect to the above non-compliances is remote, and such non-compliance incidents would not have any material adverse effect on the normal use and operation of the properties of RA Zhenjiang. Our PRC Legal Advisor further advises that as the Law Enforcement

Bureau is responsible for the investigation and enforcement in relation to illegal construction of the region where the properties of RA Zhenjiang are located, it is competent to provide the above confirmation. Based on (i) the facts that RA Zhenjiang has already obtained the building ownership certificate for the Post-acquisition Properties as at the Latest Practicable Date and the relevant procedures for the Pre-acquisition Properties are being actively processed; and (ii) the confirmation of Law Enforcement Bureau as set out above, our PRC Legal Adviser is of the view that the risk of RA Zhenjiang being ordered to relocate is remote.

Based on the above, we consider that the non-compliances relating to the properties of RA Chemical and RA Zhenjiang would not have any material financial or operational impact on our Group. For further details on the risks associated with our owned properties, please see the section headed "Risk Factors — Risks relating to our business and our industry — We may be subject to administrative penalties with respect to non-compliance incidents of our owned properties" in this prospectus. According to the RA Zhenjiang Report, RA Zhenjiang had no record of violations or irregularities in production safety during the Track Record Period. We have also obtained a safety assessment report prepared by third party construction advisory company. Our Directors confirm that the properties of RA Zhenjiang are in compliance with the relevant safety requirements in all material respects during the Track Record Period and up to the Latest Practicable Date.

In addition to our owned properties in the PRC, as at 30 June 2026, we also owned lands in Thailand with a total land area of approximately 64,000 sq.m., which were used for the establishment of the Thailand Production Base. For details of the Thailand Production Base, please refer to the paragraph headed "Our strategies — Broaden our international presence and global supply capabilities through strategic expansion in overseas markets" in this section.

Leased properties

As at 30 June 2026, we leased six properties for our production and operation within the PRC, with an aggregate gross floor area of approximately 10,318.77 sq.m., which were mainly used as our office premises and production facilities. Our leases generally have lease terms ranging from one year to ten years. As at the Latest Practicable Date, the leases of all the above leased properties had been registered and filed with the relevant land and real estate administration bureaus in the PRC. As at 30 June 2026, we also leased three properties in Hong Kong with an aggregate gross floor area of approximately 410 sq.m., one property in Germany with a gross floor area of approximately 60 sq.m. and two properties in Thailand with a gross floor area of 63.36 sq.m. The overseas leased properties are used as our registered addresses and/or office premises.

ENVIRONMENT, SOCIAL AND GOVERNANCE

We are committed to incorporating principles of environmental protection and corporate social responsibility into our business strategy to drive long-term value and business sustainability. Our corporate vision of "Promoting the Sustainable Development of The New Materials Industry in An Innovative and Responsible Manner" (以創新和負責任的方式推動中國新材料產業的可持續發展) demonstrates our approach to ESG which focuses on clean production processes with low energy consumption and minimal pollutant generation. We have been a member of the United Nations Global Compact, a corporate sustainability initiative by the United Nations since December 2022. We have joined the Alliance to End Plastic Waste (AEPW), a non-profit organisation advocating to create a circular economy for plastic. Notably, our Sino Legend factory achieved the EcoVadis Platinum Award in the latest assessment cycle, securing the highest score within the industry in the PRC and standing as the sole recipient of this honor in the sector in 2026 as at the Latest Practicable Date. As part of our commitment to environmental protection, we have obtained the ISO 14001 Environmental Management certification and the IECQ Certificate of Conformity for Hazardous Substance Process Management. Internally, we have also established a strong environmental protection framework within our systems such as setting corporate standards for each major pollutant, establishing internal policies for hazardous waste management and investing in on-site waste management facilities. As a supplier to the automotive industry, we have also attained the relevant IATF16949 automotive industry-specific quality management system certification, a leading international quality management standard for the automotive industry, in addition to our ISO9001 quality management certification.

ESG governance structure

We have an established ESG governance structure which we embed into our day-to-day operations and workflow to continuously strengthen ESG management and implementation within our Company. Our Board, with our Environment, Health and Safety ("EHS") committee is ultimately responsible for ESG matters. Our board is primarily responsible for overall responsibility of our ESG strategy and reporting, reviewing and approving ESG plans and policies and assessing ESG-related risks and opportunities. In particular, our Board, with the support of our management, identifies and assesses material ESG risks (including climate-related risks) that may affect our Group's business model, value chain and financial performance over the short, medium and long term, and reviews the effectiveness of our Group's ESG risk management framework on a regular basis.

We have also established an ESG committee and ESG working groups dedicated to environmental protection and enhancing environmental awareness amongst our employees. Members of our ESG committee include two executive Directors, namely Mr. Ding Lin and Mr. Yuan Minjian, as well as other management across various departments and production facilities, ensuring a multi-tiered control mechanism within our Group. The committee is responsible for: (i) establishing standardised internal environmental protection policies and framework including treatment processes for waste and environmental emergency response plans to ensure effective implementation across the Group; (ii) keeping abreast with developments in ESG related laws and regulations to ensure our compliance with relevant ESG standards; (iii) defining the scope of environmental responsibility for other departments and committees within our Group to elevate employee's environmental awareness; and (iv) review any proposed changes to operational processes to ensure compliance with ESG policies. Regular training on ESG principles is conducted for our employees to improve ESG awareness throughout all levels of our Group.

As of 30 June 2026, independent directors accounted for 40% of our Board and women accounted for 10%. Within our Group, women comprised of 24% of the Group's senior and middle management. Upholding its core strategy of "talent-driven development", the Group actively integrates gender equality principles into talent development and organizational building, continuously advancing the advancement of female managers in strategic decision-making, technological innovation, and all levels of management.

ESG risk management and strategy

We recognise the diverse range of issues presented by ESG governance and have developed a risk management framework in relation to risks presented by ESG issues. By actively addressing the concerns of both our internal and external stakeholders in relation to ESG matters, and taking into account the unique aspects of our business, we identify and assess ESG issues that could significantly affect us, ensuring these considerations are integrated into our strategic, financial, and operational planning processes.

Through our risk management process, our ESG committee has identified the following material ESG risks which are important to our business operations and our shareholders. The following list sets out certain material risks identified and corresponding mitigation measures taken to address these risks:

- **R&D and green innovation:** We integrate ESG values into our R&D efforts by developing products that appeal to growing market preference for "green materials". We test and develop new materials that reduce pollutant emissions per unit of product and consume less energy in its production process, playing our part in the reduction of global greenhouse gas emissions and supporting broader societal initiatives such as China's carbon neutrality targets.

- **Information and privacy security:** There remains a security risk in relation to the data and information we store, including potential leak of trade secrets, customer data and sensitive information, which could lead to reputational harm, regulatory penalties and operational disruptions. In response to such risk, we have implemented strong information security measures such as tiered permission systems for sensitive information, encrypted storage, full data access tracing and strict confidentiality agreements for our employees.

- **Employee care and rights:** There are risks associated with employee wellbeing and rights, such as health, safety and noncompliance with labor laws and regulations which would affect our operations and reputation. To address such risks, we stay abreast with applicable labor laws and standards. Internally, we provide annual health checkups, consistent safety training and implementing health and safety protocol and monitoring to ensure the rights and safety of our employees and sustain our operations.

- **Environmental Risk:** In our production, there are risks associated with pollution and emissions. To mitigate such, we actively monitor our emissions levels through regular testing, formulate emergency response plans to minimize potential pollution in the event of an emergency, optimise our facilities into energy efficient and low water and energy consumption units and make timely disclosure regarding our compliance with environmental standards and regulations.

- **Customer rights protection:** A failure to protect our customers' rights could affect our customers' satisfaction, harm future business opportunities and lead to legal or regulatory liabilities. To mitigate the potential risk, we have implemented customer satisfaction processes to understand our customers' needs, pain points and wants and we deliver corresponding to such customer profile. We have also established closed-loop customer feedback mechanism, adhere to data security regulation, implement a tiered complaint management system to ensure customers get timely and adequate support thereby building trust and encouraging mutual success in our relationship.

To ensure the effective operation of our current ESG system, we employ multiple oversight mechanisms which include annual ESG management system audits and specialized environmental inspections. The ESG management system audit is the cornerstone of our ESG management system and is done by group-organized on-site audits, cross audits amongst subsidiaries and self-audits.

Response to climate change

Physical and transitional risks arising from climate change may lead to asset losses, increased costs and changes in market preferences for more environmentally friendly choices. The green transition and evolving market demands may affect our market competitiveness and inform our response to climate change. To address the challenges and uncertainties brought about by climate change, we have implemented environmental management measures focused on boosting resource efficiency, advancing green technology innovation, and strengthening the sustainability of our supply chain. In addition, we continue to stay informed on green trends within the industry. We actively engage in research, development and testing of new materials that reduce pollutants in the production stage and reduce energy consumption and pollutant emissions per unit of product.

Environmental protection

Environmental protection remains to be a priority for our Company, we actively conduct necessary environmental impact assessments, implement the "Three Simultaneities" system in relation to our construction projects and continue to invest into our ESG strategies. We are mainly engaged in the production of chemical materials including rubber additives and electronic chemicals. The production process involves the discharge of pollutants, including wastewater, exhaust gases and solid waste. During the Track Record Period, three of our subsidiaries, namely, RA Chemical, Sino Legend and RA Zhenjiang, have been designated as key pollutant discharging units by the environmental protection authorities. The discharge of pollutants in quantities which exceed regulatory standards will cause environmental harm. As at the Latest Practicable Date, all relevant operating units possess valid Pollutant Discharge Permit in compliance with relevant environmental regulations.

We regularly monitor the discharge of the “three wastes” namely wastewater, waste gas and solid waste of our production facilities to develop and implement an effective waste management policy. As a key pollutant discharging unit, we publicly disclose information on our pollutant discharge levels, operational status of our environmental protection facilities and pollution outlets on PRC government websites for public oversight. We have also formulated a comprehensive emergency response plan in response to environmental incidents and filed such plan with relevant environmental authorities to avoid adverse environmental impact where such incidents were to occur.

During the Track Record Period, we had been subject to administrative penalties in respect of two incidents relating to our RA Chemical factory. Specifically, the automatic monitoring equipment at the RTO exhaust gas outlet of the RA Chemical factory was found to have not been operating properly during an inspection by the relevant government authority in June 2024, for which a fine of RMB20,000 was imposed. We consider that this incident was primarily attributable to the failure of the third-party maintenance service provider engaged by us to identify the abnormal operation of the equipment in a timely manner, which resulted in excessive testing errors during the inspection, and was not caused by any exceedance of emission standards by the RA Chemical factory. In addition, the automatic monitoring data of the inorganic wastewater discharge outlet of the RA Chemical factory was found to have exceeded the permitted concentration limits, resulting in a fine of RMB352,000. In March 2025, during the intermittent discharge of inorganic wastewater, an abnormality was detected in the automatic monitoring data at one of the inorganic wastewater discharge outlets of the RA Chemical factory, upon which we immediately suspended the discharge of wastewater and implement control measures. As the wastewater was discharged on an intermittent basis, the number of valid monitoring data points recorded by the system on that day was relatively limited. Based on such records, the calculated daily average wastewater concentration was found to have exceeded the permitted concentration limits. As at the Latest Practicable Date, we have made necessary rectifications in accordance with the relevant requirements. Considering the nature and the consequence of the above incidents, our PRC Legal Adviser was of the view that the above incidents did not constitute material non-compliance with applicable laws and regulations on the basis that: (i) the amounts of the fines imposed fell at the lowest or relatively low end of the statutory penalty range under the applicable provisions; (ii) according to the RA Chemical Report, the above two administrative penalties were recorded for periods of six months and 15 days and four months and 13 days, respectively, from the dates of the penalty decisions to the dates of credit restoration, which did not constitute “seriously untrustworthy information”; and (iii) the amounts of the two administrative penalties did not exceed RMB500,000, and there were no penalty involving revocation of licences or permits, suspension of production or business operations or restrictions or prohibitions on engaging in relevant business activities. Having considered the nature, circumstances and consequences of the above incidents, we are of the view that the above incidents did not have any material financial or operational impacts on our Group.

During the Track Record Period, we complied with all relevant requirements for the discharge of wastewater, exhaust gas and solid waste in all material respects. No significant environmental issues arose nor were any environmental pollution incidents of material effect to our Group reported.

Energy consumption and emissions metrics

We have established a set of indicators, targets and measures to assess and manage the environmental risk affecting our business, and we continuously track the implementation of the following targets. The following table sets forth the metrics of our electricity consumption, waste water emissions and greenhouse gas emissions for the periods indicated:

	Unit	FY2023	FY2024	FY2025[4]	6M2026[4]
Energy consumption					
Electricity consumption	kWh'000	60,611.9	58,223.8	54,841.1	34,061.7
Water usage (total)	cube'000	338.2	315.9	354.1	174.4
Water usage (average)[1]	cube	2.17	1.86	1.98	1.69
Pollutants and emissions					
Waste water emissions (total)	tonnes'000	280.6	277.1	285.5	171.4
Waste water emissions(average)[1]	tonnes	1.80	1.63	1.60	1.66
Waste gas (total)	kg'000	13.0	10.0	48.7	15.9
Waste gas (average)[1]	kg	0.08	0.06	0.27	0.15
Solid waste (total)	tonnes'000	2.0	1.8	2.6	1.6
Solid waste (average)[1]	tonnes	0.01	0.01	0.01	0.02
Greenhouse gas emissions					
— Scope 1[2]	tCO_2e	19,890.3	19,922.6	17,912.50	12,427.1
— Scope 2[3]	tCO_2e	53,584.4	52,726.6	52,324.68	30,419.1

Notes:

1. The average water usage and pollutants and emissions represent the total usage and emissions divided by the total production volume of our products (excluding CMP polishing pad) in the respective year/period and is for illustrative purposes only.

2. According to Greenhouse Gas Protocol, scope 1 emissions refer to the direct emission, primarily arising from the emission from our production facilities.

3. According to Greenhouse Gas Protocol, scope 2 emissions refer to the indirect emission, primarily arising from electricity and steam consumption.

4. We recorded an increase in the total and/or average (as the case maybe) water usage and pollutant emissions (including waste water emission) during FY2025 and/or 6M2026, primarily attributable to (i) an increase in our production volume in the year; (ii) our increasing investment in the R&D of photoresists and related products, which require higher levels of purity and cleanliness and generally involve higher energy consumption and greater generation of waste and emissions as compared to rubber additives; and (iii) the adjustment of our emission calculation factors made to align with the more stringent standards advocated by the Science Based Targets initiative (SBTi).

Wastewater discharge

Wastewater generated from our operations primarily consists of organic wastewater and inorganic wastewater. In compliance with environmental standards, we treat our organic wastewater before release, our wastewater is discharged into the sewage system and undergoes biochemical treatment provided by wastewater treatment enterprises whom we contract with. We implement annual inspection plans and self-monitoring programs to monitor pollution levels of wastewater, exhaust gas and noise levels. On the other hand, inorganic wastewater may be discharged as long as the relevant discharge standards were satisfied.

Exhaust gas emissions

Exhaust gas generated from our operations contain levels of nitrogen oxides, non-methane hydrocarbons, sulphur dioxides, particulate matter and formaldehydes. Some of such components such as nitrogen oxide and non-methane hydrocarbons are classified as greenhouse gases. Our GHG emissions primarily arise from emissions generated through our manufacturing and production process. Exhaust gas emitted from the production process is treated via primary condensation, spray tower, mist eliminator and routed to a regenerative thermal oxidizer (RTO) for incineration. For exhaust gas generated from the granulation process, it is treated using an alkali solution spray and then absorbed using activated carbon. For exhaust gas emitted during the packaging process containing particulate matter, we utilize a baghouse dust collector to extract the dust generated during the packaging process. Specifically for exhaust gases from the alkylphenol resin and octylphenol formaldehyde resin units, they are treated using a dedicated cartridge dust collector before discharge. All treated exhaust gases are to meet industry and municipal standards before being discharged via high altitude stacks industrial chimneys.

As part of our efforts to reduce our greenhouse gas emissions, we have evaluated our current systems and opted for more environmentally friendly options. Since 2023, we have adopted the biological treatment process specifically MUB biological method to treat waste gases instead of the traditional RTO method at RA Zhenjiang. Compared to the traditional RTO process, the biological method of treatment reduces annual natural gas consumption by 59,940 cubic meters and lowers carbon dioxide emissions by 129.6 tons per year. During the Track Record Period, our exhaust gas emissions have been in compliance with relevant environmental standards in all material respects. We regularly conduct exhaust gas testing and engage third-party or qualified agents to conduct such testing.

Hazardous waste management

In our production, we generate hazardous waste containing components of ethylene glycol solutions (乙二醇溶液), waste engine oil (廢機油), waste resins (廢樹脂) and condensate (冷凝液), where the accidental release of such waste without treatment can cause environmental harm. We strictly abide by national and provincial statutory limits set on disposal of hazardous waste such as the Comprehensive Emission Standards for Air Pollutants, Comprehensive Standards for Wastewater Discharge and other limits on discharge of hazardous waste set by relevant authorities, internally our annual emission reduction targets are set using statutory limits as a baseline to ensure zero environmental violations. Applicable statutory limits on emission volume, rate and/or intensity for our production facilities vary depending on a number of factors, including their respective locations, production scale, emission categories, and emission control and discharge arrangements. The following table sets forth volume of major hazardous waste discharged by our Group during the Track Record Period:

	FY2023	FY2024	FY2025	6M2026
Major pollutants in wastewater (tonnes)				
COD	20.37	26.27	43.91	20.35
Ammonia Nitrogen	0.26	0.64	0.78	0.25
Major pollutants in exhaust gas (tonnes)				
VOCs	3.79	4.35	5.69	1.82
Non-Methane Hydrocarbons	4.88	4.24	13.79	5.16
Major pollutants in solid waste (tonnes)				
Hazardous waste	1,710.08	1,560.42	1,928.04	1,215.96
General industrial solid waste	326.83	432.83	696.42	339.93

A general increase in major pollutants was observed during the Track Record Period, resulting from capacity expansions at certain production units. In response to such, we have expanded our disposal channels, installed new pretreatment facilities and increased the use of recycled resources to control the pollutant discharge volumes at relevant facilities.

We have obtained discharge permit approvals for all of our subsidiaries generating hazardous waste in their production and entrusted the disposal of our hazardous waste materials to professional qualified waste management entities at each of our production units. The hazardous waste generated in our production is collected, packaged and transported to a temporary storage area before it is transferred to third party waste management entities. As part of our reporting duty, we submit an annual hazardous waste management plan to the government which includes information on the levels of hazardous waste generated at each subsidiary as well as details on disposal methods for such waste. Internally we conduct quarterly environmental risk assessments and specialized health, safety and environmental audits and each production unit would also perform monthly self-inspections. To assist with self-monitoring and inspection, we have installed online monitoring systems at key emission points with data uploaded in real-time to ensure our compliance with statutory emission levels. We would from time to time conduct environmental protection-specific training sessions with particular emphasis on environmental compliance, facility operations, risk assessment and emergency response relating to disposal of hazardous waste for our employees.

Energy conservation initiatives

We continue to advance our energy conservation efforts and stay conscious of our energy consumption in the operation of our business, in compliance with the PRC Energy Conservation Law. In the year 2023, 2024 and 2025, we saved about 4.6 million, 5.2 million and 4.0 million kWh of electricity, reducing carbon dioxide emissions by 3,415.2, 3,286.3 and 2,097.0 tons, respectively.

We have implemented the following energy conservation and emission reduction measures: (i) installed photovoltaic panels and corresponding photovoltaic grid-tie cabinet system on rooftop facilities and carparks within the factory premises which convert sunlight into direct current electricity for on-site use, alleviating our dependence on non-renewable energy sources and increasing our use of clean, renewable energy. From 2023 to 2025, this initiative has saved approximately 5.12 million kWh of thermal power for RA Chemical and 0.62 million kWh of thermal power at RA Electronic. (ii) adopted more energy efficient parts in our operations such as air compressor systems, water pumps within the water circulation system and aeration fans for wastewater treatment to reduce overall energy consumption for our Group. From 2023 to 2025, this initiative has saved approximately 0.42 million kWh of electricity at RA Zhenjiang. (iii) continually optimising our operating systems into more power and electricity saving models to lower the negative impact of our production and manufacturing on the environment and shift our business towards a greener future.

Water Resource Management

Water is used in major parts of our production process for cooling machinery, a component in our manufacturing as well as cleaning. We recognize the importance of water conservation and are taking active efforts to reduce our effect on natural resources, such as water. From 2023 to 2025, we have reduced the amount of wastewater emissions by 4,879 tonnes.

To reduce our water usage, we have implemented the following measures: (i) collected condensate from air conditioning units in our production workshops to use as raw water in our purified water production to use further in our manufacturing process, extending the lifecycle of the water we use. (ii) implemented water recycling systems within our factories by treating wastewater on-site to remove impurities and re-using the water after treatment for other purposes.

Energy consumption and emission targets

Between 2026 to 2028, we plan to reduce our scope 1 and scope 2 greenhouse gas emissions of our production lines for our rubber additives for tyres and other chemical products segment by 5% per year as we move towards a more sustainable manufacturing model. To achieve this, we will optimise energy and supply chain structures and promote low-carbon technology R&D efforts. We also continue to advance energy-saving upgrades across all facilities and expand coverage of green electricity projects like usage of solar power and promote waste heat recovery technologies.

We aim to be more conscious of our usage of natural resources and reduce our water usage within our production for our rubber additives for tyres and other chemical products segment by 5% per year by 2028. We will continue to upgrade our equipment into water-saving models, optimise water circulation systems, scale up our current rainwater and condensate recovery and enhance intelligent water usage monitoring within our Group. As a key pollutant discharging unit, we will continue to regulate the discharge of our pollutants and target to reduce our exhaust gas emissions and wastewater discharge generated from our rubber additives for tyres and other chemical products segment by 5% per year, respectively. In line with this, we will continue to establish routine energy consumption and emissions monitoring mechanism based on recommendations by ISO14001 environmental management system and strengthen employee environmental awareness training.

As at the Latest Practicable Date, our electronic materials and fully biodegradable materials segments were still in the development and expansion stage and the product portfolio, product mix and market demand are still evolving, therefore, we are currently unable to formulate realistic targets in respect of the relevant emissions associated with these production facilities. Nevertheless, we will continue to monitor and review the circumstances and, where appropriate, establish specific ESG targets for the relevant emission indicators once the production facilities have reached a more mature and stable stage of operation.

Safety management of hazardous chemicals

Our business involves the use and handling of hazardous raw materials and products. To ensure our compliance with applicable safety regulations and promote the safe and responsible management of our operation, we rigorously oversee storage, handling and transportation of hazardous chemicals, strictly implementing full lifecycle management to ensure risks are controlled at every stage.

We maintain a comprehensive management system for the storage of hazardous raw materials and products. Our warehouses are constructed and operated in accordance with applicable laws and regulatory standards and are equipped with key safety features, including but not limited to, explosion-proof and anti-static systems, gas detection and alarm systems, temperature control and ventilation systems, leak and spill containment systems, and fire protection and emergency response systems. Hazardous materials are stored on a customised, location-specific and quantity-controlled basis, with internal records indicating the storage location and quantity of each type of material in the warehouses. We require all hazardous materials entering or leaving our warehouses be affixed with safety labels that display information such as the chemical's name, hazard characteristics and emergency response measures. We place strong emphasis on employee safety in connection with the handling and use of hazardous chemicals. We have established an internal safety education and training system, which mandates safety training for our employees, visitors and contractors that are present within our production facilities. Front-line employees are required to undergo on-site safety training and may only commence independent operations after passing the relevant assessments. When handling hazardous materials or entering areas where hazardous chemicals may be present (such as production, storage and laboratory areas), employees are required to equip themselves with specific personal protective equipment as provided by the Company based on their specific job roles, areas and tasks. We also organise regular emergency drills to ensure that employees are able to respond appropriately and effectively in emergency situations. We adopt strict controls over the transportation of hazardous chemicals. We select qualified professional hazardous chemical transportation service providers to transport hazardous raw materials and products. Such transportation service providers are assessed and reviewed based on their qualifications, management systems, vehicles, personnel and emergency response capabilities to ensure that the transportation of hazardous chemicals remains safe and under effective control.

Social responsibility

We are dedicated to acting as responsible corporate citizens and consistently upholding social responsibility. We strive to utilize our influence positive contributions to society. We actively encourage and support socially responsible initiatives and promote the concept of corporate social responsibility throughout our company.

Employee safety and health

We approach the health and safety of our employees with utmost care and consideration abiding by our core principle of "zero hazards, zero injuries and zero environmental harm" (零事故、零傷害、零環境損害). We continuously optimise our occupational health management system through insights gained from our standardised audit process. As part of our commitment to occupational health and safety of our employees, we have attained the ISO45001 qualification for our Occupational Health and Safety Management System. To ensure the occupational health and safety of our employees, we implement regular workplace environmental testing, protective equipment upgrades and conduct comprehensive health examinations for all our employees to manage occupational hazard risks. During the Track Record Period, we had not experienced any material accidents relating to our production.

Based on the hazards and risks presented at each workplace, a multi-dimensional occupational health and safety framework has been established which focuses on equipment and operator qualifications, electrical system safety, hazardous chemical lifecycle management, confined space protection measures, lifting work procedures or hot work procedures. All personnel working within or production units must pass standardised safety assessments and obtain corresponding certification before commencing work with us. During their employment, we continue to provide annual safety training sessions to all relevant personnel and ensure that all personnel continue to remain certified for their line of work. We also conduct systematic training for managers at all levels on hazardous chemical knowledge, waste management and fire safety to safeguard the safety of their teams.

Employee Wellbeing

We regard building a diverse and inclusive workplace as a strategic priority, as a workplace we respect individual differences amongst employees, foster an environment of open communication and encourage exchange of different perspectives. As we strive to create a fair and harmonious workplace where each employee can fully realise their potential, we strongly oppose all forms of discrimination and prejudice within our Group. We have continuously implemented inclusivity policies and hiring strategies to improve our workplace diversity. As of 30 June 2026, we have a total of 52 employees with diverse backgrounds such as ethnic minorities, foreign nationals and persons with disabilities.

We have a diverse employee composition. The table below sets forth our employee composition as of 30 June 2026, in terms of gender and age:

	Number of employees
By gender	
Male	972
Female	312
By age group	
Above 50	135
30 to 50	1,003
Below 30	146

Protection of labour rights and interests

We consistently advocate for the rights of our employees adhering to International Labour Organisation's "Declaration on Fundamental Principles and Rights at work" and the "Convention Concerning the Elimination of Discrimination in respect of Employment and Occupation", and the relevant protection of our employees' rights and interests under the PRC Labor Law. In line with such policy, we regularly adjust employees' salaries based on industry standards whilst also considering employees' cost of living to ensure wages meet or exceed subsistence levels thereby providing employees with stable livelihoods. We also make full and timely contributions to employees' social insurance in accordance with prescribed contribution bases and rates. Beyond regulatory requirements, we uphold a "people-oriented" management philosophy and have established a comprehensive employee care system. We set up a dedicated housing fund for all employees, providing them with secure housing solutions and alleviating housing financial pressure. A Life Care Fund has also been established which offers timely assistance to employees should they face critical illness or unexpected health events.

Professional development

We place much emphasis on employee growth, establishing a comprehensive talent development system that paves career advancement pathways for our employees. We consistently invest in the career development of our employees through a comprehensive skill enhancement mechanism. All new employees are required to undergo a comprehensive onboarding program that covers company regulations and work standards, safety and health knowledge and information regarding work environment. During their employment with us, periodic training courses on advanced chemical technologies related to our industry, safety issues and environmental protection issues are offered to our employees via both online and offline learning modes. Our human resources department also creates individualised career development roadmaps for each employee based on their individual expertise and interests, establishing clear promotion pathways in different departments such as research and development, production and management. To further enhance our employees' professional capabilities, the company actively offers opportunities for advanced studies and provides support for employees to pursue further education at top domestic institutions like Peking University and Tongji University. Outstanding employees are also offered overseas exchange opportunities to engages with advanced technologies and enhance their personal capabilities alongside our Group.

Supply chain management

We build our supplier management system guided by the principle of "co-creation and mutual benefit", based on our commitment to quality products and integrity-driven mutual benefit. We integrate environmental requirements to inform our decision as to which supplier we decide to work with as we view the supply chain as an extension of our corporate responsibility value chain. In our selection process, we evaluate suppliers' performance in compliance, production safety and environmental protection practices. We actively prioritise partners who are certified under international management systems like ISO9001 and ISO14001. In our partnership with suppliers, we define standards for environmental governance, workplace safety and labour rights protection in our Supplier Code of Conduct. Within our operations we implement green procurement policies like packaging reduction and low-carbon transportation and encourage supplier to optimise clean product processes. Moving forward, we aim to deepen development of digital collaboration platforms across the supply chain to track carbon footprint in real time and share green technology solutions.

Anti-corruption and Anti-money Laundering

We regard integrity and self-discipline as a core principle to our development. We adhere strictly to all national laws and regulations against corruption and fraud and comply with United Nations Convention against Corruption. We continuously refine our internal management systems such as Internal Audit Management Policy and Related-Party Transaction Policy. We implement anti-fraud commitment signing systems between our business partners and maintain a zero-tolerance stance towards bribery, corruption and fraudulent activities.

We abide by the Anti-Money Laundering Law of the PRC and other relevant anti-money laundering and counter-terrorist financing laws and regulations. A joint prevention and control mechanism has been established within our Group to curb money laundering activities. We have also established a system through telephone, website and mail for reporting suspected corruption and money laundering activities and subsequent investigation, the informants identity and the information provided by such whistle-blower remains to be strictly confidential. During the Track Record Period, we have not encountered any confirmed cases of corruption or money laundering.

Community Relations

We are deeply committed to our community and public welfare as we contribute regularly to the development and social progress of our local community. We believe in giving back to those within our community and focus our assistance on the areas of promoting scientific development and research, medical research and health and educational efforts. Since 2002 to 2025, over the course of 23 years, our employees have collectively contributed nearly 400,000 hours of volunteer service and actively participated in over 100 public welfare projects, deepening our philanthropic support for educational and scientific research causes allowing our Group to become a strong advocate in the public welfare sector.

As part of our efforts to promote continuous innovation and research, we have partnered with China Petroleum and Chemical Industry Federation (中國石油和化學工業) to establish a "Red Avenue Youth R&D Fund" (which aims to advance green and sustainable development in the petrochemical industry, encouraging young scientific and technological leaders within this space. We have also served as sponsors at major scientific competitions that align with our mission, such as being the primary sponsor at "SCIP+ Green Chemistry and Chemical Engineering Innovation and Entrepreneurship Competition" and introducing the new materials technology for sustainable tyres challenge, advancing green technological innovation and awareness for our industry.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us which could have a material and adverse effect on our financial condition or results of operations.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant PRC laws and regulations in all material respects and have obtained all material licences, approvals and permits from relevant regulatory authorities for our operations.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

In the course of our business operations, we primarily collect, store and process operating data relating to the R&D, manufacturing and sales of our products. As we primarily conduct business transactions with enterprises, our business activities generally do not involve the collection of personal information other than that of our employees and the contact details of representatives of our customers, suppliers and other business partners, which are collected with their consent and used solely for internal personnel management, business communications and performance of our contracts. Such data is stored within our internal systems. We do not otherwise process, disclose or transfer such personal information to any third parties or involve in any cross-border transfer of personal or material business data.

We recognize the importance of data privacy and prioritise information security management in our operation. We have established a comprehensive management system to mitigate security risks by introducing the SAP system. The SAP system centrally manages critical data, monitors and optimises business processes and reduces information security risks. A coordinated framework of technical safeguards and regulatory compliance policies was implemented to regulate employees' access to the SAP system. Specifically, tiered system permissions limiting access to information based on the user's role within our organisation, encrypted storage to protect our core data and standardised monitoring of our business processes and data usage were implemented. Each employee is assigned specific access rights, and employees in different positions and with different responsibilities may only access data that is relevant to their respective duties. Through our data protection mechanisms, we achieve operational traceability and dynamic risks alert thereby raising our anomaly detection capabilities and providing a reliable information security barrier for safe and efficient business operations.

To reinforce our data protection mechanisms, corresponding internal control framework as to information security has been established accordingly. A customer data classification management and permission control mechanism exists within our group which standardises the collection, storage and usage of commercial information obtained from other parties. Relevant employees and personnel are required to sign confidentiality agreements upon commencement of their employment and access rights to our systems are terminated upon their departure. Tiered controls for sensitive information such as customers technical parameters and transaction records are implemented to ensure full data access traceability and to prevent misuse of such data during the commercial information lifecycle, thereby safeguarding customer trade secrets and preserving the foundation of trust between parties.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to data privacy and security, nor had we experienced any incident of personal data leakage or any other material loss of personal data. Based on the above, as advised by our PRC Legal Adviser, we had been in compliance with relevant PRC laws and regulations concerning cybersecurity, data privacy and data protection during the Track Record Period and Latest Practicable Date.

INTELLECTUAL PROPERTY RIGHTS

We believe that intellectual property serves as the cornerstone of our business operations. We protect our intellectual properties and proprietary rights through intellectual property laws relying on systems such as patents, trademarks and copyrights and other forms of intellectual property patents that grants us exclusive legal rights to our innovative achievements. We continue to protect our intellectual property rights after they have been granted through regular monitoring of the market for unauthorised use or infringement of our patents, trademarks or copyrights and take corresponding measures to enforce our rights where necessary. We are committed to comprehensive protection of our intellectual property through continuous refinement and enhancement of our intellectual property protection system. Rigorous confidentiality protocols and standardised procedures in relation to classified information, personnel, activities and zones across our group have been established to safeguard our innovations and trademarks. We require all R&D partners and internal R&D personnel to sign confidentiality agreements which clearly state that all rights and obligations regarding the ownership of intellectual properties remain with us.

According to our PRC legal advisers, we lawfully own all patents, trademarks, copyrights and domain names registered and have obtained complete ownership certificates. For full details of material intellectual property rights for our core products that we are registered owners, please refer to the section headed "Appendix VI — Statutory and General information" in this prospectus. During the Track Record Period, we had not experienced any threatened or pending disputes relating to the infringement of intellectual property rights which would have a material adverse effect on our business.

EMPLOYEES

As at 30 June 2026, we had a total of 1,284 full-time employees. Majority of our employees were based in the PRC. The table below sets out the breakdown of our employees by function as at 30 June 2026:

Function	Number	Percentage of total number
		(%)
Production	584	45.5
R&D	300	23.4
Sales	172	13.4
Finance	41	3.2
Administrative and others	187	14.6

We value the talent of our employees and invest substantial resources into the training and continuous development of our employees. We recruit our employees based on the needs of our relevant department and the value they bring through their varying academic backgrounds, experiences and personal qualities. We continue to create value-added positions, attracting top talent within the field and offering our employees broader career development opportunities. Our compensation and incentive scheme aims to cultivate goal-oriented, value-creating and high efficiency employees. We offer competitive remuneration and benefits, with remuneration based on individual performance, appraisal and industry benchmarks. We also invest substantial resources and time into our existing employees by developing training plans, offering market-focused educational courses and creating opportunities to enhance the capabilities of our employees and promote the efficiency of our operations.

In compliance with the laws and regulations in PRC, we participate in government statutory employee insurance plans covering pension, medical, unemployment, work-related injury, housing provident fund and maternity insurance. Beyond statutory requirements, we have also established a dedicated housing fund and life care fund to provide assistance to our employees during critical times. During the Track Record Period, we had made full and timely contributions to our employee's insurance coverage according to statutory standards. An established labor union exists within our Group to protect the legal rights of all our employees and encourage our employees to voice their concerns through our official communication channels.

We continue to enjoy a good working relationship with our employees. During the Track Record Period, we have not had any material labour disputes with our employees, which may materially and adversely affect our business operations.

Social Insurance and Housing Provident Funds Contribution for our Employees

During the Track Record Period, we have made full and timely contributions in respect of the social insurance and housing provident funds of our employees in accordance with prescribed contribution bases and rates. Nevertheless, the social insurance and housing provident funds contributions in respect of certain of our employees (the "**Relevant Employees**") were made through third-party agents (the "**Payment Arrangement**"), at the request of the Relevant Employees. We agreed to the Payment Arrangement primarily to accommodate the practical needs of the Relevant Employees who are required to work at locations where we do not have a local office (such as being stationed at customers' premises). Therefore, the relevant members of the Group had not strictly complied with the statutory requirement to directly register social insurance and housing provident funds accounts and make contributions for the Relevant Employees. Up to the Latest Practicable Date, we have ceased the Payment Arrangement and have directly registered the social insurance and housing provident fund accounts for the Relevant Employees and make all required contributions in accordance with applicable laws and regulations.

As advised by our PRC Legal Advisor, if an employer fails to register and make contributions to social insurance and housing provident funds accounts for its employees under its own name, the relevant authorities may order it to rectify the non-compliance within a prescribed time limit and may impose fines if it fails to do so within such period. In the case of social insurance, the employer may be subject to a fine of not less than one time but not more than three times of the amount of social insurance contributions payable, and the person directly in charge may be subject to a fine of between RMB500 and RMB3,000. In the case of the housing provident funds, the employer may be subject to a fine of not less than RMB10,000 but not more than RMB50,000.

We consider that the Payment Arrangement would not have a material adverse effect on our business or results of operations on the basis that:

(i) based on the confirmations issued by the relevant government authorities and the public records of the relevant local government authorities in relation to human resources and housing provident funds during the Track Record Period, the relevant subsidiaries have not received any administrative penalties in relation to employment, social insurance and housing provident funds. Therefore, our PRC Legal Adviser is of the view that, barring any material change in the PRC policies and regulations and the implementation an regulatory requirements of the local governments, the likelihood of us being subject to administrative penalties as a result of the Payment Arrangement is remote;

(ii) up to the Latest Practicable Date, we had not received any claims or demands from the Relevant Employee in respect of the Payment Arrangement or otherwise in relation to social insurance or housing provident funds contributions made by the Group;

(iii) as advised by our PRC Legal Adviser, while any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement, is invalid under the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases* (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the "**Interpretation II**"), it was also expressly provided in the Interpretation II that where an employer, after having lawfully made retroactive social insurance contributions, requests the employee to return the social insurance compensation previously paid by the employer, the courts shall uphold such request in accordance with the law. Therefore, even if any of the Relevant Employees were in future to claim that the relevant subsidiary of the Company had failed to make social insurance contributions on his or her behalf and demand retroactive contributions, such subsidiary would be entitled to request the employee to return the social insurance contributions previously paid to him or her; and

(iv) as at the Latest Practicable Date, the Payment Arrangement has been ceased and we have directly registered the social insurance and housing provident fund accounts for the Relevant Employees and make all required contributions in accordance with applicable laws and regulations.

Based on the above, our Directors, after due and careful consideration, are of the view that no provision is required to be made in respect of the aforesaid matters. The Reporting Accountants have not identified any matter in the course of their work that causes them to disagree with this view.

In the event that we receive any request or order from the relevant government authorities, we will promptly settle in full any outstanding amounts and overdue charges payable by us. We have strengthened our internal control measures to enhance the management of social insurance and housing provident fund contribution arrangements and will no longer accept any requests from employees for such contributions to be made through a third party or directly to them.

LICENCES, PERMITS AND REGISTRATIONS

During the Track Record Period and up to the Latest Practicable Date, save for the failure to obtain the Production Safety Permit for hazardous chemicals at the Kempur factory, we had obtained all requisite licences, permits, approvals and certificates from the relevant government authorities that are material for our business operations. We continually monitor our compliance with these requirements to ensure that we have all such approvals, licences and permits as are necessary to operate our business.

We had not experienced any material difficulties in renewing material licences, permits or approvals which were material to our operation during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

The following table sets out certain material licences, approvals and permits held by our Group as at the Latest Practicable Date:

Entity	License/Approval/Permit	Granting Authority	Expiration Date	Validity Period
Sino Legend	Hazardous Chemicals Safety Usage Permit (危險化學品安全使用許可證)	Zhangjiagang Free Trade Zone, Administration Committee, Jiangsu Province (江蘇省張家港保税區管理委員會)	11 January 2028	3 years
	Hazardous Chemicals Business License (危險化學品經營許可證)	Zhangjiagang Free Trade Zone, Administration Committee, Jiangsu Province (江蘇省張家港保税區管理委員會)	20 April 2028	3 years

Entity	License/Approval/Permit	Granting Authority	Expiration Date	Validity Period
	Hazardous Chemicals Registration Certificate (危險化學品登記證)	Jiangsu Chemical Registration Center Chemical Registration Center, Ministry of Emergency Management (江蘇省化學品登記中心、應急管理部化學品登記中心)	31 July 2027	3 years
RA Zhenjiang	Hazardous Chemicals Business Permit (危險化學品經營許可證)	Zhenjiang Economic and Technological Development Zone Administration Committee (鎮江經濟技術開發區管理委員會)	13 April 2028	3 years
	Hazardous Chemicals Registration Certificate (危險化學品登記證)	Jiangsu Chemical Registration Center Chemical Registration Center, Ministry of Emergency Management (江蘇省化學品登記中心、應急管理部化學品登記中心)	9 July 2027	3 years
	Production Safety Permit (安全生產許可證)	Jiangsu Provincial Department of Emergency Management (江蘇省應急管理廳)	30 May 2028	3 years
RA Electronic(Note 1)	Hazardous Chemicals Business Permit (危險化學品經營許可證)	Shanghai Municipal Emergency Management Bureau (上海市應急管理局)	29 September 2027	3 years
	Hazardous Chemicals Registration Certificate (危險化學品登記證)	Shanghai Chemical Registration Office, Ministry of Emergency Management Chemical Registration Center (上海市化學品登記註冊辦公室、應急管理部化學品登記中心)	3 November 2026(Note 2)	3 years
	Production Safety Permit (安全生產許可證)	Shanghai Municipal Emergency Management Bureau (上海市應急管理局)	27 December 2026(Note 2)	3 years
RA Shanghai Chemical	Hazardous Chemicals Business Permit (危險化學品經營許可證)	Shanghai Municipal New Pudong Area Emergency Management Bureau (上海市浦東新區應急管理局)	10 March 2027	3 years
	Hazardous Chemicals Registration Certificate (危險化學品登記證)	Shanghai Chemical Registration Office, Ministry of Emergency Management Chemical Registration Center (上海市化學品登記註冊辦公室、應急管理部化學品登記中心)	9 April 2028	3 years
	Food Business License (食品經營許可證)	Shanghai Pudong New Area Market Supervision Administration (上海市浦東新區市場監督管理局)	20 May 2030	4.5 years

Entity	License/Approval/Permit	Granting Authority	Expiration Date	Validity Period
RA Chemical	Hazardous Chemicals Business Permit (危險化學品經營許可證)	Shanghai Municipal Emergency Management Bureau (上海市應急管理局)	14 December 2028	3 years
	Production Safety Permit (安全生產許可證)	Shanghai Municipal Emergency Management Bureau (上海市應急管理局)	25 January 2029	3 years
	Hazardous Chemicals Registration Certificate (危險化學品登記證)	Shanghai Chemical Registration Office, Ministry of Emergency Management Chemical Registration Center (上海市化學品登記註冊辦公室、應急管理部化學品登記中心)	18 August 2028	3 years
BAE	Hazardous Chemicals Business Permit (危險化學品經營許可證)	Beijing Chaoyang District Emergency Management Bureau (北京市朝陽區應急管理局)	28 May 2028	3 years
BAE (Hubei)	Hazardous Chemicals Registration Certificate (危險化學品登記證)	Hubei Provincial Hazardous Chemicals Registration Center Ministry of Emergency Management Chemicals Registration Center (湖北省危險化學品登記中心、應急管理部化學品登記中心)	15 June 2028	3 years
	Production Safety Permit (安全生產許可證)	Hubei Provincial Department of Emergency Management (湖北省應急管理廳)	28 October 2028	3 years

Notes:

1. As at the Latest Practicable Date, RA Electronic has obtained all requisite licences and permits for the production of semiconductor photoresist products.

2. The estimated time frame for the renewal of the Hazardous Chemicals Registration Certificate and Production Safety Permit of RA Electronic is around three months. As at the Latest Practicable Date, we were in the process of renewing the Hazardous Chemicals Registration Certificate and the Production Safety Permit, which is expected to be completed by end of October and early November in 2026, respectively.

As at the Latest Practicable Date, Kempur had not obtained the Production Safety Permit (安全生產許可證) for hazardous chemicals required for the production of photoresists at the Kempur factory. We acquired controlling interests in Kempur since 2021. To the best of our knowledge and based on information available to us during the due diligence conducted at the time of our investment in Kempur, the Kempur factory had not obtained the Production Safety Permit for hazardous chemicals since its establishment in 2004, as such permit was not required for the production of photoresists under the then applicable laws and regulations at the time of its establishment in 2004. Photoresists were only classified as hazardous chemicals under the 2015 Hazardous Chemicals Catalog (危險化學品目錄(2015版)), and since then their production would require the obtaining of a Production Safety Permit. However, due to policy restrictions and facts that the area in which the Kempur factory is located has not been designated as chemical industrial area (as prerequisite for obtaining the Production Safety Permit), the Kempur factory had not been able to obtain the Production Safety Permit. We confirm that, as part of our due diligence in respect of such acquisition in 2021, we had, amongst other things, communicated with the local Emergency Management Bureau (應急管理局) in respect of Kempur's Production Safety Permit and the local government authority agreed that it would not require Kempur to suspend its production and operation or impose administrative penalty on Kempur for the lack of Production Safety Permit. For the competency of such government authority, please refer to the view of the PRC Legal Advisors as set out below.

In FY2023, FY2024, FY2025 and 6M2026, Kempur recorded revenue (before elimination of intra-group transactions) of RMB198.0 million, RMB267.7 million, RMB268.9 million and RMB127.8 million, respectively. During the Track Record Period, the Kempur factory had an annual designed production capacity of 320 tonnes of semiconductor photoresists, representing approximately 49.0%, 24.2%, 24.2% and 24.2% of our total production capacity of semiconductor photoresists in FY2023, FY2024, FY2025 and 6M2026, respectively. According to a special credit report issued by the Beijing Public Credit Information Center* (北京市公共信用信息中心), Kempur had no record of violations or irregularities in production safety during the Track Record Period.

Pursuant to the Implementation Measures for the Safety Production License of Dangerous Chemical Production Enterprises* (危險化學品生產企業安全生產許可證實施辦法), where an entity engages in the production of hazardous chemicals without obtaining the requisite production safety permit, the competent authorities may order it to cease production, confiscate any illegal gains and impose a fine ranging from RMB100,000 to RMB500,000. Where the circumstances constitute a criminal offence, criminal liability shall be pursued in accordance with applicable laws.

Based on an interview conducted with the local Emergency Management Bureau (應急管理局), it was confirmed that (i) the relevant government authority would not suspend the operation of Kempur or impose any administrative penalty on Kempur; and (ii) Kempur may continue its normal operation of research, manufacture and sale of photoresists. As advised by the PRC Legal Advisors, such government authority is responsible for the overall supervision and management of hazardous chemicals safety within the district, including the compliance of relevant production safety laws, regulations and standards and therefore, is the competent authority to provide such confirmation. On the basis that (i) Kempur's failure to obtain the Production Safety Permit for photoresist production was primarily due to changes in, and restrictions under, the applicable local policies rather than any deliberate misconduct on its part; and (ii) the local Emergency Management Bureau, being aware that Kempur has been engaged in photoresist production without the Production Safety Permit, provided the above confirmation during the interview, our PRC Legal Advisers are of the view that, barring any material change in the PRC policies and regulations and the implementation and regulatory requirements of the local government, Kempur's failure to obtain the required Production Safety Permit does not constitute a material non-compliance and would not have material adverse effects on the operation of Kempur.

Our PRC Legal Advisers further advise that, in the event of any leakage of, or incident involving, hazardous chemicals, Kempur may be subject to administrative, civil or, in serious cases, criminal liabilities, depending on the nature and severity of the incident, and any applicable administrative penalties for Kempur's failure to obtain the Production Safety Permit for hazardous chemicals (as set out above) would, if imposed, be imposed separately from and in addition to any liabilities or penalties arising from such safety incident. However, in the absence of any such incident, and taking into account the competent authority's confirmation, they are of the view that the absence of the Production Safety Permit for hazardous chemicals will not affect Kempur's normal production and operation, nor will it have a material adverse impact on the Group's operations or financial position.

Despite the fact that the Production Safety Permit has not be obtained, taking into account (i) the interview conducted with the relevant government authority which confirmed that the relevant government authority would conduct regular enforcement inspections on Kempur; (ii) the credit report issued by the Beijing Public Credit Information Center* which confirmed that Kempur had no record of violations or irregularities in production safety during the Track Record Period; (iii) our Directors' confirmation that, based on our internal inspection, the Kempur factory complies with the applicable safety standard under the relevant laws and regulations in all material respects; (iv) the view of our PRC Legal Advisers; and (v) the relatively insignificant revenue contribution and production capacity of the Kempur factory to our Group as a whole, we are of the view that the Kempur factory is in compliance with the relevant safety requirements in all material respects during the Track Record Period and up to the Latest Practicable Date and the lack of Production Safety Permit for hazardous chemicals of Kempur would not have material adverse impacts to our business and operation. Based on independent due diligence conducted by the Sole Sponsor and the view of our PRC Legal Advisers, as well as the fact that reallocation plan is readily available, nothing has come to the Sole Sponsor's attention to cause it to disagree with such view of our Company.

To further mitigate the risks associated with the Kempur factory's lack of the Production Safety Permit, we have been reallocating and will continue to reallocate our semiconductor photoresist production at the Kempur factory to the RA Electronic factory on a gradual basis. Subject to market conditions and regulatory developments, we currently expect that the reallocation to be substantially completed in the second half of 2027. As at the Latest Practicable Date, the RA Electronic Factory had already developed the capability and obtained all requisite licences, permits and certificates for mass production of a full range of our semiconductor photoresists, with production lines and capacity sufficient to cover all product categories currently manufactured by the Kempur factory. As such, if we are required by the relevant governmental authorities to relocate or suspend operations at the Kempur factory, we could reallocate the production currently conducted at the Kempur factory to the RA Electronic factory with no material impact on our business operations and financial performance. We will continue to monitor regulatory developments and, if requested by the relevant government authorities, relocate all semiconductor photoresist production at the Kempur factory to the RA Electronic factory. Any surplus capacity at the Kempur factory is expected to be redeployed for the research and development of semiconductor photoresist and related products.

CERTIFICATIONS, AWARDS AND RECOGNITIONS

We have received recognition in the form of certificates and awards for our business, the following table sets our major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date.

Award	Award Year/ Effective Period	Awarding Institution/Authority
National-Level Little Giant (國家級小巨人)	2022–2025	Ministry of Finance of the PRC (經信部)
CNAS Accreditation (CNAS實驗室認可證書)	2025–2031	China National Accreditation Service for Conformity Assessment (CNAS)
High-Tech Enterprise (高新技術企業) — RA Chemical — Sino Legend — BAE — BAE (Hubei) — Kempur — RA Zhenjiang — RA Innova	2023–2028	Relevant local Tax Services, State Taxation Administration
"Specialized, Refined, Distinctive, and Innovative" SME ("專精特新"中小企業) — RA chemical — Sino Legend — BAE — BAE (Hubei) — Kempur	2021–2027	Relevant local Bureau of Economy and Information Technology
Beijing Intellectual Property Pilot Unit (北京市知識產權試點單位)	2025	Beijing Intellectual Property Office (北京市知識產權局)
7th "IC Innovation Award" Industrialization Achievement Award (第七屆"IC創新獎"成果產業化獎)	2024	China Integrated Circuit Innovation Alliance (中國集成電路創新聯盟)
2024 Pudong New Area Innovation and Entrepreneurship Award (2024年度浦東新區創新創業獎)	2025	Shanghai Pudong New Area People's Government (上海市浦東新區人民政府)

We are also a member of various industry associations, including but not limited to the Chemical Industry and Engineering Society of China (中國化工學會) and China Petroleum and Chemical Industry Federation (中國石油和化學工業聯合會).

RISK MANAGEMENT AND INTERNAL CONTROLS

To address the potential operational, legal, financial and market risks we face, we have established internal controls and risk management systems within our corporation. We continually review and refine our current internal control systems to ensure they remain relevant and effective. It is the responsibility of our Board to establish, improve, implement and evaluate the effectiveness of our internal control mechanisms.

Financial risks

To manage financial reporting risks effectively, we have established an audit committee which consists of personnel in financial accounting, fund disbursement and related positions within the finance department to oversee our financial reporting obligations and maintain effective internal financial controls. We have also adopted comprehensive accounting policy "Internal Control System for Monetary Funds" which standardizes critical processes for financial fund management including fund receipts, disbursements, payment processing and financial accounting. In relation to taxation related reporting, we adopt a "local execution, group supervision" model, with each subsidiary within the group independently completing tax accounting, filing and annual tax audits in accordance with relevant tax laws and regulations. External audit firms conduct periodic reviews of internal tax control implementation within our group, and the finance department consolidates monthly tax filing data from subsidiaries and conducts quarterly tax risk reviews to identify potential tax risks. In formulating our internal tax policy we engage specialized external consultants for policy support and advice. To increase our employees' awareness towards tax related risks, we invite consultants to conduct regular tax policy training sessions for our employees.

Compliance risk management

To ensure our operations are in compliance with applicable laws and regulations with have established compliance risk management procedures to identify compliance risks and address them. We have established "Procurement Management Procedures" to define standard procedures for contract formation and approval as well as responsibilities and responsible authorities at each stage. We have also established a procurement department which includes personnel in contract management and approval roles to review, approve and ensure that the contracts we enter into with our suppliers and customers are compliant with relevant laws and regulations. They continue to monitor changes in relevant laws and regulations as well as the regulatory environment to ensure continued compliance in our business operations. The procurement department works with our legal team to obtain relevant licences, permits and permission such that we can continue our operations in a safe and compliant manner.

Anti-corruption risk management

We have established procedures to prevent conflicts of interest and improper compensation among our directors, supervisors, senior executives and employees. Internally, we have formulated a series of regulations including "Rules of Procedure for Shareholders' Meetings", "Rules of Procedure for Board Meetings", "Independent Director Work System", and "Managerial Personnel Work Details" which define authority boundaries, behavioral norms and conflict of interest avoidance requirements for personnel in managerial and directorship positions. Externally, we ensure strict verification is conducted on business dealings and cooperative relationships involving related parties through inspections and interviews. We have engaged an internal control consultant to perform certain agreed-upon procedures (the "**Internal Control Review**") in connection with the internal control systems of our Company and our major operating subsidiaries during the period from December 2025 to January 2026 and no material internal control issues or deficiencies were identified during the Internal Control Review.

OUR CONTROLLING SHAREHOLDERS

The A Shares of our Company have been listed on Shanghai Stock Exchange before the Listing. Immediately following completion of the Global Offering and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, we will be owned as to approximately 0.12% by Ms. Zhang, 43.05% by Red Avenue Investment and 11.72% by Virgin Holdings. Red Avenue Investment is wholly owned by Ms. Zhang, and Virgin Holdings is owned as to 99.9% by Ms. Zhang and 0.1% by Red Avenue Investment. Accordingly, Ms. Zhang and the entities controlled by her, namely Red Avenue Investment and Virgin Holdings, will hold in aggregate approximately 54.89% of the issued share capital of our Company and will be our Controlling Shareholders upon the Listing. Please refer to the section headed "History, Development and Corporate Structure" in this prospectus for the direct or indirect shareholding in our Company of Ms. Zhang, Red Avenue Investment and Virgin Holdings.

For the purpose of the Listing Rules, as Ms. Zhang and the entities controlled by her, namely Red Avenue Investment and Virgin Holdings are, directly or indirectly, individually or together with the others, entitled to exercise or control the exercise of 30% or more of the voting power at our general meetings, each of them is regarded as our Controlling Shareholder under the Listing Rules.

Ms. Zhang is our executive Director and chairperson of our Board. Please refer to the section headed "Directors and Senior Management" in this prospectus for further information on Ms. Zhang's work experiences. Each of Red Avenue Investment and Virgin Holdings is principally engaged in trading of reducing agent and investment holding. These trading business and investments do not compete with our business.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective associates (other than our Group) on the following reasons:

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We have our own independent departments focusing on the respective areas of our current business. We do not rely on referral of business opportunities from our Controlling Shareholders. Our management team has been and will be able to seek business opportunities for us. We have independent access to our suppliers and customers, as well as an independent management team (including our Directors and staff) to handle our daily operational work. We have registered the relevant intellectual property rights relating to our products and the relevant technologies of our business. We hold all the licences and qualifications necessary to carry on our current business, and have sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholders and their respective close associates (other than members of our Group).

Based on the above, our Directors are of the view that our capability to operate independently from our Controlling Shareholders is not considered to be a concern.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, we had independent financial and accounting and internal control systems and make financial decisions according to our own business needs. We have our independent financial department with a team of financial staff responsible for financial control, accounting and reporting function. We have adequate financial resources and credit facilities to support our daily operation without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates.

We do not rely on our Controlling Shareholders or their respective close associates to provide financial assistance to our Group. We have independent access to third party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, none of Controlling Shareholders or their respective close associates provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors are of the view that our Group is financially independent from and does not rely on our Controlling Shareholders and/or their respective close associates for any financial assistance.

Management Independence

Our Board comprises five executive Directors, one non-executive Director and four independent non-executive Directors. For further details, please refer to the section headed "Directors and Senior Management" in this prospectus.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts in 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 personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between us and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum of the relevant board meetings.

The day-to-day management and operations of our Group are carried out by our executive Directors and other staff, most of whom are independent of our Controlling Shareholders and have substantial experience in the industry in which our Group is engaged, and will therefore be able to make business decisions that are in the best interest of our Group.

We have appointed four independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, extensive experience in different professions, and competence to bring independent judgement to the decision-making process of our Board, and to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions, to promote the interests of our Company and our Shareholders as a whole. Our Directors believe that the different backgrounds of our independent non-executive Directors provide a balance of views and opinions to our Board.

Based on the above, our Directors are of the view that our Board and our staff as a whole are able to perform the managerial role in our Group independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders and their close associates after the Listing.

RULE 8.10 OF THE LISTING RULES

None of our Controlling Shareholders and our Directors has any interest in a business apart from our business which competes or is likely to compete, directly or indirectly, with our business, and would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

In order to avoid any potential competition between our Controlling Shareholders and our Company, our Controlling Shareholders have undertaken to our Company that:

(i) none of them or their controlled or invested companies (other than the Group) shall directly or indirectly engage or participate in any business or activity that constitutes or may constitute direct or indirect competition with the current or future principal business of our Group;

(ii) none of them or their controlled or invested companies (other than the Group) shall support, in any form, other companies outside of our Group in engaging in business or activities that compete or may compete with the current or future principal business of our Group;

(iii) none of them or their controlled or invested companies (other than the Group) shall intervene in any other manner in business or activities that compete or may compete with the current or future principal business of our Group;

(iv) should our Company expand its business scope, they and their controlled companies shall not compete with the expanded business of our Company. Where competition with the expanded business of our Company may arise, they and their controlled companies shall exit from any such competition by (a) ceasing the business that competes or may compete with our Company; (b) integrate the competing business into our Company; or (c) transfer the competing business to an unrelated third party; and

(v) should they and their controlled companies encounter any business opportunity involving engagement or participation in activities that may compete with the business of our Company, they shall immediately notify our Company of such opportunity in writing. Where our Company affirms within the reasonable period specified in the written notice that it intends to pursue the opportunity, they shall use their best endeavours to refer such opportunity to our Company.

Our Controlling Shareholders have also undertaken:

(i) to ensure independence of our Company in terms of asset, business, employees, financial and structural aspects in accordance with the requirements of the relevant laws and regulations;

(ii) to take lawful and effective measures to procure that other companies, enterprises or other economic organisation controlled by them will not directly or indirectly engage in any business that is identical or similar to those of our Group; and

(iii) not use their position as the controlling shareholders of our Company to take any other action that would jeopardise the interests of our Company or our Shareholders.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(i) where a Shareholders' meeting is to be held for considering proposed transaction in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(ii) pursuant to our Articles of Association, where a Board meeting is held for the matters in which any Director or his/her associates have a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum in the voting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of her/its associates, our Company will comply with the applicable Listing Rules;

(iv) our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company;

(v) our independent non-executive Directors shall review, at least on an annual basis, the compliance with and enforcement of the terms of the non-competition undertakings by our Controlling Shareholders;

(vi) 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

(vii) we have appointed Lego Corporate Finance Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

BOARD OF DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our business. Our Board consists of ten Directors, including five executive Directors, one non-executive Director and four independent non-executive Directors. Our Directors are appointed for a term of three years from the date of approval by the Shareholders at the general meeting of our Company, and are eligible for re-election upon expiry of their term of office, except that the independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations. The information of the current members of our Board is set out as follows:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and/or senior management
Executive Directors						
Ms. Zhang Ning (張宁)	51	Executive Director and chairperson of our Board	August 1999	18 September 2016	Overall strategic development, formulation and decision-making of major business development policies	N/A
Mr. Ding Lin (丁林)	53	Executive Director, vice chairman of our Board and president	November 2021	18 November 2021	Strategy execution and overall operations of our Group	N/A
Mr. Yuan Minjian (袁敏健)	57	Executive Director and vice president	June 2011	23 October 2019	Overall management of the production operations of our Group	N/A
Mr. Yu Yaoming (俞堯明)	55	Executive Director, vice president, chief financial officer and Board secretary	July 2020	18 November 2021	Overall financial management of our Group, and information disclosure, investor relations and other Board-related matters	N/A
Mr. Tang Jie (湯捷)	50	Executive Director and vice president	August 2006	15 October 2025	Overall sales management of our Group	N/A
Non-executive Director						
Mr. Li Xiaoguang (李曉光)	50	Non-executive Director	May 2021	6 May 2021	Responsible for providing advice to the Board and participating in the formulation of the general corporate business plans	N/A
Independent non-executive Directors						
Mr. Zhang Yun	49	Independent non-executive Director	November 2022	10 November 2022	Providing independent opinion and judgment to our Board	N/A
Mr. Jiang Changjian (蔣昌建)	60	Independent non-executive Director	October 2025	15 October 2025	Providing independent opinion and judgment to our Board	N/A

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and/or senior management
Mr. Feng Yaoling (馮耀嶺)	68	Independent non-executive Director	November 2022	10 November 2022	Providing independent opinion and judgment to our Board	N/A
Mr. Chan Chi Fung Leo (陳志峰)	47	Independent non-executive Director	June 2026	26 June 2026	Providing independent opinion and judgment to our Board	N/A

Executive Directors

Ms. Zhang Ning (張宁), aged 51, is an executive Director and chairperson of our Board who is responsible for overall strategic development, formulation and decision-making of major business development policies. Ms. Zhang was appointed as our Director and chairperson of our Board on 18 September 2016. Pursuant to the resolutions of the A Shares Shareholders passed on 30 January 2026, she was redesignated as an executive Director, which will come into effect upon the Listing. Ms. Zhang is our founder and one of our Controlling Shareholders.

Ms. Zhang has over 26 years of experience in operation and management of chemical materials manufacturing business. In August 1999, she founded RA Shanghai Chemical, through which our business first operated.

From September 2021, she has been nominated by us to serve as director of Zhongce Rubber, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603049) and one of our invested associates and downstream customers, which engages in the research, development, production and sales of tyre products.

Ms. Zhang began her studies at Beijing Technology and Business University (北京工商大學) in Beijing, the PRC in September 1993, and graduated with a bachelor of engineering majoring in biochemical engineering from its department of chemical engineering in July 1997. She obtained her master of science degree in engineering business management from the University of Warwick in England in September 2002 and her Executive Masters of Business Administration from Cheung Kong Graduate School of Business (長江商學院) in Beijing, the PRC, in August 2006. In May 2015, she obtained her Doctor of Business Administration in Global Financial Management from Arizona State University in the United States. In June 2026, Ms. Zhang obtained her Doctor of Materials and Chemical Engineering from Peking University in the PRC. Ms. Zhang confirms that she did not complete her respective education programs as disclosed above by way of attendance of long distance learning or online courses.

Ms. Zhang was a director, a supervisor and/or a manager of the companies below which were dissolved by way of deregistration. The relevant details are as follows:

Name of company	Place of incorporation	Nature of business before dissolution	Means of dissolution	Date of dissolution
Shanghai Tongxu Chemical Co., Ltd. 上海彤旭化工有限公司	The PRC	Manufacture of chemical materials	Dissolved by deregistration	29 September 2015
DF Capital (Shanghai) Private Fund Management Co., Ltd 德孚同誠(上海)私募基金管理有限公司	The PRC	Capital Investment Services	Dissolved by deregistration	18 June 2025
Red Avenue Trading (Shanghai) Co., Ltd. 彤程商貿(上海)有限公司	The PRC	Wholesale and retail sale of chemical materials	Dissolved by deregistration	16 December 2015
Hong Kong Eco Technology Limited (香港宜和科技有限公司)	Hong Kong	Never commenced operation or business	Dissolved by deregistration	8 July 2022

Ms. Zhang has confirmed that each of the above companies was solvent at the time of its dissolution and there was no wrongful act on her part leading to such dissolution. Her involvement in each of the above companies was part and parcel of her services as a director, supervisor and/or manager of the above companies and, so far as she is aware, the dissolution of these companies has not resulted in any liability or obligation being imposed against her.

Mr. Ding Lin (丁林), aged 53, is an executive Director, vice chairman of our Board and the president of our Company who is responsible for the strategy execution and overall operations of our Group. He was appointed as Director on 18 November 2021. Pursuant to the resolutions of the A Shares Shareholders passed on 30 January 2026, he was redesignated as an executive Director, which will come into effect upon the Listing. He has been our president since 1 November 2021.

Mr. Ding is experienced in the management of chemical materials manufacturing business. Prior to joining our Group, from May 2013 to March 2018, he served as Managing Director of Huntsman Polyurethanes Shanghai Co. Limited (上海亨斯邁聚氨酯有限公司), a company specialized in the research, development, production and sales of polyurethane products, which are widely used in automotive, appliances, construction and other sectors, the Senior Commercial Director of the polyurethanes division of Huntsman Group and China General Manager. Mr. Ding also previously served as Vice President of the Advanced Materials division of Huntsman Group for Asia-Pacific region and Chairman of Huntsman Advanced Chemicals (Guangdong) Co., Ltd. (亨斯邁先進化工材料(廣東)有限公司) from April 2018 to October 2021. Huntsman Advanced Chemicals (Guangdong) Co., Ltd. mainly engaged in research, development and production, and sales of advanced chemical material products, which are widely used in electronics, automotive, electrical, aviation and other sectors.

Mr. Ding obtained a bachelor's degree in applied chemistry and a master's degree in science in chemistry in July 1994 and March 1997, respectively, from Tongji University (同濟大學) in Shanghai, the PRC. He obtained an Executive Master of Business Administration from Cheung Kong Graduate School of Business (長江商學院) in Beijing, the PRC in October 2009.

Mr. Ding was a director of the company below which was dissolved by way of deregistration:

Name of company	Place of incorporation	Nature of business before dissolution	Means of dissolution	Date of dissolution
Huntsman Advanced Chemicals (Nanjing) Co., Ltd. 亨斯邁先進化工材料(南京)有限公司	The PRC	Wholesale and retail sale of chemical materials	Dissolved by deregistration	20 April 2021

Mr. Ding has confirmed that the above company was solvent at the time of its dissolution and there was no wrongful act on his part leading to such dissolution. His involvement in the above company was part and parcel of his services as a director of the above company and, so far as he is aware, the dissolution of this company has not resulted in any liability or obligation being imposed against him.

Mr. Yuan Minjian (袁敏健), aged 57, is an executive Director and the vice president of our Company who is responsible for overall management of the production operations of our Group. He was appointed as a Director on 23 October 2019. Pursuant to the resolutions of the A Shares Shareholders passed on 30 January 2026, he was redesignated as an executive Director, which will come into effect upon the Listing. Mr. Yuan joined our Group in June 2011, successively serving as production manager, deputy general manager and general manager of RA Chemical. He is also the legal representative, general manager, and director of certain of our subsidiaries.

Mr. Yuan has extensive experience in engineering. Prior to joining our Group, from July 1989 to May 2011, he successively served as process technician, workshop director, deputy director and deputy chief engineer, deputy plant manager and deputy manager, as well as business division deputy manager, the director of the engineering department and director of the environment, health and safety department at the Gaoqiao branch of Sinopec Shanghai Gaoqiao Petrochemical Co. Ltd. (中石化股份有限公司高橋分公司), a company principally engaged in the production of gasoline, jet fuel, diesel and fine chemical products.

Mr. Yuan obtained a diploma in chemical plant and machinery (化工設備與機械專業) in July 1989 from the Department of Chemical Engineering of East China Institute of Chemical Technology (華東化工學院) (now known as East China University of Science and Technology (華東理工大學) ("**ECUST**")) in Shanghai, the PRC and completed his undergraduate studies in ECUST majoring in mechatronics engineering (機械電子工程) in July 2001. He subsequently obtained his Executive Master of Business Administration from Shanghai National Accounting Institute in Shanghai, the PRC in cooperation with Arizona State University in May 2019.

Mr. Yu Yaoming (俞堯明), aged 55, is an executive Director, vice president of our Company, our chief financial officer and Board secretary, and is responsible for overall financial management of our Group, and information disclosure, investor relations and other Board-related matters. Mr. Yu was appointed as a Director on 18 November 2021. Pursuant to the resolutions of the A Shares Shareholders passed on 30 January 2026, he was redesignated as an executive Director, which will come into effect upon the Listing. Mr. Yu was appointed as Board secretary on 28 April 2026.

Mr. Yu has over 30 years of experience in finance and accounting. Mr. Yu joined our Group in July 2020. Prior to that, from March 2019 to July 2020, Mr. Yu was an executive director at Fufeng Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00546) that mainly engages in the manufacture and sale of food additives, animal nutrition products, premium amino acids and water-soluble gums. From September 2007 to March 2018, Mr. Yu served first as financial director and subsequently as an executive director and vice president at Springland International Holdings Limited, a company with its shares listed on the Main Board of the Stock Exchange and which was subsequently privatised and listing of its shares was withdrawn on 2 March 2020 (stock code: 01700), which mainly operated and managed department stores and supermarkets within the PRC. Prior to that, he was an accounting manager at Shanghai Secco Petrochemical Company Limited (上海賽科石油化工有限責任公司) from October 2001 to October 2007, and the deputy director of the accounting department at Jinshan Office of Sinopec Group Shanghai Engineering Co., Ltd. (中石化上海金山工程公司) from May 1999 to June 2002.

Mr. Yu obtained a bachelor's degree in accounting from Shanghai University of Finance and Economics in Shanghai, the PRC, in July 1992 and Doctor of Business Administration from IPAG Business School in Paris, France in July 2018. Mr. Yu has been a member of the Chinese Institute of Certified Public Accountants since 1995.

Mr. Tang Jie (湯捷), aged 50, is an executive Director and vice president of our Company who is responsible for overall sales management of our Group. Mr. Tang was appointed as a Director on 15 October 2025. Pursuant to the resolutions of the A Shares Shareholders passed on 30 January 2026, he was redesignated as an executive Director, which will come into effect upon the Listing. He is also a supervisor of one of our subsidiaries.

Mr. Tang has been serving our Group since August 2006, and has served as the manager and director of the international sales department of RA Shanghai Chemical.

Mr. Tang obtained a bachelor's degree in construction engineering from the Wuhan Urban Construction Institute (武漢城市建設學院) in Hubei, the PRC, in June 1998 and a master's degree in business management from the Beijing Institute of Technology in Beijing, the PRC, in July 2006.

Mr. Tang was a director, manager and/or supervisor of the companies below which were dissolved by way of deregistration:

Name of company	Place of incorporation	Nature of business before dissolution	Means of dissolution	Date of dissolution
Shanghai Tongzhong Enterprise Management Co., Ltd. 上海彤中企業管理有限公司	The PRC	Leasing and business services	Dissolved by deregistration	15 July 2021
Tongyue Chemical (Yangzhong) Co., Ltd. 彤悦化工(揚中)有限公司	The PRC	Manufacturing of chemical materials	Dissolved by deregistration	8 December 2015

Name of company	Place of incorporation	Nature of business before dissolution	Means of dissolution	Date of dissolution
Red Avenue Trading (Hainan) Co., Ltd. 彤程貿易(海南)有限公司	The PRC	Wholesale and retail sale	Dissolved by deregistration	29 December 2023

Mr. Tang has confirmed that each of the above companies was solvent at the time of its dissolution and there was no wrongful act on his part leading to such dissolution. His involvement in each of the above companies was part and parcel of his services as a director, supervisor and/or manager of the above companies and, so far as he is aware, the dissolution of these companies has not resulted in any liability or obligation being imposed against him.

Non-executive Director

Mr. Li Xiaoguang (李曉光), aged 50, is a non-executive Director who is responsible for providing advice to the Board and participating in the formulation of general corporate business plans. Mr. Li was appointed as a Director on 6 May 2021. Pursuant to the resolutions of the A Shares Shareholders passed on 30 January 2026, he was redesignated as a non-executive Director, which will come into effect upon the Listing.

Mr. Li has over 25 years of experience in investment and securities. Since December 2018, October 2023 and November 2023, he has been manager of the securities department, secretary of the board and a director, respectively at Shaanxi Coal Industry Co., Limited ("**Shaanxi Coal**"), a company with its shares listed on the Shanghai Stock Exchange (stock code: 601225). He joined Shaanxi Coal in March 2014 where he first worked in the securities department, and then served as the deputy manager of the securities of Shaanxi Coal from January 2016 to December 2018. Between June 2023 and October 2025, he served as a non-executive director at JL Mag Rare-Earth Co., Limited, a company with its H shares listed on the Main Board of the Stock Exchange (stock code: 06680) and A shares listed on the Shenzhen Stock Exchange (stock code: 300748).

Mr. Li obtained his bachelor's degree in accounting from Shaanxi Institute of Finance and Economics (陝西財經學院) in Xi'an, the PRC in December 1999. He has also obtained the Level 1 securities qualification certificate accredited by the Securities Association of China in September 2005, and board secretary qualification certificate issued by the Shanghai Stock Exchange in September 2014.

Independent non-executive Directors

Mr. Zhang Yun, formerly known as Mr. Zhang Yun (張昀), aged 49, is an independent non-executive Director. Mr. Zhang was appointed as an independent director of our Company on 10 November 2022. Pursuant to the resolutions of the A Shares Shareholders passed on 30 January 2026, he was redesignated as an independent non-executive Director, which will come into effect upon the Listing.

Mr. Zhang has extensive experience in accounting and research. Since September 2015, he has been serving as a tenured associate professor of accounting at the George Washington University ("**GWU**") School of Business. From August 2009 to September 2015, Mr. Zhang worked as an assistant professor of accounting at GWU School of Business and from July 2003 to July 2009, as an assistant professor of accounting at Duke University's Fuqua School of Business. His research interests covers accounting theory, agency theory and information uses in capital markets. In particular, his ongoing research on key audit matters disclosures, using data from Hong Kong and Chinese Mainland, specifically studies informational content of audit reports, auditor communication with capital markets and the impact of disclosure on financial reporting outcomes. He has also published academic articles in accounting journals examining audit quality disclosure, auditor effort, and investment efficiency, directly addressing issues relevant to audit quality, financial reporting reliability and investor decision-making. Mr. Zhang's teaching portfolio includes courses which study the design of internal control systems and evaluation mechanisms to address agency problems and ensure reliable internal reporting, as well as a financial accounting capstone, which involves analysis of financial reporting processes, evaluation of internal controls and governance structures, and communication with management. Mr. Zhang has also been serving as an independent director of the following listed companies: Xueda (Xiamen) Education Technology Group Co., Limited ("**Xueda**"), a company with its shares listed on the Shenzhen Stock Exchange (stock code: 000526), since July 2020; Cheetah Mobile Inc ("**Cheetah**"), a company with its shares listed on the New York Stock Exchange (stock code: CMCM), since September 2020; and Lianhe Chemical Technology Co., Limited ("**Lianhe**"), a company with its shares listed on the Shenzhen Stock Exchange (stock code: 002250), since September 2022. He is (i) a member of the audit committee of the board of directors of Xueda in which he is responsible for, among others, overseeing the company's internal audit system and its implementation, reviewing the financial information and disclosures, and examining the company's internal control system, (ii) the chairman of the audit committee of the board of directors of Cheetah in which he is responsible for, among others, overseeing accounting and financial reporting processes and the audits of financial statements, discussing the annual audited financial statements with management and the auditors, and reviewing major issues as to the adequacy of internal controls and any special audit steps adopted in light of any material control deficiencies, and (iii) a member of the audit committee of the board of directors of Lianhe in which he is responsible for, among others, reviewing the financial statements of the company and considering the financial audit report prepared by the auditors.

Mr. Zhang obtained his master's degree in arts and philosophy with a major in management in December 2002 and obtained his doctorate degree in philosophy with a major in management in May 2004, both from Yale University in the United States, where he attended courses related to accounting such as but not limited to Fundamentals of Accounting, Seminar in Accounting Research, Accounting/Finance Workshop, Financial Accounting and Financial Reporting.

Mr. Jiang Changjian (蔣昌建), aged 60, is an independent non-executive Director. Mr. Jiang was appointed as an independent director of our Company on 15 October 2025. Pursuant to the resolutions of the A Shares Shareholders passed on 30 January 2026, he was redesignated as an independent non-executive Director, which will come into effect upon the Listing.

Mr. Jiang has extensive experience in education focusing on political science and international politics. He began working at Fudan University in March 1997, eventually serving as an associate professor at the School of International Relations and Public Affairs of Fudan University, responsible for lecturing on international relations. Mr. Jiang has also served, or is serving, as independent director of the following listed companies: BGI Genomics Co., Limited, a company with its shares listed on the Shenzhen Stock Exchange (stock code: 300676), from June 2015 to June 2021; Suzhou Etron Technologies Co., Limited, a company with its shares listed on the Shanghai Stock Exchange (stock code: 603380), from August 2015 to September 2021; Sanxiang Impression Co., Limited, a company with its shares listed on the Shenzhen Stock Exchange (stock code: 000863), from May 2018 to June 2024 and Linmon Media Limited, a company with its shares listed on the Main Board of the Stock Exchange (stock code: 09857), since September 2021; and Shenzhen Xunce Technology Co., Limited, a company with its shares listed on the Main Board of the Stock Exchange (stock code: 03317), since December 2025.

Mr. Jiang attended Fudan University in Shanghai, the PRC, from September 1990 to June 1997, where he obtained his master's degree in international politics in April 1994 and a doctoral degree in political theory in June 1997.

Mr. Jiang was a director and/or manager of the companies below which were dissolved by way of deregistration:

Name of company	Place of incorporation	Nature of business before dissolution	Means of dissolution	Date of dissolution
Wuxi Smart Node Cultural Technology Co., Ltd. (無錫智慧節點文化科技有限公司)	The PRC	Provision of advisory services in cultural, sports and entertainment industry	Dissolved by deregistration	7 June 2023
Wuxi Chaoti Media Technology Co., Ltd. (無錫超體傳媒科技有限公司)	The PRC	Manufacturing of network and information security equipment	Dissolved by deregistration	9 December 2021

Mr. Jiang has confirmed that each of the above companies was solvent at the time of its dissolution and there was no wrongful act on his part leading to such dissolution. His involvement in each of the above companies was part and parcel of his services as a director, supervisor and/or manager of the above companies and, so far as he is aware, the dissolution of these companies has not resulted in any liability or obligation being imposed against him.

The following particulars relating to Mr. Jiang are disclosed pursuant to Rule 13.51(2)(l) of the Listing Rules:

In January 2015, a winding up petition ("**Boshiwa Petition**") was filed in the Grand Court of the Cayman Islands ("**Cayman Court**") against Boshiwa International Holding Limited ("**Boshiwa International**") and in February 2015, the Cayman Court granted an order appointing provisional liquidators of Boshiwa International ("**Provisional Liquidators**").

According to the announcements of Boshiwa International, (a) the petitioners of the Boshiwa Petition (the "**Boshiwa Petitioner**") alleged that the board of directors of Boshiwa International had not been acting in the best interests of the Company and sought the winding up of Boshiwa International; (b) in March 2015, the Cayman Court ordered that, among other things, the Provisional Liquidators be granted leave to seek recognition of proceedings in the High Court of Hong Kong; (c) in May 2015, the High Court of Hong Kong approved the recognition of the Company's winding-up proceedings in the High Court of Hong Kong and the orders made by the Cayman Court. According to the announcements of Boshiwa International, the listing of its shares was cancelled with effect from 3 November 2020.

Based on publicly available information, Boshiwa International is a company incorporated in the Cayman Islands with limited liability which, together with its subsidiaries, was principally engaged in the design, sourcing and marketing of children's apparel, accessories and other children's products in the PRC at the material time. Prior to the cancellation of listing of the shares of Boshiwa International on 3 November 2020, its securities had been listed on the Main Board of the Stock Exchange (stock code: 01698). Neither Boshiwa International nor any of its subsidiaries is related to the Group.

Mr. Jiang was an independent non-executive director of Boshiwa International from 3 March 2011 to 11 October 2014, and the Boshiwa Petition was filed against Boshiwa International within 12 months after Mr. Jiang ceasing to act as its independent non-executive director. Mr. Jiang did not hold any executive position involving the day-to-day management of its operations or financial decision-making. Mr. Jiang confirmed that: (i) there was no wrongful act on his part that led to the Boshiwa Petition being brought against Boshiwa International; (ii) he is not aware of any actual or potential claim that has been or will be made against him in connection with the Boshiwa Petition; and (iii) his involvement with Boshiwa International was part and parcel of his services as an independent non-executive director thereof.

Mr. Feng Yaoling (馮耀嶺), aged 68, is an independent non-executive Director. Mr. Feng was appointed as an independent director of our Company on 10 November 2022. Pursuant to the resolutions of the A Shares Shareholders passed on 30 January 2026, he was redesignated as an independent non-executive Director, which will come into effect upon the Listing.

Mr. Feng has over 40 years of experience in the tyre manufacturing industry. Since January 2020, Mr. Feng has served as deputy chief engineer at Eve Rubber Institute (怡維怡橡膠研究院), being responsible for the technical development management of tyre products and work on new process tyres. He began his career in February 1982 at the Henan tyre factory of the predecessor company of Aeolus Tyre Co., Limited ("**Aeolus Tyre**"), a company with its shares listed on the Shanghai Stock Exchange (stock code: 600469) where he served successively in multiple positions including senior engineer and chief engineer, and later served as deputy general manager and chief engineer of Aeolus Tyre and its predecessor company from December 1999 to October 2016, as Aeolus Tyre's director from June 2003 to December 2011, and its deputy director of the research and development department from October 2016 up to his retirement in October 2017. Since January 2020, he has been an independent non-executive director at Shougang Century Holdings Limited, a company with its shares listed on the Main Board of the Stock Exchange (stock code: 00103).

Mr. Feng graduated from Beijing University of Chemical Technology (北京化工學院) in Beijing, the PRC, with a bachelor's degree in polymer science specialising in rubber products in January 1982. He obtained his professor-level senior engineer qualification in May 2004 from the Henan Engineering Senior Evaluation Committee and has been awarded special government subsidy by the State Council of the PRC as a specialist since October 1993.

The following particulars relating to Mr. Feng are disclosed pursuant to Rule 13.51(2)(n)(iv) of the Listing Rules:

In March 2015, Aeolus Tyre received a decision from the Henan regulatory bureau of the CSRC given that it had violated the "Measures for the Administration of Information Disclosure of Listed Companies" (上市公司信息披露管理辦法) due to accounting errors made by Aeolus Tyre and Aeolus Tyre had made the corresponding financial reporting adjustments to the financial information in its annual reports. At the relevant time of the preparation and publication of the relevant annual reports of Aeolus Tyre, Mr. Feng served as the director (until 30 December 2011), deputy general manager, and chief engineer of Aeolus Tyre. He was primarily in charge of research and development works, and was not involved in the financial management of Aeolus Tyre or the preparation of the relevant annual reports. However, given this incident, Mr. Feng along with certain other then directors, supervisors and senior management of Aeolus Tyre, were ordered to participate in the training of laws and regulations related to listed companies (the "**Order**") and were warned and recorded in the Integrity Archive of Securities and Futures (證券期貨誠信檔案). According to our PRC Legal Adviser, these measures are administrative regulatory measures issued by the Henan regulatory bureau of the CSRC, and do not constitute any administrative penalties under the relevant laws and regulations of the PRC. Mr. Feng confirms that (i) he had participated in the relevant training and has fully complied with the Order; (ii) there are no other matters outstanding by Mr. Feng regarding the Order; and (iii) the above incident has been completely settled by Aeolus Tyre. Our Board has assessed the Order and noted that (i) the Shanghai Stock Exchange did not implicate that the above incident involves any integrity issue on the part of Mr. Feng; and (ii) the Order does not affect the qualification of Mr. Feng to act as a director, nor does it refrain Mr. Feng from acting as a director under the laws of the PRC. Having considered the implications of the Order, the fact that the Order was issued more than 10 years ago, and the character, experience and integrity of Mr. Feng as a whole, our Board is of the view that the above incident would not impair Mr. Feng's suitability to act as Director. Our Board further considers that Mr. Feng possesses the necessary skill, care and diligence, character, experience and integrity to fulfil his duties as Director as required under Rules 3.08 and 3.09 of the Listing Rules. Based on the independent due diligence conducted by the Sole Sponsor including the view of our PRC Legal Adviser as set out above, nothing has come to the Sole Sponsor's attention that would cause it to disagree with our Board's view regarding Mr. Feng's suitability to act as a Director.

Mr. Chan Chi Fung Leo (陳志峰), aged 47, is an independent non-executive Director. Pursuant to the resolution of the A Shares Shareholders passed on 26 June 2026, he was appointed as an independent Director on 26 June 2026, and redesignated as an independent non-executive Director, which will come into effect upon the Listing. He is the independent non-executive Director who has the qualifications and experience to meet the requirements under Rule 3.10(2) of the Listing Rules.

Mr. Chan has over 25 years of experience in accounting and corporate finance. Since October 2017, he has served as the managing director of Red Solar Securities (International) Limited (formerly known as Red Solar Capital Limited), a corporation licensed to carry out Type 1 and Type 6 regulated activities under the SFO. From September 2001 to March 2004, Mr. Chan began his career as a staff accountant at Ernst & Young. From January 2005 to June 2006, he was employed at Kingsway Group Services Limited, where his last position was executive. From June 2006 to July 2007, he served as an associate at CCB International Capital Limited. From August 2007 to December 2011, he was employed at BNP Paribas Capital (Asia Pacific) Limited, where his last position was associate in corporate finance. Between December 2011 to April 2015, he worked at CITIC Securities International Company Limited, where his last position was director of corporate finance. From May 2015 to April 2016, he served as deputy managing director at VBG Capital Limited. From May 2016 to October 2017, he served as managing director at LY Capital Limited. Mr. Chan has also served, or is serving, as independent non-executive director of the following companies whose shares are/were listed on the Stock Exchange: Sisram Medical Ltd (stock code: 01696) since August 2017, Ziyuanyuan Holdings Group Limited (stock code: 08223) ("**ZYY Holdings**") from June 2018 to June 2026, Jinke Smart Service Group Co., Ltd. (stock code: 09666 until privatised and had the listing of its shares withdrawn on 20 February 2026) from October 2020 to June 2023, Luyuan Group Holding (Cayman) Limited (stock code: 02451), since June 2023 and Prinx Chengshan Holdings Limited (stock code: 01809) since March 2026.

Mr. Chan obtained his bachelor's degree in business administration from the Hong Kong University of Science and Technology in Hong Kong in November 2001. Mr. Chan was admitted as member of the Hong Kong Institute of Certified Public Accountants in October 2005.

The following particulars relating to Mr. Chan are disclosed pursuant to Rule 13.51(2)(l) of the Listing Rules:

In May 2026, ZYY Holdings received a winding-up petition (the "**ZYY Petition**") dated 29 April 2026, filed against it at the High Court of Hong Kong by a creditor of ZYY Holdings (the "**ZYY Petitioner**") seeking the winding up of ZYY Holdings. The ZYY Petition relates to an outstanding principal sum of HK$3,552,923.52 together with interest thereon (the "**Debt**") pursuant to certain loans advanced by the ZYY Petitioner.

According to the announcements of ZYY Holdings dated 7 May 2026 and 21 May 2026, (a) ZYY Holdings had sufficient resources to repay the Debt in full; (b) the delay in repayment of the Debt was attributable to a dispute between ZYY Holdings and the ZYY Petitioner over the Debt; (c) ZYY Holdings was proactively engaging in discussions with the ZYY Petitioner to resolve the dispute, with a view to entering into a settlement agreement pursuant to which ZYY Holdings would repay the Debt in full and the ZYY Petitioner would withdraw the ZYY Petition immediately thereafter. According to the announcement of ZYY Holdings dated 29 July 2026, further to the hearing held on 29 July 2026, the High Court of Hong Kong has made an order that the ZYY Petition be withdrawn. As at the Latest Practicable Date, to the best knowledge of the Directors, there has been no material development with regard to ZYY Petition.

Based on publicly available information, ZYY Holdings is a company incorporated in the Cayman Islands with limited liability which, together with its subsidiaries, is principally engaged in the provision of medical equipment finance leasing services, maternal and child postpartum care industry services, and trading of medical equipment and consumables in the PRC. The securities of ZYY Holdings are listed on GEM (stock code: 08223). Neither ZYY Holdings nor any of its subsidiaries is related to the Group.

Mr. Chan was an independent non-executive director of ZYY Holdings at the time the ZYY Petition was filed against ZYY Holdings. Mr. Chan did not hold any executive position involving the day-to-day management of its operations or financial decision-making, and the default arose from the dispute between ZYY Holdings and the ZYY Petitioner rather than any act attributable to him. Mr. Chan confirmed that: (i) the reason for his resignation was due to his desire to devote more time to his other business engagements and was not related to the commencement of the ZYY Petition; (ii) there was no wrongful act on his part that led to the ZYY Petition being brought against ZYY Holdings; (iii) he is not aware of any actual or potential claim that has been or will be made against him in connection with the ZYY Petition; and (iv) his involvement with ZYY Holdings was part and parcel of his services as an independent non-executive director thereof.

SENIOR MANAGEMENT

The following table sets out certain information regarding the members of senior management of our Company:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and/or senior management
Ms. Zhang Ning (張宁)	51	Executive Director and chairperson of our Board	August 1999	18 September 2016	Overall strategic development, formulation and decision-making of major business development policies	N/A
Mr. Ding Lin (丁林)	53	Executive Director, vice chairman of our Board and president	November 2021	1 November 2021	Strategy execution and overall operations of our Group	N/A
Mr. Yuan Minjian (袁敏健)	57	Executive Director and vice president	June 2011	23 October 2019	Overall management of the production operations of our Group	N/A
Mr. Yu Yaoming (俞堯明)	55	Executive Director, vice president, chief financial officer and Board secretary	July 2020	6 May 2021	Overall financial management of our Group, and information disclosure, investor relations and other Board-related matters	N/A
Mr. Tang Jie (湯捷)	50	Executive Director and vice president	August 2006	23 October 2019	Overall sales management of our Group	N/A

For the biographies of Ms. Zhang Ning, Mr. Ding Lin, Mr. Yuan Minjian, Mr. Yu Yaoming and Mr. Tang Jie, please refer to the paragraph headed "Board of Directors — Executive Directors" in this section.

General

Save as disclosed above and/or other section in this prospectus as mentioned below, each of our Directors and senior management members confirms with respect to himself or herself that, as at the Latest Practicable Date:

(1) he or she had no relationship with any Director, members of the senior management or substantial Shareholder;

(2) he or she did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong and/or overseas, and other major appointments and professional qualifications;

(3) except as disclosed herein or under the section headed "Appendix VI — Statutory and General Information — 4. Disclosure of interests" in this prospectus, none of our Directors or members of the senior management had any interest in the Shares within the meaning of Part XV of the SFO;

(4) he/she did not complete his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses;

(5) to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there are no other matters and information concerning the appointment of our Directors or members of the senior management that need to be brought to the attention of our Shareholders or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

JOINT COMPANY SECRETARIES

Ms. Wang Ning (王寧), aged 39, our securities affairs representative, and was appointed as one of our joint company secretaries on 10 June 2026. Since April 2022, Ms. Wang has been serving as our securities affairs representative. Between May 2014 and December 2019, she served as the securities affairs officer at Shanghai InfoTM Microelectronics Co.,Ltd (上海盈方微電子有限公司), a wholly owned subsidiary of Infotmic Co., Ltd. (盈方微電子股份有限公司), a company with its shares listed on the Shenzhen Stock Exchange (stock code: 000670). Between May 2020 and February 2022 she served successively as senior consulting advisor and senior consulting manager at Shanghai Infaith Group Co., Ltd. (上海信公科技集團股份有限公司), a company providing corporate management consulting services and digital solutions for listed and pre-IPO companies. Since March 2024, she has been serving as a non-executive director of Prinx Chengshan Holdings Limited, a company with its shares listed on the Main Board of the Stock Exchange (stock code: 01809).

Ms. Wang graduated from Qingdao University of Science and Technology in the PRC with a bachelor's degree in business administration in July 2009. She obtained her securities practitioner license in June 2015 accredited by the Securities Association of China and her board secretary qualification issued by the Shenzhen Stock Exchange in March 2017. She further obtained her Certified Public Accountant (CPA) of the PRC certificate in December 2020 and has been a non-practicing member of the Chinese Institute of Certified Public Accountants since March 2021. She obtained her pre-appointment training certificate for board secretaries issued by the Shanghai Stock Exchange in February 2023, and her Legal Profession Qualification Certificate of the People's Republic of China in March 2024.

Mr. Wong Chun Wing Samuel (黃俊穎), was appointed as the joint company secretary of our Company on 14 September 2026. Mr. Wong is an assistant manager of the Listing Services Department of TMF Hong Kong Limited and is responsible for provision of corporate secretarial and compliance services to listed company clients. He has over eight years of experience in the company secretarial field.

He is currently the company secretary of seven companies listed on the Main Board of the Stock Exchange.

Mr. Wong is an associate member of The Hong Kong Chartered Governance Institute and associate member of The Chartered Governance Institute in the United Kingdom. He obtained a bachelor's degree of business administration from The Hang Seng University of Hong Kong in November 2017.

BOARD DIVERSITY AND POLICY

We have adopted a board diversity policy (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. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate skills, expertise and diversity of perspectives that are required to support the execution of our business strategy, and centers around governance effectiveness, ensuring sound decision-making and alignment with the development of the Group's core businesses. Pursuant to the Board Diversity Policy, the selection of candidates for Directors will have regard to a range of diversity perspectives, including but not limited to skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. Having regard to the aforementioned aims that the Board Diversity Policy seeks to achieve and the current business development needs of the Group, our Directorship candidate selection process prioritises educational background, professional skills, industry experience and international exposure, for which we have set the below aims and measurable objectives:

(1) *Educational background:* priority shall be given to candidates with a master's degree or higher, taking into account educational backgrounds from renowned domestic and international institutions. In terms of measurable objectives, at least 80% of the Directors shall hold a master's degree or higher, and at least 10% of the Directors shall hold a doctoral degree;

(2) *Professional skill:* Board members shall have professional backgrounds covering at least three of the core professional fields (which include technology relating to the core business of our Group, financial accounting and business management. In terms of measurable objectives, there shall be at least one Director with financial expertise and at least one Director with a background in technology relating to the core business of the Group such as chemical engineering or materials science;

(3) *Industry experience:* priority will be given to the recruitment of senior experts working in the core businesses of our Group and high-caliber management talent from diverse industries and organizational structures, to achieve a balance of depth of expertise in our core business and breadth of perspective. In terms of measurable objectives, at least one Director shall have experience relating to the core business of our Group, such as in the chemical, rubber, or tire industries, and at least one Director shall have management experience in large enterprises or multinational corporations; and

(4) *International exposure:* priority will be given to candidates with international experience and qualifications such as overseas education, cross-border professional qualification and/or transnational management experience, so as to enhance our Board's global perspective in decision-making. In terms of measurable objectives, at least one Directors shall have overseas academic degrees or cross-border professional experience.

Based on our Group's current business development needs, we have determined the above to be the main pillars underpinning our Board Diversity Policy and recruitment objectives. Going forward, we shall monitor trends in gender diversity as we continue to evaluate the Group's business development needs and investors' expectations. While adhering to our core selection criteria, we will actively consider increasing gender balance at the Board level.

The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board and the business needs of our Company from time to time. Our Board believes that such merit-based appointments will best enable our Company to serve the Shareholders and other stakeholders going forward.

Our Board comprises ten members, including five executive Directors, one non-executive Director and four independent non-executive Directors. Our Board currently has one female Director. Our Directors have a balanced mix of gender and experiences, including management and strategic development, finance and accounting experiences in addition to chemical manufacturing and engineering. Furthermore, our Board has a good mix of new and experienced Directors, who have valuable knowledge and insights of our Group's business over the years, while the new Directors are expected to bring in fresh ideas and new perspective to our Group.

Our nomination committee is responsible for reviewing the diversity of our Board. After Listing, our nomination committee will (i) report annually, in the corporate governance report contained in our annual report, on our Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy; and (ii) review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy and discuss any revisions that may be required, and recommend any such revisions to our Board for consideration and approval.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. We also reimburse them for expenses which are necessarily and reasonably incurred for executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation packages of our Directors and senior management taking into account factors such as salaries paid by comparable companies, level of responsibilities, employment elsewhere in our Group, the performance of our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, we also participate in various defined contribution plans organised by relevant provincial and municipal government authorities and welfare schemes for our employees, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

The aggregate amounts of remuneration (including salaries, allowances, benefits in kind, performance related bonuses, share based payments, pension scheme contributions and/or social welfare) of our Directors for FY2023, FY2024, FY2025 and 6M2026 were approximately RMB11.6 million, RMB14.2 million, RMB15.3 million and RMB6.8 million, respectively.

The aggregate amount of remuneration (including salaries, allowances, benefits in kind, performance related bonuses, share based payments, pension scheme contributions and/or social welfare) paid to the five highest paid individuals, excluding Directors and chief executive, for FY2023, FY2024, FY2025 and 6M2026 were approximately RMB5.8 million, RMB5.3 million, RMB6.9 million and RMB3.2 million, respectively.

It is estimated that remuneration equivalent to approximately RMB13.7 million in aggregate will be paid to our Directors for the year ending 31 December 2026, based on the arrangements in force as at the Latest Practicable Date.

No remuneration was paid by our Company to our Directors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

In order to incentivise employees for their contribution to our Group and to attract and retain suitable personnel to our Group, our Company adopted the 2023 RSA Scheme. Please refer to the section headed "Appendix VI — Statutory and General Information — 5. Our 2023 RSA Scheme" in this prospectus for further details.

For additional information on Directors' and the five highest paid individuals' remuneration during the Track Record Period, please refer to Notes 9 and 10 to the Accountants' Report in Appendix I to this prospectus.

BOARD COMMITTEES

We have established four committees under our Board, namely the audit committee, the remuneration and appraisal committee, the nomination committee and the strategy committee in accordance with relevant laws and regulations of the PRC, the Articles of Association of the Company and the Listing Rules. The membership of such committee are as follows:

	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategic Committee
Executive Directors				
Ms. Zhang Ning	—	—	Member	Chairperson
Mr. Ding Lin	—	Member	—	Member
Mr. Yuan Minjian	—	—	—	—
Mr. Yu Yaoming	—	—	—	—
Mr. Tang Jie	—	—	—	—

	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategic Committee
Non-executive Director				
Mr. Li Xiaoguang	—	—	—	Member
Independent non-executive Directors				
Mr. Zhang Yun	Member	—	Member	—
Mr. Chan Chi Fung Leo	Chairperson	—	—	—
Mr. Jiang Changjian	—	Chairperson	—	Member
Mr. Feng Yaoling	Member	Member	Chairperson	—

Each of the above committees has written terms of reference. The functions of the above four committees are summarised as follows:

Audit committee

Our Company has established an audit committee with written terms of reference in compliance with the relevant PRC laws and regulations, and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our audit committee include making recommendations to our Board on the appointment and removal of the external auditor, reviewing and overseeing the financial reporting procedure, risk management and internal control system of our Group. Our audit committee comprises Mr. Chan Chi Fung Leo, Mr. Zhang Yun and Mr. Feng Yaoling, all being independent non-executive Directors. Mr. Chan Chi Fung Leo, is the chairman of our audit committee, and he has the appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and appraisal committee

Our Company has established a remuneration and appraisal committee with written terms of reference in compliance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our remuneration and appraisal committee include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. Our remuneration and appraisal committee comprises Mr. Ding Lin, being an executive Director, and Mr. Jiang Changjian and Mr. Feng Yaoling, being independent non-executive Directors. Mr. Jiang Changjian is the chairman of our remuneration and appraisal committee.

Nomination committee

Our Company has established a nomination committee with written terms of reference in compliance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our nomination committee are (i) to review the structure, size and composition (including the skills, knowledge and experiences) of the Board at least annually, assist the Board in maintaining a board skills matrix, and to make recommendations to the Board on any proposed changes to the Board composition to complement the Group's corporate strategy; (ii) to assess the independence of independent non-executive Directors; (iii) to identify individuals suitably qualified as potential Board members and to select or make recommendation to the Board regarding candidates to fill vacancies on our Board; (iv) to make recommendations to the Board on the appointment and re-appointment of Directors and succession planning of the Directors; and (v) to support the Group's regular evaluation of the Board's performance. Our nomination committee comprises Ms. Zhang, being an executive Director, and Mr. Zhang Yun and Mr. Feng Yaoling, being independent non-executive Directors. Mr. Feng Yaoling is the chairman of the nomination committee.

Strategic Committee

Our Company has established a strategic committee with written terms of reference in compliance with the relevant PRC laws and regulations. The primary function of our strategic committee are, among others, (i) researching and making recommendations on the Company's long-term development strategy and major investment decisions; (ii) researching and making recommendations on major investment and financing proposals requiring Board approval as stipulated in the Articles of Association; (iii) researching and making recommendations on major capital operations and asset management projects requiring Board approval as stipulated in the Articles of Association; (iv) researching and making recommendations on other significant matters affecting the Company's development; and (v) inspecting the implementation of the aforementioned matters. Our strategic committee comprises Ms. Zhang, and Mr. Ding Lin, being executive Directors, Mr. Li Xiaoguang, being a non-executive Director, and Mr. Jiang Changjian, being an independent non-executive Director. Ms. Zhang is the chairperson of the strategic committee.

COMPLIANCE ADVISER

We have appointed Lego Corporate Finance Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us, among others, at the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues, sales or transfers of treasury shares and share repurchases;

(3) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our H Shares 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 Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law or regulation 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 appointment our compliance adviser shall commence on the Listing Date and end on the date of despatch of our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (1) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 27 January 2026 (save for Mr. Chan Chi Fung Leo, who obtained such legal advice on 9 June 2026); and (2) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (1) his independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (2) that he has no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as at the Latest Practicable Date; and (3) that there are no other factors that may affect his independence at the time of his appointment.

Rule 8.10 of the Listing Rules

Please refer to the section headed "Relationship with our Controlling Shareholders — Rule 8.10 of the Listing Rules" in this prospectus for further details.

So far as our Directors are aware, in addition to the persons who will have interests in our Shares as disclosed in the section headed "Cornerstone Investors" in this prospectus, the following persons will, immediately following completion of the Global Offering and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, have interests and/or short positions in our Shares or underlying Shares which would be required 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 who 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:

			As at the Latest Practicable Date		Immediately following completion of the Global Offering		
Name of Shareholder	**Nature of interest**	**Description of Shares**	**Number of Shares held/ interested** *(Note 1)*	**Approximate percentage of shareholding in the total share capital of our Company** *(Note 2)*	**Number of Shares held/ interested** *(Note 1)*	**Approximate percentage of shareholding in the A Shares** *(Note 3)*	**Approximate percentage of shareholding in the total share capital of our Company** *(Note 3)*
Ms. Zhang	Beneficial owner	A Shares	837,500	0.14%	837,500	0.14%	0.12%
	Interest in a controlled corporation *(Notes 4, 5)*	A Shares	374,732,700	60.82%	374,732,700	60.82%	54.77%
Red Avenue Investment	Beneficial owner *(Note 4)*	A Shares	294,570,000	47.81%	294,570,000	47.81%	43.05%
Virgin Holdings	Beneficial owner *(Note 5)*	A Shares	80,162,700	13.01%	80,162,700	13.01%	11.72%

Notes:

(1) All interests stated are long positions in the Shares.

(2) The calculation is based on the total number of 616,069,636 A Shares in issue as at the Latest Practicable Date.

(3) The calculation is based on the total number of (i) 616,069,636 A Shares in issue; and (ii) 68,118,700 H Shares in issue immediately following completion of the Global Offering and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date.

(4) Red Avenue Investment is wholly owned by Ms. Zhang. By virtue of the SFO, Ms. Zhang is taken to be interested in the Shares held by Red Avenue Investment.

(5) Virgin Holdings is held as to (i) 99.9% by Ms. Zhang; and (ii) 0.1% by Red Avenue Investment. By virtue of the SFO, Ms. Zhang is taken to be interested in the Shares held by Virgin Holdings.

Save as disclosed in this section and in the section headed "Cornerstone Investors" in this prospectus, our Directors are not aware of any other persons who will, immediately following completion of the Global Offering, and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, have interests or short positions in the Shares or underlying Shares which would be required 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 who 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.

This section presents certain information regarding our share capital before and upon the completion of the Global Offering.

BEFORE THE COMPLETION OF THE GLOBAL OFFERING

As at the Latest Practicable Date and immediately prior to the Global Offering, the total issued share capital of our Company was 616,069,636 A Shares of a nominal value RMB1.00 each, all of which are listed on the Shanghai Stock Exchange.

UPON THE COMPLETION OF THE GLOBAL OFFERING

Assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, the registered and issued share capital of our Company immediately after completion of the Global Offering will be as follows:

Description of shares	Number of Shares	Approximate percentage to total share capital of our Company
A Shares in issue *(Note)*	616,069,636	90.0%
H Shares to be issued under the Global Offering	68,118,700	10.0%
Total	684,188,336	100%

Note: As of the Latest Practicable Date, the total number of A Shares in issue included 3,001,917 A Shares held by our Company as treasury shares.

OUR SHARES

Upon completion of the Global Offering, the Shares will consist of A Shares and H Shares. A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between investors of the PRC.

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by investors in the PRC, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by investors in the PRC 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 respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. 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. Our H Shareholders will receive share dividends in the form of H Shares, and our A Shareholders will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE STOCK EXCHANGE

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the Global Offering. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for listing and trading on the Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

We have obtained approval from our A Shareholders to issue H Shares and seek the listing of the H Shares on the Stock Exchange. Such approval was obtained at the general meeting of our Company held on 30 January 2026 and is subject to, among others, the following conditions:

(1) *Type and par value of the shares to be issued:* The shares to be issued in the offering are overseas-listed shares (H Shares) to be listed on the Main Board of the Stock Exchange. All of the H Shares are ordinary shares with a nominal or par value of RMB1.00 each, and are subscribed in foreign currency (i.e. Hong Kong dollars).

(2) *Timing of offering:* Our Company shall select an appropriate timing and release window within the validity period of the Shareholders' resolutions to complete the offer. The exact timing of the offer shall be determined by the Board and/or the individual(s) authorised by the Board, both of which are authorised by the Shareholders' resolutions, based on the domestic and international capital market conditions, the approval and filing progress of the CSRC and other relevant regulatory authorities within and outside the PRC and other circumstances.

(3) *Place of offering:* The Main Board of the Stock Exchange.

(4) *Method of offering*: The method of offering is the Global Offering, which comprises the Hong Kong Public Offering and the International Offering. The Hong Kong Public Offering involves the offer of the Hong Kong Offer Shares for subscription by the public, institutional and professional investors in Hong Kong. The International Offering is only offered to qualified international buyers. According to the practices of the international capital market and the circumstances, the methods of the International Offering may include but are not limited to: the offer of the International Offer Shares (1) in the United States to QIBs in reliance on Rule 144A or other exemption from the registration requirements of the U.S. Securities Act; (2) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act; and (3) (if necessary) in other overseas qualified market.

    The specific method for the offering shall be determined by the Board and/or the individual(s) authorised by the Board, both of which are authorised by the Shareholders' resolutions, in accordance with circumstances including relevant legal provisions, the approval or filing by the CSRC and other relevant domestic and foreign regulatory authorities, and the conditions of the domestic and international capital market.

(5) *Size of offering*: Subject to the compliance with the requirements imposed by the Stock Exchange and other regulatory authorities in relation to minimum offering ratio, public float and free float and other requirements (or exemptions therefrom), and taking into account our Company's own funding needs and future capital requirements for business development, the number of H Shares to be offered shall not exceed 10% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering.

The final offering size and offering ratio shall be determined by the Board and/or the individual(s) authorised by the Board, both of which are authorised by the Shareholders' resolutions, based on the legal requirements, the approval or filing by the CSRC, market conditions and other relevant circumstances. The final number of H Shares to be issued in the Global Offering will be determined in accordance with the Underwriting Agreements to be entered into between the Company and the relevant Underwriters.

The increase in share capital of the Company as a result of the Global Offering shall be based on the actual number of H Shares issued, and shall be implemented after obtaining the approval or filing by relevant national regulatory authorities, the Stock Exchange, the SFC and other regulatory authorities.

(6) *Price determination basis:* The issue price of the H Shares shall be determined in accordance with international practices, after due consideration of factors including the interests of existing Shareholders, the condition of the domestic and international capital market, risks involved in the offering and acceptability of investors, with reference to the market subscription situation, results of bookbuilding, by way of market-based approach, and shall be determined by the Board and/or the individual(s) authorised by the Board, both of which are authorised by the Shareholders' resolutions, and in consultation with the Sponsor-Overall Coordinator in accordance with legal requirements, the approval or filing by relevant regulatory authorities, and market conditions.

(7) *Target investors:* The target investors of the offering are Hong Kong public investors participating in the Hong Kong Public Offering, other qualified non-PRC investors (for the sole purpose of the offering and the Listing, including those in Hong Kong, the Macau and Taiwan and foreign countries), qualified domestic investors entitled to invest abroad in overseas securities under relevant PRC laws and regulations, and other investors that meet regulatory requirements. The target investors will be determined by the Board and the individual(s) authorised by the Board, both of which are authorised by the Shareholders' resolutions, in accordance with the requirements of relevant laws and regulations, the approvals or filings by relevant domestic and foreign regulatory authorities, and market conditions.

(8) *The Offering and basis of allocation:* The method of offering is the Global Offering, which comprises the Hong Kong Public Offering and the International Offering.

Allocation of the Offer Shares to the public, institutional and professional investors in Hong Kong under the Hong Kong Public Offering will be based solely on the level of valid applications received from subscribers under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants, but shall strictly follow the allocation ratios as specified under the Listing Rules (or exempted therefrom). The allocation of Hong Kong Offer Shares could consist of balloting, which would mean that some applicants may receive a higher allocation than the others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares. The ratio of the Hong Kong Public Offering tranche and the International Offering tranche shall be subject to the clawback mechanism (if applicable) based on the multiples of oversubscription stipulated in the Listing Rules or relevant guidelines published, amended and being updated by the Stock Exchange from time to time.

The proportion of the International Offering tranche in the Global Offering shall be determined based on the finalised proportion of the Hong Kong Public Offering tranche (after clawback, if applicable). The target and quota of allocation in relation to the International Offering tranche shall be determined in accordance with a book-building process, and based on a number of factors, including but not limited to, including the level and timing of demand, price sensitivity and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing of the Offer Shares on the Stock Exchange.

(9) *Underwriting*: The Global Offering will be underwritten by an underwriting syndicate led by the Sponsor-Overall Coordinator. The details of underwriting arrangements will be determined by the Board and/or the individual(s) authorised by the Board, both of which are authorised by the Shareholders' resolutions, in accordance with the condition of the international capital market, the progress of the approval by relevant domestic and foreign regulatory authorities, and other relevant circumstances.

(10) *Validity period*: The validity period of the approval in relation to the Global Offering shall be 24 months from the date on which such matters were approved at the Shareholders' meeting held on 30 January 2026. If our Company has obtained the approval or filing for the issuance and the Listing of H Shares from relevant regulatory authorities (including the CSRC, the SFC and the Stock Exchange) within such validity period, the validity period of the resolution will be automatically extended to the later of the completion date of this issuance and the Listing and the exercise of the over-allotment option (if any).

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS' MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meeting are required, please see the paragraph headed "Appendix V — Summary of the Articles of Association — "5. Shareholders" and "6. Shareholders' Meetings" in this prospectus.

SHARE SCHEME

For details of the 2023 RSA Scheme, please see the section headed "Appendix VI — Statutory and General Information — 5. Our 2023 RSA Scheme" in this prospectus.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) that may be purchased for an aggregate amount of approximately US$126.4 million (or approximately HK$990.9 million, calculated based on the exchange rate set out in the section headed "Information about this prospectus and the Global Offering — Exchange rate conversion" in this prospectus), assuming an Offer Price of HK$41.50 (being the mid-point of the indicative Offer Price range) (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) (the "**Cornerstone Placing**").

The table below reflects the shareholding percentage immediately after the completion of the Global Offering assuming there are no other changes made to the issued share capital of our Company between the Latest Practicable Date and the Listing Date.

Assuming an Offer Price of HK$39.00 (being the low-end of the indicative Offer Price range)		**Assuming an Offer Price of HK$41.50 (being the mid-point of the indicative Offer Price range)**		**Assuming an Offer Price of HK$44.00 (being the high-end of the indicative Offer Price range)**	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
37.2%	3.7%	35.1%	3.5%	33.1%	3.3%

We believe that the participation of the Cornerstone Investors in the Cornerstone Placing demonstrates their confidence in our Company and our business prospects and is expected to enhance our profile. We became acquainted with the Cornerstone Investors through our business network, or through introductions by our business partners or the Overall Coordinators in connection with the Global Offering.

The Cornerstone Placing will form part of the International Offering, and save as otherwise consented to by the Stock Exchange, the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 19A.13A of the Listing Rules. Immediately following completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company, and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreement, as compared with other public Shareholders. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

Among the Cornerstone Investors, Happy Wisdom and Ms. Zhou Bo are existing minority Shareholders of our Company or their close associates, each of which holds less than 1% of the total issued shares of our Company as at the Latest Practicable Date. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 and consent under paragraph

1C(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders. For details, please refer to the section headed "Waivers from strict compliance with the Listing Rules — Allocation of H Shares to existing minority Shareholders and their close associates" in this prospectus.

Save as the aforesaid, to the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party; (ii) the Cornerstone Investors are independent from each other; (iii) none of the Cornerstone Investors is accustomed to take instructions from our Company, our Directors, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of Shares registered in its name or otherwise held by it; and (iv) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates.

Each of the Cornerstone Investors has confirmed that (i) it will be utilising its internal financial resources, financial resources of its shareholders or (in the case of Cornerstone Investors which are funds or investment managers) the assets managed for its investors as its source of funding for the subscription of the Offer Shares; (ii) it has sufficient funds to settle its respective investment under the Cornerstone Placing; and (iii) all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) is required for the relevant Cornerstone Placing. Save for CNCB Investment, Full Truck and Prinx Chengshan HK, none of the Cornerstone Investors or their shareholder(s) are listed on any stock exchange. In addition, to the best knowledge of our Company, each of the Cornerstone Investors makes independent investment decisions.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed for before dealings in the Company's H Shares commence on the Stock Exchange. Since there is no over-allotment option in the International Offering, there will be no delayed delivery of the Offer Shares to be subscribed by the Cornerstone Investors.

The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the demand for H Shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this prospectus, our Company and the Sponsor-Overall Coordinator have the absolute discretion, but not obliged, to deduct the number of Offer Shares to be subscribed by the Cornerstone Investors on a pro rata basis pursuant to Practice Note 18 and Appendix F1 to the Listing Rules. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Monday, 28 September 2026.

THE CORNERSTONE INVESTORS

The table below sets forth details of the Cornerstone Placing:

Cornerstone Investor	Subscription amount(1)		Number of Offer Shares(2)	Assuming an Offer Price of HK$39.00 (being the low-end of the indicative Offer Price range)	
				Approximate % of the H Shares	Approximate % of our total issued share capital(2)
	(US$ in millions)	*(HK$ in millions)*		%	%
CNCB Investment	18.0	141.2	3,619,400	5.3	0.5
Full Truck	20.0	156.8	4,021,500	5.9	0.6
Golden Valley Master	10.0	78.4	2,010,700	3.0	0.3
Goldshore	45.0	353.3	9,057,600	13.3	1.3
Happy Wisdom	15.0	117.8	3,019,200	4.4	0.4
Prinx Chengshan HK	5.0	39.0	1,000,000	1.5	0.2
Yang Quanhai	5.0	39.2	1,005,300	1.5	0.2
Zhou Bo	8.0	62.8	1,610,200	2.4	0.2
Total	126.0	988.4	25,343,900	37.2	3.7

Cornerstone Investor	Subscription amount(1)		Number of Offer Shares(2)	Assuming an Offer Price of HK$41.50 (being the mid-point of the indicative Offer Price range)	
				Approximate % of the H Shares	Approximate % of our total issued share capital(2)
	(US$ in millions)	*(HK$ in millions)*		%	%
CNCB Investment	18.0	141.2	3,401,300	5.0	0.5
Full Truck	20.0	156.8	3,779,300	5.5	0.6
Golden Valley Master	10.0	78.4	1,889,600	2.8	0.3
Goldshore	45.0	353.3	8,512,000	12.5	1.2
Happy Wisdom	15.0	117.8	2,837,300	4.2	0.4
Prinx Chengshan HK	5.3	41.5	1,000,000	1.5	0.2
Yang Quanhai	5.0	39.2	944,800	1.4	0.1
Zhou Bo	8.0	62.8	1,513,200	2.2	0.2
Total	126.4	990.9	23,877,500	35.1	3.5

Cornerstone Investor	Subscription amount(1)		Number of Offer Shares(2)	Assuming an Offer Price of HK$44.00 (being the high-end of the indicative Offer Price range)	
				Approximate % of the H Shares	Approximate % of our total issued share capital(2)
	(US$ in millions)	*(HK$ in millions)*		%	%
CNCB Investment	18.0	141.2	3,208,100	4.7	0.5
Full Truck	20.0	156.8	3,564,500	5.2	0.5
Golden Valley Master	10.0	78.4	1,782,200	2.6	0.3
Goldshore	45.0	353.3	8,028,400	11.8	1.2
Happy Wisdom	15.0	117.8	2,676,100	3.9	0.4
Prinx Chengshan HK	5.6	44.0	1,000,000	1.5	0.2
Yang Quanhai	5.0	39.2	891,100	1.3	0.1
Zhou Bo	8.0	62.8	1,427,200	2.1	0.2
Total	126.7	993.4	22,577,600	33.1	3.3

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, and calculated based on the exchange rate set out in the section headed "Information about this prospectus and the Global Offering — Exchange Rate Conversion" in this prospectus.

(2) Rounded down to the nearest whole board lot of 100 H Shares.

(3) Assuming that there are no changes to the number of issued shares of our Company between the Latest Practicable Date and the Listing Date.

Background of the Cornerstone Investors

The information about the Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

CNCB Investment

CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司) ("**CNCB Investment**"), was incorporated in Hong Kong in 1984 as a wholly-owned subsidiary of China CITIC Bank Corporation Limited (中信銀行股份有限公司), a company listed on the Hong Kong Stock Exchange (Stock Code: 0998) and Shanghai Stock Exchange (Stock Code: 601998), with a registered share capital of HKD1.87 billion and is ultimately controlled by CITIC Group Corporation. CNCB Investment holds a Hong Kong Money Lenders Licence. Its principal business scope encompasses lending operations and various investment activities including but not limited to investments in bonds, funds, equities, and long-term equity investments. Through its subsidiaries, CNCB Investment has established a presence in diversified sectors, including overseas licensed investment banking operations and domestic equity investment fund management businesses.

Full Truck

Full Truck Alliance Co. Ltd. ("**Full Truck**") is a company incorporated in the Cayman Islands, whose shares are listed on the New York Stock Exchange (Ticker symbol: YMM). Full Truck is one of the leading digital freight platforms in the PRC providing a range of freight matching services. Mr. Zhang Hui, an Independent Third Party, controls 77.2% of the voting rights of Full Truck.

Golden Valley Master

Golden Valley Value Select Master Fund ("**Golden Valley Master**") is an investment vehicle of Loyal Valley Capital ("**LVC**"), a private equity firm that mainly focuses on the following segments: tech & consumer, healthcare and advanced manufacturing. Golden Valley Master is a mutual fund established by LVC in 2022. Golden Valley Master is held as to 99.99% by Golden Valley Value Select Fund, which is ultimately controlled by Mr. Lin Lijun (林利軍), an Independent Third Party, with no other single beneficial owner holding more than 30% interests therein. The fund manager of Golden Valley Value Select Master Fund is LVC SG Management PTE Ltd, which is ultimately controlled by Mr. Lin Lijun (林利軍), and has no investor with 30% or more partnership interest.

Goldshore

Goldshore Company Limited ("**Goldshore**") is an investment holding company incorporated in the British Virgin Islands with limited liability and is one of the investment vehicles under the CJ Wang Family Office — the family office of Mr. Wang Xuning (王旭寧) for global investments. Goldshore is directly and wholly owned by Mr. Wang Xuning, an Independent Third Party.

Happy Wisdom

Happy Wisdom Limited ("**Happy Wisdom**") was incorporated under the laws of British Virgin Islands and is an investment holding company primarily engaged in investment activities. Happy Wisdom is directly and wholly owned by Ms. Tan Qing (譚清), an Independent Third Party. Each of Ms. Tan Qing and her spouse is an existing Shareholder and they collectively held less than 1% of the total issued shares of our Company as at the Latest Practicable Date.

Prinx Chengshan HK

Prinx Chengshan (Hong Kong) Tire Limited ("**Prinx Chengshan HK**") was incorporated under the laws of Hong Kong in 2014 and is principally engaged in investment holding and trading of tire products. Prinx Chengshan HK is wholly owned by Prinx Chengshan, a company listed on the Hong Kong Stock Exchange (stock code: 1809). The ultimate beneficial owners of Prinx Chengshan include Ms. Li Xiuxiang and Mr. Che Baozhen, each an Independent Third Party. As at 30 June

2026, we held approximately 5.12% of the issued share capital of Prinx Chengshan. During the Track Record Period, Prinx Chengshan is a customer of the Group. As at the Latest Practicable Date, Mr. Chan Chi Fung Leo, our independent non-executive Director, is also an independent non-executive director of Prinx Chengshan. There are no side arrangements or agreements between our Company and Prinx Chengshan HK or any benefit, direct or indirect, conferred on Prinx Chengshan HK by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

Yang Quanhai

Mr. Yang Quanhai (楊全海) is an individual Cornerstone Investor and an Independent Third Party. Mr. Yang has many years of experience in the chemicals industry, with a particular focus on chemical products such as rubber processing additives. He has extensive experience, in particular, in the application development of specialty chemicals and in creating new functionalities to enable such chemicals to meet the stringent technical requirements of various industries. Mr. Yang was an initial shareholder of our Company and has previously served as the chairman of Sino Legend. After his resignation from Sino Legend in 2016, Mr. Yang has continued to closely follow our development and has remained optimistic about our future prospects over the long term. As of the Latest Practicable Date, Mr. Yang is not an existing Shareholder of our Company or its close associates.

Zhou Bo

Ms. Zhou Bo (周波) is an individual Cornerstone Investor and an Independent Third Party. Ms. Zhou has approximately 27 years of operating and investment experience in the chemicals industry, with a focus on the upstream specialty chemicals sector. She has extensive experience in the development of new applications and functionalities of specialty chemicals in response to the increasingly stringent technical requirements in various industries. Ms. Zhou Bo is an existing Shareholder holds less than 1% of the total issued shares of our Company as at the Latest Practicable Date.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions (as the case may be):

(i) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the respective Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

(ii) the Offer Price having been agreed upon between our Company and the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters);

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the H Shares (including the Offer Shares to be subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) the CSRC having accepted the CSRC Filings (as defined under the respective Cornerstone Investment Agreement) and published the filing results in respect of the CSRC Filings on its website, and such notice of acceptance and/or filing results published not having otherwise been rejected, withdrawn, revoked or invalidated prior to the commencement of dealings in the H Shares on the Stock Exchange;

(v) no Laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(vi) the representations, warranties, undertakings, acknowledgements and confirmations of the relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all material respects and not misleading, and that there is no material breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date, (i) dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares, including any security that is convertible, exchangeable, exercisable or represents a right to receive such securities; (ii) allow itself to undergo a change of control (as defined in the Takeovers Code); or (iii) enter into any transactions directly or indirectly with the same economic effect as the aforesaid transaction.

The following discussion and our analysis should be read in conjunction with our consolidated financial statements set forth in the Accountants' Report presented in Appendix I to this prospectus and the accompanying notes. Our consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis we made in the light of our experience and perception of historical trends, current conditions and expected future developments, and such other factors as may be deemed appropriate by us 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, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this prospectus.

OVERVIEW

We are a comprehensive new materials provider in the PRC. We are primarily engaged in the R&D, production marketing, sales and distribution of new materials. During the Track Record Period, our principal businesses comprised three segments, namely (i) rubber additives for tyres and other chemical products; (ii) electronic materials; and (iii) fully biodegradable materials. With respect to our rubber additives for tyres and other chemical products segment, according to the F&S Report, we ranked first in sales revenue in both the global and PRC phenolic resins rubber additives for tyres markets in FY2025 with a market share of 41.4% and 45.9%, respectively. With respect to electronic materials, we ranked first, in terms of sales revenue, among local suppliers in both the PRC semiconductor photoresist market and the PRC TFT array photoresist market in FY2025 with a market share of 5.8% and 26.2%, respectively.

For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our revenue amounted to approximately RMB2,937.3 million, RMB3,263.4 million, RMB3,420.6 million, RMB1,650.5 million and RMB2,133.1 million, respectively, where we recorded profit for the year/period of RMB404.1 million, RMB534.2 million, RMB577.3 million, RMB358.3 million and RMB389.1 million, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Set forth below are the principal factors that have affected, and will continue to affect, our business performance, results of operations, financial position and prospects:

Ability to generate additional revenue by deepening our engagement with existing customers and attracting new customers

Our revenue had been on the rise throughout the Track Record Period: it increased by approximately RMB326.0 million or 11.1% from RMB2,937.3 million for FY2023 to RMB3,263.4 million for FY2024, and further by RMB157.2 million or 4.8% to RMB3,420.6 million for FY2025; the growth momentum continued during 6M2026, as our revenue increased by RMB482.5 million or 29.2% from RMB1,650.5 million for 6M2025 to RMB2,133.1 million for 6M2026. The growth trend in our revenue was to a material extent driven by our ability to maintain sound business relationships with and, where possible, expanding and extending dealings with our existing customers and also to attract new customers.

We have built a customer base globally covering industry leading players in the automobile tyres, semiconductors and display panels industries. Particularly, we have established ongoing business relationships with numerous well-known domestic and overseas tyre manufacturers, covering the world's top 20 tyre manufacturers, which together account for over 70% of the market share of the global tyre industry. Our customers also include various leading 8- and 12-inches wafer fabrication manufacturers in the PRC. Our business dealings with a number of our top five customers during the Track Record Period have been long-standing.

We take customer engagement seriously, with a view to enhancing customer satisfaction and driving long-term retention. As we transact with our customers, we seek to gain a thorough understanding of their expectations and requirements and focus on addressing their needs to the fullest possible extent. We also explore from time to time the possibility to scale up the business dealings with our existing customers in terms of transaction volume and/or scope of products supplied, in a way that aligns with the customers' actual demand. By building up our word-of-mouth publicity and availing ourselves of our already well-developed brand awareness and market recognition, we aspire to further broaden our customer base and thereby increase our market coverage and revenue sources through entering into business relationships with those leading players in the downstream industries that are not already included in our customer base.

We are positive that our efforts to maintain and deepen business relationships with our existing customers and to acquire new customers will provide momentum for continuous growth in our business and results of operations.

Ability to Continue to Innovate and Enrich Our Product Offerings

As a new chemical materials provider in the PRC, we offer a range of advanced chemical products to our customers, including, among other things, (i) phenolic resins (such as tackifying resins, reinforcing resins and adhesive resins) and PTBP for use in production of automobile tyres and other rubber products to optimise various properties of rubber products, under our rubber additives for tyres and other chemical products segment; (ii) semiconductor materials (such as semiconductor photoresists, CMP polishing pads, high-purity solvents and EBR) and display panel materials (such as display panel photoresists, organic insulating films and light-emitting materials) for use in production of semiconductors and display panels, under our electronic materials segment; and (iii) PBAT products for use in packaging materials and agricultural mulch films, under our fully biodegradable materials segment. We are capable of providing tailored formulation and/or specifications to suit our customers' diverse needs; as at 30 June 2026, we had over 1,000 SKUs on offer across our three business segments. Our continued growth depends, in part, on our ability to continue to improve the variety and applications of our chemical products in a way that caters for the evolving needs in the market, which will enable us to broaden our customer base, increase our market share and reinforce our leading position in the industry.

Research and development projects on advanced chemical products are characterised by a number of major challenges, including long development cycles, high technological intensity, uncertainties over accreditation and commercialisation of the research and development outcomes and the extended time required to build a sizeable pool of talents with the requisite technical expertise. To secure our competitive advantage, we have endeavoured to maintain or further promote our rate of technological and product innovations by establishing an open, interactive research and development ecosystem that features deep integration of and cooperation between the manufacturing, academic, research and end-user sectors. Through our professional research and development platform that incorporates development of electronic-grade resin, key photoresist materials and applications of electronic chemical products, we seek to consolidate our research and development resources in the fields of semiconductor photoresist, display panel photoresist and other electronic materials, such that we could take advantage of the complementarity and synergy generated.

As we offer a diverse portfolio of advanced chemical products for various industrial applications, our gross profit margin may vary across business segments and product types, owing to a basket of factors such as state of technological development, demand and prevailing market price in the relevant market, stages in the product life cycle and availability of competing products. Revisions to our product mix, whether in response to changes in our business strategies, the global and domestic market conditions or government policies or other factors, may affect our results of operations over time. We intend to continually monitor and adjust our product mix to maximise our revenue and profitability.

Cost Control and Operational Efficiency

Our ability to achieve and maintain profitability depends to a material extent on our ability to control our costs and expenses and enhance our operating efficiency. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our cost of sales were approximately RMB2,252.3 million, RMB2,467.5 million, RMB2,607.0 million, RMB1,230.0 million and RMB1,645.6 million, among which our raw material costs amounted to RMB1,813.2 million, RMB1,999.1 million, RMB2,117.4 million, RMB984.8 million and RMB1,326.0 million, representing 80.5%, 81.0%, 81.2%, 80.1% and 80.6% of our cost of sales, respectively. The principal raw materials used in our production process include phenol (苯酚), alkylphenol (烷基酚), isobutene (異丁烯), diisobutylene (二異丁烯), resorcinol (間苯二酚) and formaldehyde (甲醛), most of which are derived from operations in the petrochemical and other basic chemical industries. Our raw materials costs are largely influenced by reforms of the upstream businesses, the economic cycle and developments in the global market. Fluctuations in prices of oil and basic chemicals and instability in supply chain could potentially drive up our raw material costs. On account of that, we maintain a reasonable level of safety stock in respect of those types of raw materials that are likely to exhibit significant cyclical price fluctuations; we also adopt a dynamic pricing policy under which we generally adjust the unit selling prices of our products vis-a-vis all our customers flexibly from time to time on a discretionary basis, taking into account a basket of factors including primarily raw material costs, market demand, prevailing market price, competitive dynamics and our sales strategy.

On top of the above, our operating expenses, comprising selling and marketing expenses, administrative expenses and research and development expenses, are another item that could have a considerable bearing on our profitability. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, we recorded operating expenses in the aggregate amount of approximately RMB455.9 million, RMB523.2 million, RMB546.3 million, RMB272.1 million and RMB267.8 million, representing 15.5%, 16.0%, 16.0%, 16.5% and 12.6% of our revenue, respectively. Our ability to improve operational efficiency and maintain effective control over our operating costs will be critical to improvement in our results of operations.

Macroeconomic Conditions

Our results of operations depend on a number of macroeconomic factors, including the global economic conditions, development of global trade policies, and changes in the regulatory environment and economic condition of our targeted markets.

Positioned in the midstream of the industry chain, we supply functional resins, photoresists and ancillary chemical products primarily to customers operating in the downstream semiconductor, display panel, tyre and automobile industries. Any volatility or adverse development in geopolitical condition, foreign exchange market or international trade relations may have an impact on product demand in the downstream industries at both domestic and international levels, which would in turn take a toll on our sales and profitability.

Further, while the PRC has been our major targeted geographical market, throughout the Track Record Period, a not insignificant part of our revenue was derived from sales to the overseas market. For FY2023, FY2024, FY2025 and 6M2026, our overseas sales accounted for approximately 18.7%, 19.0%, 18.5% and 17.8% of our revenue, respectively. Any change in global trade policies, such as tightening of import and export restrictions, or any economic recession in the global market or our targeted geographic markets could materially affect our overseas sales and operations.

It is therefore imperative that we keep a close watch on developments in the macroeconomic condition and relevant policy trends, conduct thorough market analysis from time to time and complete our strategic planning for each development stage and period well in advance to ensure that our business strategies are well adapted to cope with the risks associated with uncertainties in the macroeconomic condition.

BASIS OF PREPARATION

The financial information as set forth in the Accountants' Report presented in Appendix I to this prospectus has been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**"), which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by us in the preparation of such financial information throughout the Track Record Period.

The financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and bills receivables measured at fair value through other comprehensive income, which have been measured at fair value.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Set forth below is a summary of the material accounting policies and estimates adopted by us in preparation of the financial information. For full details of our material accounting policy information and significant accounting judgements and estimates, please see notes 2.3 and 3 to the Accountants' Report presented in Appendix I to this prospectus.

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

We sell rubber additives for tyres and other chemical products, electronic materials including semiconductor photoresist and display panel photoresist, and fully biodegradable materials to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Other Income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to our Group and the amount of the dividend can be measured reliably.

Share-based Payments

Our Company operates two share award schemes during the Track Record Period, namely the 2021 RSA Scheme and the 2023 RSA Scheme, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our Group's operations. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services as consideration in exchange for equity instruments (the "**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer based on a recent transaction price with our investors, further details of which are given in note 37 to the Accountants' Report presented in Appendix I to this prospectus.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each financial year/period during the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either our Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Fair Value Measurement

We measure our equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and bills receivables measured at fair value at the end of each financial year/period within the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial year/period within the Track Record Period.

Property, Plant and Equipment and Depreciation

Property, plant and equipment ("**PPE**"), other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognise such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.0% to 6.3%
Machinery	4.5% to 19.0%
Electronic devices	18.0% to 31.7%
Vehicles	18.0% to 23.8%
Office equipment and other equipment	18.0% to 31.7%
Others	20.0% to 33.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each financial year/period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the financial year/period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is re-classified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment Properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties include buildings leased out.

An investment property is measured initially at cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss as incurred.

We use the cost model for the subsequent measurement of investment properties, and adopt a depreciation or amortisation policy for the investment properties which is consistent with that for buildings use rights.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from the sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes is recognised in profit or loss for the current period. The estimated useful life of our investment properties is 20 years.

Estimation Uncertainty

The preparation of the financial information as set forth in the Accountants' Report presented in Appendix I to this prospectus requires our management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each financial year/period during the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for Expected Credit Losses on Trade Receivables and Other Receivables

We use a provision matrix to calculate expected credit losses ("**ECLs**") for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type).

The provision matrix is initially based on our historical observed default rates. We calibrated the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each financial year/period within the Track Record Period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on our trade receivables and other receivables are disclosed in note 25 and note 26 to the Accountants' Report presented in Appendix I to this prospectus, respectively.

Impairment of Non-Financial Assets (other than Goodwill)

We assess whether there are any indicators of impairment for all non-current assets other than financial assets at the end of each financial year/period within the Track Record Period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's-length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of Goodwill

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are set out in note 17 to the Accountants' Report presented in Appendix I to this prospectus.

Fair Value of Equity Investments Designated at Fair Value through Other Comprehensive Income and Financial Assets at Fair Value through Profit or Loss

Fair value of equity investments designated at fair value through other comprehensive income and the financial assets at fair value through profit or loss have been valued based on a market-based valuation technique as set out in note 46 to the Accountants' Report presented in Appendix I to this prospectus. The valuation requires us to determine the comparable public companies (peers) and select the price multiple. In addition, we make estimates about the discount for illiquidity and size differences. We classify the fair value of these investments as Level 2 or Level 3. Further details are set out in notes 21 and 22 to the Accountants' Report presented in Appendix I to this prospectus.

DESCRIPTION OF SELECTED COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Set forth below is a summary of our consolidated statements of profit or loss for each financial year/period during the Track Record Period. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(unaudited)			
Revenue	2,937,334	100.0	3,263,380	100.0	3,420,577	100.0	1,650,517	100.0	2,133,064	100.0
Cost of sales	(2,252,274)	(76.7)	(2,467,523)	(75.6)	(2,606,985)	(76.2)	(1,229,972)	(74.5)	(1,645,635)	(77.1)
Gross profit	685,060	23.3	795,857	24.4	813,592	23.8	420,545	25.5	487,429	22.9
Other income and gains	62,504	2.1	168,053	5.1	119,536	3.5	58,876	3.6	68,414	3.2
Other expenses	(14,978)	(0.5)	(108,650)	(3.3)	(53,095)	(1.6)	(6,375)	(0.4)	(30,411)	(1.4)
Selling and marketing expenses	(92,430)	(3.1)	(112,039)	(3.4)	(118,296)	(3.5)	(56,141)	(3.4)	(59,254)	(2.8)
Administrative expenses	(183,670)	(6.3)	(194,582)	(6.0)	(195,492)	(5.7)	(98,502)	(6.0)	(90,204)	(4.2)
Research and development expenses	(179,780)	(6.1)	(216,572)	(6.6)	(232,512)	(6.8)	(117,419)	(7.1)	(118,384)	(5.5)
Fair value gains/(losses) on financial assets at fair value through profit or loss	12,058	0.4	1,836	0.1	(6,003)	(0.2)	—	—	(12,401)	(0.6)
(Provision)/reversal of impairment on financial assets, net	(4,281)	(0.1)	(806)	(0.0)	(347)	(0.0)	878	0.1	(904)	(0.0)
Finance costs	(84,085)	(2.9)	(97,323)	(3.0)	(108,545)	(3.2)	(52,668)	(3.2)	(46,273)	(2.2)
Share of profits of associates	226,587	7.7	314,392	9.6	382,112	11.2	219,496	13.3	205,964	9.7
Profit before tax	426,985	14.5	550,166	16.9	600,950	17.6	368,690	22.3	403,976	18.9
Income tax	(22,867)	(0.8)	(15,981)	(0.5)	(23,689)	(0.7)	(10,417)	(0.6)	(14,880)	(0.7)
Profit for the year/period	**404,118**	**13.8**	**534,185**	**16.4**	**577,261**	**16.9**	**358,273**	**21.7**	**389,096**	**18.2**
Attributable to:										
Owners of the parent	406,598	13.8	516,772	15.8	562,549	16.4	350,909	21.3	389,035	18.2
Non-controlling interests	(2,480)	(0.1)	17,413	0.5	14,712	0.4	7,364	0.4	61	0.0
	404,118	13.8	534,185	16.4	577,261	16.9	358,273	21.7	389,096	18.2

Revenue

For FY2023, FY2024, FY2025, 6M2025 and 6M2026, we recorded revenue of approximately RMB2,937.3 million, RMB3,263.4 million, RMB3,420.6 million, RMB1,650.5 million and RMB2,133.1 million, respectively, which were generated from our sales of products including rubber additives for tyres and other chemical products, electronic materials and fully biodegradable materials. Please see the section headed "Business — Our Business Model" in this prospectus for further details.

Revenue by Segment

The following table sets forth a breakdown of our revenue by business segment during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
Rubber additives for tyres and other chemical products										
— Self-manufactured phenolic resins	1,670,700	56.9	1,777,838	54.5	1,675,848	49.0	870,397	52.7	936,121	43.8
— Other self-manufactured products[1]	322,427	11.0	290,933	8.9	310,639	9.1	126,350	7.7	197,779	9.3
— Trading products[2]	282,381	9.6	368,976	11.3	334,781	9.8	158,478	9.6	187,663	8.8
Sub-total	**2,275,508**	**77.5**	**2,437,747**	**74.7**	**2,321,268**	**67.9**	**1,155,225**	**70.0**	**1,321,563**	**61.9**
Electronic materials										
— Semiconductor materials	201,436	6.9	303,084	9.3	427,587	12.5	191,749	11.6	308,284	14.5
— Display panel materials	260,571	8.9	330,188	10.1	435,644	12.7	192,057	11.6	294,882	13.8
— Electronic resin and others[3]	99,483	3.3	111,581	3.4	122,886	3.6	57,693	3.5	89,345	4.2
Sub-total	**561,490**	**19.1**	**744,853**	**22.8**	**986,117**	**28.8**	**441,499**	**26.7**	**692,511**	**32.5**
Fully biodegradable materials										
— PBAT	100,336	3.4	80,780	2.5	113,192	3.3	53,793	3.3	118,990	5.6
Total	**2,937,334**	**100.0**	**3,263,380**	**100.0**	**3,420,577**	**100.0**	**1,650,517**	**100.0**	**2,133,064**	**100.0**

Notes:

(1) Including (but not limited to) PTBP, resorcinol (間苯二酚), catalyst and by-products from our production.

(2) Including (but not limited to) rubber additives, tire protective wax, leveling agents (均勻劑), polyurethanes (聚氨酯), and white carbon black (precipitated silica) (白炭黑(沉澱二氧化硅)).

(3) Others include (but are not limited to) electronic phenolic aldehydes (電子酚醛) and glass powder.

During the Track Record Period, we generated a large majority of our revenue from sales of rubber additives for tyres and other chemical products, which accounted for approximately 77.5%, 74.7%, 67.9%, 70.0% and 61.9% of our total revenue for FY2023, FY2024, FY2025, 6M2025 and 6M2026, respectively. Meanwhile, our electronic materials segment had exhibited robust growth with rising revenue contribution in both monetary and percentage terms, which was primarily attributable to (i) the growth in demand for our semiconductor photoresists leveraging the rapid development of the semiconductor memory industry; (ii) the growth in demand for our display panel photoresists owing to, among other things, our market development effort, and expansion of and/or accelerating demand from the downstream industries; and (iii) the expansion in actual production volume of our photoresist products.

The table below sets forth a breakdown of the sales volume and average selling price of our products by business segment during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	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]
	'000 tonnes	*RMB'000 per tonne*	*'000 tonnes*	*RMB'000 per tonne*	*'000 tonnes*	*RMB'000 per tonne*	*tonnes '000*	*RMB'000 per tonne*	*tonnes '000*	*RMB'000 per tonne*
Rubber additives for tyres and other chemical products										
— Self-manufactured phenolic resins	110.4	15.2	120.3	14.8	124.3	13.5	61.9	14.1	69.7	13.4
— Other self-manufactured products	20.8	15.5	20.5	14.2	20.8	14.9	10.2	12.3	11.2	17.6
— Trading products	10.0	28.4	13.9	26.7	13.3	25.1	6.6	24.2	7.5	25.2
Electronic materials										
— Semiconductor materials	0.3	578.2	0.5	594.5	1.1	379.3	0.3	594.7	1.4	224.8
— Display panel materials	3.7	70.0	4.9	67.9	5.6	78.2	2.6	72.6	3.5	83.4
— Electronic resin and others	8.4	11.8	10.8	10.4	12.1	10.2	5.4	10.6	7.9	11.3
Fully biodegradable materials										
— PBAT	9.3	10.7	8.4	9.6	13.2	8.6	6.0	9.0	13.9	8.6

Note:

(1) Average selling price is calculated by dividing revenue from sales of the relevant products by the corresponding sales volume during the financial year/period concerned.

We adopt a dynamic pricing policy whereby we generally adjust the unit selling prices of our products vis-a-vis all our customers flexibly from time to time on a discretionary basis, taking into account a basket of factors including primarily raw material costs, market demand, prevailing market price, competitive dynamics and our sales strategy. Our procurement department closely monitors and keep our sales department apprised of the market prices of the major raw materials we use. Based on the prevailing raw material market prices, we update our estimates of cost of sales on a weekly basis, which is taken as one of the main reference points for determining the price quotations to be provided to our customer. In addition, we review our selling prices monthly through performing analysis in respect of, among other things, our sales data and gross profit margin. Adjustments are made as and when necessary, with the overarching goal of ensuring that our products remain competitively priced at levels that are generally perceived by our customers and the market alike to be reasonable and palatable under the prevailing circumstances and as compared with the prices offered by our peers. For this reason, while the historical costs at which our raw materials were purchased are a relevant factor, we are apt to consider the prevailing levels of raw material market prices in priority to the other factors when pricing our products; by adjusting our selling prices to a largely corresponding extent as the raw material market prices fluctuate, we seek to keep our selling prices reflective of and commensurate with the prevailing levels of raw material market prices so as to match our customers' expectations and secure their acceptance. Therefore, under our dynamic pricing policy, the selling prices of our products are largely linked to, among other things, the corresponding raw material costs. During the Track Record Period, our rubber additives for tyres and other chemical products mostly exhibited a slight downward trend in average selling prices, which reflected to a large extent the decrease in unit purchase prices of raw materials, including, among other things, phenol which is the primary raw material used in production of self-manufactured phenolic resins, our major products under this category. On the other hand, the sales volume of our rubber additives for tyres and other chemical products had mostly increased in each financial year/period during the Track Record Period thanks to, among other things, steady growth in the global tyre market and the expansion in terms of both volume and monetary amount of tyre exports from the PRC.

As regards electronic materials, the average selling price of semiconductor materials increased from approximately RMB578,200 per tonne for FY2023 to RMB594,500 per tonne for FY2024, which was primarily attributable to the change in product mix with an increased proportion of revenue contributed by advanced photoresist products. The average selling price of semiconductor materials subsequently decreased to RMB379,300 per tonne for FY2025 and RMB224,800 per tonne for 6M2026 primarily due to the increase in the proportion of sales volume attributable to ancillary solvents such as EBR, which, by product nature, carried lower average selling prices (ranging from approximately RMB21,200 to RMB46,800 per tonne from FY2024 to 6M2026) as compared with our advanced photoresist products. During FY2025, certain advanced G5-grade EBR products of our Group passed the product certification process of our customers and gained wide recognition among our customers in the PRC semiconductor industry; as we became the first PRC manufacturer to achieve commercial production of G5-grade EBR products, we saw a significant increase in our sales volume of ancillary solvents, which accounted for over 50% and over 70% of our total sales volume of semiconductor materials for FY2025 and 6M2026, respectively (as compared with approximately 20% for FY2024). The average selling price of display panel materials remained relatively stable at approximately RMB70,000 per tonne for FY2023 and RMB67,900 per tonne for FY2024, and increased to RMB78,200 per tonne for FY2025 and RMB83,400 for 6M2026 primarily because of the increase in proportion of revenue contributed by products with higher unit selling price such as organic insulating films and OLED light-emitting materials. Our sales volume of electronic materials had maintained a rising trend throughout the Track Record Period mainly because of (i) the growth in demand for our semiconductor photoresists leveraging the rapid development of the semiconductor memory industry; (ii) the growth in demand for our display panel photoresists caused by, among other things, our market development effort and expansion of and/or accelerating demand from the downstream industries; and (iii) our production ramp-up and the build-up in our sales volume of a number of photoresist products following completion of the relevant research and development processes and our customers' corresponding product certification processes.

Revenue by Geographical Location

The following table sets forth a breakdown of our revenue by geographical location, based on the locations of our customers, during the Track Record Period:

	FY2023		FY2024		FY2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PRC	2,388,611	81.3	2,644,288	81.0	2,787,095	81.5	1,754,367	82.2
Asia (excluding PRC)								
— Thailand	152,141	5.2	154,628	4.7	159,373	4.7	95,455	4.5
— Japan and Korea	132,340	4.5	157,432	4.8	142,180	4.2	81,457	3.8
— Rest of Asia	168,123	5.7	193,224	5.9	224,238	6.6	140,545	6.6
Europe	53,156	1.8	67,754	2.1	58,881	1.7	25,218	1.2
America	31,604	1.1	41,083	1.3	38,449	1.1	29,258	1.4
Others	11,360	0.4	4,971	0.2	10,362	0.3	6,764	0.3
Total	**2,937,334**	**100.0**	**3,263,380**	**100.0**	**3,420,577**	**100.0**	**2,133,064**	**100.0**

During the Track Record Period, we derived a large majority of our revenue from our sales to customers in the PRC, which accounted for approximately 81.3%, 81.0%, 81.5%and 82.2% of our total revenue for FY2023, FY2024, FY2025 and 6M2026, respectively.

Cost of Sales

Our total cost of sales were approximately RMB2,252.3 million, RMB2,467.5 million, RMB2,607.0 million, RMB1,230.0 million and RMB1,645.6 million for FY2023, FY2024, FY2025, 6M2025 and 6M2026, respectively. The following table sets forth a breakdown of our cost of sales by business segment during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Rubber additives for tyres and other chemical products	1,708,057	75.8	1,815,118	73.6	1,755,728	67.3	859,558	69.9	1,023,189	62.2
Electronic materials	410,985	18.2	515,234	20.9	707,250	27.1	306,350	24.9	496,754	30.2
Fully biodegradable materials	133,231	5.9	137,171	5.6	144,007	5.5	64,064	5.2	125,692	7.6
Total	**2,252,274**	**100.0**	**2,467,523**	**100.0**	**2,606,985**	**100.0**	**1,229,972**	**100.0**	**1,645,635**	**100.0**

The following table sets forth the major components of our cost of sales during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Raw materials	1,813,216	80.5	1,999,072	81.0	2,117,393	81.2	984,771	80.1	1,325,997	80.6
Manufacturing overheads	152,456	6.8	152,831	6.2	160,384	6.2	77,539	6.3	101,997	6.2
Salaries	120,030	5.3	130,555	5.3	135,557	5.2	67,435	5.5	90,730	5.5
Depreciation and amortisation	86,740	3.9	91,948	3.7	103,043	4.0	54,698	4.4	71,983	4.4
Others	79,831	3.5	93,117	3.8	90,608	3.5	45,530	3.7	54,928	3.3
Total	**2,252,274**	**100.0**	**2,467,523**	**100.0**	**2,606,985**	**100.0**	**1,229,972**	**100.0**	**1,645,635**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB685.1 million, RMB795.9 million, RMB813.6 million, RMB420.5 million and RMB487.4 million for FY2023, FY2024, FY2025, 6M2025 and 6M2026, respectively. Our overall gross profit margin remained relatively stable during the Track Record Period. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, we recorded a gross profit margin of approximately 23.3%, 24.4%, 23.8%, 25.5% and 22.9%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business segment during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	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)			
Rubber additives for tyres and other chemical products	567,451	24.9	622,629	25.5	565,540	24.4	295,667	25.6	298,374	22.6
Electronic materials	150,505	26.8	229,619	30.8	278,867	28.3	135,149	30.6	195,757	28.3
Fully biodegradable materials	(32,895)	(32.8)	(56,391)	(69.8)	(30,815)	(27.2)	(10,271)	(19.1)	(6,702)	(5.6)
Total	**685,060**	**23.3**	**795,857**	**24.4**	**813,592**	**23.8**	**420,545**	**25.5**	**487,429**	**22.9**

We recorded gross losses from our fully biodegradable materials segment in the Track Record Period, primarily because the operation of our PBAT production line had been suspended due to low market demand for a certain period of time within each financial year/period, during which we continued to incur manufacturing overheads and record depreciation and amortisation.

Other Income and Gains

For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our other income and gains were approximately RMB62.5 million, RMB168.1 million, RMB119.5 million, RMB58.9 million and RMB68.4 million, respectively.

The following table sets forth a breakdown of our other income and gains during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Other income										
Government grants	26,911	43.1	23,520	14.0	50,324	42.1	20,283	34.5	33,459	48.9
Bank interest income	20,775	33.2	27,014	16.1	39,447	33.0	17,526	29.8	15,394	22.5
Dividend income	4,925	7.9	1,860	1.1	450	0.4	—	—	831	1.2
Rental income	188	0.3	812	0.5	813	0.7	367	0.6	380	0.6
Additional deduction for value-added tax	—	—	12,824	7.6	13,009	10.9	6,206	10.5	2,995	4.4
Others	1,296	2.1	986	0.6	1,067	0.9	88	0.1	330	0.5
Total other income	54,095	86.5	67,016	39.9	105,110	87.9	44,470	75.5	53,389	78.0
Other gains										
Gain on disposal of patent	—	—	—	—	—	—	—	—	15,025	22.0
Gains on disposal of investments in an associate	—	—	—	—	14,406	12.1	14,406	24.5	—	—
Gains on disposal of items of property, plant and equipment	—	—	—	—	20	0.0	—	—	—	—
Bargain purchase gain arising from investment in an associate	—	—	96,750	57.6	—	—	—	—	—	—
Exchange gains, net	7,794	12.5	4,287	2.5	—	—	—	—	—	—
Gains on disposal of debt instruments at fair value through other comprehensive income	615	1.0	—	—	—	—	—	—	—	—
Total other gains	8,409	13.5	101,037	60.1	14,426	12.1	14,406	24.5	15,025	22.0
Total other income and gains	**62,504**	**100.0**	**168,053**	**100.0**	**119,536**	**100.0**	**58,876**	**100.0**	**68,414**	**100.0**

During FY2024, we recorded a one-off bargain purchase gain arising from investment in an associate of approximately RMB96.8 million. Such a gain arose as we acquired additional shares in Prinx Chengshan in FY2024 with the power to participate in its financial and operating policy decisions by appointing a non-executive director to its board of directors, as a result of which it became classified as an associate of us and our investments in its listed shares were re-classified from the current portion of financial assets at fair value through profit or loss to investments in associates. Upon such re-classification, the difference by which our share of the net fair value of Prinx Chengshan's identifiable net assets exceeded our costs of investments (being the total of the fair value of our previously held equity interest in Prinx Chengshan and the consideration for the acquisition of additional shares) was recognised as a bargain purchase gain under the applicable accounting standard.

Selling and Marketing Expenses

For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our selling and marketing expenses were approximately RMB92.4 million, RMB112.0 million, RMB118.3 million, RMB56.1 million and RMB59.3 million, representing 3.1%, 3.4%, 3.5%, 3.4% and 2.8% of our total revenue, respectively.

The following table sets forth a breakdown of our selling and marketing expenses during the Track Record Period, both in actual terms and as a percentage of our total selling and marketing expenses:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Salaries	48,152	52.1	62,082	55.4	62,480	52.8	30,469	54.3	31,792	53.7
Business development expenses	9,265	10.0	9,273	8.3	9,181	7.8	5,054	9.0	5,294	8.9
Commission fees	8,442	9.1	9,542	8.5	10,672	9.0	6,099	10.9	4,905	8.3
Depreciation and amortisation	7,555	8.2	9,386	8.4	9,211	7.8	4,324	7.7	4,478	7.6
Travelling expenses	6,210	6.7	6,457	5.8	7,125	6.0	3,204	5.7	3,390	5.7
Others *(Note)*	12,806	13.9	15,299	13.7	19,627	16.6	6,991	12.5	9,395	15.9
Total	**92,430**	**100.0**	**112,039**	**100.0**	**118,296**	**100.0**	**56,141**	**100.0**	**59,254**	**100.0**

Note: Other selling and marketing expenses mainly included sample costs and warehousing costs.

Administrative Expenses

For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our administrative expenses were approximately RMB183.7 million, RMB194.6 million, RMB195.5 million, RMB98.5 million and RMB90.2 million, representing 6.3%, 6.0%, 5.7%, 6.0% and 4.2% of our total revenue, respectively. The following table sets forth a breakdown of our administrative expenses during the Track Record Period, both in actual terms and as a percentage of our total administrative expenses:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Salaries	80,895	44.0	101,308	52.1	101,248	51.8	49,082	49.8	47,744	52.9
Depreciation and amortisation	26,157	14.2	26,547	13.6	27,985	14.3	13,923	14.1	12,436	13.8
Professional service expenses	21,068	11.5	23,328	12.0	21,553	11.0	10,818	11.0	7,890	8.7
Office and travelling expenses	11,687	6.4	14,569	7.5	10,559	5.4	4,884	5.0	5,537	6.1
Business development expenses	3,390	1.8	4,201	2.2	8,212	4.2	3,785	3.8	2,086	2.3
Lease expenses	3,263	1.8	3,125	1.6	2,682	1.4	1,291	1.3	1,380	1.5
Tax additions	8,050	4.4	8,692	4.5	10,377	5.3	4,989	5.1	6,261	6.9
Others *(Note)*	29,160	15.9	12,812	6.6	12,876	6.6	9,730	9.9	6,870	7.6
Total	**183,670**	**100.0**	**194,582**	**100.0**	**195,492**	**100.0**	**98,502**	**100.0**	**90,204**	**100.0**

Note: Other administrative expenses mainly included maintenance expenses, insurance expenses and trade union operating funds.

Research and Development Expenses

For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our research and development expenses were approximately RMB179.8 million, RMB216.6 million, RMB232.5 million, RMB117.4 million and RMB118.4 million, representing 6.1%, 6.6%, 6.8%, 7.1% and 5.5% of our total revenue, respectively. The following table sets forth a breakdown of our research and development expenses during the Track Record Period, both in actual terms and as a percentage of our total research and development expenses:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Salaries	65,781	36.6	83,372	38.5	86,113	37.0	42,950	36.6	37,926	32.0
Materials used for research and development	53,106	29.5	69,746	32.2	76,573	32.9	43,675	37.2	34,167	28.9
Depreciation and amortisation	34,209	19.0	36,987	17.1	43,382	18.7	11,278	9.6	22,422	18.9
Others *(Note)*	26,684	14.8	26,468	12.2	26,444	11.4	19,516	16.6	23,869	20.2
Total	**179,780**	**100.0**	**216,572**	**100.0**	**232,512**	**100.0**	**117,419**	**100.0**	**118,384**	**100.0**

Note: Other research and development expenses mainly included testing fees, equipment maintenance expenses and travelling expenses.

Fair Value Gains or Losses on Financial Assets at Fair Value through Profit or Loss

During the Track Record Period, our fair value gains or losses on financial assets at fair value through profit or loss were associated with fair value changes of our investments in certain listed or unlisted entities or limited partnerships established and/or operating in the PRC, whose details are set forth in the table below:

No.	Name	Percentage of shareholding held by us as at 30 June 2026	Business nature	Financial asset classification
1.	Prinx Chengshan	N/A *(Note 1)*	A company listed on the Main Board of the Stock Exchange (stock code: 1809) principally engaged in manufacture and sales of tyres and rubber products	Current portion of financial assets at fair value through profit or loss *(Note 1)*
2.	Shanghai Qingdian Investment Partnership (Limited Partnership)* (上海青典投資合夥企業(有限合夥))	3.88%	A limited partnership with investments in advanced manufacturing companies in Western Europe	Non-current portion of financial assets at fair value through profit or loss
3.	Ningbo Kingpont New Material Technology Co., Ltd (寧波勤邦新材料科技股份有限公司)	2.59%	An unlisted company principally engaged in production of functional film new materials	Non-current portion of financial assets at fair value through profit or loss
4.	Suzhou Puhua Quanxin Investment Partnership (Limited Partnership)* (蘇州璞華荃芯投資合夥企業(有限合夥))	23.06%	A limited partnership, with investments in a globally leading chip design company specialising in the communication semiconductor industry	Non-current portion of financial assets at fair value through profit or loss
5.	Shanghai Huide Science & Technology Co., Ltd. (上海匯得科技股份有限公司) ("**Shanghai Huide**")	0.79%	A company listed on the Shanghai Stock Exchange (stock code: 603192) principally engaged in research and development, production and sales of and technical services for polyurethane resin products	Non-current portion of financial assets at fair value through profit or loss

Note:

(1) During FY2023 and part of FY2024, our financial assets at fair value through profit or loss included our investment in the shares of Prinx. In FY2024, we acquired additional shares in Prinx Chengshan and had the power to participate in its financial and operating policy decisions by appointing a non-executive director to its board of directors, as a result of which it became classified as an associate of us and our investments in its listed shares were re-classified from the current portion of financial assets at fair value through profit or loss to investments in associates from completion of the acquisition in FY2024 onwards.

(2) As at 30 June 2026, certain structure deposit we made during 6M2026 was also classified under the current portion of financial assets at fair value through profit or loss as the associated contractual cash flows were not comprised solely of payments of principal and interest.

Such fair value changes were primarily driven by fluctuations in the market value of our investments. For FY2023, FY2024, FY2025 and 6M2026, we registered a fair value gain of approximately RMB12.1 million, gain of RMB1.8 million, loss of RMB6.0 million and loss of RMB12.4 million on financial assets at fair value through profit or loss, respectively. For 6M2025, no such fair value gain or loss was recorded.

Net Provision/Reversal of Impairment on Financial Assets

Our financial assets are subject to impairment, where gains and losses are recognised in the statement of profit or loss when the assets are derecognised, modified or impaired. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, we recorded net provision of impairment of approximately RMB4.3 million, net provision of impairment of RMB0.8 million, net provision of impairment of RMB0.3 million, net reversal of impairment of RMB0.9 million and net provision of impairment of RMB0.9 million, representing 0.1%, 0.02%, 0.01%, (0.1)% and 0.04% of our total revenue, respectively.

Other Expenses

For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our other expenses were approximately RMB15.0 million, RMB108.7 million, RMB53.1 million, RMB6.4 million and RMB30.4 million, representing 0.5%, 3.3%, 1.6%, 0.4% and 1.4% of our total revenue, respectively.

The following table sets forth a breakdown of our other expenses during the Track Record Period, both in actual terms and as a percentage of our total other expenses:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Exchange losses, net	—	—	—	—	19,733	37.2	249	3.9	29,881	98.3
Donations	—	—	11,063	10.2	27,953	52.6	5,500	86.3	197	0.6
Impairment losses on investments in an associate	—	—	—	—	3,193	6.0	—	—	—	—
Losses on disposal of items of property, plant and equipment	7,362	49.1	804	0.7	1,142	2.2	623	9.8	28	0.1
Impairment losses on property, plant and equipment	—	—	94,792	87.3	—	—	—	—	—	—
Losses on disposal of a subsidiary	7,216	48.2	—	—	—	—	—	—	—	—
Others	400	2.7	1,991	1.8	1,074	2.0	3	0.0	305	1.0
Total	**14,978**	**100.0**	**108,650**	**100.0**	**53,095**	**100.0**	**6,375**	**100.0**	**30,411**	**100.0**

Finance Costs

For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our finance costs were approximately RMB84.1 million, RMB97.3 million, RMB108.5 million, RMB52.7 million and RMB46.3 million, representing 2.9%, 3.0%, 3.2%, 3.2% and 2.2% of our total revenue, respectively. The following table sets forth a breakdown of our finance costs during the Track Record Period, both in actual terms and as a percentage of our total finance costs:

	FY2023	FY2024	FY2025	6M2025	6M2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on interest-bearing bank and other borrowings	99,024	104,913	111,386	55,166	45,500
Interest on lease liabilities	943	2,475	2,189	1,143	773
	99,967	107,388	113,575	56,309	46,273
Less: Interest capitalised	(15,882)	(10,065)	(5,030)	(3,641)	—
Total	**84,085**	**97,323**	**108,545**	**52,668**	**46,273**

Share of Profits of Associates

Throughout the Track Record Period, our share of profits of associates accounted for a significant portion of our profit for each financial year/period. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our share of profits of associates amounted to approximately RMB226.6 million, RMB314.4 million, RMB382.1 million, RMB219.5 million and RMB206.0 million, representing 56.1%, 58.9%, 66.2%, 61.3% and 52.9% of our profit for the year/period respectively. Our share of profits of associates was attributable to our investments in Zhongce Rubber, Prinx Chengshan and other associates that were not individually material during the Track Record Period. For further details of our associates, please refer to the paragraphs headed "Discussion of Certain Key Items of Consolidated Statements of Financial Position — Investments in Associates" in this section. Our share of profits of associates is wholly dependent on the business performance of our associates and may fluctuate and not be sustainable in the future. As we do not hold a controlling interest in any of our associates, we may not be able to exert substantial influence over our associates to effectively safeguard our share of profits of associates and realise investment returns. For further details of the risks associated with our investments in associates, please refer to the section headed "Risk Factors — We have investments in associates with share of profits of associates accounting for a significant portion of our profit throughout the Track Record Period, and our financial condition and results of operations may be affected by variance in the operating results and dividend distribution of our associates" in this prospectus.

Income Tax

Income tax for a financial year/period represents the total of our current income tax and deferred income tax for that financial year/period pursuant to the applicable income tax rules and regulations in the relevant jurisdictions. For FY2023, FY2024, FY2025, 6M2025 and 6M2026, our income tax expenses were approximately RMB22.9 million, RMB16.0 million, RMB23.7 million, RMB10.4 million and RMB14.9 million, representing 0.8%, 0.5%, 0.7%, 0.6% and 0.7% of our total revenue, respectively.

Our Group is subject to income tax on an entity basis on profits arising in or derived from the countries our jurisdictions in which members of our Group are domiciled and/or operate, including the following:

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations, our subsidiaries operating in the Chinese Mainland are subject to the statutory tax rate of 25% on the taxable income, except for those which are subject to tax concessions as set forth below:

— those subsidiaries that have qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%;

— those subsidiaries with annual taxable income less than RMB1,000,000 qualified as small-scale and minimal-profit enterprises and were subject to an effective preferential corporate income tax rate of 5% for the period from 1 January 2023 to 31 December 2027; and

— for those subsidiaries which met the criteria for being classified as small-scale and minimal-profit enterprises, the portion of annual taxable income within the band of RMB1,000,000 to RMB3,000,000 was chargeable to corporate income tax at the effective preferential rate of 5% from 2022 to 2027, and the portion of annual taxable income in excess of RMB3,000,000 was chargeable to corporate income tax at the standard rate of 25%.

Hong Kong

Our subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong.

Overseas

Our overseas subsidiaries are subject to income tax at rates ranging from 12% to 20%, subject to the tax deductions that may be available in the relevant jurisdiction (if any).

Profit for the Year/Period

For FY2023, FY2024, FY2025, 6M2025 and 6M2026, we recorded profit of approximately RMB404.1 million, RMB534.2 million, RMB577.3 million, RMB358.3 million and RMB389.1 million, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Comparison of Results of Operations for 6M2026 and 6M2025

Revenue

Our revenue increased by approximately RMB482.5 million or 29.2% from RMB1,650.5 million for 6M2025 to RMB2,133.1 million for 6M2026. Specifically,

(i) our revenue from sales of rubber additives for tyres and other chemical products increased by approximately RMB166.3 million or 14.4% from RMB1,155.2 million for 6M2025 to RMB1,321.6 million for 6M2026, which was primarily attributable to the steady growth in domestic demand for and exports of downstream tyre products in the PRC and our ability to capitalise on such favourable market developments on account of our well-established business relationships with our customers;

(ii) our revenue from sales of electronic materials increased by approximately RMB251.0 million or 56.9% from RMB441.5 million for 6M2025 to RMB692.5 million for 6M2026, which was primarily attributable to (a) our market development effort that has allowed us to strengthen our business relationships with key customers; (b) the growth in demand for display panel photoresists from downstream display panel manufacturers, which we were able to take advantage of to secure orders of increasing size with our well-developed brand awareness and market recognition; and (c) the growth in sales of semiconductor photoresists given that construction of certain relevant production lines were completed and that the sales volume of a number of semiconductor photoresist products started to build up following completion of our customers' corresponding product certification processes; and

(iii) our revenue from sales of fully biodegradable materials increased by approximately RMB65.2 million or 121.2% from RMB53.8 million for 6M2025 to RMB119.0 million for 6M2026, which was primarily attributable to (a) our effort to further extend application of agricultural mulch films in the existing fields; and (b) our initiatives to expand customer base building on successful development of food packaging materials with high transparency in FY2025, which has allowed us to develop business relationships with a number of key customers and stimulated growth in sales volume.

Cost of Sales

Our cost of sales increased by approximately RMB415.7 million or 33.8% from RMB1,230.0 million for 6M2025 to RMB1,645.6 million for 6M2026, among which

(i) cost of sales of rubber additives for tyres and other chemical products increased by approximately RMB163.6 million or 19.0% from RMB859.6 million for 6M2025 to RMB1,023.2 million for 6M2026, which exceeded the rate of increase in sales of such products;

(ii) cost of sales of electronic materials increased by approximately RMB190.4 million or 62.2% from RMB306.4 million for 6M2025 to RMB496.8 million for 6M2026, which exceeded the rate of increase in sales of such products; and

(iii) cost of sales of fully biodegradable materials increased by approximately RMB61.6 million or 96.2% from RMB64.1 million for 6M2025 to RMB125.7 million for 6M2026, which fell below the rate of increase in sales of such products.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately RMB66.9 million or 15.9% from RMB420.5 million for 6M2025 to RMB487.4 million for 6M2026, where our gross profit margin decreased from approximately 25.5% for 6M2025 to 22.9% for 6M2026. Specifically,

(i) the gross profit of our rubber additives for tyres and other chemical products segment remained relatively stable at approximately RMB295.7 million for 6M2025 and RMB298.4 million for 6M2026, where the gross profit margin decreased from 25.6% for 6M2025 to 22.6% for 6M2026. The gross profit stayed flat notwithstanding the increase in sales volume, which was primarily attributable to (a) the reduction in the average selling prices of self-manufactured phenolic resins products, our major revenue source under this segment, during 6M2026 as compared with the average selling prices for 6M2025 due to adjustments made under our dynamic pricing policy, where the major underlying factor was the fall in unit purchase price of phenol, the primary raw material used in production under this segment; and (b) the drop in gross profit margin as a result of, among other things, price competition;

(ii) the gross profit of our electronic materials segment increased by approximately RMB60.6 million or 44.8% from RMB135.1 million for 6M2025 to RMB195.8 million for 6M2026, where the gross profit margin decreased slightly from 30.6% for 6M2025 to 28.3% for 6M2026. The drop in gross profit margin was caused by, among other things, the increase in cost of sales per unit of product sold resulting from the increase in depreciation expenses, as a number of relevant new production lines were recently completed and put into use and had been running below the designed production capacity at the early phase of operation. Notwithstanding the lower gross profit margin, we were able to sustain the growth trend in gross profit from this segment by virtue of the significant increase in sales volume of our products under this segment.

Regarding our specific product categories under our electronic materials segment, (a) the gross profit margin of semiconductor materials decreased slightly from 6M2025 to 6M2026, because our sales attributable to certain products of which we were in the course of ramping up production had increased and such products carried lower gross profit margins given that the proportion of manufacturing overheads accounted for was relatively more significant at this stage; and (b) we recorded a significant increase in gross profit margin of electronic resin and other products from 6M2025 to 6M2026, which was mainly due to the decrease in unit cost of sales as driven by the increase in sales volume; and

(iii) the gross loss of our fully biodegradable materials segment decreased by approximately RMB3.6 million or 34.7% from RMB10.3 million for 6M2025 to RMB6.7 million for 6M2026, where the gross loss margin decreased from 19.1% for 6M2025 to 5.6% for 6M2026. The improvement in operating results was primarily driven by the reduction in gross loss margin, mainly as a result of the decreases in our raw material costs and manufacturing overheads per unit amid significant increase in sales volume.

Other Income and Gains

Our other income and gains increased by approximately RMB9.5 million or 16.2% from RMB58.9 million for 6M2025 to RMB68.4 million for 6M2026, which was primarily attributable to (i) the gain on disposal of patent of RMB15.0 million recorded for 6M2026 resulting from completion of our contribution to the registered capital of one of the investee companies falling under our equity investments designated at fair value through other comprehensive income by means of patent transfer; and (ii) the increase in government grants of RMB13.2 million from RMB20.3 million for 6M2025 to RMB33.5 million for 6M2026, mainly due to the amortisation of the government grants received for certain projects according to project progress in 6M2026 and the new government grants received during 6M2026, as partially offset by, among other things, the gains on disposal of investments in an associate of RMB14.4 million recorded during 6M2025 which were one-off in nature and did not recur in 6M2026.

Selling and Marketing Expenses

Our selling and marketing expenses increased by approximately RMB3.1 million or 5.5% from RMB56.1 million for 6M2025 to RMB59.3 million for 6M2026, which was primarily attributable to (i) the increase in other selling and marketing expenses of RMB2.4 million from RMB7.0 million for 6M2025 to RMB9.4 million for 6M2026, mainly due to the increase in sample costs as a result of our effort to expand customer network; and (ii) the increase in relevant salary expense of RMB1.3 million from RMB30.5 million for 6M2025 to RMB31.8 million for 6M2026, which was generally in line with our sales growth.

Administrative Expenses

Our administrative expenses decreased by approximately RMB8.3 million or 8.4% from RMB98.5 million for 6M2025 to RMB90.2 million for 6M2026, which was primarily attributable to (i) the decrease in professional service expenses of RMB2.9 million from RMB10.8 million for 6M2025 to RMB7.9 million for 6M2026, mainly due to the reductions in audit consultancy fees and software service fees; (ii) the decrease in business development expenses of RMB1.7 million from RMB3.8 million for 6M2025 to RMB2.1 million for 6M2026, mainly due to the initiatives undertaken by our Group to improve efficiency and lower costs in conducting business development activities; and (iii) the decrease in depreciation and amortisation expenses of RMB1.5 million from RMB13.9 million for 6M2025 to RMB12.4 million for 6M2026, mainly due to the drop in depreciation expenses in relation to right-of-use assets as we renewed certain long-term tenancy agreements at reduced rentals.

Research and Development Expenses

Our research and development expenses remained relatively stable at approximately RMB117.4 million for 6M2025 and RMB118.4 million for 6M2026.

Fair Value Losses on Financial Assets at Fair Value through Profit or Loss

We recorded fair value losses on financial assets at fair value through profit or loss of approximately RMB12.4 million for 6M2026, while no such fair value gains or losses were recorded for 6M2025. Such fair value losses recorded for 6M2026 were primarily attributable to the drop in fair value of an investee entity classified under the non-current portion of financial assets at fair value through profit or loss.

Net Provision/Reversal of Impairment on Financial Assets

There was an increase of approximately RMB1.8 million in impairment on financial assets from a net reversal of impairment on financial assets of RMB0.9 million for 6M2025 to a net provision of impairment on financial assets of RMB0.9 million for 6M2026. Such an increase was in line with the more significant increase in our trade and bills receivables as at 30 June 2026 from the balance as at 31 December 2025, as compared with the increase in this line item over 6M2025. Moreover, reversal of impairment on financial assets was recorded during 6M2025 because there had been a change in the estimates used to determine the recoverable amount of such assets.

Other Expenses

Our other expenses increased by approximately RMB24.0 million or 377.0% from RMB6.4 million for 6M2025 to RMB30.4 million for 6M2026, which was primarily attributable to the increase in net exchange losses of RMB29.6 million from RMB0.2 million for 6M2025 to RMB29.9 million for 6M2026 mainly due to the more significant fall in US dollars exchange rate during 6M2026.

Finance Costs

Our finance costs decreased by approximately RMB6.4 million or 12.1% from RMB52.7 million for 6M2025 to RMB46.3 million for 6M2026, which was primarily attributable to the decrease in interest on interest-bearing bank and other borrowings of RMB9.7 million from RMB55.2 million for 6M2025 to RMB45.5 million for 6M2026 mainly due to the exercise of conversion rights by bondholders of the convertible bonds issued by us on 26 January 2021 and our redemption of the remaining amount of such convertible bonds during the second half of FY2025, as partially offset by the decrease in our interest capitalised of RMB3.6 million from RMB3.6 million for 6M2025 to nil for 6M2026.

Share of Profits of Associates

Our share of profits of associates decreased by approximately RMB13.5 million or 6.2% from RMB219.5 million for 6M2025 to RMB206.0 million for 6M2026, which was primarily attributable to the decrease in our share of profits of Zhongce Rubber as a result of the dilution we suffered due to the initial public offering and listing of A shares of Zhongce Rubber in June 2025.

Income Tax

Our income tax expense increased by approximately RMB4.5 million or 42.8% from RMB10.4 million for 6M2025 to RMB14.9 million for 6M2026, where our current income tax expense decreased by RMB4.9 million or 32.3% from RMB15.2 million for 6M2025 to RMB10.3 million for 6M2026. Our current income tax expense decreased notwithstanding the increase in our profit before tax over the financial periods primarily because of the increase in deductions for adjustments in respect of current tax of previous periods of approximately RMB5.4 million from RMB8.9 million for 6M2025 to RMB14.4 million for 6M2026.

Profit for the Period

Our profit increased by approximately RMB30.8 million or 8.6% from RMB358.3 million for 6M2025 to RMB389.1 million for 6M2026, which was the result of all of the factors discussed above combined.

Comparison of Results of Operations for FY2025 and FY2024

Revenue

Our revenue increased by approximately RMB157.2 million or 4.8% from RMB3,263.4 million for FY2024 to RMB3,420.6 million for FY2025. Specifically,

(i) our revenue from sales of electronic materials increased by approximately RMB241.3 million or 32.4% from RMB744.9 million for FY2024 to RMB986.1 million for FY2025, which was primarily attributable to (a) the build-up in sales volume of a number of corresponding photoresist products following completion of the relevant research and development processes and our customers' product certification processes; and (b) the growth in demand for display panel photoresists, where we were able to reap benefits given the brand awareness and market recognition we enjoy as a leading local supplier of positive photoresist for LCDs in the PRC and the first PRC manufacturer to achieve commercial production of locally made positive photoresist for array applications;

(ii) our revenue from sales of fully biodegradable materials increased by RMB32.4 million or 40.1% from RMB80.8 million for FY2024 to RMB113.2 million for FY2025, which was primarily attributable to (a) our effort to promote application of agricultural mulch films in the existing fields; (b) our notable research and development output, including, among other things, food packaging materials with high transparency that match the expectations and requirements under varying circumstances of customers in the PRC and overseas markets alike; and (c) the recognition we were able to gain from an increased number of customers in respect of product quality; and

(iii) the increases in revenue generated by the above business segments were partially offset by the decrease in sales of rubber additives for tyres and other chemical products of RMB116.5 million or 4.8% from RMB2,437.7 million for FY2024 to RMB2,321.3 million for FY2025, which was primarily attributable to the drop in purchase prices of phenol, being one of the principal raw materials used, that triggered corresponding adjustments to our unit selling prices, albeit the year-on-year increase in sales volume.

Cost of Sales

Our cost of sales increased by approximately RMB139.5 million or 5.7% from RMB2,467.5 million for FY2024 to RMB2,607.0 million for FY2025, which was mainly driven by and generally in line with the growth in our revenue over the financial years.

Gross Profit and Gross Profit Margin

Our gross profit remained relatively stable at approximately RMB795.9 million for FY2024 and RMB813.6 million for FY2025. Our gross profit margin decreased from approximately 24.4% for FY2024 to 23.8% for FY2025. Specifically, the gross profit margin of our rubber additives for tyres and other chemical products segment decreased from approximately 25.5% for FY2024 to 24.4% for FY2025. During FY2025, we adjusted the selling prices of our rubber additives for tyres and other chemical products downwards under our dynamic pricing policy (details of which are set forth in "Description of Selected Components of Our Consolidated Statements of Profit or Loss — Revenue — Revenue by Segment" in this section), where the major underlying factor was the fall in unit purchase price of phenol, the primary raw material used in production under this segment; as the inventory of raw materials consumed was recorded in the cost of sales on the historical cost basis at the original purchase prices that exceeded the prevailing level amid the continuing decreasing trend in phenol price, while the selling prices had principally been adjusted to reflect the prevailing level of phenol price at or around the time the products were sold, the gross profit margin had dropped slightly. The decrease in gross profit of this segment of approximately RMB57.1 million or 9.2% from RMB622.6 million for FY2024 to RMB565.5 million for FY2025 was the combined result of the fall in revenue and gross profit margin. The gross profit margin of our electronic materials segment decreased from 30.8% for FY2024 to 28.3% for FY2025 primarily because of the increase in proportion of sales attributable to semiconductor photoresists produced at the RA Electronic factory, which carried a lower gross profit margin given that we were in the course of ramping up production at the RA Electronic factory and the proportion of manufacturing overheads involved was relatively more significant at this stage.

Other Income and Gains

Our other income and gains decreased by approximately RMB48.5 million or 28.9% from RMB168.1 million for FY2024 to RMB119.5 million for FY2025. Such a decrease was primarily attributable to the one-off bargain purchase gain arising from investment in an associate of approximately RMB96.8 million recorded during FY2024 as we acquired additional shares in Prinx Chengshan in FY2024 with the power to participate in its financial and operating policy decisions by appointing a non-executive director to its board of directors, as a result of which it became classified as an associate of us and our investments in its listed shares were re-classified from the current portion of financial assets at fair value through profit or loss to investments in associates. Upon such re-classification, the difference by which our share of the net fair value of Prinx Chengshan's identifiable net assets exceeded our costs of investments (being the total of the fair value of our previously held equity interest in Prinx Chengshan and the consideration for the acquisition of additional shares) was recognised as a bargain purchase gain under the applicable accounting standard. The bargain purchase gain was partially offset by (i) the increase in government grants of approximately RMB26.8 million from RMB23.5 million for FY2024 to RMB50.3 million for FY2025 due to, among other things, the amortisation recognised according to project progress during FY2025; (ii) the increase in bank interest income of RMB12.4 million from RMB27.0 million for FY2024 to RMB39.4 million for FY2025, which was generally in line with the increase in our average bank deposit balance over the financial years; and (iii) the one-off gains on disposal of investments in an associate of RMB14.4 million recorded during FY2025.

Selling and Marketing Expenses

Our selling and marketing expenses increased by approximately RMB6.3 million or 5.6% from RMB112.0 million for FY2024 to RMB118.3 million for FY2025, which was primarily attributable to (i) the increase in other selling and marketing expenses of RMB4.3 million from RMB15.3 million for FY2024 to RMB19.6 million for FY2025, mainly due to the increase in sample costs and warehousing costs as a result of our effort to expand customer network; and (ii) the increase in commission fees of RMB1.1 million from RMB9.5 million for FY2024 to RMB10.7 million for FY2025 mainly associated with the increase in sales of electronic materials during FY2025.

Administrative Expenses

Our administrative expenses remained relatively stable at approximately RMB194.6 million for FY2024 and RMB195.5 million for FY2025.

Research and Development Expenses

Our research and development expenses increased by approximately RMB15.9 million or 7.4% from RMB216.6 million for FY2024 to RMB232.5 million for FY2025, which was primarily attributable to (i) the increase in the costs of materials used for research and development of RMB6.8 million from RMB69.7 million for FY2024 to RMB76.6 million for FY2025, as an increasing amount of materials had been consumed in connection with research and development project focusing on electronic materials; and (ii) the increase in depreciation and amortisation of RMB6.4 million from RMB37.0 million for FY2024 to RMB43.4 million for FY2025 as we acquired certain intellectual property rights pertaining to organic insulating films towards the end of FY2024, following which amortisation expenses were first recorded in respect of such assets on a full-year basis in FY2025.

Fair Value Gains or Losses on Financial Assets at Fair Value through Profit or Loss

We recorded fair value losses on financial assets at fair value through profit or loss of approximately RMB6.0 million during FY2025, as compared with the fair value gains on financial assets at fair value through profit or loss of approximately RMB1.8 million recorded during FY2024. Such a change was primarily associated with our investments in Prinx Chengshan: due to the appreciation in the value of the listed shares we held in Prinx Chengshan as a result of the rise in its share price, we recorded fair value gains on the current portion of financial assets at fair value through profit or loss of RMB12.7 million during FY2024; following re-classification of such investments from the current portion of financial assets at fair value through profit or loss to investments in associates during FY2024, no further fair value gains or losses on the current portion of financial assets at fair value through profit or loss had been recorded in respect of the rest of FY2024 or during FY2025. The impact of the above factor was partially offset by the decrease in fair value losses on the non-current portion of financial assets at fair value through profit or loss of approximately RMB4.9 million from RMB10.9 million for FY2024 to RMB6.0 million for FY2025, which was mainly due to the improvement in results of operations and increase in fair value in FY2025 of one of the entities we had invested in.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets decreased by approximately RMB0.5 million or 56.9% from RMB0.8 million for FY2024 to RMB0.3 million for FY2025, which was primarily attributable to the net reversal of impairment losses on other receivables recorded during FY2025 of RMB0.2 million (as compared with the net impairment losses on other receivables recorded during FY2024 of RMB0.4 million). Reversal of impairment losses on other receivables was made as we were able to recover the relevant amount of other receivables during FY2025.

Other Expenses

Our other expenses decreased by approximately RMB55.6 million or 51.1% from RMB108.7 million for FY2024 to RMB53.1 million for FY2025. Such a decrease was primarily attributable to the impairment losses on property, plant and equipment of approximately RMB94.8 million recorded for FY2024, which was recognised as we performed an impairment test on a cash-generating unit engaging in production of fully biodegradable materials as at 31 December 2024 in view of the fact that the capacity utilisation rate of the fully biodegradable materials production line had not reached the normal level amid sluggish market conditions. Based on the impairment test results, the carrying amounts of buildings, machinery and office equipment and other equipment belonging to our fully biodegradable materials segment were impaired by approximately RMB94.8 million in FY2024. As we did not identify any further impairment indicators as at 31 December 2025, no further impairment losses had been recognised in respect of such assets for FY2025. The effect of the above decrease was partially offset by (i) the net exchange losses of approximately RMB19.7 million recorded for FY2025, as compared with nil for FY2024, mainly due to the fall in US dollars exchange rate as at the end of FY2025 as compared with the rate at the beginning of FY2025; and (ii) the increase in donations of RMB16.9 million from RMB11.1 million for FY2024 to RMB28.0 million for FY2025 mainly due to the donations we made to various education foundations and industry associations during FY2025.

Finance Costs

Our finance costs increased by approximately RMB11.2 million or 11.5% from RMB97.3 million for FY2024 to RMB108.5 million for FY2025. Such an increase was primarily attributable to the increase in interest on interest-bearing bank and other borrowings of approximately RMB6.5 million from RMB104.9 million for FY2024 to RMB111.4 million for FY2025, which was mainly associated with the increase in our bank borrowings over the financial years as we obtained additional bank borrowings in support of the establishment of new production facilities.

Share of Profits of Associates

Our share of profits of associates increased by approximately RMB67.7 million or 21.5% from RMB314.4 million for FY2024 to RMB382.1 million for FY2025, which was primarily attributable to the increase in our share of profits of Zhongce Rubber, one of our major associates, due to the improvement in its results of operations over the financial years.

Income Tax

Our income tax expense increased by approximately RMB7.7 million or 48.1% from RMB16.0 million for FY2024 to RMB23.7 million for FY2025, where our current income tax expense decreased by RMB1.2 million or 3.3% from RMB36.0 million for FY2024 to RMB34.8 million for FY2025. Our current income tax expense decreased notwithstanding the increase in our profit before tax over the financial years primarily because our share of profits of associates was not taxable, negating the impact of the increase in this component of profit before tax recorded for FY2025.

Profit for the Year

Our profit increased by approximately RMB43.1 million or 8.1% from RMB534.2 million for FY2024 to RMB577.3 million for FY2025, which was the result of all of the factors discussed above combined.

Comparison of Results of Operations for FY2024 and FY2023

Revenue

Our revenue increased by approximately RMB326.1 million or 11.1% from RMB2,937.3 million for FY2023 to RMB3,263.4 million for FY2024. Specifically,

(i) revenue from sales of rubber additives for tyres and other chemical products increased by approximately RMB162.2 million or 7.1% from RMB2,275.5 million for FY2023 to RMB2,437.7 million for FY2024, which was primarily attributable to steady growth in the global tyre market in FY2024 driven mainly by the recovery of the global automobile industry chain and the demand for replacement tyres given the enormous number of vehicles owned, and the expansion in terms of both volume and amount of tyre exports from the PRC;

(ii) revenue from sales of electronic materials increased by approximately RMB183.4 million or 32.7% from RMB561.5 million for FY2023 to RMB744.9 million for FY2024, which was primarily attributable to (a) the growth in sales of semiconductor photoresists leveraging the rapid development of the semiconductor memory industry; (b) the growth in demand for our display panel photoresists caused by, among other things, our market development effort, expansion of the electric vehicle industry and national subsidy policies in respect of the downstream mobile phone and household appliance industries, where we were able to reap benefits given the brand awareness and market recognition we enjoy as a leading local supplier of positive photoresist for LCDs in the PRC and the first PRC manufacturer to achieve commercial production of locally made positive photoresist for array applications; and (c) the expansion in actual production volume of our photoresist products; and

(iii) the increases in revenue generated by the above business segments were partially offset by the decrease in sales of fully biodegradable materials of RMB19.5 million or 19.4% from RMB100.3 million for FY2023 to RMB80.8 million for FY2024, which was primarily attributable to low demand in the PBAT market.

Cost of Sales

Our cost of sales increased by approximately RMB215.2 million or 9.6% from RMB2,252.3 million for FY2023 to RMB2,467.5 million for FY2024, among which

(i) cost of sales of rubber additives for tyres and other chemical products increased by approximately RMB107.1 million or 6.3% from RMB1,708.1 million for FY2023 to RMB1,815.1 million for FY2024, which was comparable to the rate of increase in sales of such products;

(ii) cost of sales of electronic materials increased by approximately RMB104.2 million or 25.4% from RMB411.0 million for FY2023 to RMB515.2 million for FY2024, which fell below the rate of increase in sales of such products; and

(iii) cost of sales of fully biodegradable materials increased slightly by approximately RMB3.9 million or 3.0% from RMB133.2 million for FY2023 to RMB137.2 million for FY2024 despite the decrease in sales of such products, primarily because (a) we incurred manufacturing overheads and recorded depreciation and amortisation in respect of our PBAT production line notwithstanding that its operation had been suspended for an extended period of time due to low demand in the PBAT market during FY2024; and (b) depreciation expenses had increased in FY2024 following re-classification of certain items of non-current assets under this segment to fixed assets during FY2023, as depreciation expenses were first recorded in respect of such re-classified assets on a full-year basis in FY2024.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately RMB110.8 million or 16.2% from RMB685.1 million for FY2023 to RMB795.9 million for FY2024, where our gross profit margin increased from 23.3% for FY2023 to 24.4% for FY2024. Specifically,

(i) the gross profit of our rubber additives for tyres and other chemical products segment increased by approximately RMB55.2 million or 9.7% from RMB567.5 million for FY2023 to RMB622.6 million for FY2024, where the gross profit margin remained at the comparable levels of 24.9% for FY2023 and 25.5% for FY2024. The increase in gross profit was primarily driven by the increase in sales volume, given that the gross profit margin had stayed flat largely because we had adjusted the unit selling price downwards in a way that corresponded to the decrease in unit purchase price of phenol, being one of the major raw materials, amid the falling oil price at the international level;

(ii) the gross profit of our electronic materials segment increased by approximately RMB79.1 million or 52.6% from RMB150.5 million for FY2023 to RMB229.6 million for FY2024, where the gross profit margin increased from 26.8% for FY2023 to 30.8% for FY2024. The increase in gross profit was attributable to (a) the increase in sales volume; and (b) the improvement in gross profit margin, which we were able to achieve through (1) optimising our product mix, with increased revenue contribution from certain photoresist products that typically carry higher profit margins; (2) curbing our manufacturing overheads per unit taking advantage of economies of scale; and (3) adjusting the unit selling price as appropriate with the bargaining power we possess as a leading supplier in the industry; and

(iii) the gross loss of our fully biodegradable materials segment increased by approximately RMB23.5 million or 71.4% from RMB32.9 million for FY2023 to RMB56.4 million for FY2024, which was attributable to the decrease in sales and the contemporaneous increase in cost of sales due to the reasons explained in the paragraphs headed "Revenue" and "Cost of Sales" above.

Other Income and Gains

Our other income and gains increased by approximately RMB105.5 million or 168.9% from RMB62.5 million for FY2023 to RMB168.1 million for FY2024. Such an increase was primarily attributable to (i) the additional deduction for value-added tax in the amount of approximately RMB12.8 million for FY2024, as compared with nil for FY2023, that became available as our subsidiaries RA Chemical, Sino Legend and BAE (Hubei) became accredited as advanced manufacturing entities (先進製造業資格) and entitled to additional deductions at 5% of the input value-added tax; and (ii) the one-off bargain purchase gain arising from investment in an associate of RMB96.8 million recorded during FY2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by approximately RMB19.6 million or 21.2% from RMB92.4 million for FY2023 to RMB112.0 million for FY2024, which was primarily attributable to the increase in relevant salary expense of RMB13.9 million from RMB48.2 million for FY2023 to RMB62.1 million for FY2024 due to, among other things, the hirings of additional sales staff in FY2024 in furtherance of the development of our electronic materials segment, the reversal of relevant share-based payment expenses in FY2023 as a result of forfeiture of part of the award of restricted A Shares granted under the 2021 RSA Scheme and the increase in bonus payments in FY2024 as our business performance improved as a whole.

Administrative Expenses

Our administrative expenses increased by approximately RMB10.9 million or 5.9% from RMB183.7 million for FY2023 to RMB194.6 million for FY2024, which was primarily attributable to the increase in relevant salary expense of RMB20.4 million from RMB80.9 million for FY2023 to RMB101.3 million for FY2024 due to, among other things, the reversal of relevant share-based payment expenses in FY2023 as a result of forfeiture of part of the award of restricted A Shares granted under the 2021 RSA Scheme and the increase in bonus payments in FY2024 as our business performance improved as a whole.

Research and Development Expenses

Our research and development expenses increased by approximately RMB36.8 million or 20.5% from RMB179.8 million for FY2023 to RMB216.6 million for FY2024, which was primarily attributable to (i) the increase in relevant salary expense of RMB17.6 million from RMB65.8 million for FY2023 to RMB83.4 million for FY2024 due to, among other things, the reversal of relevant share-based payment expenses in FY2023 as a result of forfeiture of part of the award of restricted A Shares granted under the 2021 RSA Scheme and the hirings of additional research and development staff in FY2024 as we initiated various research and development projects on electronic materials; and (ii) the increase in costs of materials used for research and development of RMB16.6 million from RMB53.1 million for FY2023 to RMB69.7 million for FY2024 as we initiated various research and development projects on electronic materials in FY2024.

Fair Value Gains on Financial Assets at Fair Value through Profit or Loss

Our fair value gains on financial assets at fair value through profit or loss decreased by approximately RMB10.2 million or 84.8% from RMB12.1 million for FY2023 to RMB1.8 million for FY2024, which was primarily attributable to the fair value losses on the non-current portion of financial assets at fair value through profit or loss recorded for FY2024 of RMB10.9 million (as compared with fair value gains on such assets recorded for FY2023 of RMB4.6 million) mainly because the results of operations of an entity we had invested in fell below our expectations during FY2024. The effect of the above decrease was partially offset by the increase in fair value gains on the current portion of financial assets at fair value through profit or loss of RMB5.3 million from RMB7.5 million for FY2023 to RMB12.8 million for FY2024, due to appreciation in the value of the listed shares we held in Prinx Chengshan as a result of the rise in its share price prior to re-classification of such investments from the current portion of financial assets at fair value through profit or loss to investments in associates during FY2024.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets decreased by approximately RMB3.5 million or 81.2% from RMB4.3 million for FY2023 to RMB0.8 million for FY2024, which was primarily attributable to the decrease in net impairment losses on other receivables of RMB3.1 million from RMB3.4 million for FY2023 to RMB0.4 million for FY2024 mainly due to the one-off impairment of specific other receivables made during FY2023.

Other Expenses

Our other expenses increased by approximately RMB93.7 million or 625.4% from RMB15.0 million for FY2023 to RMB108.7 million for FY2024. Such an increase was primarily attributable to the impairment losses on property, plant and equipment of approximately RMB94.8 million recorded during FY2024.

Finance Costs

Our finance costs increased by approximately RMB13.2 million or 15.7% from RMB84.1 million for FY2023 to RMB97.3 million for FY2024. Such an increase was primarily attributable to (i) the increase in interest on interest-bearing bank and other borrowings by approximately RMB5.9 million from RMB99.0 million for FY2023 to RMB104.9 million for FY2024, which was in line with the increase in such borrowings; and (ii) the decrease in our interest capitalised of RMB5.8 million from RMB15.9 million for FY2023 to RMB10.1 million for FY2024.

Share of Profits of Associates

Our share of profits of associates increased by approximately RMB87.8 million or 38.8% from RMB226.6 million for FY2023 to RMB314.4 million for FY2024. Such an increase was primarily attributable to (i) our acquisition of additional shares in Prinx Chengshan in FY2024 with the power to participate in its financial and operating policy decisions by appointing a non-executive director to its board of directors, as a result of which it became classified as an associate of us and the proportion of its profit attributable to the equity interest held by us has been accounted for as share of profits of associates from completion of the acquisition in FY2024 onwards, where our share of profits of Prinx Chengshan amounted to approximately RMB47.2 million for FY2024; and (ii) the increase in our share of profits of Zhongce Rubber of RMB39.8 million from RMB228.8 million for FY2023 to RMB268.6 million for FY2024 due to the growth in its revenue and the improvement in its results of operations over the financial years.

Income Tax

Our income tax expense decreased by approximately RMB6.9 million or 30.1% from RMB22.9 million for FY2023 to RMB16.0 million for FY2024, where our current income tax expense increased by RMB4.6 million or 14.5% from RMB31.5 million for FY2023 to RMB36.0 million for FY2024. The increase in our current income tax expense was primarily attributable to the increase in our profit before tax of approximately RMB123.2 million from RMB427.0 million for FY2023 to RMB550.2 million for FY2024.

Profit for the Year

Our profit increased by approximately RMB130.1 million or 32.2% from RMB404.1 million for FY2023 to RMB534.2 million for FY2024, which was the result of all of the factors discussed above combined.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Current Assets and Current Liabilities

Set forth below is a breakdown of our current assets and current liabilities as at the end of each financial year/period during the Track Record Period and 31 July 2026, being the most recent practicable date for the purpose of our liquidity disclosure:

	As at 31 December			As at 30 June	As at 31 July
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets					
Inventories	430,729	486,214	581,433	581,893	615,582
Trade and bills receivables	1,008,741	1,064,924	1,073,041	1,333,134	1,370,973
Due from related companies	100,145	145,136	124,024	137,366	129,191
Prepayments, other receivables and other assets	88,094	82,786	113,266	117,105	122,793
Financial assets at fair value through profit or loss	143,736	—	—	2,000	2,000
Tax recoverable	28,944	888	5,522	13,076	9,034
Time deposits	43,629	634,591	738,737	599,773	618,689
Pledged deposits	38,922	36,004	24,750	24,918	26,515
Cash and cash equivalents	661,436	503,209	476,150	435,686	445,349
Total	2,544,376	2,953,752	3,136,923	3,244,951	3,340,126
Current liabilities					
Trade and bills payables	652,452	528,632	572,761	589,038	708,886
Contract liabilities	3,405	3,368	4,995	4,160	5,171
Other payables and accruals	284,295	349,051	359,546	320,668	325,865
Interest-bearing bank and other borrowings	847,966	1,876,719	2,114,739	2,770,663	2,856,201
Lease liabilities	8,244	9,616	10,178	7,101	7,197
Tax payable	11,885	17,150	11,570	8,338	9,023
Total	1,808,247	2,784,536	3,073,789	3,699,968	3,912,343
Net current assets/(liabilities)	**736,129**	**169,216**	**63,134**	**(455,017)**	**(572,217)**

Our net current liabilities increased by approximately RMB117.2 million from RMB455.0 million as at 30 June 2026 to RMB572.2 million as at 31 July 2026. Such an increase was primarily attributable to (i) the increase in trade and bills payables of approximately RMB119.8 million from RMB589.0 million as at 30 June 2026 to RMB708.9 million as at 31 July 2026; and (ii) the increase in the current portion of interest-bearing bank and other borrowings of RMB85.5 million from RMB2,770.7 million as at 30 June 2026 to RMB2,856.2 million as at 31 July 2026.

We recorded net current liabilities of approximately RMB455.0 million as at 30 June 2026, as compared with net current assets of RMB63.1 million as at 31 December 2025. Such a change was primarily attributable to the increase in the current portion of interest-bearing bank and other borrowings of approximately RMB655.9 million from RMB2,114.7 million as at 31 December 2025 to RMB2,770.6 million as at 30 June 2026, which comprised, among other things, an increase in unsecured short-term bank loans of RMB578.9 million from RMB1,143.5 million as at 31 December 2025 to RMB1,722.4 million as at 30 June 2026 since we have sought to revamp the structure of our borrowings and gradually increase utilisation of short-term borrowings as our long-term borrowings are repaid to take advantage of the lower interest rates that short-term borrowings typically carry.

Our net current assets decreased by approximately RMB106.1 million from RMB169.2 million as at 31 December 2024 to RMB63.1 million as at 31 December 2025. Such a decrease was primarily attributable to (i) the increase in the current portion of interest-bearing bank and other borrowings of approximately RMB238.0 million from RMB1,876.7 million as at 31 December 2024 to RMB2,114.7 million as at 31 December 2025; (ii) the increase in trade and bills payables of RMB44.2 million from RMB528.6 million as at 31 December 2024 to RMB572.8 million as at 31 December

2025; (iii) the decrease in cash and cash equivalents of RMB27.0 million from RMB503.2 million as at 31 December 2024 to RMB476.2 million as at 31 December 2025; and (iv) the decrease in the amount due from related companies of RMB21.1 million from RMB145.1 million as at 31 December 2024 to RMB124.0 million as at 31 December 2025, as partially offset by (i) the increase in time deposits of RMB104.1 million from RMB634.6 million as at 31 December 2024 to RMB738.7 million as at 31 December 2025; (ii) the increase in inventories of RMB95.2 million from RMB486.2 million as at 31 December 2024 to RMB581.4 million as at 31 December 2025; and (iii) the increase in prepayments, other receivables and other assets of RMB30.5 million from RMB82.8 million as at 31 December 2024 to RMB113.3 million as at 31 December 2025.

Our net current assets decreased by approximately RMB566.9 million from RMB736.1 million as at 31 December 2023 to RMB169.2 million as at 31 December 2024. Such a decrease was primarily attributable to (i) the decrease in the current portion of financial assets at fair value through profit or loss of approximately RMB143.7 million from RMB143.7 million as at 31 December 2023 to nil as at 31 December 2024; (ii) the decrease in tax recoverable of RMB28.1 million from RMB28.9 million as at 31 December 2023 to RMB0.9 million as at 31 December 2024; (iii) the decrease in cash and cash equivalents of RMB158.2 million from RMB661.4 million as at 31 December 2023 to RMB503.2 million as at 31 December 2024; (iv) the increase in other payables and accruals of RMB64.8 million from RMB284.3 million as at 31 December 2023 to RMB349.1 million as at 31 December 2024; and (v) the increase in interest-bearing bank and other borrowings of RMB1,028.8 million from RMB848.0 million as at 31 December 2023 to RMB1,876.7 million as at 31 December 2024, as partially offset by (i) the increase in time deposits of RMB591.0 million from RMB43.6 million as at 31 December 2023 to RMB634.6 million as at 31 December 2024; and (ii) the decrease in trade and bills payables of RMB123.8 million from RMB652.5 million as at 31 December 2023 to RMB528.6 million as at 31 December 2024.

We were able to maintain a net current assets position throughout the Track Record Period, except that we recorded net current liabilities as at 30 June 2026 notwithstanding the continuous increases in revenue and net profit during 6M2026. This was mainly because we proactively increased utilisation of short-term borrowings in place of long-term borrowings during 6M2026, which we considered advisable as a means to reduce our interest burden. Despite the net current liabilities temporarily recorded, we believe that our liquidity position will recover in the future as we will take the following measures to improve our liquidity:

(i) leveraging our amicable business relationships with banks, we will seek to further advance our borrowings structure and obtain bank borrowings on more favourable terms wherever practicable from time to time;

(ii) we will continue to keep a close watch on our liquidity position, with a view to maintaining our working capital at an adequate and appropriate level that remains commensurate with our business operation as our expansion plan is executed;

(iii) in respect of management of trade receivables, we will implement effective evaluation systems and stringent collection measures to secure robust and timely collection of receivables; and

(iv) in respect of management of trade payables, as our business grows and our bargaining power strengthens, we will negotiate with our suppliers for more favourable credit terms and longer payment cycles, which, together with prompt settlement of trade receivables by our customers, could help ensure sufficiency of our working capital.

Non-Current Assets and Non-Current Liabilities

Set forth below is a breakdown of our non-current assets and non-current liabilities as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	2,086,039	2,105,204	2,372,485	2,543,095
Investment properties	5,049	4,101	3,153	2,679
Right-of-use assets	285,750	276,718	262,210	249,644
Goodwill	437,441	437,441	437,441	437,441
Intangible assets	132,066	204,940	181,173	182,795
Investments in associates	1,580,241	2,131,238	2,531,910	2,554,847
Equity investments designated at fair value through other comprehensive income	75,456	45,412	31,741	27,493
Financial assets at fair value through profit or loss	109,572	128,634	122,631	140,230
Prepayments, other receivables and other assets	25,255	52,218	50,963	49,033
Deferred tax assets	52,660	69,469	88,105	98,847
Total	**4,789,529**	**5,455,375**	**6,081,812**	**6,286,104**
Non-current liabilities				
Interest-bearing bank and other borrowings	1,806,800	1,955,810	1,675,601	1,310,608
Lease liabilities	50,140	45,481	36,979	29,856
Deferred income	110,361	112,778	113,962	112,934
Deferred taxes liabilities	53,461	51,192	59,713	60,740
Total	**2,020,762**	**2,165,261**	**1,886,255**	**1,514,138**

Inventories

Set forth below are the details of our inventories as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	231,122	263,059	312,230	238,989
Raw materials	192,414	214,847	244,414	318,136
Work in progress	7,370	11,930	18,909	25,629
Materials consigned for processing	11,141	8,317	16,127	6,801
	442,047	498,153	591,680	589,555
Less: Provision for inventories	(11,318)	(11,939)	(10,247)	(7,662)
Total	**430,729**	**486,214**	**581,433**	**581,893**

Our inventories increased by approximately RMB55.5 million from RMB430.7 million as at 31 December 2023 to RMB486.2 million as at 31 December 2024, which was basically commensurate with the growth in our sales. Our inventories further increased by approximately RMB95.2 million from RMB486.2 million as at 31 December 2024 to RMB581.4 million as at 31 December 2025, as we sought to build up our inventories in view of the expansion of our operating scale as reflected in our continuous revenue growth. Accordingly, our finished goods increased by approximately RMB49.1 million from RMB263.1 million as at 31 December 2024 to RMB312.2 million as at 31 December 2025, and our raw materials increased by RMB29.6 million from RMB214.8 million as at 31 December 2024 to RMB244.4 million as at 31 December 2025. Our inventories remained relatively stable at approximately RMB581.9 million as at 30 June 2026, as compared with the balance of RMB581.4 million as at 31 December 2025.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, provision for inventories amounted to approximately RMB11.3 million, RMB11.9 million, RMB10.2 million and RMB7.7 million, respectively. As at the date of each statement of financial position, our inventory is measured at the lower of cost and net realisable value. When the net realisable value of the inventory is lower than the cost, a provision for inventory depreciation is made. The net realisable value is determined based on the estimated selling price of the inventories minus the estimated costs to be incurred upon completion of the production process, estimated selling expenses and related taxes in the ordinary and usual course of business. Provision for inventories is made on an individual basis in respect of each inventory category. Given that (i) we review the condition of our inventories with a focus on identifying slow-moving items on a regular basis; (ii) we performed impairment assessment according to the applicable accounting standards from time to time during the Track Record Period and had made provisions to write down our inventories to the net realisable value as and when necessary; (iii) we have maintained a relatively fast inventory turnover as reflected by our inventory turnover days recorded during the Track Record Period (further details of which are set forth below); and (iv) a large majority of our inventories (representing over 95.0% of our total inventories (before provision)) had an ageing period within one year as at the end of each financial year/period during the Track Record Period (further details of which are set forth below), our Directors are of the view that sufficient provision for inventories had been made as at the end of each financial year/period during the Track Record Period, and that there exists no material recoverability or impairment issue in respect of our inventories.

Ageing Analysis

The following is an ageing analysis of our inventories (before provision) as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within six months	392,734	457,657	539,023	530,772
Over six months and within one year	28,153	19,821	33,648	36,831
Over one year and within two years	18,523	12,892	12,908	16,545
Over two years	2,637	7,783	6,101	5,407
	442,047	**498,153**	**591,680**	**589,555**

Turnover Days

The following table sets forth our inventory turnover days for each financial year/period during the Track Record Period:

	FY2023	FY2024	FY2025	6M2026
Inventory turnover days *(Note)*	68	70	76	65

Note: Inventory turnover days for a financial year/period equal the average of the beginning and ending balances of our inventories (before provision) for that financial year/period divided by our cost of sales for that financial year/period and multiplied by 365 days, 366 days, 365 days and 181 days for FY2023, FY2024, FY2025 and 6M2026, respectively.

Our inventory turnover days remained relatively stable at approximately 68 days for FY2023 and 70 days for FY2024. Our inventory turnover days increased to approximately 76 days for FY2025, which was in line with the buildup of our inventories in support of our business expansion given our revenue growth. Our inventory turnover days subsequently decreased to approximately 65 days for 6M2026, as our inventory became consumed more speedily and efficiently amid notable sales growth as a result of strong demand from downstream industries.

Subsequent Utilisation

As at 31 July 2026, approximately 41.8% of our inventories (before provision) as at 30 June 2026, amounting to RMB246.6 million, had been used or sold.

Trade and Bills Receivables

Our trade and bills receivables represent the outstanding amounts due from our customers for products sold to them in our ordinary and usual course of business. Under our trading terms, our customers are generally allowed to purchase our products on credit, with credit periods typically ranging from 30 days to 180 days. We also accept settlement of trade receivables by our customers with bills. Bills received by our Group mainly included banker's acceptances (銀行承兑匯票) issued by reputable banks which mature within a short term up to six months.

Set forth below are the details of our trade and bills receivables as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	614,087	649,274	701,386	924,089
Less: Impairment losses	(12,176)	(11,986)	(11,393)	(12,364)
Net carrying amount	601,911	637,288	689,993	911,725
Bills receivables				
Bills receivables at amortised cost	76,938	108,912	98,668	111,679
Bills receivables at fair value through other comprehensive income	329,892	318,724	284,380	309,730
Net carrying amount	406,830	427,636	383,048	421,409
Total	**1,008,741**	**1,064,924**	**1,073,041**	**1,333,134**

Our trade and bills receivables increased by approximately RMB260.1 million from RMB1,073.0 million as at 31 December 2025 to RMB1,333.1 million as at 30 June 2026, which was basically commensurate with the annualised rate of increase in our sales determined based on the increase in sales from 6M2025 to 6M2026. Our trade and bills receivables remained relatively stable at approximately RMB1,064.9 million as at 31 December 2024 and RMB1,073.0 million as at 31 December 2025. Our trade and bills receivables increased by approximately RMB56.2 million from RMB1,008.7 million as at 31 December 2023 to RMB1,064.9 million as at 31 December 2024 primarily because of the revenue growth contributed by both our rubber additives for tyres and other chemical products segment and our electronic materials segment, on account of the accelerating demand from the tyre industry and from the semiconductor memory industry and the electric vehicle industry, respectively.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, our impairment losses on trade receivables amounted to approximately RMB12.2 million, RMB12.0 million, RMB11.4 million and RMB12.4 million, respectively. We performed an impairment analysis at the end of each financial year/period during the Track Record Period using a provision matrix to measure expected credit losses. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity. In respect of bills receivables, the identified impairment loss was immaterial as at the end of each financial year/period during the Track Record Period as the bills were mostly issued by reputable banks and had short maturities.

Ageing Analysis

The following is an ageing analysis of our trade and bills receivables at amortised cost, based on the time of revenue recognition and net of loss allowance as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within six months	672,271	722,918	782,701	1,018,865
Seven months to one year	2,515	14,713	2,259	2,777
Over one year and within two years	2,843	7,732	2,136	1,135
Over two years and within three years	1,102	837	1,565	627
Over three years	118	—	—	—
Total	**678,849**	**746,200**	**788,661**	**1,023,404**

During the Track Record Period, a large majority of our trade and bills receivables were outstanding for not more than six months, which was in line with the credit periods we granted to our customers that typically ranged from 30 days to 180 days.

Turnover Days

The following table sets forth our trade receivables turnover days for each financial year/period during the Track Record Period:

	FY2023	**FY2024**	**FY2025**	**6M2026**
Trade receivables turnover days *(Note)*	73	71	72	69

Note: Trade receivables turnover days for a financial year/period equal the average of the beginning and ending balances of our trade receivables (before impairment losses) for that financial year/period divided by our revenue for that financial year/period and multiplied by 365 days, 366 days, 365 days and 181 days for FY2023, FY2024, FY2025 and 6M2026, respectively.

Our trade receivables turnover days remained relatively stable at approximately 73 days for FY2023, 71 days for FY2024, 72 days for FY2025 and 69 days for 6M2026.

Our trade receivables turnover days as at the end of each financial year/period during the Track Record Period were in line with the credit periods we granted to our customers that typically ranged from 30 days to 180 days.

Subsequent Settlement

As at 31 July 2026, approximately 57.2% of our trade and bills receivables (before impairment loss) as at 30 June 2026, amounting to RMB769.9 million, had been settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets were comprised of various balances that were interest-free, unsecured and repayable on demand. Set forth below are the details of our prepayments, other receivables and other assets as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Prepayments to suppliers	31,672	35,120	46,328	35,179
Value added tax recoverable	17,355	26,895	42,411	30,386
Deposits	7,031	4,791	8,123	6,860
Listing expenses	—	—	3,970	17,388
Dividend receivable	—	—	—	14,440
Deferred expenses	3,502	3,909	995	1,910
Prepayment for acquisition of equity investment	13,500	—	—	—
Other receivables	26,163	23,477	22,663	21,825
	99,223	94,192	124,490	127,988
Less: Impairment losses	(11,129)	(11,406)	(11,224)	(10,883)
	88,094	82,786	113,266	117,105
Non-current portion				
Prepayments for acquisitions of property, plant and equipment	24,241	43,271	37,174	33,499
Deferred expenses	1,014	5,186	5,688	4,361
Value added tax recoverable	—	3,761	8,101	11,173
	25,255	52,218	50,963	49,033
Total	**113,349**	**135,004**	**164,229**	**166,138**

Our prepayments, other receivables and other assets increased by approximately RMB1.9 million from RMB164.2 million as at 31 December 2025 to RMB166.1 million as at 30 June 2026. Such an increase was primarily attributable to (i) the increase in the balance of listing expenses of approximately RMB13.4 million from RMB4.0 million as at 31 December 2025 to RMB17.4 million as at 30 June 2026, owing to the accumulation of Listing expenses as our application for the Listing progressed; and (ii) the dividend receivable of RMB14.4 million as at 30 June 2026 recorded as a result of the declaration of a final dividend for the year ended 31 December 2025 by Prinx Chengshan as approved at its annual general meeting held on 22 June 2026, where payment was expected to be paid around 7 August 2026. The effect of the above items was partially offset by (i) the decrease in prepayments to suppliers of approximately RMB11.1 million from RMB46.3 million as at 31 December 2025 to RMB35.2 million as at 30 June 2026, as changes had been made to the settlement method as agreed with some of our suppliers with prepayments less commonly adopted for payment of the purchase prices of raw materials; and (ii) the decrease in the current portion of value added tax recoverable of RMB12.0 million from RMB42.4 million as at 31 December 2025 to RMB30.4 million as at 30 June 2026, because we had consumed part of the accumulated input tax credits during 6M2026 as they became utilisable to offset the output tax liabilities incurred in connection with the relevant production facilities following sales of the products produced.

Our prepayments, other receivables and other assets increased by approximately RMB29.2 million from RMB135.0 million as at 31 December 2024 to RMB164.2 million as at 31 December 2025. Such an increase was primarily attributable to (i) the increase in prepayments to suppliers of approximately RMB11.2 million from RMB35.1 million as at 31 December 2024 to RMB46.3 million as at 31 December 2025 as we stepped up prepayments for purchases of raw materials to ensure supply stability in view of our continuous sales growth; and (ii) the increases in the current portion of value added tax recoverable of RMB15.5 million from RMB26.9 million as at 31 December 2024 to RMB42.4 million as at 31 December 2025 and in the non-current portion of value added tax recoverable of RMB4.3 million from RMB3.8 million as at 31 December 2024 to RMB8.1 million as at 31 December 2025, as the value of our construction projects in progress as at financial year end had increased and consequently there were an increased amount of input tax credits generated through purchases of materials for the projects that we could offset against output tax liabilities, which generally arise after project completion and commencement of commercial production when the products produced are sold, at a future point in time.

Our prepayments, other receivables and other assets increased by approximately RMB21.7 million from RMB113.3 million as at 31 December 2023 to RMB135.0 million as at 31 December 2024. The current portion had remained at the comparable levels of approximately RMB88.1 million as at 31 December 2023 and RMB82.8 million as at 31 December 2024. On the other hand, the non-current portion had increased by RMB27.0 million from RMB25.3 million as at 31 December 2023 to RMB52.2 million as at 31 December 2024, which was primarily attributable to the increase in prepayments for acquisitions of property, plant and equipment of RMB19.0 million from RMB24.2 million as at 31 December 2023 to RMB43.3 million as at 31 December 2024, mainly due to our investments made during FY2023 in new construction projects on production facilities for cresol-formaldehyde resin and advanced CMP polishing pads which had yet to qualify for recognition as non-current asset as at 31 December 2024.

Subsequent Settlement

As at 31 July 2026, approximately 33.4% of our prepayments, other receivables and other assets as at 30 June 2026, amounting to RMB55.5 million, had been settled.

Equity Investments Designated at Fair Value through Other Comprehensive Income

Our equity investments designated at fair value through other comprehensive income comprised unlisted equity investments that our Group considered to be non-traded and strategic in nature. Set forth below are the details of our equity investments designated at fair value through other comprehensive income as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Jiangsu Hengnuo New Materials Technology Co., Ltd. (江蘇恒諾新材料科技有限公司)	15,025	14,925	16,191	13,825
Shenzhen Henghe Investment Management (Shenzhen) Co., Ltd.* (深恒和投資管理(深圳)有限公司)	13,399	14,630	14,630	13,572
Yige Workwear (Beijing) Technology Co., Ltd.* (藝格工裝(北京)科技有限公司)	999	1,222	—	—
Shanghai BMC Investment Management Co., Ltd. (上海美麗境界股權投資管理有限公司)	920	920	920	96
Jiangsu Xingda Steel Tyre Cord Co., Ltd. (江蘇興達鋼簾線股份有限公司) ("**Xingda Steel Tyre**")	32,000	—	—	—
Shenzhen Xiaopang Technology Co., Ltd.* (深圳小胖科技有限公司) ("**Shenzhen Xiaopang**")	13,113	13,715	—	—
Total	**75,456**	**45,412**	**31,741**	**27,493**

Our equity investments designated at fair value through other comprehensive income decreased by approximately RMB4.2 million from RMB31.7 million as at 31 December 2025 to RMB27.5 million as at 30 June 2026, which was primarily attributable to fair value changes as our investment portfolio had remained unchanged.

Our equity investments designated at fair value through other comprehensive income decreased by approximately RMB13.7 million from RMB45.4 million as at 31 December 2024 to RMB31.7 million as at 31 December 2025, primarily because we disposed of the equity interest we held in Shenzhen Xiaopang in April 2025, which had a carrying amount of RMB13.7 million as at 31 December 2024, as we considered that such an investment no longer aligned with our investment strategy.

Our equity investments designated at fair value through other comprehensive income decreased by approximately RMB30.0 million from RMB75.5 million as at 31 December 2023 to RMB45.4 million as at 31 December 2024, primarily because we disposed of the equity interest we held in Xingda Steel Tyre in 2024, which had a carrying amount of RMB32.0 million as at 31 December 2023, as we considered that such an investment no longer aligned with our investment strategy.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss include primarily listed equity investments, unlisted funds and unlisted equity investments. Set forth below are the details of our financial assets at fair value through profit or loss as at the end of each financial year/period during the Track Record Period:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Listed equity investments. . . .	143,736	—	—	—
Structure deposit	—	—	—	2,000
	143,736	—	—	2,000
Non-current portion				
Listed equity investments. . . .	—	—	—	21,431
Unlisted equity investments and investment funds, at fair value	109,572	128,634	122,631	118,799
	109,572	128,634	122,631	140,230
Total	**253,308**	**128,634**	**122,631**	**142,230**

Our financial assets at fair value through profit or loss increased by approximately RMB19.6 million from RMB122.6 million as at 31 December 2025 to RMB142.2 million as at 30 June 2026. Such an increaser was attributable to (i) our subscription for A shares in Shanghai Huide, a company listed on the Shanghai Stock Exchange (stock code: 603192) principally engaged in research and development, production and sales of and technical services for polyurethane resin products; and (ii) the structure deposit we made during 6M2026, which was classified under the current portion of financial assets at fair value through profit or loss as at 30 June 2026 as the associated contractual cash flows were not comprised solely of payments of principal and interest.

Our financial assets at fair value through profit or loss decreased by approximately RMB6.0 million from RMB128.6 million as at 31 December 2024 to RMB122.6 million as at 31 December 2025, which was primarily attributable to the drop in results of operations during FY2025 of a number of entities we had invested in, as a result of which we recorded fair value losses on financial assets at fair value through profit or loss of the same amount during FY2025.

Our financial assets at fair value through profit or loss decreased by approximately RMB124.7 million from RMB253.3 million as at 31 December 2023 to RMB128.6 million as at 31 December 2024. Such a decrease was primarily attributable to the decrease in the current portion of approximately RMB143.7 million from RMB143.7 million as at 31 December 2023 to nil as at 31 December 2024, due to re-classification of our investments in the listed shares of Prinx Chengshan from the current portion of financial assets at fair value through profit or loss to investments in associates. Prinx Chengshan became classified as an associate of us as a result of our acquisition of additional shares in Prinx Chengshan in FY2024 with the power to participate in its financial and operating policy decisions by appointing a non-executive director to its board of directors. On the other hand, the non-current portion increased by approximately RMB19.1 million from RMB109.6 million as at 31 December 2023 to RMB128.6 million as at 31 December 2024, which was primarily attributable to the investments we made in FY2024 in Suzhou Puhua Quanxin Investment Partnership (Limited Partnership)* (蘇州璞華荃芯投資合夥企業(有限合夥)), which had in turn invested in a globally leading chip design company specialising in the communication semiconductor industry, as partially offset by the decrease in the fair value of our unlisted equity investments in

Ningbo Kingpont New Material Technology Co., Ltd (寧波勤邦新材料科技股份有限公司), an entity principally engaged in production of functional film new materials, mainly due to the drop in its results of operations during FY2024.

For further details of our financial assets at fair value through profit or loss recognised during the Track Record Period, please refer to the paragraphs headed "Description of Selected Components of Our Consolidated Statements of Profit or Loss — Fair Value Gains or Losses on Financial Assets at Fair Value through Profit or Loss" in this section. We first recorded such investments in 2019 and our management has accumulated experience and expertise in this connection over the years, with fair value gains generally recorded on such assets in our investment history. As stipulated in our Policy on Management of External Investments (對外投資管理制度), external investments, including investments in financial assets at fair value through profit or loss, shall only be made if they are in line with our long-term development plan and strategy, favourable to expansion of our principal business, conducive to our sustainable development, with real prospects of generating returns and capable of improving our overall economic interests. Our relevant departmental staff, as led by the president of our Company, is responsible for examining, evaluating and making recommendations on potential external investment projects and preparing relevant documents needed for decision-making purposes such as feasibility study reports and investment proposals. The president of our Company has the power to make external investment decisions, except where one or more of the relevant figures (including the value of the assets involved, the net asset value of the target company, the revenue recorded by the target company, the net profit recorded by the target company, the consideration of the investment and the profit to be generated from the investment, where applicable) exceed(s) the prescribed threshold(s), in which case the proposed external investment may be made only after it has been approved by our Directors at a Board meeting and, depending on the size of the investment as measured by the above indicators, also by our Shareholders at a general meeting. The president of our Company shall timely update our Board on the status of external investment projects; where any material change in the investment conditions arises such that the investment returns may be affected, recommendations should be promptly made on halting the investment projects or adjusting the plans and approval should again be sought from our Board and/or our Shareholders as necessary. We shall strictly comply with all applicable disclosure requirements in respect of our external investments in accordance with the relevant laws and regulations, our Articles of Association and our internal policies. Our finance department shall keep complete accounting records in respect of our external investments following the applicable accounting standards. Our independent directors and audit committee have the authority to review and exercise supervision over our external investments respectively. After the Listing, any further external investment to be made by us will be subject to the requirements under Chapter 14 of the Listing Rules and we shall duly fulfil all the applicable compliance obligations as and when necessary.

Property, Plant and Equipment

Set forth below are the details of our property, plant and equipment as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	515,724	540,930	564,960	548,899
Electronic devices	9,094	7,589	847	652
Machinery	953,482	974,551	1,235,278	1,271,040
Vehicles	3,830	7,712	7,145	7,158
Office equipment and other equipment	5,924	5,697	7,140	7,208
Land	—	—	101,469	93,135
Construction in progress	580,208	546,966	432,007	594,006
Others	17,777	21,759	23,639	20,997
Total	**2,086,039**	**2,105,204**	**2,372,485**	**2,543,095**

Our property, plant and equipment increased by approximately RMB170.6 million from RMB2,372.5 million as at 31 December 2025 to RMB2,543.1 million as at 30 June 2026. Such an increase was primarily attributable to the increase in our construction in progress of RMB162.0 million from RMB432.0 million as at 31 December 2025 to RMB594.0 million as at 30 June 2026, mainly due to the additions in relation to construction projects on production facilities for upstream photoresist resin and rubber additives that remained underway as at 30 June 2026.

Our property, plant and equipment increased by approximately RMB267.3 million from RMB2,105.2 million as at 31 December 2024 to RMB2,372.5 million as at 31 December 2025. Such an increase was primarily attributable to (i) the increase in our machinery of approximately RMB260.7 million from RMB974.6 million as at 31 December 2024 to RMB1,235.3 million as at 31 December 2025, mainly because the EBR production line to be built under our construction project on production facilities for semiconductor photoresists was completed and ready for use and the associated costs were re-classified from construction in progress to machinery during FY2025; and (ii) the acquisition by RA Thailand in FY2025 of a piece of land for construction of production facilities with a carrying value of RMB101.5 million as at 31 December 2025. The effect of the above items was partially offset by the decrease in our construction in progress of approximately RMB115.0 million from RMB547.0 million as at 31 December 2024 to RMB432.0 million as at 31 December 2025, mainly due to the progress we made with our construction projects on production facilities for semiconductor photoresists and high-purity solvents, high-performance testing equipment such as photolithography equipment and accessories, testing devices for photoresist resin products and optimisation of existing production lines, with the costs of the completed parts that were ready for use re-classified from construction in progress to the appropriate category of property, plant and equipment during FY2025.

Our property, plant and equipment remained relatively stable at approximately RMB2,086.0 million as at 31 December 2023 and RMB2,105.2 million as at 31 December 2024.

Investment Properties

Our investment properties consist of one commercial property located in Shanghai and one residential property located in Shandong Province, which had been leased to third parties under operating leases and determined by our Directors to be commercial based on their nature, characteristics and risks. Our investment properties decreased from approximately RMB5.0 million as at 31 December 2023 to RMB4.1 million as at 31 December 2024 and further to RMB3.2 million as at 31 December 2025 and RMB2.7 million as at 30 June 2026 as a result of the depreciation provided during FY2024, FY2025 and 6M2026, respectively.

Right-of-use Assets

Set forth below are the details of our right-of-use assets as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leasehold land	231,316	225,223	219,130	216,150
Buildings	54,434	50,222	42,119	32,689
Machine and equipment	—	1,273	961	805
Total	**285,750**	**276,718**	**262,210**	**249,644**

Our right-of-use assets decreased by approximately RMB12.6 million from RMB262.2 million as at 31 December 2025 to RMB249.6 million as at 30 June 2026. Such a decrease was primarily attributable to (i) the depreciation provided during 6M2026 of approximately RMB7.0 million; and (ii) the reduction of RMB5.6 million caused by the modification to lease arrangements for certain buildings.

Our right-of-use assets decreased by approximately RMB14.5 million from RMB276.7 million as at 31 December 2024 to RMB262.2 million as at 31 December 2025. Such a decrease was primarily attributable to the depreciation provided during FY2025 of approximately RMB16.4 million, as partially offset by the additions to buildings during the financial year of RMB1.9 million.

Our right-of-use assets decreased by approximately RMB9.0 million from RMB285.8 million as at 31 December 2023 to RMB276.7 million as at 31 December 2024. Such a decrease was primarily attributable to the depreciation provided during FY2024 of approximately RMB16.0 million, as partially offset by the additions to buildings and machine and equipment during the financial year of RMB6.9 million.

Goodwill

Our goodwill consists of goodwill acquired through business combinations allocated to our cash-generating units ("**CGUs**") of semiconductor photoresist CGU and display panel photoresist CGU. Set forth below are the details of our goodwill as at the end of each financial year during the Track Record Period:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Semiconductor Photoresist CGU	200,186	200,186	200,186	200,186
Display Panel Photoresist CGU	237,255	237,255	237,255	237,255
Total	**437,441**	**437,441**	**437,441**	**437,441**

Our goodwill remained constant at approximately RMB437.4 million as at the end of each financial year/period during the Track Record Period in accordance with the results of our impairment testing of goodwill, as detailed in the paragraphs below.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We perform impairment test of goodwill as at the date of each statement of financial position. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of our Group are assigned to those units or groups of units. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

For the purpose of the impairment testing of goodwill, the recoverable amounts of our semiconductor photoresist CGU and display panel photoresist CGU were determined based on calculations of the value in use of such CGUs. This required our Group to make projections of cash flows from the CGUs based on financial budgets covering a five-year period approved by our senior management. Key parameters used in the value-in-use calculations included the following:

(1) revenue annual growth rate, which was determined with reference to the average revenue growth rate achieved in the years before the budget year, with appropriate adjustments for our management's projected future operating plans and production data;

(2) net profit margin during the forecast period, which was determined with reference to the average net profit margin growth rate achieved in the prior year, as increased for expected efficiency improvements; and

(3) pre-tax discount rate, which reflected specific risks relating to the relevant CGU.

The following values were assigned to each key parameter, which were consistent with information from external sources:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Semiconductor Photoresist CGU				
Pre-tax discount rate	11.70%	11.68%	14.61%	15.07%
Revenue annual growth rate — range of the forecast period	16.58% to 37.84%	6.00% to 25.00%	14.14% to 25.02%	14.59% to 25.86%
Net profit margin — range of the forecast period	6.05% to 18.70%	13.62% to 17.87%	15.53% to 19.88%	14.16% to 19.45%
Revenue annual growth rate — stable period	0.00%	0.00%	0.00%	0.00%
Net profit margin — stable period	18.70%	17.87%	19.88%	19.45%
Display Panel Photoresist CGU				
Pre-tax discount rate	11.70%	11.48%	11.90%	12.53%
Revenue annual growth rate — range of the forecast period	16.13% to 30.14%	11.65% to 19.90%	10.00% to 16.02%	10.00% to 33.44%
Net profit margin — range of the forecast period	16.70% to 18.62%	15.60% to 18.00%	17.97% to 20.84%	18.37% to 21.68%
Revenue annual growth rate — stable period	0.00%	0.00%	0.00%	0.00%
Net profit margin — stable period	17.28%	16.46%	19.06%	19.46%

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, based on the value-in-use calculations applying the above key parameters, the recoverable amount of the semiconductor photoresist CGU exceeded its carrying amount by approximately RMB34.1 million, RMB64.3 million, RMB415.2 million and RMB308.0 million, respectively, and the recoverable amount of the display panel photoresist CGU exceeded its carrying amount by RMB378.7 million, RMB409.4 million, RMB522.8 million and RMB493.3 million, respectively.

In respect of each CGU, our management had performed sensitivity tests by decreasing the revenue annual growth rate by 3 percentage points, decreasing the net profit margin by 3 percentage points or increasing the pre-tax discount rate by 3 percentage points, with all other key parameters held constant. The amount by which the recoverable amount of each CGU would exceed its carrying amount (the "**headroom**") in each scenario was as follows:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Semiconductor Photoresist CGU				
Revenue annual growth rate decreased by 3 percentage points	6,053	36,601	349,191	264,034
Net profit margin decreased by 3 percentage points	28,053	40,730	376,191	271,034
Pre-tax discount rate increased by 3 percentage points	4,053	36,532	369,191	266,034
Display Panel Photoresist CGU				
Revenue annual growth rate decreased by 3 percentage points	314,684	344,902	466,794	418,977
Net profit margin decreased by 3 percentage points	352,684	382,955	489,794	434,302
Pre-tax discount rate increased by 3 percentage points	345,684	377,908	488,794	433,302

Based on the headroom computed as presented in the table above, our management believes that any reasonably possible change in any of the key parameters would not cause the respective carrying amount of each CGU to exceed its recoverable amount and thereby result in an impairment provision of goodwill.

Considering there was still sufficient headroom, our management was of the view that there existed no impairment of goodwill as at the end of each financial year/period during the Track Record Period. Based on the results of the above assessments as conducted by our management and an independent external valuer, our Directors concluded that no impairment loss on goodwill should be recognised as at the end of each financial year/period during the Track Record Period.

Intangible Assets

Set forth below are the details of our intangible assets as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software	16,284	14,246	15,622	29,692
Technical know-how	47,508	36,393	25,278	19,870
Patent	68,274	154,301	140,273	133,233
Total	**132,066**	**204,940**	**181,173**	**182,795**

Our intangible assets increased by approximately RMB1.6 million from RMB181.2 million as at 31 December 2025 to RMB182.8 million as at 30 June 2026. Such an increase was primarily attributable to the amount transferred from construction in progress under property, plant and equipment to software during 6M2026 of RMB15.8 million as an information system commissioned by our Group became ready to be put into use, as partially offset by amortisation of our intangible assets during 6M2026 of RMB14.2 million.

Our intangible assets decreased by approximately RMB23.8 million from RMB204.9 million as at 31 December 2024 to RMB181.2 million as at 31 December 2025, which was primarily attributable to amortisation of our intangible assets during FY2025 of RMB27.6 million.

Our intangible assets increased by approximately RMB72.9 million from RMB132.1 million as at 31 December 2023 to RMB204.9 million as at 31 December 2024. Such an increase was primarily attributable to our acquisitions of patents for the consideration of approximately RMB93.0 million in FY2024 with a view to expanding our product range, as partially offset by the amortisation of our intangible assets during the financial year of RMB20.6 million.

Investments in Associates

Our investments in associates represent our share of the net assets of our associates. During the Track Record Period, our associates included

- Zhongce Rubber Group Co., Ltd. (中策橡膠集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603049) principally engaged in manufacture and sales of tyres and rubber products, which was held as to approximately 8.9%, 8.9%, 8.0% and 8.0% by our Group as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, respectively;
- Prinx Chengshan Holdings Limited (浦林成山控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1809) principally engaged in manufacture and sales of tyres and rubber products, which was held as to approximately 5.1%, 5.1% and 5.1% by our Group as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively; and
- other associates that were not individually material.

Our investments in associates remained relatively stable at approximately RMB2,531.9 million as at 31 December 2025 and RMB2,554.8 million as at 30 June 2026.

Our investments in associates increased by approximately RMB400.7 million from RMB2,131.2 million as at 31 December 2024 to RMB2,531.9 million as at 31 December 2025, which was primarily attributable to the growth in the total amount and our corresponding share of the net assets of Zhongce Rubber by virtue of, among other things, the substantial amount of profit and other comprehensive income recorded and the issue of new shares by Zhongce Rubber during FY2025, as a result of which the carrying amount of our investment in Zhongce Rubber increased by RMB401.5 million from RMB1,732.1 million as at 31 December 2024 to RMB2,133.6 million as at 31 December 2025.

Our investments in associates increased by approximately RMB551.0 million from RMB1,580.2 million as at 31 December 2023 to RMB2,131.2 million as at 31 December 2024, which was primarily attributable to (i) the growth in the total amount and our corresponding share of the net assets of Zhongce Rubber by virtue of, among other things, the substantial amount of profit and other comprehensive income recorded by Zhongce Rubber during FY2024, as a result of which the carrying amount of our investment in Zhongce Rubber increased by RMB214.0 million from RMB1,518.1 million as at 31 December 2023 to RMB1,732.1 million as at 31 December 2024; and (ii) our acquisition of additional shares in Prinx Chengshan in FY2024 with the power to participate in its financial and operating policy decisions by appointing a non-executive director to its board of directors, as a result of which it became classified as an associate of us and our investments in its listed shares were re-classified from the current portion of financial assets at fair value through profit or loss to investments in associates from completion of the acquisition in FY2024 onwards; we therefore saw an addition to our investments in associates during FY2024 equivalent to the proportion of Prinx Chengshan's net assets attributable to the equity interest held by us, with a carrying amount of RMB338.4 million as at 31 December 2024.

Trade and Bills Payables

Our trade and bills payables represent the outstanding amounts due to our suppliers for purchases of raw materials or construction equipment in our ordinary and usual course of business.

Set forth below are the details of our trade and bills payables as at the end of each financial year:

	As at			
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	518,019	441,604	495,942	471,666
Bills payables	134,433	87,028	76,819	117,372
Total	**652,452**	**528,632**	**572,761**	**589,038**

Our trade and bills payables remained relatively stable at approximately RMB572.8 million as at 31 December 2025 and RMB589.0 million as at 30 June 2026.

Our trade and bills payables increased by approximately RMB44.1 million from RMB528.6 million as at 31 December 2024 to RMB572.8 million as at 31 December 2025 primarily because we scaled up our purchases of raw materials correspondingly in view of our continuous sales growth.

Our trade and bills payables decreased by approximately RMB123.8 million from RMB652.5 million as at 31 December 2023 to RMB528.6 million as at 31 December 2024 primarily because (i) we were able to settle the amounts due to our suppliers within a shorter timeframe with the prompt settlement of receivables by our customers; (ii) we gradually settled the amounts due to our construction equipment suppliers as our construction projects on, among other things, production facilities for semiconductor photoresists and high-purity solvents progressed and reached a higher degree of completion; and (iii) we reduced our reliance on issue of bills to finance our construction projects and other external investments as the cash resources made available under our increased interest-bearing bank and other borrowings had enabled us to more commonly adopt cash payments.

Ageing Analysis

The following is an ageing analysis of our trade and bills payables as at the end of each financial year/period:

	As at			
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	636,777	510,302	561,320	575,289
One to two years	15,488	16,377	4,428	6,745
Over two years	187	1,953	7,013	7,004
Total	**652,452**	**528,632**	**572,761**	**589,038**

Turnover Days

The following table sets forth our trade payables turnover days for each financial year/period:

	FY2023	FY2024	FY2025	6M2026
Trade payables turnover days *(Note)*	87	71	66	53

Note: Trade payables turnover days for a financial year/period equal the average of the beginning and ending balances of our trade payables for that financial year/period divided by our cost of sales for that financial year/period and multiplied by 365 days, 366 days, 365 days and 181 days for FY2023, FY2024, FY2025 and 6M2026, respectively.

Our trade payables turnover days decreased from approximately 66 days for FY2025 to 53 days for 6M2026, as our customers more commonly settled the purchase prices of our products by way of prepayments with a view to maintaining amicable business relationships, which in turn enabled us to settle our trade payables more promptly. Our trade payables turnover days decreased from approximately 71 days for FY2024 to 66 days for FY2025 primarily because we were able to pay our suppliers more promptly given our improved cash position. Our trade payables turnover days decreased from approximately 87 days for FY2023 to 71 days for FY2024, which was primarily attributable to the decrease in our trade payables, notwithstanding the increase in our cost of sales, mainly because we were able to settle the amounts due to our suppliers within a shorter timeframe with the prompt settlement of receivables by our customers.

Subsequent Settlement

As at 31 July 2026, approximately 58.9% of our trade and bills payables as at 30 June 2026, amounting to RMB347.1 million, had been settled.

Contract Liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before our Group transfers the related goods. During the Track Record Period, our contract liabilities arising from advance payments from customers for sales of goods remained relatively stable at approximately RMB3.4 million as at 31 December 2023, RMB3.4 million as at 31 December 2024, RMB5.0 million as at 31 December 2025 and RMB4.2 million as at 30 June 2026.

Subsequent Recognition

As at 31 July 2026, approximately 50.8% of our contract liabilities as at 30 June 2026, amounting to RMB2.1 million, had been recognised as revenue.

Other Payables and Accruals

Set forth below are the details of our other payables and accruals as at the end of each financial year/period during the Track Record Period:

	As at			
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants received in advance	32,720	118,380	161,580	148,580
Accrued expenses	44,328	65,758	57,111	62,630
Payroll and welfare payables	65,927	71,249	69,865	45,437
Repurchase obligation recognised under share incentive plan	99,647	50,285	24,431	23,919
Payable for acquisition of equity investment	15,025	15,025	15,025	—
Other taxes payables	7,497	6,445	7,920	16,260
Others	19,151	21,909	23,614	23,842
Total	**284,295**	**349,051**	**359,546**	**320,668**

Our other payables and accruals decreased by approximately RMB38.9 million from RMB359.5 million as at 31 December 2025 to RMB320.7 million as at 30 June 2026. Such a decrease was primarily attributable to (i) the decrease in government grants received in advance of approximately RMB13.0 million from RMB161.6 million as at 31 December 2025 to RMB148.6 million as at 30 June 2026, mainly because the completion acceptance inspection requirements in connection with certain relevant parts of the underlying projects of the government grants received in advance had been satisfied, with the corresponding amounts of government grants that were designated for compensating our Group for research and development expenses incurred being recognised as and transferred to other income during 6M2026; (ii) the decrease in payroll and welfare payables of RMB24.4 million from RMB69.9 million as at 31 December 2025 to RMB45.4 million as at 30 June 2026, as payments for double pay and year-end bonuses accrued as at 31 December 2025 were made during the early months of FY2026 in conformity with our customary practice; and (iii) the elimination during 6M2026 of the payable for acquisition of equity investment as at 31 December 2025 of RMB15.0 million, as we completed our contribution to the registered capital of one of the investee companies falling under our equity investments designated at fair value through other comprehensive income by means of patent transfer.

Our other payables and accruals increased by approximately RMB10.5 million from RMB349.1 million as at 31 December 2024 to RMB359.5 million as at 31 December 2025. Such an increase was primarily attributable to the increase in government grants received in advance of approximately RMB43.2 million from RMB118.4 million as at 31 December 2024 to RMB161.6 million as at 31 December 2025, which resulted mainly from the receipt during FY2025 of government grants for designated projects for which the completion acceptance inspection procedures had yet to be completed as at 31 December 2025. We received from time to time government grants designated for specific projects. As at 31 December 2025, the whole or part of some of these projects had yet to reach the completion acceptance inspection stage. The corresponding amounts of government grants received had therefore been recorded as government grants received in advance as at 31 December 2025. After the recognition condition (i.e. completion of the project work and the completion acceptance inspection procedures) had been met, the corresponding amounts of governmental grants received would be transferred to our other income during the relevant financial year. Our Directors believe that such government grants received in advance are not subject to any claw-back arrangements at present, unless we voluntarily apply to the government for project withdrawal taking into account the external environmental and/or other relevant factors. The effect of the above increase in government grants received in advance was partially offset by (i) the decrease in repurchase obligation recognised under share incentive plan of RMB25.9 million from RMB50.3 million as at 31 December 2024 to RMB24.4 million as at 31 December 2025, mainly due to the release during FY2025 of selling restrictions in respect of part of the restricted A Shares granted under the 2023 RSA Scheme; and (ii) the decrease in accrued expenses of RMB8.6 million from RMB65.8 million as at 31 December 2024 to RMB57.1 million as at 31 December 2025 mainly due to the decrease in sales recorded by certain subsidiaries principally engaged in manufacture and sale of rubber additives for tyres and other chemical products.

Our other payables and accruals increased by approximately RMB64.8 million from RMB284.3 million as at 31 December 2023 to RMB349.1 million as at 31 December 2024. Such an increase was primarily attributable to (i) the increase in government grants received in advance of approximately RMB85.7 million from RMB32.7 million as at 31 December 2023 to RMB118.4 million as at 31 December 2024, which resulted mainly from the receipt during FY2024 of government grants for designated project for which the completion acceptance inspection had yet to be completed as at 31 December 2024; and (ii) the increase in accrued expenses of RMB21.4 million from RMB44.3 million as at 31 December 2023 to RMB65.8 million as at 31 December 2024 mainly due to (a) the increase in unsettled shipping fees as at financial year end in connection with our purchases of raw materials and sales of products as a result of sales growth and rise in unit shipping fee; and (b) unsettled shipping fees as at 31 December 2024 in connection with import of photoresist-related equipment. The effect of the increases in the above items was partially offset by the decrease in repurchase obligation recognised under share incentive plan of RMB49.4 million from RMB99.6 million as at 31 December 2023 to RMB50.3 million as at 31 December 2024, mainly due to the forfeiture during FY2024 of part of the award of restricted A Shares granted under the 2021 RSA Scheme and the release during FY2024 of selling restrictions on part of the restricted A Shares awarded under the 2023 RSA Scheme.

Tax Payable

Our tax payable consists of payables for corporate income tax. Our tax payable remained relatively stable at approximately RMB11.6 million as at 31 December 2025 and RMB8.3 million as at 30 June 2026. Our tax payable decreased by approximately RMB5.6 million from RMB17.2 million as at 31 December 2024 to RMB11.6 million as at 31 December 2025 notwithstanding the increase in our profit before tax over the financial years, primarily because (i) certain subsidiaries of our Company started to record taxable profits, such that deductible losses from previous financial years could be utilised; and (ii) our share of profits of associates was not taxable, negating the impact of the increase in this component of profit before tax recorded for FY2025. Our tax payable increased by approximately RMB5.3 million from RMB11.9 million as at 31 December 2023 to RMB17.2 million as at 31 December 2024, which was generally in line with the changes in our profit before tax over the financial years.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for each financial year/period during the Track Record Period (where applicable) and should be read in conjunction with the Accountants' Report presented in Appendix I to this prospectus.

	FY2023	FY2024	FY2025	6M2026
Profitability ratios				
Return on equity *(Note 1)*. . .	12.2%	15.3%	15.0%	N/A
Return on total assets *(Note 2)*	5.7%	6.8%	6.5%	N/A
Gross Profit Margin *(Note 3)*	23.3%	24.4%	23.8%	22.9%
Net profit margin *(Note 4)* . .	13.8%	16.4%	16.9%	18.2%

	As at			
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liquidity ratios				
Current ratio (times) *(Note 5)*	1.4	1.1	1.0	0.9
Quick ratio (times) *(Note 6)* .	1.2	0.9	0.8	0.7
Capital adequacy ratio				
Gearing ratio *(Note 7)*	60.2%	100.9%	80.3%	87.7%

Notes:

(1) Return on equity is calculated by dividing our profit for a financial year by the average of the balances of total equity as at the beginning and the end of the relevant financial year.

Return on equity for 6M2026 is not presented as it is calculated based on our results of operations for an interim period only and is therefore not meaningful and could be misleading when compared with our return on equity for FY2023, FY2024 and FY2025 calculated based on our results of operations for a full financial year.

(2) Return on total assets is calculated by dividing our profit for a financial year by the average of the balances of total assets as at the beginning and the end of the relevant financial year.

Return on total assets for 6M2026 is not presented as it is calculated based on our results of operations for an interim period only and is therefore not meaningful and could be misleading when compared with our return on total assets for FY2023, FY2024 and FY2025 calculated based on our results of operations for a full financial year.

(3) Gross profit margin is calculated by dividing our gross profit for a financial year/period by our revenue for the relevant financial year/period.

(4) Net profit margin is calculated by dividing our net profit for a financial year/period by our revenue for the relevant financial year/period.

(5) Current ratio is calculated by dividing our total current assets as at the end of a financial year/period by our total current liabilities as at the end of the relevant financial year/period.

(6) Quick ratio is calculated by dividing our total current assets (excluding inventories) as at the end of a financial year/period by our total current liabilities as at the end of the relevant financial year/period.

(7) Gearing ratio is calculated by dividing our net debt (being the total of interest-bearing bank and other borrowings and lease liabilities, net of cash and cash equivalents) as at the end of a financial year/period by equity attributable to owners of our Company as at the end of the relevant financial year/period.

Return on Equity

Our return on equity remained relatively stable at approximately 15.3% for FY2024 and 15.0% for FY2025.

Our return on equity increased from approximately 12.2% for FY2023 to 15.3% for FY2024. Such an increase was primarily attributable to the increase in profit of approximately 32.2% from RMB404.1 million for FY2023 to RMB534.2 million for FY2024, which outweighed the increase in the average balance of total equity of 4.8% from RMB3,323.5 million for FY2023 to RMB3,482.1 million for FY2024.

Please see the paragraphs headed "Period-to-Period Comparison of Results of Operations" in this section for a discussion of the factors causing the changes in our profit over the financial years during the Track Record Period.

Return on Total Assets

Our return on total assets remained relatively stable at approximately 6.8% for FY2024 and 6.5% for FY2025. Our return on total assets increased from approximately 5.7% for FY2023 to 6.8% for FY2024, which was primarily attributable to the increase in profit of 32.2% from RMB404.1 million for FY2023 to RMB534.2 million for FY2024, which outweighed the increase in the average balance of total assets of 10.9% from RMB7,097.5 million for FY2023 to RMB7,871.5 million for FY2024. Please see the paragraphs headed "Period-to-Period Comparison of Results of Operations" in this section for a discussion of the factors causing the changes in our profit over the financial years during the Track Record Period, and the paragraphs headed "Discussion of Certain Key Items of Consolidated Statements of Financial Position" in this section for further details of the factors causing the changes in our total assets over the financial years during the Track Record Period.

Gross Profit Margin

Our gross profit margin remained relatively stable during the Track Record Period at approximately 23.3%, 24.4%, 23.8% and 22.9% for FY2023, FY2024, FY2025 and 6M2026, respectively.

Net Profit Margin

Our net profit margin increased from approximately 13.8% for FY2023 to 16.4% for FY2024, remained stable afterwards at 16.9% for FY2025 and subsequently further increased to 18.2% for 6M2026, which was attributable to, among other things, our improved control over operating costs and the growth in our share of profits of associates. Please see the paragraphs headed "Period-to-Period Comparison of Results of Operations" in this section for a discussion of the factors causing the improvement in our profitability during the Track Record Period.

Current Ratio

Our current ratio remained relatively stable during the Track Record Period at approximately 1.4, 1.1, 1.0 and 0.9 as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, respectively.

Quick Ratio

Our quick ratio remained relatively stable during the Track Record Period at approximately 1.2, 0.9, 0.8 and 0.7 as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, respectively.

Gearing Ratio

Our gearing ratio increased from approximately 80.3% as at 31 December 2025 to 87.7% as at 30 June 2026, which was primarily attributable to the decrease in our cash and cash equivalents of 8.5% from RMB476.2 million as at 31 December 2025 to RMB435.7 million as at 30 June 2026 (further details of which are set forth in the paragraphs headed "Liquidity and Capital Resources — Cash Flows" in this section), as the equity attributable to owners of our Company remained relatively stable at RMB4,186.3 million as at 31 December 2025 and RMB4,199.2 million as at 30 June 2026.

Our gearing ratio decreased from approximately 100.9% as at 31 December 2024 to 80.3% as at 31 December 2025, which was primarily attributable to the increase in our equity attributable to owners of our Company of 24.8% from RMB3,354.0 million as at 31 December 2024 to RMB4,186.3 million as at 31 December 2025 due to, among other things, the increase in share premium mainly as a result of the exercise of conversion rights for convertible bonds by the bondholders during FY2025, as our net debt remained relatively stable at RMB3,384.4 million as at 31 December 2024 and RMB3,361.3 million as at 31 December 2025.

Our gearing ratio increased from approximately 60.2% as at 31 December 2023 to 100.9% as at 31 December 2024, which was primarily attributable to the significant increase in our interest-bearing bank and other borrowings of 44.4% from RMB2,654.8 million as at 31 December 2023 to RMB3,832.5 million as at 31 December 2024, further details of which are set forth in the paragraphs headed "Indebtedness — Interest-bearing Bank and Other Borrowings" in this section, as the equity attributable to owners of our Company remained relatively stable at RMB3,408.0 million as at 31 December 2023 and RMB3,354.0 million as at 31 December 2024.

LIQUIDITY AND CAPITAL RESOURCES

We had historically funded our operations principally with cash generated from our operating activities. Going forward, we intend to continue to meet our capital requirements with cash from such sources, together with the net proceeds from the Global Offering. We do not anticipate any material change to the availability of financing to fund our operations in the future.

Taking into account the financial resources available to us, including our net operating cash flow, cash and cash equivalents on hand and loan and credit facilities and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this prospectus.

Cash Flows

During the Track Record Period, our cash and cash equivalents comprised (i) cash on hand and at banks; and (ii) short-term highly liquid deposits with a maturity of generally within three months that were readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

Set forth below is a summary of our consolidated statements of cash flows for each financial year/period during the Track Record Period:

	FY2023	FY2024	FY2025	6M2025	6M2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating cash flows before movements in working capital	414,315	496,052	491,706	266,978	338,052
Changes in working capital	(172,338)	(354,199)	(207,895)	(117,571)	(284,166)
Cash generated from operations	241,977	141,853	283,811	149,407	53,886
Interest received	10,052	6,107	23,426	1,560	3,733
Income tax paid	(73,205)	(2,701)	(44,965)	(15,259)	(21,073)
Net cash flows from operating activities	178,824	145,259	262,272	135,708	36,546
Net cash flows from/(used in) investing activities	119,123	(679,894)	(169,349)	(134,572)	(32,696)
Net cash flows (used in)/from financing activities	(14,072)	370,720	(113,152)	72,637	(24,504)
Net increase/(decrease) in cash and cash equivalents	283,875	(163,915)	(20,229)	73,773	(20,654)
Cash and cash equivalents at beginning of year	370,628	661,436	503,209	503,209	476,150
Effect of foreign exchange rate changes, net	6,933	5,688	(6,830)	1,968	(19,810)
Cash and cash equivalents at end of year	661,436	503,209	476,150	578,950	435,686

Net Cash Flows from Operating Activities

Throughout the Track Record Period, we were able to maintain sound net cash flows from operating activities. Taking our profit before tax for a financial year/period as the starting point, adjustments were made for certain items on the consolidated statements of profit or loss with cash flow effects. The operating cash flows before movements in working capital so obtained were then further adjusted for changes in working capital, interest received and income tax paid to derive the net cash flow from operating activities for the financial year/period.

For 6M2026, our net cash flows from operating activities amounted to approximately RMB36.5 million. Our profit before tax for the year was approximately RMB404.0 million, which had been negatively adjusted for, among other things, (i) share of profits of associates of RMB206.0 million; (ii) gain on disposal of patent of RMB15.0 million; (iii) bank interest income of RMB15.4 million; (iv) the increase in trade and bills receivables of RMB263.7 million; (v) the increase in amounts due from related companies of RMB13.1 million; and (vi) the decrease in trade and bills payables of RMB42.9 million, as partially offset by the positive adjustments made for, among other things, (i) finance costs of RMB46.3 million; (ii) depreciation of property, plant and equipment of RMB87.4 million; (iii) amortisation of intangible assets of RMB14.2 million; (iv) the decrease in prepayments, other receivables and other assets of RMB22.4 million; and (v) the increase in other payables and accruals of RMB11.2 million.

For FY2025, our net cash flows from operating activities amounted to approximately RMB262.3 million. Our profit before tax for the year was approximately RMB601.0 million, which had been negatively adjusted for, among other things, (i) share of profits of associates of RMB382.1 million; (ii) bank interest income of RMB39.4 million; (iii) the increase in inventories of RMB90.7 million; and (iv) the decrease in trade and bills payables of RMB131.0 million, as partially offset by the positive adjustments made for, among other things, (i) finance costs of RMB108.5 million; (ii) depreciation of property, plant and equipment of RMB157.0 million; and (iii) amortisation of intangible assets of RMB27.6 million.

For FY2024, our net cash flows from operating activities amounted to approximately RMB145.3 million. Our profit before tax for the year was approximately RMB550.2 million, which had been negatively adjusted for, among other things, (i) bargain purchase gain arising from investment in an associate of RMB96.8 million; (ii) share of profits of associates of RMB314.4 million; (iii) bank interest income of RMB27.0 million; (iv) the increase in inventories of RMB51.1 million; (v) the increase in trade and bills receivables of RMB57.5 million; (vi) the increase in amounts due from related companies of RMB45.4 million; (vii) the increase in prepayments, other receivables and other assets of RMB25.1 million; and (viii) the decrease in trade and bills payables of RMB276.4 million, as partially offset by the positive adjustments made for, among other things, (i) finance costs of RMB97.3 million; (ii) depreciation of property, plant and equipment of RMB129.1 million; (iii) amortisation of intangible assets of RMB20.6 million; (iv) equity-settled share-based expense of RMB43.1 million; (v) impairment losses on property, plant and equipment of RMB94.8 million; and (vi) increase in other payables and accruals of RMB110.8 million.

For FY2023, our net cash flows from operating activities amounted to approximately RMB178.8 million. Our profit before tax for the year was approximately RMB427.0 million, which had been negatively adjusted for, among other things, (i) share of profits of associates of RMB226.6 million; (ii) bank interest income of RMB20.8 million; (iii) increase in inventories of RMB57.4 million; (iv) increase in trade and bills receivables of RMB58.3 million; (v) increase in trade and bills payables of RMB193.0 million; and (vi) income tax paid of RMB73.2 million, as partially offset by the positive adjustments made for (i) finance costs of RMB84.1 million; (ii) depreciation of property, plant and equipment of RMB115.1 million; (iii) decrease in amounts due from related companies of RMB38.0 million; (iv) decrease in prepayments, other receivables and other assets of RMB25.0 million; and (v) increase in other payables and accruals of RMB69.3 million.

Net Cash Flows from/(Used in) Investing Activities

Our net cash flows from investing activities during the Track Record Period were primarily associated with dividends income, proceeds from disposal of investment in associate, proceeds from disposal of equity investments designated at fair value through other comprehensive income, proceeds from disposal of debt instruments at fair value through other comprehensive income, resettlement compensation received from government, receipt of government grants for non-current assets, refund from prepaid equity investments and decrease in time deposits.

Our net cash used in investing activities during the Track Record Period were primarily associated with investments in associates, purchase of financial assets at fair value through profit or loss, purchases of items of property, plant and equipment and intangible assets and increase in time deposits.

For 6M2026, our net cash used in investing activities amounted to approximately RMB32.7 million, which was primarily attributable to (i) payment for purchase of financial assets at fair value through profit or loss of RMB32.0 million; and (ii) payments for purchases of items of property, plant and equipment and intangible assets of RMB257.7 million, as partially offset by (i) dividends income of RMB101.2 million; and (ii) the decrease in time deposits of RMB150.6 million.

For FY2025, our net cash used in investing activities amounted to approximately RMB169.3 million, which was primarily attributable to (i) payments for purchases of items of property, plant and equipment and intangible assets of RMB313.4 million; and (ii) the increase in time deposits of RMB169.3 million, as partially offset by (i) dividends income of RMB105.2 million; (ii) receipt of government grants for non-current assets of RMB76.0 million; and (iii) proceeds from disposal of investment in an associate of RMB36.0 million.

For FY2024, our net cash used in investing activities amounted to approximately RMB679.9 million, which was primarily attributable to (i) investment in an associate of RMB47.7 million; (ii) payment for purchase of financial assets at fair value through profit or loss of RMB30.0 million; (iii) payment for purchase of items of property, plant and equipment and intangible assets of RMB255.7 million; and (iv) increase of time deposits of RMB568.8 million, as partially offset by (i) dividends income of RMB76.7 million; (ii) proceeds from disposal of equity investments designated at fair value through other comprehensive income of RMB33.9 million; (iii) receipt of government grants for non-current assets of RMB97.3 million; and (iv) refund from prepaid equity investments of RMB13.5 million.

For FY2023, our net cash flows from investing activities amounted to approximately RMB119.1 million, which was primarily attributable to (i) dividends income of RMB45.1 million; (ii) proceeds from disposal of a subsidiary of RMB18.1 million; (iii) proceeds from disposal of debt instruments at fair value through other comprehensive income of RMB35.5 million; (iv) resettlement compensation received from government of RMB24.9 million; (v) refund from prepaid equity investments of RMB12.5 million; and (vi) decrease of time deposit of RMB189.0 million, as partially offset by (i) payment for purchase of financial assets at fair value through profit or loss of RMB45.4 million; and (ii) payment for purchase of items of property, plant and equipment and intangible assets of RMB170.2 million.

Net Cash Flows from/(Used in) Financing Activities

Our net cash flows from financing activities during the Track Record Period were primarily associated with proceeds from shares granted under share incentive plan, capital injection from non-controlling interests and new interest-bearing bank borrowings.

Our net cash used in financing activities during the Track Record Period were primarily associated with payments for repurchase of Shares, repurchase of treasury shares, repayment of interest-bearing bank and other borrowings, payment of interest, payment of dividends and acquisition of non-controlling interests.

For 6M2026, our net cash used in financing activities amounted to approximately RMB24.5 million, which was primarily attributable to (i) repayment of interest-bearing bank borrowings of RMB911.2 million; (ii) payment of interest of RMB47.6 million; and (iii) payment of dividends of RMB306.5 million, as partially offset by (i) capital injection from non-controlling equity holders of RMB51.9 million; (ii) new interest-bearing bank borrowings of RMB1,190.3 million; and (iii) proceeds from discounted bills receivable of RMB17.2 million.

For FY2025, our net cash used in financing activities amounted to approximately RMB113.2 million, which was primarily attributable to (i) repayment of interest-bearing bank borrowings of RMB2,244.6 million; (ii) payment of interest of RMB98.1 million; (iii) payment of dividends of RMB298.0 million; and (iv) payment for acquisition of non-controlling interests of RMB299.9 million, as partially offset by (i) new interest-bearing bank borrowings of RMB2,772.4 million; and (ii) capital injection from non-controlling interests of RMB69.5 million.

For FY2024, our net cash flows from financing activities amounted to approximately RMB370.7 million, which was primarily attributable to new interest-bearing bank borrowings of RMB2,251.7 million, as partially offset by (i) payments for repurchase of shares of RMB80.5 million; (ii) repayment of interest-bearing bank and other borrowings of RMB1,117.8 million; (iii) payment of interest of RMB83.7 million; (iv) payment of dividends of RMB501.4 million; and (iv) payment for acquisition of non-controlling interests of RMB90.8 million.

For FY2023, our net cash used in financing activities amounted to approximately RMB14.1 million, which was primarily attributable to (i) payment for repurchase of treasury shares under incentive plan of RMB30.5 million; (ii) repayment of interest-bearing bank and other borrowings of RMB1,531.0 million; (iii) payment of interest of RMB76.5 million; and (iv) payment of dividends of RMB47.5 million, as partially offset by (i) proceeds from shares granted under share incentive plan of RMB70.9 million; and (ii) new interest-bearing bank borrowings of RMB1,616.1 million.

INDEBTEDNESS

Set forth below are the details of our indebtedness as at the end of each financial year/period during the Track Record Period and 31 July 2026, being the most recent practicable date for the purpose of our liquidity disclosure:

	As at				
	31 December 2023	31 December 2024	31 December 2025	30 June 2026	31 July 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current					
Interest-bearing bank and other borrowings	847,966	1,876,719	2,114,739	2,770,663	2,856,201
Lease liabilities	8,244	9,616	10,178	7,101	7,197
Sub-total	856,210	1,886,335	2,124,917	2,777,764	2,863,398
Non-current					
Interest-bearing bank and other borrowings	1,806,800	1,955,810	1,675,601	1,310,608	1,173,358
Lease liabilities	50,140	45,481	36,979	29,856	29,158
Sub-total	1,856,940	2,001,291	1,712,580	1,340,464	1,202,516
Total	**2,713,150**	**3,887,626**	**3,837,497**	**4,118,228**	**4,065,914**

Our Directors confirm that there has been no material change in our indebtedness since 31 July 2026 and up to the Latest Practicable Date.

Interest-bearing Bank and Other Borrowings

On top of our operating cash flows, we also finance our operations with borrowings. As at 31 July 2026, the aggregate balance of our interest-bearing bank and other borrowings was approximately RMB4,029.6 million. Set forth below are the details of our interest-bearing bank and other borrowings as at the end of each financial year/period during the Track Record Period and 31 July 2026:

	As at				
	31 December 2023	31 December 2024	31 December 2025	30 June 2026	31 July 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current					
Short-term bank loans — unsecured	475,145	765,159	1,143,486	1,722,433	1,712,114
Current portion of non-current bank loans — secured	54,216	93,368	117,079	130,806	132,410
Current portion of non-current bank loans — unsecured	313,910	987,378	850,884	900,134	1,011,677
Current portion of convertible bonds	4,695	6,929	—	—	—
Discounted bills	—	23,885	3,290	17,290	—
	847,966	1,876,719	2,114,739	2,770,663	2,856,201

	As at				
	31 December 2023	31 December 2024	31 December 2025	30 June 2026	31 July 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Non-current					
Bank loans — secured	610,492	660,931	545,201	478,608	478,608
Bank loans — unsecured	663,850	745,450	1,130,400	832,000	694,750
Convertible bonds	532,458	549,429	—	—	—
	1,806,800	1,955,810	1,675,601	1,310,608	1,173,358
Total	**2,654,766**	**3,832,529**	**3,790,340**	**4,081,271**	**4,029,559**

As at 31 December 2023, 2024 and 2025 and 30 June 2026, our unsecured short-term bank loans bore effective interest rates ranging from approximately 2.11% to 3.30% per annum, our secured non-current bank loans bore effective interest rates ranging from 2.24% to 3.20%, our unsecured non-current bank loans bore effective interest rates ranging from 2.24% to 3.20%, our convertible bonds had an effective interest rate of 4.35% and our discounted bills bore effective interest rates ranging from 0.60% to 1.31%.

The majority of our interest-bearing bank and other borrowings were in the form of unsecured bank loans as at 31 July 2026. In addition, we maintain facilities with a number of commercial banks in support of our operations. As at 31 July 2026, we had bank facilities of approximately RMB6.5 billion, of which RMB2.2 billion remained unutilised. Our Directors confirm that there was no material covenant or undertaking in respect of our outstanding interest-bearing bank and other borrowings as at the Latest Practicable Date, and there was no breach of any such covenant or undertaking during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we had not experienced any material difficulty in obtaining additional interest-bearing bank and other borrowings during the Track Record Period and up to the Latest Practicable Date.

The changes in our interest-bearing bank and other borrowings during the Track Record Period were mainly driven by our capital needs in connection with construction projects and other external investments, and the prevailing debt capital market conditions and costs of borrowings. Specifically, our interest-bearing bank and other borrowings increased by approximately RMB1,177.8 million from RMB2,654.8 million as at 31 December 2023 to RMB3,832.5 million as at 31 December 2024 primarily because we substantially increased our bank borrowings in view of the falling market interest rate of bank borrowings and our capital needs taking into account our planned construction projects on production facilities and equity investments. Our interest-bearing bank and other borrowings remained relatively stable at approximately RMB3,832.5 million as at 31 December 2024, RMB3,790.3 million as at 31 December 2025, RMB4,081.3 million as at 30 June 2026 and RMB4,029.6 million as at 31 July 2026.

Maturity Analysis

Set forth below is a maturity analysis of our interest-bearing bank and other borrowings as at the end of each financial year/period during the Track Record Period and 31 July 2026:

	As at				
	31 December 2023	31 December 2024	31 December 2025	30 June 2026	31 July 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Within one year	847,966	1,876,719	2,114,739	2,770,663	2,856,201
In the second year	613,308	778,980	834,685	1,016,312	823,411
In the third to fifth years, inclusive	997,514	1,019,954	755,348	251,512	307,163
Beyond five years	195,978	156,876	85,568	42,784	42,784
Total	**2,654,766**	**3,832,529**	**3,790,340**	**4,081,271**	**4,029,559**

Convertible Bonds

Our convertible bonds were issued on 26 January 2021 in the aggregate principal amount of approximately RMB800.2 million pursuant to approval granted by the China Securities Regulatory Commission and listed on the Shanghai Stock Exchange (bond code: 113621). The convertible bonds had a term of six years and carried interest payable annually at a rate that increased incrementally from 0.3% for the first year to 2.0% for the final year, with the weighted average effective interest rate being approximately 4.35%. The initial conversion price was RMB32.96 per share, as subsequently adjusted to RMB31.11 per share through six rounds of adjustments in accordance with the terms of issue, and the conversion period commenced on 2 August 2021 and shall end on 25 January 2027. As at 31 December 2023 and 31 December 2024, the current and non-current portions of our convertible bonds had an aggregate carrying amount of approximately RMB537.2 million and RMB556.4 million, respectively.

Given that the share price of A Shares had remained not lower than 130% of the prevailing conversion price for not less than 15 trading days within the period from 24 September 2025 to 22 October 2025, the redemption mechanism of the convertible bonds under the terms of issue was triggered. On 22 October 2025, the Board resolved to exercise the early redemption rights and redeem all registered convertible bonds as at 13 November 2025 at a price equal to the face value of the convertible bonds plus accrued interest. On 14 November 2025, payment for redemption of the convertible bonds was released and the convertible bonds were delisted. Therefore, as at 31 December 2025, 30 June 2026 and 31 July 2026, the carrying amount of our convertible bonds was nil.

Lease Liabilities

We apply a single recognition and measurement approach for all leases, (except for short-term leases and leases of low-value assets), where we recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. During the Track Record Period, our lease liabilities were associated with buildings as the underlying assets.

Set forth below are the details of our lease liabilities as at the end of each financial year/period during the Track Record Period and 31 July 2026:

	As at				
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**	**31 July 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current	8,244	9,616	10,178	7,101	7,197
Non-current	50,140	45,481	36,979	29,856	29,158
Total	**58,384**	**55,097**	**47,157**	**36,957**	**36,355**

Our lease liabilities decreased from approximately RMB58.4 million as at 31 December 2023 to RMB55.1 million as at 31 December 2024 and RMB47.2 million as at 31 December 2025 and further to RMB37.0 million as at 30 June 2026, primarily because of the lease payments made during the respective financial year/period. The decrease in our lease liabilities during 6M2026 was also attributable to the modification to lease arrangements for certain buildings. Our lease liabilities remained relatively stable at approximately RMB36.4 million as at 31 July 2026.

Contingent Liabilities

As at each of 31 December 2023, 31 December 2024, 31 December 2025, 30 June 2026 and 31 July 2026 and up to the Latest Practicable Date, we did not have any material contingent liabilities.

CONTRACTUAL COMMITMENTS

Our contractual commitments during the Track Record Period comprised (i) capital commitment in respect of acquisition of approximately 14.0% of the equity interest in Kempur that was contracted but not provided for as at 31 December 2023; and (ii) contractual commitments in respect of acquisition of property, plant and equipment that were contracted but not provided for as at the end of each financial year/period during the Track Record Period. Set forth below are further details of such contractual commitments:

	As at			
	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Capital commitment	90,805	—	—	—
Property, plant and equipment	86,736	124,175	156,764	91,057
Total	**177,541**	**124,175**	**156,764**	**91,057**

CAPITAL EXPENDITURE

Our capital expenditure during the Track Record Period comprised expenditure on acquisition of property, plant and equipment, right-of-use assets and intangible assets. Set forth below is a breakdown of our capital expenditure by type of assets acquired during the Track Record Period:

	FY2023	**FY2024**	**FY2025**	**6M2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	241,452	250,064	428,705	283,060
Right-of-use assets	57,904	6,948	1,872	—
Intangible assets	1,865	93,338	3,783	43
Total	**301,221**	**350,350**	**434,360**	**283,103**

Our capital expenditure is subject to change from time to time, based on a basket of factors such as our business strategy, the prevailing market conditions and regulatory environment, our results of operations and the business outlook. We had historically met our capital expenditure primarily with cash generated from our operating activities and external borrowings. Going forward, we intend to continue to meet our capital expenditure with cash from such sources, together with the net proceeds from the Global Offering.

RELATED PARTY TRANSACTIONS

We entered into transactions with our related parties in the form of sale of goods from time to time. For further details of our related party transactions, please see note 43 to the Accountants' Report presented in Appendix I to this prospectus. Our Directors are of the view that such related party transactions were conducted on an arm's-length basis and normal commercial terms in our ordinary and usual course of business, and that they did not distort our results of operations during the Track Record Period or render our historical results not reflective of our future performance. We are expected to continue to conduct such transactions with our related parties from time to time in the future in our ordinary and usual course of business.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any material off-balance sheet commitments and arrangements.

DISCLOSURE ABOUT FINANCIAL RISKS

Our principal financial instruments comprise cash and cash equivalents, time deposits, pledged deposits, trade and bills receivables, amounts due from related companies, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit and loss, trade and bills payables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings. Such financial instruments serve to furnish our Group with the funds required for our operations. We have various other financial assets and liabilities, such as trade and bills receivables and trade and bills payables, which arise directly from our operations.

The main risks associated with the above financial instruments include interest rate risks, currency risks, credit risks and liquidity risks. Our Board reviews and approves from time to time policies for managing each of such risks. Set forth below are further details of such risks:

Interest Rate Risks

We are exposed to the risks of changes in market interest rates arising primarily from our long term debt obligations that carry floating interest rates. Any increase or decrease in the interest rate of interest-bearing bank borrowings would have a bearing on our profit after tax and total equity. It is our policy to manage our interest expenses using a mix of fixed- and variable-rate debt financing. For details, please see note 47 to the Accountants' Report presented in Appendix I to this prospectus.

Foreign Currency Risks

Foreign currency risks are the risks of loss resulting from changes in foreign currency exchange rates. Our financial statements are presented in RMB, which is our functional currency. Each entity in our Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in our Group are initially recorded applying the functional currency exchange rates prevailing as at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rates prevailing as at the end of each financial year/period within the Track Record Period. Differences arising on settlement or translation of monetary items are recognised in our consolidated statement of profit or loss. Fluctuations in exchange rates between RMB and other currencies in which our Group conducts business may therefore affect our profit after tax. For details, please see note 47 to the Accountants' Report presented in Appendix I to this prospectus. To reduce our susceptibility to exchange rate fluctuations, we seek to make our sales and purchases in our functional currency to the largest practicable extent, or in the same foreign currency where it would not be practicable to conduct the transactions in our functional currency.

Credit Risks

Credit risks refer to the risks that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risks are primarily attributable to our trade and bills receivables and other receivables. We trade only with recognised and creditworthy parties. Under our Group's policy, all customers who wish to trade on credit terms are subject to our credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in our functional currency, credit terms may be offered only after performing specific verification procedures.

Liquidity Risks

Liquidity risks are the risks that we will encounter difficulty in meeting financial obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and other available sources of financing. We monitor and maintain a level of cash and cash equivalents deemed adequate by the management of our Group to finance the operations and mitigate the effects of fluctuations in cash flows. For the maturity profile of our financial liabilities as at the end of each financial year/period during the Track Record Period based on the contractual undiscounted payments, please see note 47 to the Accountants' Report presented in Appendix I to this prospectus.

DIVIDENDS

Our declaration and payment of dividends are subject to the PRC laws and regulations, including, among other things, the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號–上市公司現金分紅(2025年修訂)》), and our Articles of Association. Our Articles of Association contain general profit distribution provisions, the details of which are set forth in the paragraphs below. Apart from that, as at the Latest Practicable Date, we have not adopted any formal dividend policy or pre-determined dividend payout ratio.

Pursuant to our Articles of Association, as the overarching principle, our profit distribution plan should emphasise providing investors with reasonable returns, where account should also be taken of our actual operating condition in the relevant financial year and the sustainable development of our business, and we should seek to maintain consistency, reasonableness and stability of our profit distribution plan, especially in relation to payment of cash dividends. We set it as our goal that over any consecutive three-year period, the total cash dividends distributed shall be no less than 30% of the average annual distributable profits recorded during that three-year period. We may opt not to make profit distribution if a non-unqualified opinion is given or material uncertainty related to going concern is expressed in the auditors' report for the latest financial year, if our debt to asset ratio exceeds 70%, or if we record a net cash outflow for the relevant financial year.

Our Articles of Association further provide that profit may be distributed by means of payment of cash dividends, issue of scrip shares or a combination of both, or such other means as may be permitted under the applicable laws and regulations. In deciding the profit distribution method, priority should be given to payment of cash dividends, provided that the following conditions are met: (i) we record distributable profit (i.e. profit after tax after making up for losses and appropriations for reserves) for the relevant financial year or interim period of six months; (ii) our aggregate distributable profit is positive; (iii) our auditors gave a standard unqualified opinion in its auditors' report in respect of our financial statements for the relevant financial year; and (iv) our cash flows are sufficient to meet our needs in connection with our daily operations and sustainable development. Where the above conditions are met, the amount of profit distributed by us by means of payment of cash dividends in respect of a financial year should be no less than 15% of the distributable profit recorded for that financial year. Where circumstances permit, we may pay interim cash dividends according to our profitability and capital needs.

Any proposed profit distribution plan is subject to the discretion of our Board and approval at a Shareholders' meeting. When formulating a cash dividend payment plan, our Board should take into consideration the following factors:

- characteristics of the industry in which we operate;
- our stage of development;
- our business model;
- our profitability for the relevant financial year/period;
- whether there are any significant capital expenditure plans; and
- such other conditions as may be deemed relevant by our Board.

During the Track Record Period, we had declared final dividends and interim dividend in the form of cash. In FY2023, FY2024, FY2025 and 6M2026, our final dividends declared in respect of the financial years ended 31 December 2022, 2023, 2024 and 2025 amounted to approximately RMB47.5 million, RMB352.4 million, RMB298.0 million and RMB306.5 million, respectively. In addition, during FY2024, we declared an interim dividend for the first half of the financial year in the amount of approximately RMB149.0 million. As at the Latest Practicable Date, all of the dividends declared during the Track Record Period had been settled.

DISTRIBUTABLE RESERVES

As at 30 June 2026, we had approximately RMB1,993.5 million of retained profits available for distribution to our shareholders.

LISTING EXPENSES

The Listing expenses to be borne by us are estimated to be approximately RMB104.3 million (based on the Offer Price of HK$41.5 per H Share, being the mid-point of the indicative Offer Price range), representing 4.3% of the estimated gross proceeds from the Global Offering. Our Listing expenses consist of (i) underwriting-related expenses, including underwriting commission, of approximately RMB73.4 million; and (ii) non-underwriting-related expenses of RMB30.9 million, comprising (a) fees and expenses of our legal advisers and reporting accountants of RMB17.1 million; and (b) other fees and expenses of RMB13.8 million.

During the Track Record Period, we incurred Listing expenses of approximately RMB18.7 million, of which RMB1.3 million was charged to our consolidated statements of profit or loss and RMB17.4 million are expected to be deducted from equity upon Listing. Subsequent to the Track Record Period, approximately RMB85.6 million of Listing expenses are expected to be incurred, of which RMB5.2 million are expected to be charged to our consolidated statements of profit or loss and RMB80.4 million are expected to be deducted from equity upon Listing.

We do not consider any of the above components of our Listing expenses to be unusually high for our Group. The Listing expenses stated above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2026 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group had the Global Offering been completed as at 30 June 2026 or any future date.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidate net tangible assets of the Group attributable to owners of the Company as at 30 June 2026**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 30 June 2026**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(note 1)	*(note 2)*		*(note 3)*	*(note 4)*
Based on an Offer Price of HK$39.00 per Share.	3,579,722	2,196,271	5,775,993	8.50	9.84
Based on an Offer Price of HK$41.50 per Share.	3,579,722	2,338,954	5,918,676	8.71	10.08
Based on an Offer Price of HK$44.00 per Share.	3,579,722	2,481,638	6,061,360	8.92	10.33

Notes:

(1) The consolidated net tangible assets attributable to owners of our Company as at 30 June 2026 is arrived at after deducting goodwill of approximately RMB437.4 million and intangible assets of RMB182.1 million (excluding the amount attributable to non-controlling interest of RMB0.7 million) from the consolidated net assets of our Group attributable to owners of our Company of RMB4,199.2 million as at 30 June 2026, as shown in the Accountants' Report presented in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$39.00 per Share or HK$41.50 per Share or HK$44.00 per Share, after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expenses that have been charged to profit or loss during the Track Record Period).

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on total 679,576,837 shares in issue assuming the Global Offering had been completed on June 30 2026 and excluding 3,001,917 treasury shares held by the Company and 1,609,582 unvested restricted shares under share award scheme.

(4) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at an exchange rate of HK$1 to RMB0.86384. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group to reflect any trading result or other transaction of our Group entered into subsequent to 30 June 2026.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that since 30 June 2026, being the end of the Track Record Period, and up to the date of this prospectus, there has been no material adverse change in the financial or trading position of our Group, and that there has been no event since 30 June 2026 that would materially affect the information in the Accountants' Report presented in Appendix I to this prospectus.

Rule 13.48(1) of the Listing Rules requires an issuer listed on the Hong Kong Stock Exchange to send to its shareholders an interim report in respect of each interim period, i.e., the first six months of each financial year, not later than three months after the end of the interim period. In accordance with the Note to Rule 13.48(1) of the Listing Rules, the requirements under Rule 13.48(1) of the Listing Rules are not applicable to us in respect of the interim period which ended immediately before the Listing Date, i.e. 6M2026, even though the deadline for publishing the interim report in respect of 6M2026, i.e. 30 September 2026, falls after the Listing Date. This is because (a) this prospectus already contains the financial information required under Appendix D2 to the Listing Rules in relation to interim reports in respect of 6M2026, with comparative figures for 6M2025; (b) we have complied with the applicable code provisions in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules; and (c) we will not be in breach of the Articles of Association, the laws and regulations of the PRC or other regulatory requirements as a result of not distributing an interim report in respect of 6M2026. Therefore, we will not separately prepare, publish and send to our Shareholders an interim report in respect of 6M2026, and will instead publish an announcement no later than the deadline prescribed under Rule 13.48(1) of the Listing Rules for publishing the interim report in respect of 6M2026, i.e. 30 September 2026, stating this fact and reminding our Shareholders and the public that the relevant financial information has been included in this prospectus. Going forward, we will comply with the applicable requirements under Rules 13.46 to 13.49 of the Listing Rules in respect of every financial year and interim period ending after the Listing Date.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to any disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please refer to the section headed "Business — Our strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK$41.50 per H Share (being the mid-point of the indicative Offer Price range), we estimate that we will receive net proceeds of approximately HK$2,706.1 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 32.8%, or HK$887.6 million, is expected to be used for enhancing our R&D efficiency and capabilities. In particular:

  (i) approximately 14.3%, or HK$388.2 million, is expected to be used for acquiring R&D equipment such as analytical and testing instruments and laboratory renovation and enhancement works to support our ongoing research and development activities. The equipment to be acquired mainly comprises R&D equipment for electronic materials, including lithography scanners and coating developer (塗料顯影劑) for developing ArF and KrF photoresist products, as well as critical dimension scanning electron microscopes and other inspection tools;

  (ii) approximately 12.1%, or HK$326.5 million, is expected to be used for procuring R&D-related materials including pharmaceutical solvents, glassware and consumables, utilities expenses in the course of R&D activities, as well as other related expenses such as routine maintenance of experimental facilities, fees paid to external testing institutions for sample testing, and day-to-day office and travel expenses;

  (iii) approximately 4.6%, or HK$124.0 million, is expected to be used for (a) collaboration in R&D projects with universities and other research institutions focusing on the joint development of key upstream raw materials, including polyalkylene glycol (PAG), resins and organic light-emitting materials, where the intellectual property(ies) generated from such projects maybe wholly owned by us or jointly owned by us and the relevant collaboration partners subject to the terms of the relevant collaboration arrangements; and (b) expenses incurred in applying for patents in the PRC and overseas; and

  (iv) approximately 1.8%, or HK$48.9 million, is expected to be used in attracting and retaining R&D personnels, thereby continuously enhancing our R&D capabilities. We plan to recruit approximately 13 R&D engineers mainly focusing on the development of rubber products, electronic materials and fully bio-degradable materials, with the average annual salary per employee expected to be approximately RMB300,000 to RMB500,000. In addition, we intend to engage several industry experts in electronic materials to support the research and development of high-performance electronic materials, with the average annual salary per expert expected to be approximately RMB2.0 million to RMB4.0 million.

- approximately 21.0%, or HK$568.3 million, is expected to be used for the upgrade and maintenance of our production facilities to enhance our production capabilities and competitiveness of our products, including but not limited to (a) replacement and/or upgrade of reactors used in daily production and storage tanks for various raw materials and finished products; (b) replacement and/or upgrade of equipment and related software used in production; (c) related construction and installation costs; and (d) ongoing maintenance of equipment and recruitment and retention of maintenances personnels. In particular,

(i) approximately 8.0%, or HK$216.5 million, will be used for the upgrade and maintenance of our production lines for photoresist and high-purity solvents at the RA Electronic factory and the BAE (Hubei) factory, so as to further enhance the quality and performance of our products and improve their purity and consistency to meet the needs arising from technological iteration and innovation;

(ii) approximately 7.8%, or HK$211.1 million, will be used for upgrade and maintenance of our production lines for high-performance resins, including phenolic resins for photoresists and PHS resins, at the RA Chemical factory, with a view to strengthening our self-sufficiency in electronic-grade resins; and

(iii) approximately 5.2%, or HK$140.7 million, will be used for the upgrade and maintenance of our production lines for rubber additives at the RA Chemical factory and the Sino Legend factory, in order to enhance our capabilities in the production of new process materials and, building on our ESG initiatives, to support the green transition of our rubber additive production processes.

- approximately 20.0%, or HK$541.2 million, is expected to be used for strategic investments and/or acquisitions to achieve our long-term growth strategies, which was determined having regard to, among other things, our business expansion strategy, our preliminary assessment of the capital required for potential acquisition and investment opportunities identified or to be identified, the size and pricing of comparable transactions in our industry and our existing cash resources. We intend to seek potential investment and acquisition opportunities in both domestic and international markets, primarily targeting the PRC, Japanese, Korean, U.S. and European markets. Our target investments or acquisitions will primarily focus on (i) enterprises engaged in the upstream raw materials segment of core electronic materials, including but not limited to wet electronic chemicals, CMP materials and light-emitting materials, with a view to building an electronic materials platform offering a more comprehensive product portfolio of high-quality products; and (ii) investment opportunities in specialty materials for automotive and tyre applications and green polymer materials. We expect to primarily target investments and acquisitions where we can obtain a majority equity stake in the target company, subject to prevailing market conditions, the size of the acquisition target and the specific circumstances of each opportunity.

  In particular, when evaluating potential targets for investments and/or acquisitions, we will place particular emphasis on the following factors:

  — The target company's core business should exhibit synergy with our existing operations by, *inter alia*, enriching our product portfolio, broadening our downstream customer base and sales channels, enhancing the stability of our raw material supply and reducing production costs, shortening the time required for us to enter relevant market segment and securing production capacity and complementing our research and development capabilities and/or patent portfolio.

  — The target company should demonstrate solid business performance, including (i) having production technologies and a business model that have been sufficiently validated, with products or services that are recognised by customers and possess certain technological barriers; and (ii) having sound historical financial performance, with revenue in the most recent financial year generally not being less than USD10 million, or a track record of continuous growth and having achieved, or being expected to achieve in the near term, profitability or break-even.

  — The target company should operate in an industry that is aligned with national policy priorities and offers substantial growth potential.

— The target company should have a management team with relevant industry experience and professional expertise, so as to ensure continuity of its business operations and effective implementation of its development plans following completion of our investment or acquisition.

— The target company has in place effective risk management and internal control systems and is not subject to any material legal risks or risks of significant administrative penalties.

According to F&S, there are more than 300 potential targets that match our selection criteria in the market. As of the Latest Practicable Date, we had not identified any specific acquisition targets and were not in ongoing negotiations with any specific acquisition targets.

- approximately 10.0%, or HK$270.6 million, will be used for repaying bank borrowings primarily comprising borrowings obtained to finance our capital expenditure and acquisitions and investments, which bear interest at annual rates of approximately 2.24% to 2.45% and have maturities between 2027 and 2031.

- approximately 6.2%, or HK$167.8 million, is expected to be used for expanding our overseas market presence and supply capabilities. In particular,

  (i) approximately 5.0%, or HK$135.3 million, is expected to be used in the establishment of overseas production facilities. Specifically, we plan to use such amounts in, among others, associated land-related costs, construction and installation expenses and the procurement of equipment and materials for production and ancillary facilities such as reactors, factory equipment, extraction equipment and wastewater treatment facilities, as well as system-related and personnel expenses.

  We currently plan to explore suitable locations in Southeast Asia for the development of overseas production facilities which are intended to engage primarily in the production of rubber additives and related intermediate materials. The establishment of overseas production facilities for the production of rubber additives is expected to complement our business operations and support our future growth by further enhancing our overseas production capacity, reducing delivery costs and lead times for overseas sales, thereby enabling us to better serve overseas customers. On the other hand, the establishment of overseas production facilities for intermediate materials would allow us to strengthen our in-house production of upstream raw materials, thereby enhancing the stability of our raw material supply, improving our cost control capabilities and enhancing our responsiveness to customers' demands. These form part of our overseas expansion strategy to strengthen international presence and capture growth opportunities in global markets. Having considered, among other things, our overall implementation plan for overseas expansion, the allocation of our internal resources, the construction progress of the Thailand Production Base and the required preparatory and approval procedures, we expect the development of such facilities to commence around the end of 2027, with commercial production expected to commence between late 2028 and 2029. The establishment and operation of any such overseas production facilities will be subject to obtaining the requisite regulatory approvals, licences and permits in the relevant jurisdiction. As at the Latest Practicable Date, we had not identified any specific jurisdiction, site or project and the proposed facilities remained at the planning stage. We will, upon identifying the relevant jurisdiction(s) and site(s), seek the necessary approvals, licences and permits in accordance with applicable laws and regulations.

  (ii) approximately 1.2%, or HK$32.5 million, will be used to establish overseas subsidiaries and/or offices and expand our global sales team. In particular,

(a) approximately 0.6%, or HK$15.7 million will be used to establish sales offices, subsidiaries or branch offices, participate in sales and marketing activities and engage in customer development in the following key overseas markets. We have selected these locations primarily having regard to their significance in the global tyres market and/or their growth potential, as well as the presence of our existing customers in these areas. By establishing a local presence, we aim to better serve such customers through closer collaboration and the provision of on-the-ground technical services, thereby further deepening existing customer relationships, tapping into emerging markets and increasing our market share in the global rubber additives for tyres market:

— Europe: As at the Latest Practicable Date, we have established a local office in Dusseldorf, Germany. Through our office in Germany, we plan to further strengthen our market presence in Europe, where many leading global tyre brands are headquartered, through enhance collaboration with major European tyre manufacturers to capture opportunities in the broader European rubber products market.

— Southeast Asia: We plan to set up our local office(s) in Thailand, Vietnam and/or Indonesia. As tyre and rubber product manufacturing capacity continues to shift to Southeast Asia, we expect to benefit from the locational advantages of the Thailand Production Base, which allows us to serve local and export-oriented tyre and rubber product customers more efficiently. In addition, by using Thailand as a regional hub, we can further expand our coverage to customers in other Southeast Asian countries such as Vietnam and Indonesia.

We will first focus on expanding our sales and technical support teams in the European market from 2026 to 2027. We then intend, in or around 2027 to 2028, to commence in stages the establishment of our local offices and sales and technical support teams in Southeast Asia. Apart from the regions mentioned above, we may, depending on our business development and prevailing market conditions, also consider expanding our local presence in Latin America (such as Brazil and Mexico) by establishing offices or subsidiaries in those markets.

In terms of sales and marketing and customer development activities, we will advance our overseas sales presence through participating in international industry exhibitions and technical seminars to showcase our capabilities in the application of high-performance phenolic resins in electronic vehicles tyres as well as environmentally friendly rubber products. We will also arrange regular visits to the headquarters and production plant of tyre and rubber product manufacturers in different regions to better understand their needs.

(b) approximately 0.6%, or HK$16.8 million, is expected to be utilized in the expansion of our global sales team. Particularly, we plan to recruit 15–20 personnels over the period from 2026 to 2031, including (i) around four regional sales managers who should have over ten years of experience in the sale of tyres, rubber additives or chemical products to international customers and are fluent in the relevant local language(s), with an average annual salary per employee of around RMB400,000; (ii) around six technical sales engineers to provide technical supports and after sale services to the local customers who should have a bachelor's degree or above in rubber engineering, polymer materials or related discipline and five to eight years of relevant experience and are familiarity with performance testing standards for phenolic resins, with an average annual salary per employee of around RMB300,000; and (iii) around five to seven supporting staff (including sales and administrative personnel) with an average annual salary per employee of around RMB200,000 to RMB250,000.

- approximately 10.0%, or HK$270.6 million, is expected to be used for working capital and general corporate uses.

In the event that the Offer Price is set at the high-end or the low-end of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$165.2 million, respectively. The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined in the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

Haitong International Securities Company Limited
Fortune (HK) Securities Limited
Futu Securities International (Hong Kong) Limited
Harmonia Capital Limited
Huajin Securities (International) Limited
Tiger Brokers (HK) Global Limited
uSmart Securities Limited
Yuan Tong Global Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to: (a) the Listing Committee granting the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and the Company), the Hong Kong Underwriters have agreed severally, but not jointly or jointly and severally, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been entered into and becoming unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If any of the following events shall occur prior to 8:00 a.m. on the Listing Date:

(a) there develops, occurs, exists or comes into force:

(i) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore or other jurisdictions relevant to our Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or

(iii) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or

(iv) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of our Company listed or quoted on a stock exchange or an over-the-counter market; or

(v) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(vi) other than with the prior written consent of the Sponsor-Overall Coordinator, the issue or requirement to issue by our Company of a supplement or amendment to this prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or

(vii) the commencement by any authority or other regulatory or political body or organization of any public action or investigation against a member of our Group or a director or a senior management member of any member of our Group or announcing an intention to take any such action; or

(viii) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any member of our Group or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed as of the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

(ix) a change or development involving a prospective change in or affecting taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar, United States dollar, the Renminbi, Euro, British pound or Swiss Franc against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares; or

(x) any valid demand by creditors for payment or repayment of indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xi) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(xii) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group or any Director or senior management members as named in this prospectus; or

(xiii) any contravention by our Company, any member of our Group or any Director of the Listing Rules or applicable Laws; or

(xiv) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters): (1) has or will or may have any material adverse effect, whether directly or indirectly, on (i) the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or our Group as a whole; or (2) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or (3) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) that:

(i) any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC Filings (as defined in the Hong Kong Underwriting Agreement), any notices, announcements, advertisements, communications or other documents in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the "**Offer Related Documents**") was, when it was issued, or has become, untrue, incorrect or incomplete, inaccurate in any material respect, misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any material respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or material misstatement in, any of Offer Related Documents; or

(iii) any breach of, or any event or circumstance rendering untrue or incomplete or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by our Company and the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(iv) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Party (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(v) any breach of any of the obligations or undertakings imposed upon our Company or the Controlling Shareholders under the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreements; or

(vi) there is any change or development involving a prospective change, constituting or having a material adverse effect; or

(vii) the chairperson of the Board, any Director or any member of senior management of our Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or

(viii) any Director or any member of senior management of our Company named in this prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against any Director or member of senior management of our Company in his or her capacity as such or any member of our Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or

(ix) our Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or

(x) the approval by the Listing Committee of the listing of, and permission to deal in, the Offer Shares to be issued pursuant to the Global Offering is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(xi) any person named as an expert in this prospectus (other than the Sole Sponsor) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(xii) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

(xiii) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(xiv) the notice of acceptance of the CSRC Filings issued by the CSRC and/or the results of the CSRC Filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (ii) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to the CSRC Filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or (iii) any non-compliance of the CSRC Filings with the CSRC Rules or any other applicable Laws; or

(xv) (i) a material portion of the orders placed or confirmed in the bookbuilding process or (ii) any investment commitment made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, has been withdrawn, terminated or cancelled, or with respect to which the payment of the relevant orders and/or investment commitment has or have not been received or settled in the stipulated time and manner or otherwise,

then, in each case, the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), may, in their sole and absolute discretion and upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings given to the Stock Exchange pursuant to the Listing Rules

By the Company

We have undertaken to the Stock Exchange that we will not, without the prior consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, issue, sell or transfer out of treasury any Shares or securities convertible into our equity securities (whether or not of a class already listed) or form the subject of any agreement to such issue, sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of Shares or securities or sale or transfer of treasury shares will be completed within six months from the Listing Date), except pursuant to the Global Offering or in the circumstances expressly allowed under Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to us and the Stock Exchange that she/it will not and will procure that the relevant registered holder(s) will not (unless otherwise in compliance with the applicable requirements of the Listing Rules):

(i) in the period commencing on the date by reference to which disclosure of her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which she/it is shown in this prospectus to be the beneficial owner(s); or

(ii) in the period of six months from the expiry of the First Six-month Period (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in (i) above if, immediately following the disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances (save pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan), she/it would cease to be our controlling shareholder or a group of controlling shareholders (as defined in the Listing Rules) of our Company.

In addition, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders, jointly as a group, and severally has irrevocably and unconditionally undertaken to the Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its/her shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, she/it will:

(i) when she/it pledges or charges any Shares (or our other securities) beneficially owned by her/it, whether directly or indirectly, in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of Shares (or our other securities) so pledged or charged; and

(ii) when she/it receives indications, either verbal or written, from the pledgee or chargee of Shares (or our other securities) that those pledged or charged Shares (or our other securities) will be disposed of, immediately inform us in writing of the indications.

We will inform the Stock Exchange as soon as we have been informed of the above matters by any of our Controlling Shareholders and disclose those matters by way of an announcement as required under the Listing Rules.

Undertakings given to the Hong Kong Underwriters

Undertakings by the Company

The Company has undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that except for the offer and sale of the Offer Shares pursuant to the Global Offering, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**Relevant Period**"), we will not, without the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien, option, restriction, right of first refusal, equitable right, power of sale, hypothecation, retention of title, right of pre-emption or other third party claim, claim, defect, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind, or an agreement, arrangement or obligation to create any of the foregoing ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of the Company, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the Relevant Period).

In the event that, during the period of six months commencing on the date on which the Relevant Period expires, the Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall ensure that it will not create a disorderly or false market in the securities of the Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) (a) our Controlling Shareholders will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for her/it, at any time during the First Six-Month Period, will not: (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing) that she/it is shown to beneficially own in this prospectus (the "**Relevant Shares**"), or deposit any of the Relevant Shares with a depositary in connection with the issue of depositary receipts; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Relevant Shares; (iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Relevant Shares, and whether or not the transactions will be completed within the First Six-Month Period; (b) our Controlling Shareholders will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to contract to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, she/it will cease to be a controlling shareholder of our Company (as defined in the Listing Rules); and (c) until the expiry of the Second Six-Month Period, in the event that she/it enters into any of the transactions specified in paragraphs (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to or contract to or publicly announce any intention to effect any such transaction, she/it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

The restrictions set forth above shall not prevent our Controlling Shareholders from (i) purchasing additional Shares or other securities of our Company and disposing of such additional Shares or securities in accordance with the applicable listing rules of the Shanghai Stock Exchange and/or the Listing Rules, provided that any such purchase or disposal does not contravene the lock-up arrangements referred to above or the compliance by our Company with the minimum public float requirements under the Listing Rules, and (ii) using the Shares or other securities of our Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, provided that (A) the Controlling Shareholders will immediately inform our Company and the Sponsor-Overall Coordinator in writing of such pledge or charge together with the number of Shares or other securities of our Company so pledged or charged, and (B) when the relevant Controlling Shareholder receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of our Company will be disposed of, the she/it will immediately inform our Company and the Sponsor-Overall Coordinator of such indications.

Our Company has undertaken to the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that upon receiving such information in writing from the Controlling Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, the SFO and/or any other applicable law, notify the Stock Exchange and/or other relevant authorities, and make a public disclosure in relation to such information by way of an announcement.

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Offering

International Underwriting Agreement

In connection with the International Offering, we expect to enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offering. See "Structure of the Global Offering — The International Offering" in this prospectus.

Total Commission and Expenses

The Underwriters will receive an underwriting commission equal to 2.0% of the aggregate Offer Price of all the Offer Shares (the "**Underwriting Commission**"). The Company may, at its sole and absolute discretion, pay to any one of or all the Underwriters an incentive fee not exceeding 1.0% of the aggregate Offer Price of all the Offer Shares (the "**Incentive Fees**").

As of the date of this prospectus, the allocation of a portion of the Underwriting Commission remains subject to the Company's discretion. Accordingly, the unallocated portion of the Underwriting Commission will be regarded as discretionary fees for the purpose of the Listing Rules. The ratio of fixed fees and discretionary fees (as classified under and for the purpose of Rule 3A.34 of the Listing Rules) payable to all Underwriters and the Capital Market Intermediaries is therefore approximately 53.33:46.67 (assuming the Incentive Fees will be paid in full). For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters (and not the Hong Kong Underwriters). No additional fee will be payable by the Company to the Underwriters. The Sole Sponsor will, in addition, receive a fee acting as the sponsor to the Listing and will be reimbursed for their expenses.

Assuming an Offer Price of HK$41.50 per Offer Share, being the mid-point of the indicative Offer Price range, the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses, payable by the Company relating to the Global Offering, are estimated to amount in aggregate to HK$120.8 million and are payable by us.

Indemnity

We have undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries from and against certain losses which they may suffer losses arising from, among others, their performance of their obligations under the Underwriting Agreements and any breach by us of the Underwriting Agreements, as the case may be.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

Activities by the Underwriters

The Underwriters and their respective affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting process.

The Underwriters and their respective affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Underwriters or their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities in relation with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to the H Shares, the activities of the Underwriters or their respective affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (the financing of which may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over-the-counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Underwriters or their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Underwriters or their respective affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases. These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares, and the volatility of the H Shares' share price, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Underwriters or their respective affiliates will be subject to certain restrictions, including the following:

(a) the Underwriters or their respective affiliates must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Underwriters or their respective affiliates must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO which include the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Underwriters or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, derivatives and other services to us, our affiliates or our Shareholders, for which the Underwriters or their respective affiliates have received or will receive customary fees and commissions.

No stabilizing manager will be appointed, and it is anticipated that no stabilization activities will be carried out in relation to the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(1) the Hong Kong Public Offering of initially 6,811,900 H Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "— The Hong Kong Public Offering" below; and

(2) the International Offering of initially 61,306,800 H Shares (subject to reallocation) outside the United States in offshore transactions in reliance on Regulation S, as described in the paragraph headed "— The International Offering" below.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in "— The Hong Kong Public Offering — Reallocation" below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 6,811,900 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.0% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming no other changes are made to the total issued share capital of our Company between the Latest Practicable Date and the Listing Date).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in the paragraph headed "— Conditions of the Global Offering" below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than the others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking into account any allocation) is to be divided into two pools (with odd lots being allocated to Pool A): Pool A and Pool B. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to valid applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to valid applicants who have applied for Offer Shares with an aggregate subscription price of more than HK$5 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this subsection only, the "price" for the Hong Kong Offer Shares means the price payable on application therein (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Offer Shares from either Pool A or Pool B but not from both pools.

Multiple or suspected multiple applications and any application for more than 3,405,900 Hong Kong Offer Shares (being approximately 50% of the 6,811,900 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sponsor-Overall Coordinator. Subject to the allocation cap described in the subsequent paragraph, the Sponsor-Overall Coordinator may in its discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Sponsor-Overall Coordinator will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sponsor-Overall Coordinator deems appropriate. In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 3,405,900 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 10,217,800 Offer Shares, representing approximately 15.0% of the number of the Offer Shares initially available under the Global Offering and the final Offer Price should be fixed at the lower end of the indicative Offer Price range (that is, HK$39.00 per Offer Share) stated in this prospectus, in accordance with Chapter 4.14 of the Guide for New Listing Applicants. In the circumstance where the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are undersubscribed, there will be no reallocation from the International Offering to the Hong Kong Public Offering, and no over-allocation of H Shares to the Hong Kong Public Offering.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide for New Listing Applicants and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Monday, 28 September, 2026.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application under the International Offering is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum price of HK$44.00 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share, amounting to a total of HK$4,444.38 for one board lot of 100 Offer Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing and Allocation" below, is less than the maximum price of HK$44.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

The International Offering will consist of an initial offering of 61,306,800 Offer Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering and approximately 9.0% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering. The International Offering will be offered by us outside the United States in offshore transactions in reliance on Regulation S.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sponsor-Overall Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the International Offering.

Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in "— The Hong Kong Public Offering — Reallocation" above and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on Friday, 25 September, 2026 and in any event no later than 12:00 noon on Friday, 25 September, 2026.

The Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at **www.rachem.com** and **www.hkexnews.hk**, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, will be fixed at such revised Offer Price range. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price range. Upon the issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sponsor-Overall Coordinators (on behalf of the Underwriters) and the Company, will be fixed at such revised Offer Price range. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so announced, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the indicative Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering in accordance with Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. Subject to the foregoing paragraph, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters).

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the paragraph headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

We expect that we will enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(1) the Listing Committee granting the approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(2) the Offer Price having been duly determined between our Company and the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters);

(3) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(4) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements; in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Sponsor-Overall Coordinator by 12:00 noon on Friday, 25 September, 2026, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering on the website of our Company (**www.rachem.com**) and the website of the Stock Exchange (**www.hkexnews.hk**). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the paragraph headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus.

In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

H Share certificates issued in respect of the Hong Kong Offer Shares will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering.

Save as disclosed in the prospectus, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

DEALING IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 29 September, 2026, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 29 September, 2026.

The H Shares will be traded on the Main Board of the Stock Exchange in board lots of 100 H Shares each. The stock code of the H Shares will be 9607.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.rachem.com.

To apply for the Hong Kong Offer Shares, you may: (1) apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or (2) apply through the HKSCC EIPO channel to electronically cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instructions.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing beneficial owner of any Shares in the Company and/or any of its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, 21 September, 2026 and end at 12:00 noon on Thursday, 24 September, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	**www.hkeipo.hk**	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, 21 September, 2026, to 11:30 a.m. on Thursday, 24 September, 2026, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, 24 September, 2026, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Hong Kong identity card ("**HKID**"); or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Legal entity identifier ("**LEI**") registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

(1) If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

(2) The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

(3) If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

(4) The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

(5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

(6) If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Sponsor-Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size

100 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment

Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK$44.00 per Offer Share.

If you are applying through the **HKSCC EIPO** channel, your **broker** or **custodian** may require you to pre-fund your application in such amount as determined by the **broker** or **custodian**, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your **broker** or **custodian** with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Offer Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	**Maximum Amount payable(2) on application/ successful allotment**	**No. of Hong Kong Offer Shares applied for**	**Maximum Amount payable(2) on application/ successful allotment**	**No. of Hong Kong Offer Shares applied for**	**Maximum Amount payable(2) on application/ successful allotment**	**No. of Hong Kong Offer Shares applied for**	**Maximum Amount payable(2) on application/ successful allotment**
	HK$		*HK$*		*HK$*		*HK$*
100	4,444.38	2,000	88,887.48	10,000	444,437.40	300,000	13,333,122.00
200	8,888.75	2,500	111,109.36	20,000	888,874.80	400,000	17,777,496.00
300	13,333.13	3,000	133,331.22	30,000	1,333,312.20	500,000	22,221,870.00
400	17,777.50	3,500	155,553.09	40,000	1,777,749.60	600,000	26,666,244.00
500	22,221.86	4,000	177,774.95	50,000	2,222,187.00	700,000	31,110,618.00
600	26,666.24	4,500	199,996.84	60,000	2,666,624.40	800,000	35,554,992.00
700	31,110.62	5,000	222,218.70	70,000	3,111,061.80	900,000	39,999,366.00
800	35,554.99	6,000	266,662.45	80,000	3,555,499.20	1,000,000	44,443,740.00
900	39,999.37	7,000	311,106.18	90,000	3,999,936.60	2,000,000	88,887,480.00
1,000	44,443.75	8,000	355,549.92	100,000	4,444,374.00	3,405,900(1)	151,370,934.07
1,500	66,665.61	9,000	399,993.65	200,000	8,888,748.00		

Notes:

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorize us and/or the Sponsor-Overall Coordinator, as our agent, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, their directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the "**Relevant Persons**"), the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes" and "— G. Personal Data — 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Sponsor-Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC or the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

	Platform	Date/Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO** channel:		
Website	The designated results of allocation website at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result** with a "search by ID" function.	24 hours, from 11:00 p.m. on Monday, 28 September, 2026 to 12:00 midnight on Sunday, 4 October, 2026 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.rachem.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, 28 September, 2026 (Hong Kong time)
Telephone	+852 3691 8488 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., from Tuesday, 29 September, 2026 to Monday, 5 October, 2026 (Hong Kong time) on a business day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, 25 September, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, 25 September, 2026, (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Sponsor-Overall Coordinator, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated; or
- we or the Sponsor-Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Offer Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Tuesday, 29 September, 2026 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/collection of H Share certificate[1]		
For application of 1,000,000 or more Hong Kong Offer Shares	Collection in person from the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. **Time:** from 9:00 a.m. to 1:00 p.m. on Tuesday, 29 September, 2026 (Hong Kong time) If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. *Note:* If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.
For application of less than 1,000,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. **Date:** Monday, 28 September, 2026	
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, 29 September, 2026	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk.	

[1] Except in the event of a Severe Weather Signals (as defined below) in force in Hong Kong in the morning on Monday, 28 September, 2026 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to the paragraph headed "— E. Severe Weather Arrangements" in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, 24 September, 2026 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 24 September, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.rachem.com** of the revised timetable.

If a Severe Weather Signal is hoisted on Monday, 28 September, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Tuesday, 29 September, 2026.

If a Severe Weather Signal is hoisted on Monday, 28 September, 2026, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Monday, 28 September, 2026 or on Tuesday, 29 September, 2026).

If a Severe Weather Signal is hoisted on Tuesday, 29 September, 2026, for application of 1,000,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, 29 September, 2026 or on Wednesday, 30 September, 2026).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional adviser for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agreed to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Offer Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Offer Shares and identifying any duplicate applications for the Offer Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Offer Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;

- compiling statistical information and profiles of the holder of the Offer Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Offer Shares and/or regulators and/or any other purposes to which applicants and holders of the Offer Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers and receiving bank;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the prospectus.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF RED AVENUE NEW MATERIALS GROUP CO., LTD. AND HAITONG INTERNATIONAL CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Red Avenue New Materials Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-102, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-102 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 September 2026 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information about the dividends paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
21 September 2026

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	5	2,937,334	3,263,380	3,420,577	1,650,517	2,133,064
Cost of sales		(2,252,274)	(2,467,523)	(2,606,985)	(1,229,972)	(1,645,635)
Gross profit		685,060	795,857	813,592	420,545	487,429
Other income and gains	5	62,504	168,053	119,536	58,876	68,414
Other expenses	7	(14,978)	(108,650)	(53,095)	(6,375)	(30,411)
Selling and marketing expenses		(92,430)	(112,039)	(118,296)	(56,141)	(59,254)
Administrative expenses		(183,670)	(194,582)	(195,492)	(98,502)	(90,204)
Research and development expenses		(179,780)	(216,572)	(232,512)	(117,419)	(118,384)
Fair value gains/(losses) on financial assets at fair value through profit or loss		12,058	1,836	(6,003)	—	(12,401)
(Provision)/reversal of impairment on financial assets, net		(4,281)	(806)	(347)	878	(904)
Finance costs	8	(84,085)	(97,323)	(108,545)	(52,668)	(46,273)
Share of profits of associates		226,587	314,392	382,112	219,496	205,964
PROFIT BEFORE TAX	6	426,985	550,166	600,950	368,690	403,976
Income tax	11	(22,867)	(15,981)	(23,689)	(10,417)	(14,880)
PROFIT FOR THE YEAR/ PERIOD		404,118	534,185	577,261	358,273	389,096
Attributable to:						
Owners of the parent		406,598	516,772	562,549	350,909	389,035
Non-controlling interests		(2,480)	17,413	14,712	7,364	61
		404,118	534,185	577,261	358,273	389,096
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13					
Basic (RMB per share)		0.68	0.86	0.94	0.59	0.63
Diluted (RMB per share)		0.68	0.86	0.93	0.59	0.63

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	404,118	534,185	577,261	358,273	389,096
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income/(loss) of associates	11,103	10,219	22,293	24,273	(73,095)
Transfer of fair value reserve upon the disposal of debt instruments at fair value through other comprehensive income, net of tax	218	—	—	—	—
Exchange differences on translation of foreign operations	5,870	3,085	(2,848)	(1,337)	(22,271)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	17,191	13,304	19,445	22,936	(95,366)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	(13,709)	2,887	(902)	—	(726)
Share of other comprehensive loss of associates	—	—	(1,017)	—	(1,927)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(13,709)	2,887	(1,919)	—	(2,653)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR/PERIOD, NET OF TAX	3,482	16,191	17,526	22,936	(98,019)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	407,600	550,376	594,787	381,209	291,077
Attributable to:					
Owners of the parent	410,080	532,963	579,414	373,845	297,658
Non-controlling interests	(2,480)	17,413	15,373	7,364	(6,581)
	407,600	550,376	594,787	381,209	291,077

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	14	2,086,039	2,105,204	2,372,485	2,543,095
Investment properties	15	5,049	4,101	3,153	2,679
Right-of-use assets	16(a)	285,750	276,718	262,210	249,644
Goodwill	17	437,441	437,441	437,441	437,441
Intangible assets	18	132,066	204,940	181,173	182,795
Investments in associates	19	1,580,241	2,131,238	2,531,910	2,554,847
Equity investments designated at fair value through other comprehensive income	21	75,456	45,412	31,741	27,493
Financial assets at fair value through profit or loss	22	109,572	128,634	122,631	140,230
Prepayments, other receivables and other assets	26	25,255	52,218	50,963	49,033
Deferred tax assets	23	52,660	69,469	88,105	98,847
Total non-current assets		4,789,529	5,455,375	6,081,812	6,286,104
CURRENT ASSETS					
Inventories	24	430,729	486,214	581,433	581,893
Trade and bills receivables	25	1,008,741	1,064,924	1,073,041	1,333,134
Due from related companies	43	100,145	145,136	124,024	137,366
Prepayments, other receivables and other assets	26	88,094	82,786	113,266	117,105
Financial assets at fair value through profit or loss	22	143,736	—	—	2,000
Tax recoverable		28,944	888	5,522	13,076
Time deposits	27	43,629	634,591	738,737	599,773
Pledged deposits	27	38,922	36,004	24,750	24,918
Cash and cash equivalents	27	661,436	503,209	476,150	435,686
Total current assets		2,544,376	2,953,752	3,136,923	3,244,951
CURRENT LIABILITIES					
Trade and bills payables	28	652,452	528,632	572,761	589,038
Contract liabilities	29	3,405	3,368	4,995	4,160
Other payables and accruals	30	284,295	349,051	359,546	320,668
Interest-bearing bank and other borrowings	31	847,966	1,876,719	2,114,739	2,770,663
Lease liabilities	16(b)	8,244	9,616	10,178	7,101
Tax payable		11,885	17,150	11,570	8,338
Total current liabilities		1,808,247	2,784,536	3,073,789	3,699,968
NET CURRENT ASSETS/(LIABILITIES)		736,129	169,216	63,134	(455,017)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,525,658	5,624,591	6,144,946	5,831,087

	Notes	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	31	1,806,800	1,955,810	1,675,601	1,310,608
Lease liabilities	16(b)	50,140	45,481	36,979	29,856
Deferred income	33	110,361	112,778	113,962	112,934
Deferred taxes liabilities	23	53,461	51,192	59,713	60,740
Total non-current liabilities		2,020,762	2,165,261	1,886,255	1,514,138
Net assets		3,504,896	3,459,330	4,258,691	4,316,949
EQUITY					
Equity attributable to owners of the parent					
Share capital	34	599,831	599,081	616,108	616,083
Treasury shares	35	(100,008)	(131,521)	(104,816)	(104,478)
Other equity instruments	32	55,362	55,344	—	—
Reserves	36	2,852,806	2,831,056	3,675,024	3,687,608
		3,407,991	3,353,960	4,186,316	4,199,213
Non-controlling interests		96,905	105,370	72,375	117,736
Total equity		3,504,896	3,459,330	4,258,691	4,316,949

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent														
	Share capital RMB'000 (note 34)	Treasury shares RMB'000 (note 35)	Other equity instruments RMB'000 (note 32)	Share premium* RMB'000	Share-based payments reserve* RMB'000	Fair value reserve* RMB'000 (note 36(a))	Exchange fluctuation reserve* RMB'000	Statutory surplus reserve* RMB'000 (note 36(b))	Capital and other reserve* RMB'000 (note 36(c))	Other comprehensive income* RMB'000 (note 36(d))	Special reserve — safety production fund* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	596,122	(60,144)	55,374	1,174,996	10,052	(6,463)	12,464	109,863	(235,499)	(39,271)	—	1,424,012	3,041,506	100,625	3,142,131
Profit/(loss) for the year	—	—	—	—	—	—	—	—	—	—	—	406,598	406,598	(2,480)	404,118
Other comprehensive income for the year:															
Exchange differences on translation of foreign operations	—	—	—	—	—	—	5,870	—	—	—	—	—	5,870	—	5,870
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	(13,709)	—	—	—	—	—	—	(13,709)	—	(13,709)
Transfer of fair value reserve upon the disposal of debt instruments at fair value through other comprehensive income, net of tax	—	—	—	—	—	218	—	—	—	—	—	—	218	—	218
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	11,103	—	—	11,103	—	11,103
Total comprehensive income for the year	—	—	—	—	—	(13,491)	5,870	—	—	11,103	—	406,598	410,080	(2,480)	407,600
Restricted shares (as defined in note 37) granted under share award scheme	4,768	(70,948)	—	66,180	—	—	—	—	—	—	—	—	—	—	—
Exercise of conversion rights for convertible bonds	3	—	(12)	125	—	—	—	—	—	—	—	—	116	—	116
Repurchase and cancellation of treasury shares	(1,062)	31,084	—	(30,022)	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	3,814	—	—	—	—	—	—	—	3,814	550	4,364
Liquidation of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,790)	(1,790)
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	—	20,807	(20,807)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	(20,807)	20,807	—	—	—
Appropriation of statutory surplus reserve	—	—	—	—	—	—	—	67,119	—	—	—	(67,119)	—	—	—
Dividend declared	—	—	—	—	—	—	—	—	—	—	—	(47,525)	(47,525)	—	(47,525)
At 31 December 2023	599,831	(100,008)	55,362	1,211,279	13,866	(19,954)	18,334	176,982	(235,499)	(28,168)	—	1,715,966	3,407,991	96,905	3,504,896

Year ended 31 December 2024

	Attributable to owners of the parent														
	Share capital RMB'000 (note 34)	Treasury shares RMB'000 (note 35)	Other equity instruments RMB'000 (note 32)	Share premium* RMB'000	Share-based payments reserve* RMB'000	Fair value reserve* RMB'000 (note 36(a))	Exchange fluctuation reserve* RMB'000	Statutory surplus reserve* RMB'000 (note 36(b))	Capital and other reserve* RMB'000 (note 36(c))	Other comprehensive income* RMB'000 (note 36(d))	Special reserve — safety production fund* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	599,831	(100,008)	55,362	1,211,279	13,866	(19,954)	18,334	176,982	(235,499)	(28,168)	—	1,715,966	3,407,991	96,905	3,504,896
Profit for the year	—	—	—	—	—	—	—	—	—	—	—	516,772	516,772	17,413	534,185
Other comprehensive income for the year:															
Exchange differences on translation of foreign operations	—	—	—	—	—	—	3,085	—	—	—	—	—	3,085	—	3,085
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	2,887	—	—	—	—	—	—	2,887	—	2,887
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	10,219	—	—	10,219	—	10,219
Total comprehensive income for the year	—	—	—	—	—	2,887	3,085	—	—	10,219	—	516,772	532,963	17,413	550,376
Repurchase of ordinary shares	—	(80,492)	—	—	—	—	—	—	—	—	—	—	(80,492)	—	(80,492)
Restricted shares (as defined in note 37) granted under share award scheme	237	(3,531)	—	3,294	—	—	—	—	—	—	—	—	—	—	—
Repurchase and cancellation of treasury shares	(993)	29,060	—	(28,067)	—	—	—	—	—	—	—	—	—	—	—
Exercise of conversion rights for convertible bonds	6	—	(18)	198	—	—	—	—	—	—	—	—	186	—	186
Vesting of restricted shares (as defined in note 37)	—	23,450	—	25,279	(25,279)	—	—	—	—	—	—	—	23,450	—	23,450
Dividend declared	—	—	—	—	—	—	—	—	—	—	—	(501,420)	(501,420)	—	(501,420)
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	(79,753)	—	—	—	(79,753)	(11,053)	(90,806)
Share-based payments	—	—	—	—	40,995	—	—	—	—	—	—	—	40,995	2,105	43,100
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	(4,600)	—	460	—	—	—	4,140	—	—	—
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	—	28,653	(28,653)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	(28,653)	28,653	—	—	—
Appropriation of statutory surplus reserve	—	—	—	—	—	—	—	41,448	—	—	—	(41,448)	—	—	—
Other *(note 36)*	—	—	—	—	—	—	—	—	10,040	—	—	—	10,040	—	10,040
At 31 December 2024	599,081	(131,521)	55,344	1,211,983	29,582	(21,667)	21,419	218,890	(305,212)	(17,949)	—	1,694,010	3,353,960	105,370	3,459,330

Year ended 31 December 2025

	Attributable to owners of the parent														
	Share capital *RMB'000* *(note 34)*	Treasury shares *RMB'000* *(note 35)*	Other equity instruments *RMB'000* *(note 32)*	Share premium* *RMB'000*	Share-based payments reserve* *RMB'000*	Fair value reserve* *RMB'000* *(note 36(a))*	Exchange fluctuation reserve* *RMB'000*	Statutory surplus reserve* *RMB'000* *(note 36(b))*	Capital and other reserve* *RMB'000* *(note 36(c))*	Other comprehensive income* *RMB'000* *(note 36(d))*	Special reserve — safety production fund* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2025	599,081	(131,521)	55,344	1,211,983	29,582	(21,667)	21,419	218,890	(305,212)	(17,949)	—	1,694,010	3,353,960	105,370	3,459,330
Profit for the year	—	—	—	—	—	—	—	—	—	—	—	562,549	562,549	14,712	577,261
Other comprehensive income for the year:															
Exchange differences related to foreign operations	—	—	—	—	—	—	(3,509)	—	—	—	—	—	(3,509)	661	(2,848)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	(902)	—	—	—	—	—	—	(902)	—	(902)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	21,276	—	—	21,276	—	21,276
Total comprehensive income for the year	—	—	—	—	—	(902)	(3,509)	—	—	21,276	—	562,549	579,414	15,373	594,787
Repurchase and cancellation of treasury shares	(160)	2,382	—	(2,222)	—	—	—	—	—	—	—	—	—	—	—
Exercise of conversion rights for convertible bonds	17,187	—	(55,344)	600,748	—	—	—	—	—	—	—	—	562,591	—	562,591
Vesting of restricted shares (as defined in note 37)	—	24,323	—	26,980	(26,980)	—	—	—	—	—	—	—	24,323	—	24,323
Dividend declared	—	—	—	—	—	—	—	—	—	—	—	(297,998)	(297,998)	—	(297,998)
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	(181,882)	—	—	—	(181,882)	(118,016)	(299,898)
Capital injection from non-controlling equity holders	—	—	—	—	—	—	—	—	—	—	—	—	—	69,541	69,541
Share-based payments	—	—	—	—	19,124	—	—	—	—	—	—	—	19,124	107	19,231
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	(2,786)	—	—	—	—	—	2,786	—	—	—
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	—	32,582	(32,582)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	(32,582)	32,582	—	—	—
Share of associate's other net assets change	—	—	—	—	—	—	—	—	126,784	—	—	—	126,784	—	126,784
Appropriation of statutory surplus reserve	—	—	—	—	—	—	—	30,846	—	—	—	(30,846)	—	—	—
At 31 December 2025	616,108	(104,816)	—	1,837,489	21,726	(25,355)	17,910	249,736	(360,310)	3,327	—	1,930,501	4,186,316	72,375	4,258,691

Six months ended 30 June 2025 (unaudited)

	Attributable to owners of the parent														
	Share capital RMB'000 (note 34) (unaudited)	Treasury shares RMB'000 (note 35) (unaudited)	Other equity instruments RMB'000 (note 32) (unaudited)	Share premium RMB'000 (unaudited)	Share-based payments reserve RMB'000 (unaudited)	Fair value reserve RMB'000 (note 36(a)) (unaudited)	Exchange fluctuation reserve RMB'000 (unaudited)	Statutory surplus reserve RMB'000 (note 36(b)) (unaudited)	Capital and other reserve RMB'000 (note 36(c)) (unaudited)	Other comprehensive income RMB'000 (note 36(d)) (unaudited)	Special reserve — safety production fund RMB'000 (unaudited)	Retained profits RMB'000 (unaudited)	Total RMB'000 (unaudited)	Non-controlling interests RMB'000 (unaudited)	Total equity RMB'000 (unaudited)
At 1 January 2025	599,081	(131,521)	55,344	1,211,983	29,582	(21,667)	21,419	218,890	(305,212)	(17,949)	—	1,694,010	3,353,960	105,370	3,459,330
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	350,909	350,909	7,364	358,273
Other comprehensive income for the period:															
Exchange differences related to foreign operations	—	—	—	—	—	—	(1,337)	—	—	—	—	—	(1,337)	—	(1,337)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	24,273	—	—	24,273	—	24,273
Total comprehensive income for the period	—	—	—	—	—	—	(1,337)	—	—	24,273	—	350,909	373,845	7,364	381,209
Repurchase and cancellation of treasury shares	(120)	1,786	—	(1,666)	—	—	—	—	—	—	—	—	—	—	—
Exercise of conversion rights for convertible bonds	1	—	(6)	52	—	—	—	—	—	—	—	—	47	—	47
Dividend declared	—	—	—	—	—	—	—	—	—	—	—	(297,998)	(297,998)	—	(297,998)
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	(140,768)	—	—	—	(140,768)	(27,071)	(167,839)
Capital injection from non-controlling equity holders	—	—	—	—	—	—	—	—	—	—	—	—	—	19,300	19,300
Share-based payments	—	—	—	—	9,909	—	—	—	—	—	—	—	9,909	—	9,909
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	(3,715)	—	—	—	—	—	3,715	—	—	—
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	—	12,323	(12,323)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	(12,323)	12,323	—	—	—
Appropriation of special reserves	—	—	—	—	—	—	—	18,877	—	—	—	(18,877)	—	—	—
Share of associate's other net assets change	—	—	—	—	—	—	—	—	127,904	—	—	—	127,904	—	127,904
At 30 June 2025 (unaudited)	598,962	(129,735)	55,338	1,210,369	39,491	(25,382)	20,082	237,767	(318,076)	6,324	—	1,731,759	3,426,899	104,963	3,531,862

Six months ended 30 June 2026

	Attributable to owners of the parent													
	Share capital RMB'000 (note 34)	Treasury shares RMB'000 (note 35)	Share premium* RMB'000	Share-based payments reserve* RMB'000	Fair value reserve* RMB'000 (note 36(a))	Exchange fluctuation reserve* RMB'000	Statutory surplus reserve* RMB'000 (note 36(b))	Capital and other reserve* RMB'000 (note 36(c))	Other comprehensive income* RMB'000 (note 36(d))	Special reserve — safety production fund* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2026	616,108	(104,816)	1,837,489	21,726	(25,355)	17,910	249,736	(360,310)	3,327	—	1,930,501	4,186,316	72,375	4,258,691
Profit for the period	—	—	—	—	—	—	—	—	—	—	389,035	389,035	61	389,096
Other comprehensive income for the period:														
Exchange differences related to foreign operations	—	—	—	—	—	(15,629)	—	—	—	—	—	(15,629)	(6,642)	(22,271)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	(726)	—	—	—	—	—	—	(726)	—	(726)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	(75,022)	—	—	(75,022)	—	(75,022)
Total comprehensive income for the period	—	—	—	—	(726)	(15,629)	—	—	(75,022)	—	389,035	297,658	(6,581)	291,077
Repurchase and cancellation of treasury shares	(25)	338	(313)	—	—	—	—	—	—	—	—	—	—	—
Dividend declared	—	—	—	—	—	—	—	—	—	—	(306,541)	(306,541)	—	(306,541)
Capital injection from non-controlling equity holders	—	—	—	—	—	—	—	—	—	—	—	—	51,917	51,917
Share-based payments, including tax effects	—	—	—	14,960	—	—	—	—	—	—	—	14,960	25	14,985
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	15,116	(15,116)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	(15,116)	15,116	—	—	—
Share of associate's other net assets change	—	—	—	—	—	—	—	6,820	—	—	—	6,820	—	6,820
Appropriation of statutory surplus reserve	—	—	—	—	—	—	19,481	—	—	—	(19,481)	—	—	—
At 30 June 2026	616,083	(104,478)	1,837,176	36,686	(26,081)	2,281	269,217	(353,490)	(71,695)	—	1,993,514	4,199,213	117,736	4,316,949

* These reserve accounts represent the total consolidated reserves of RMB2,852,806,000, RMB2,831,056,000, RMB3,675,024,000 and RMB3,687,608,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		426,985	550,166	600,950	368,690	403,976
Adjustments for:						
Finance costs	8	84,085	97,323	108,545	52,668	46,273
Depreciation of property, plant and equipment	6	115,147	129,128	156,959	73,661	87,412
Depreciation of investment properties	6, 15	948	948	948	474	474
Depreciation of right-of-use assets	6, 16	16,702	15,980	16,380	7,940	6,973
Amortisation of intangible assets	6, 18	17,699	20,577	27,550	13,643	14,175
Losses on disposal of items of property, plant and equipment, net	6	7,362	804	1,122	623	28
Fair value (gains)/losses on financial assets at fair value through profit or loss	6	(12,058)	(1,836)	6,003	—	12,401
Bargain purchase gain arising from investment in an associate	5	—	(96,750)	—	—	—
Gain on disposal of patent		—	—	—	—	(15,025)
Equity-settled share-based expense	6, 37	4,364	43,100	19,231	9,909	4,200
Share of profits of associates	6	(226,587)	(314,392)	(382,112)	(219,496)	(205,964)
Losses on disposal of a subsidiary	6, 7	7,216	—	—	—	—
Gains on disposal of investments in an associate	5	—	—	(14,406)	(14,406)	—
Gains on disposal of debt instruments at fair value through other comprehensive income	5	(615)	—	—	—	—
Impairment losses on inventories, net	6	5,699	9,540	7,828	—	1,913
Impairment losses on property, plant and equipment	6	—	94,792	—	—	—
Impairment losses on investments in an associate	7	—	—	3,193	—	—
Amortisation of deferred income		(7,066)	(9,640)	(11,909)	(4,918)	(6,344)
Provision/(reversal) of impairment on financial assets, net	6	4,281	806	347	(878)	904
Additional deduction for value-added tax	5	—	(12,824)	(13,009)	(6,206)	(2,995)
Foreign exchange (gains)/loss, net		(4,147)	(2,796)	3,983	2,800	5,876
Dividends income	5	(4,925)	(1,860)	(450)	—	(831)
Bank interest income	5	(20,775)	(27,014)	(39,447)	(17,526)	(15,394)
		414,315	496,052	491,706	266,978	338,052
(Increase)/decrease in inventories		(57,441)	(51,079)	(90,681)	(25,571)	2,751
Increase in trade and bills receivables		(58,289)	(57,504)	(32,656)	(11,247)	(263,662)
Decrease/(increase) in amounts due from related companies		37,998	(45,359)	21,369	9,636	(13,116)

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000	Six months ended 30 June 2025 RMB'000 (unaudited)	2026 RMB'000
Decrease/(increase) in prepayments, other receivables and other assets		24,990	(25,114)	(4,185)	(15,127)	22,425
Decrease/(increase) in pledged deposits		3,953	2,918	11,254	2,635	(168)
Decrease in trade and bills payables		(193,009)	(276,366)	(130,990)	(31,683)	(42,941)
Increase/(decrease) in other payables and accruals		69,285	110,791	14,786	(48,983)	11,158
Increase/(decrease) in deferred income		1,307	(12,445)	1,581	2,416	226
(Decrease)/increase in contract liabilities		(1,132)	(41)	1,627	353	(839)
Cash generated from operations		241,977	141,853	283,811	149,407	53,886
Interest received		10,052	6,107	23,426	1,560	3,733
Income tax paid		(73,205)	(2,701)	(44,965)	(15,259)	(21,073)
Net cash flows from operating activities		178,824	145,259	262,272	135,708	36,546
CASH FLOWS FROM INVESTING ACTIVITIES						
Dividends received		45,063	76,668	105,163	13,453	101,217
Disposal of a subsidiary		18,141	—	—	—	—
Investment in an associate		—	(47,741)	—	—	—
Proceeds from disposal of investment in an associate		—	—	36,000	7,200	—
Purchase of financial assets at fair value through profit or loss		(45,422)	(30,000)	—	—	(32,000)
Proceeds from disposal of financial assets at fair value through profit or loss		3	—	—	—	—
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		—	33,893	13,715	7,000	—
Proceeds from disposal of debt instruments at fair value through other comprehensive income		35,542	—	—	—	—
Proceeds from disposal of items of property, plant and equipment		4,353	1,036	1,310	10	63
Resettlement compensation received from government		24,878	—	—	—	—
Purchases of items of property, plant and equipment and intangible assets		(170,240)	(255,739)	(313,375)	(108,212)	(257,691)
Government grants for non-current assets		5,300	97,337	75,963	12,418	5,090
Refund from prepaid equity investments		12,500	13,500	—	—	—
Decrease/(increase) of time deposits		189,005	(568,848)	(88,125)	(66,441)	150,625
Net cash flows from/(used in) investing activities		119,123	(679,894)	(169,349)	(134,572)	(32,696)

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000	Six months ended 30 June 2025 RMB'000 (unaudited)	2026 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from shares granted under share award scheme		70,948	3,531	—	—	—
Payments for repurchase of shares		—	(80,492)	—	—	—
Treasury shares repurchased		(30,494)	(30,235)	(1,531)	(989)	(512)
Capital injection from non-controlling equity holders		—	—	69,541	19,300	51,917
New interest-bearing bank borrowings		1,616,143	2,251,650	2,772,350	1,859,800	1,190,250
Repayment of interest-bearing bank and other borrowings		(1,530,975)	(1,117,809)	(2,244,621)	(1,311,011)	(911,215)
Proceeds from discounted bills receivable		—	23,703	3,124	—	17,244
Lease payments		(7,306)	(12,710)	(12,001)	(6,094)	(5,380)
Prepayment of the principal portion of lease payments		—	(1,015)	—	—	—
Repayment of other loan		(6,609)	—	—	—	—
Payment for listing expenses		—	—	(3,970)	—	(12,710)
Interest paid		(76,464)	(83,717)	(98,148)	(50,050)	(47,557)
Dividends paid		(47,525)	(501,420)	(297,998)	(297,998)	(306,541)
Capital refunded to non-controlling equity holders		(1,790)	—	—	—	—
Acquisition of non-controlling interest		—	(90,806)	(299,898)	(140,321)	—
Refund of proceeds relating to non-compliance of share disposal by shareholders		—	10,040	—	—	—
Net cash flows (used in)/from financing activities		(14,072)	370,720	(113,152)	72,637	(24,504)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		283,875	(163,915)	(20,229)	73,773	(20,654)
Cash and cash equivalents at beginning of year/period		370,628	661,436	503,209	503,209	476,150
Effect of foreign exchange rate changes, net		6,933	5,688	(6,830)	1,968	(19,810)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	27	661,436	503,209	476,150	578,950	435,686
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	27	743,987	1,173,804	1,239,637	1,298,015	1,060,377
Less: Time deposits	27	(43,629)	(634,591)	(738,737)	(685,696)	(599,773)
Pledged deposits	27	(38,922)	(36,004)	(24,750)	(33,369)	(24,918)
Cash and cash equivalents as stated in the statement of cash flows	27	661,436	503,209	476,150	578,950	435,686

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	14	4,294	3,951	3,753	3,227
Right-of-use assets	16(a)	54,434	45,103	35,771	26,715
Intangible assets	18	13,491	11,535	9,784	9,309
Investments in subsidiaries	20	2,184,996	2,498,231	2,773,620	2,715,998
Investments in associates	19	1,580,241	1,792,812	2,162,562	2,186,630
Equity investments designated at fair value through other comprehensive income	21	74,536	44,492	30,821	27,397
Financial assets at fair value through profit or loss	22	109,572	128,634	122,631	140,230
Deferred tax assets	23	20,555	20,821	27,345	33,057
Total non-current assets		4,042,119	4,545,579	5,166,287	5,142,563
CURRENT ASSETS					
Inventories	24	1,987	354	109	616
Trade and bills receivables	25	125,449	146,657	139,130	171,768
Due from related companies		73,206	91,423	80,472	79,641
Due from subsidiaries		436,245	489,469	392,436	426,451
Prepayments, other receivables and other assets	26	6,115	7,259	9,444	21,315
Tax recoverable		24,217	—	3,653	3,653
Cash and cash equivalents	27	109,504	89,376	18,802	60,624
Total current assets		776,723	824,538	644,046	764,068
CURRENT LIABILITIES					
Trade and bills payables	28	13,567	21,135	19,351	16,269
Contract liabilities		923	40	64	1,085
Other payables and accruals	30	128,402	76,747	52,150	35,563
Due to subsidiaries		408,709	462,061	376,673	239,628
Interest-bearing bank and other borrowings	31	508,994	1,043,659	1,060,489	1,718,275
Lease liabilities	16(b)	8,244	9,616	9,174	6,510
Tax payable		—	361	—	—
Total current liabilities		1,068,839	1,613,619	1,517,901	2,017,330
NET CURRENT LIABILITIES		(292,116)	(789,081)	(873,855)	(1,253,262)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,750,003	3,756,498	4,292,432	3,889,301

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	31	1,017,608	1,116,179	889,000	659,000
Lease liabilities	16(b)	50,140	39,509	30,335	23,709
Deferred income		—	617	650	—
Total non-current liabilities		1,067,748	1,156,305	919,985	682,709
Net assets		2,682,255	2,600,193	3,372,447	3,206,592
EQUITY					
Share capital	34	599,831	599,081	616,108	616,083
Treasury shares	35	(100,008)	(131,521)	(104,816)	(104,478)
Other equity instruments	32	55,362	55,344	—	—
Reserves	36	2,127,070	2,077,289	2,861,155	2,694,987
Total equity		2,682,255	2,600,193	3,372,447	3,206,592

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability incorporated in the People's Republic of China ("PRC"). The Company's ordinary shares are listing on the Shanghai Stock Exchange. The registered office of the Company is located at Room 2501, 25/F, Shanghai Tower, No. 501 Yincheng Middle Road, Pudong New District, Shanghai, China.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were involved in the research and development, production and sale of rubber additives for tyres and other chemical products, electronic materials including semiconductor photoresist, display panel photoresist and fully biodegradable materials.

As at 30 June 2026, the Company had direct and indirect interests in its subsidiaries, all of which are private limited companies. The particulars of the Company's principal subsidiaries are set out below:

Name	*Notes*	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	*%*	*%*	
華奇(中國)化工有限公司 (Sino Legend (China) Chemical Co., Ltd. ("Sino Legend"))	(1)	PRC/Chinese Mainland/ 11 August 2006	RMB460,565	100	—	Manufacture, research and development, sales of rubber additives for tyres and other chemical products
彤程化學(中國)有限公司 (RACHEM (CHINA) CO., LTD. ("RACHEM"))	(2), (3)	PRC/Chinese Mainland/ 1 June 2011	RMB806,315	100	—	Manufacture, research and development, sales of rubber additives for tyres and other chemical products, fully biodegradable materials
北京科華微電子材料有限公司 (Kempur Microelectronics, Inc. ("Kempur"))	(4)	PRC/Chinese Mainland/ 13 August 2004	RMB48,614	—	96	Manufacture, research and development, sales of semiconductor photoresist
北京北旭電子材料有限公司 (Beijing Asahi Electronic Materials Co., Ltd. ("BAE"))	(5), (6)	PRC/Chinese Mainland/ 16 November 1993	RMB65,299	—	100	Research and development, sales of display panel photoresist
北旭(湖北)電子材料有限公司 (Beijing Asahi (Hubei) Electronic Materials Co., Ltd. ("BAE (Hubei)"))	(5), (6)	PRC/Chinese Mainland/ 21 May 2020	RMB100,000	—	100	Manufacture, research and development, sales of display panel photoresist
彤程電子材料(鎮江)有限公司 (Red Avenue Electronics Materials (Zhenjiang) Co., Ltd. ("RA Zhenjiang"))	(2), (3)	PRC/Chinese Mainland/ 24 August 2012	USD57,400	—	100	Manufacture, research and development, sales of electronic materials
上海彤程電子材料有限公司 (Shanghai Red Avenue Electronic Materials Co., Ltd. ("RA Electronic"))	(2), (3)	PRC/Chinese Mainland/ 11 June 2020	RMB1,000,000	100	—	Manufacture, research and development, sales of electronic materials

The English names of all Group companies registered in the Chinese Mainland represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

Notes:

(1) The statutory financial statements of the entity for the years ended 31 December 2023, 2024 and 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 上海元智會計師事務所(普通合夥) ("Shanghai Yuanzhi Certified Public Accountants Firm (General Partnership)"), which is a certified public accounting firm registered in the Chinese Mainland.

(2) The statutory financial statements of these entities for the year ended 31 December 2023 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 上海元智會計師事務所(普通合夥)) ("Shanghai Yuanzhi Certified Public Accountants Firm (General Partnership) "), which is a certified public accounting firm registered in the Chinese Mainland.

(3) The statutory financial statements of these entities for the year ended 31 December 2024 and 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 上海經典會計師事務所(普通合夥) ("Shanghai Jingdian Certified Public Accountants Firm (General Partnership)"), which is a certified public accounting firm registered in the Chinese Mainland.

(4) The statutory financial statements of the entity for the years ended 31 December 2023, 2024 and 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 北京東審會計師事務所(特殊普通合夥) ("Beijing Dong Shen Certified Public Accountants Firm LLP"), which is a certified public accounting firm registered in the Chinese Mainland.

(5) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 中興財光華會計師事務所(特殊普通合夥) ("Zhongxing Cai Guanghua Certified Public Accountants Firm LLP"), which is a certified public accounting firm registered in the Chinese Mainland.

(6) The statutory financial statements of these entities for the years ended 31 December 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 北京興華會計師事務所(特殊普通合夥) ("Beijing Xinghua Certified Public Accountants Firm LLP"), which is a certified public accounting firm registered in the Chinese Mainland.

2.1 BASIS OF PREPARATION

The Historical Financial Information and the Interim Comparative Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"), which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information and the Interim Comparative Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and bills receivables measured at fair value through other comprehensive income, which have been measured at fair value.

The Historical Financial Information and the Interim Comparative Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 30 June 2026, the Group had net current liabilities of approximately RMB455,017,000. Having taken into account the available unutilised banking facilities of RMB687,535,000 as at 30 June 2026 together with the expected operating cash outflow which covers a period of not less than twelve months from 30 June 2026 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information for the Relevant Periods and the Interim Comparative Financial Information in the period covered by the Interim Comparative Financial Information on a going concern basis.

Basis of consolidation

The Historical Financial Information and the Interim Comparative Financial Information include the financial information of the Group for the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group 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 members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and 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*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
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 21	*Translation to a Hyperinflationary Presentation Currency*[1]
Amendments to IAS 28	*Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*[1]

1 Effective for annual/reporting periods beginning on or after 1 January 2027
2 Effective for annual/reporting periods beginning on or after 1 January 2029
3 No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required.

Based on a preliminary assessment, the adoption of IFRS 18 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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of the equity voting rights and over which it 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 over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Such changes may arise from the associate's issuance of share capital to third parties, the associate's transactions with non-controlling interest shareholders of its subsidiaries, and movements in the share-based payment reserves of the associate etc. In the case where the Group's percentage of share holdings in an associate decreases due to the associate's issuance of new capital to third parties, but the Group still maintains significant influence, the Group's share of the associate's increased equity is recognized in capital reserves and will be transferred to profit and loss when the investments are disposed.

Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss, bills receivables measured at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the period in which it arises and is charged to other expenses in the statement of profit or loss.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment ("PPE"), other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Free hold land in Thailand is not depreciated. For other PPE, depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.0% to 6.3%
Machinery	4.5% to 19.0%
Electronic devices	18.0% to 31.7%
Vehicles	18.0% to 23.8%
Office equipment and other equipment	18.0% to 31.7%
Others	20.0% to 33.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties include buildings leased out.

An investment property is measured initially at cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss as incurred.

The Group uses the cost model for the subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings use rights.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from the sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes is recognised in profit or loss for the current period. The estimated useful life of the Group's investment properties is 20 years.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Categories	**Estimated useful lives**
Software	3 to 10 years
Technology licence fee	5 to 10 years
Technical know-how	10 years
Production licence	10 years
Patent	10 to 20 years

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	45 to 50 years
Buildings	6 to 10 years
Machine and equipment	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost including trade and bills receivables, amounts due from related companies and financial assets included in prepayments, other receivables and other assets, are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Equity investments designated at fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation and are not held for trading*. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss including listed equity investments, unlisted funds and unlisted equity investments, which are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets included in prepayments, other receivables and other assets are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group include trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings, which are classified, at initial recognition, as loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, financial liabilities included in other payables and accruals and interest bearing and other bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Treasury shares and share repurchase

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 the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

The payment and transaction costs incurred on the repurchase of the Group's own equity instruments are accounted for as a deduction from equity. Other than share-based payments, the issuance (including refinancing), repurchase, sale or cancellation of the Group's own equity instruments shall be accounted for as equity transactions.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks as defined above.

Special reserve — safety production fund

According to relevant regulations of Chinese Mainland, transfer of safety production fund at fixed rates based on relevant bases to a specific reserve account is required. The safety production fund could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of safety production fund utilised would be transferred from the specific reserve account to retained earnings.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sale of products

The Group sells rubber additives for tyres and other chemical products, electronic materials including semiconductor photoresist, display panel photoresist and fully biodegradable materials to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Other income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Share-based payments

The Company operates two share award schemes during the Relevant Periods for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer based on a recent transaction price with other investors, further details of which are given in note 37 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee's spouse, children and dependents, family members of deceased employees and other beneficiaries are also considered employee benefits.

Pension scheme

The employees of the Company and the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the Chinese Mainland. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each of the reporting period.

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefit liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognises costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currency of an overseas subsidiary is currency other than the RMB. As at the end of each of the reporting period, the assets and liabilities of this subsidiary are translated into RMB at the exchange rate prevailing at the end of each of the reporting period and its statement of profit or loss is translated into RMB at the exchange rate that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary is translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in financial statements:

Business model

The classification of a financial asset at initial recognition depends on the Group's business model for managing the financial asset. In assessing the business model, the Group considers factors including how the performance of the financial asset is evaluated and reported to key management personnel, the risks that affect the performance of the financial asset and how they are managed, and how the relevant business managers are remunerated. In assessing whether the objective is to collect contractual cash flows, the Group is required to analyse and evaluate the reasons, timing, frequency, and value of any sales of the financial asset before its maturity.

Estimation uncertainty

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 causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrated the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables are disclosed in note 25 and note 26 to the Historical Financial Information, respectively.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the end of each reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are set out in note 17 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 23 to the Historical Financial Information.

Fair value of equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss

The equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss have been valued based on a market-based valuation technique as set out in note 46 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 2 or Level 3. Further details are set out in note 21 and note 22 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has three reportable operating segments as follows:

a) Rubber additives for tyres and other chemical products segment: engaging in research and development, manufacture and sale of rubber additives for tyres and other chemical products;

b) Electronic materials segment: engaging in research and development, manufacture and sale of electronic materials including semiconductor photoresist, display panel photoresist and other electronic materials;

c) Fully biodegradable materials segment: engaging in research and development, manufacture and sale of fully biodegradable materials.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2023	**Rubber additives for tyres and other chemical products** *RMB'000*	**Electronic materials** *RMB'000*	**Fully biodegradable materials** *RMB'000*	**Total** *RMB'000*
Segment revenue				
Sales to external customers	2,275,508	561,490	100,336	2,937,334
Intersegment sales	25,783	12,897	—	38,680
Total segment revenue	2,301,291	574,387	100,336	2,976,014
Reconciliation:				
Elimination of intersegment sales				(38,680)
Total revenue				2,937,334
Segment results				
Profit/(loss) before tax	495,447	(16,104)	(52,358)	426,985
Other segment information				
Share of profits of associates	226,587	—	—	226,587
Impairment losses on inventories	1,901	1,009	2,789	5,699
Depreciation and amortisation	91,026	46,483	12,987	150,496
As at 31 December 2023				
Segment assets	4,474,686	2,143,353	715,866	7,333,905
Segment liabilities	2,567,040	1,233,990	27,979	3,829,009
Other segment information				
Goodwill	—	437,441	—	437,441
Investments in associates	1,580,241	—	—	1,580,241

Year ended 31 December 2024	Rubber additives for tyres and other chemical products *RMB'000*	Electronic materials *RMB'000*	Fully biodegradable materials *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	2,437,747	744,853	80,780	3,263,380
Intersegment sales	27,844	28,794	—	56,638
Total segment revenue	2,465,591	773,647	80,780	3,320,018
Reconciliation:				
Elimination of intersegment sales				(56,638)
Total revenue				3,263,380
Segment results				
Profit/(loss) before tax	703,110	20,525	(173,469)	550,166
Other segment information				
Share of profits of associates	314,392	—	—	314,392
Impairment losses on property, plant and equipment	—	—	94,792	94,792
Impairment losses on inventories	—	478	9,062	9,540
Depreciation and amortisation	54,837	61,934	49,862	166,633
As at 31 December 2024				
Segment assets	4,782,334	3,030,378	596,415	8,409,127
Segment liabilities	3,382,087	1,543,530	24,180	4,949,797
Other segment information				
Goodwill	—	437,441	—	437,441
Investments in associates	2,131,238	—	—	2,131,238

Year ended 31 December 2025	Rubber additives for tyres and other chemical products *RMB'000*	Electronic materials *RMB'000*	Fully biodegradable materials *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	2,321,268	986,117	113,192	3,420,577
Intersegment sales	79,675	59,814	—	139,489
Total segment revenue	2,400,943	1,045,931	113,192	3,560,066
Reconciliation:				
Elimination of intersegment sales				(139,489)
Total revenue				3,420,577
Segment results				
Profit/(loss) before tax	590,948	62,332	(52,330)	600,950
Other segment information				
Share of profits of associates	382,112	—	—	382,112
Impairment losses on inventories	—	2,681	5,147	7,828
Impairment losses on long-term equity investment	3,193	—	—	3,193
Depreciation and amortisation	96,784	77,892	27,161	201,837
As at 31 December 2025				
Segment assets	5,083,225	3,563,193	572,317	9,218,735
Segment liabilities	3,435,835	1,487,945	36,264	4,960,044
Other segment information				
Goodwill	—	437,441	—	437,441
Investments in associates	2,531,910	—	—	2,531,910

Six months ended 30 June 2025	Rubber additives for tyres and other chemical products RMB'000 (unaudited)	Electronic materials RMB'000 (unaudited)	Fully biodegradable materials RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue				
Sales to external customers	1,155,225	441,499	53,793	1,650,517
Intersegment sales	21,479	19,817	—	41,296
Total segment revenue	1,176,704	461,316	53,793	1,691,813
Reconciliation:				
Elimination of intersegment sales				(41,296)
Total revenue				1,650,517
Segment results				
Profit/(loss) before tax	353,077	37,998	(22,385)	368,690
Other segment information				
Share of profits of associates	219,496	—	—	219,496
Depreciation and amortisation	44,109	36,344	15,265	95,718

Six months ended 30 June 2026	Rubber additives for tyres and other chemical products RMB'000	Electronic materials RMB'000	Fully biodegradable materials RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	1,321,563	692,511	118,990	2,133,064
Intersegment sales	65,601	39,434	—	105,035
Total segment revenue	1,387,164	731,945	118,990	2,238,099
Reconciliation:				
Elimination of intersegment sales				(105,035)
Total revenue				2,133,064
Segment results				
Profit/(loss) before tax	310,719	106,013	(12,756)	403,976
Other segment information				
Share of profits of associates	205,964	—	—	205,964
Impairment losses on inventories	—	915	998	1,913
Depreciation and amortisation	47,166	46,243	15,625	109,034
As at 30 June 2026				
Segment assets	5,037,724	3,988,690	504,641	9,531,055
Segment liabilities	3,349,767	1,815,319	49,020	5,214,106
Other segment information				
Goodwill	—	437,441	—	437,441
Investments in associates	2,554,847	—	—	2,554,847

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Chinese Mainland	2,388,611	2,644,288	2,787,095	1,318,649	1,754,367
Overseas	548,723	619,092	633,482	331,868	378,697
Total	2,937,334	3,263,380	3,420,577	1,650,517	2,133,064

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Information about the Group's non-current assets excluding deferred tax assets, goodwill, investment in associates, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit and loss is presented based on the geographical locations of the assets.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chinese Mainland	2,534,159	2,643,181	2,764,285	2,755,044
Overseas	—	—	105,699	272,202
Total	2,534,159	2,643,181	2,869,984	3,027,246

Information about major customers

The revenue generated from sales to customers which individually amounted to more than 10% of the Group's total revenue during each of the Relevant Periods and the six months ended 30 June 2025 is set out below:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
中策橡膠集團股份有限公司 (Zhongce Rubber Group Co., Ltd. ("Zhongce Rubber"))	333,107	382,584	368,158	176,960	215,971
Customer group B	*	*	345,714	*	226,412

* *Less than 10% of the Group's revenue.*

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers	2,937,334	3,263,380	3,420,577	1,650,517	2,133,064

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Rubber additives for tyres and other chemical products	Electronic materials	Fully biodegradable materials	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services	2,275,508	561,490	100,336	2,937,334
Geographical markets				
Chinese Mainland	1,739,841	561,490	87,280	2,388,611
Overseas	535,667	—	13,056	548,723
Total	2,275,508	561,490	100,336	2,937,334
Timing of revenue recognition				
Transferred at a point in time	2,275,508	561,490	100,336	2,937,334

For the year ended 31 December 2024

Segments	Rubber additives for tyres and other chemical products *RMB'000*	Electronic materials *RMB'000*	Fully biodegradable materials *RMB'000*	Total *RMB'000*
Types of goods or services	2,437,747	744,853	80,780	3,263,380
Geographical markets				
Chinese Mainland	1,843,283	744,853	56,152	2,644,288
Overseas	594,464	—	24,628	619,092
Total	2,437,747	744,853	80,780	3,263,380
Timing of revenue recognition				
Transferred at a point in time	2,437,747	744,853	80,780	3,263,380

For the year ended 31 December 2025

Segments	Rubber additives for tyres and other chemical products *RMB'000*	Electronic materials *RMB'000*	Fully biodegradable materials *RMB'000*	Total *RMB'000*
Types of goods or services	2,321,268	986,117	113,192	3,420,577
Geographical markets				
Chinese Mainland	1,692,805	986,117	108,173	2,787,095
Overseas	628,463	—	5,019	633,482
Total	2,321,268	986,117	113,192	3,420,577
Timing of revenue recognition				
Transferred at a point in time	2,321,268	986,117	113,192	3,420,577

For the six months ended 30 June 2025 (unaudited)

Segments	Rubber additives for tyres and other chemical products *RMB'000*	Electronic materials *RMB'000*	Fully biodegradable materials *RMB'000*	Total *RMB'000*
Types of goods or services	1,155,225	441,499	53,793	1,650,517
Geographical markets				
Chinese Mainland	827,726	441,499	49,424	1,318,649
Overseas	327,499	—	4,369	331,868
Total	1,155,225	441,499	53,793	1,650,517
Timing of revenue recognition				
Transferred at a point in time	1,155,225	441,499	53,793	1,650,517

For the six months ended 30 June 2026

Segments	Rubber additives for tyres and other chemical products	Electronic materials	Fully biodegradable materials	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services	1,321,563	692,511	118,990	2,133,064
Geographical markets				
Chinese Mainland	948,642	692,511	113,214	1,754,367
Overseas	372,921	—	5,776	378,697
Total	1,321,563	692,511	118,990	2,133,064
Timing of revenue recognition				
Transferred at a point in time	1,321,563	692,511	118,990	2,133,064

The following table shows the amounts of revenue recognised in the Relevant Periods and the six months ended 30 June 2025 that were included in the contract liabilities at the beginning of each of the Relevant Periods and the six months ended 30 June 2025:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	4,541	3,405	3,368	3,368	4,995

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The Group mainly manufactures and sells rubber additives for tyres and other chemical products, electronic materials and fully biodegradable materials to its customers. Sales revenue is recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. The performance obligation is satisfied upon customer acceptance of the goods or export declaration is completed and payment is generally due within 30 to 180 days from invoice date, except for new customers, where payment in advance is normally required.

All the amounts of transaction prices allocated to the performance obligations are expected to be recognised as revenue within one year. The Group elected to apply the practical expedient not to disclose the remaining performance obligations.

An analysis of other income and gains, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income					
Government grants*	26,911	23,520	50,324	20,283	33,459
Bank interest income	20,775	27,014	39,447	17,526	15,394
Dividend income	4,925	1,860	450	—	831
Rental income	188	812	813	367	380
Additional deduction for value-added tax**	—	12,824	13,009	6,206	2,995
Others	1,296	986	1,067	88	330
Total other income	54,095	67,016	105,110	44,470	53,389
Other gains					
Gain on disposal of patent	—	—	—	—	15,025
Gains on disposal of investments in an associate	—	—	14,406	14,406	—
Gains on disposal of items of property, plant and equipment	—	—	20	—	—
Bargain purchase gain arising from investment in an associate	—	96,750	—	—	—
Exchange gains, net	7,794	4,287	—	—	—
Gains on disposal of debt instruments at fair value through other comprehensive income	615	—	—	—	—
Total other gains	8,409	101,037	14,426	14,406	15,025
Total other income and gains	62,504	168,053	119,536	58,876	68,414

* Government grants related to income that is received as compensation for expenses already incurred or for the purpose of financial support to the Group with no future related costs recognised in profit or loss. There are no unfulfilled conditions or contingencies relating to these grants. The Group has received certain government grants related to purchases of items of property, plant and equipment and the grants were recognised as income in profit or loss over the useful lives of the relevant assets.

** According to the regulations of the Ministry of Finance and the State Administration of Taxation of Chinese Mainland, certain subsidiaries within the Group entitled a deduction on value added tax paid as calculated on the basis of 5% of the input value-added tax ("VAT") claimed by those subsidiaries since 1 January 2024. The amount of this deduction was recognised in the profit or loss.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of sales of goods and services*		2,252,274	2,467,523	2,606,985	1,229,972	1,645,635
Depreciation of property, plant and equipment		115,147	129,128	156,959	73,661	87,412
Depreciation of investment properties	15	948	948	948	474	474
Depreciation of right-of-use assets	16(a)	16,702	15,980	16,380	7,940	6,973
Amortisation of intangible assets	18	17,699	20,577	27,550	13,643	14,175
Research and development costs*		179,780	216,572	232,512	117,419	118,384
Expense relating to short-term leases and leases of low-value assets	16(c)	6,471	8,084	5,889	3,785	1,816
Employee benefit expense (including directors' and chief executive's remuneration):						
Wages and salaries		256,808	285,755	306,432	140,368	169,289
Equity settled share-based expenses	37	4,364	43,100	19,231	9,909	4,200
Pension scheme contributions and social welfare		61,347	68,706	77,013	36,470	40,956
Share of profits of associates		(226,587)	(314,392)	(382,112)	(219,496)	(205,964)
Fair value (gains)/losses on financial assets at fair value through profit or loss		(12,058)	(1,836)	6,003	—	12,401
Provision/(reversal) of impairment on financial assets, net		4,281	806	347	(878)	904
Foreign exchange differences, net	5, 7	(7,794)	(4,287)	19,733	249	29,881
Impairment losses on inventories, net	24	5,699	9,540	7,828	—	1,913
Impairment losses on property, plant and equipment	7, 14	—	94,792	—	—	—
Losses on disposal of items of property, plant and equipment, net	5, 7	7,362	804	1,122	623	28
Impairment losses on investments in an associate	7	—	—	3,193	—	—
Losses on disposal of a subsidiary	7, 38	7,216	—	—	—	—
Listing expenses		—	—	—	—	1,277

* Cost of sales of goods and research and development costs include expenses relating to employee benefit, depreciation and amortisation expenses and impairment losses on inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Exchange losses, net	—	—	19,733	249	29,881
Donations	—	11,063	27,953	5,500	197
Impairment losses on investments in an associate	—	—	3,193	—	—
Losses on disposal of items of property, plant and equipment	7,362	804	1,142	623	28
Impairment losses on property, plant and equipment *(note 14)*	—	94,792	—	—	—
Losses on disposal of a subsidiary	7,216	—	—	—	—
Others	400	1,991	1,074	3	305
Total	14,978	108,650	53,095	6,375	30,411

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on interest-bearing bank and other borrowings	99,024	104,913	111,386	55,166	45,500
Interest on lease liabilities	943	2,475	2,189	1,143	773
	99,967	107,388	113,575	56,309	46,273
Less: Interest capitalised	(15,882)	(10,065)	(5,030)	(3,641)	—
Total	84,085	97,323	108,545	52,668	46,273

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to directors and chief executive of the Company (including emoluments for services as employees of the Group's entities prior to becoming the directors of the Company) during the Relevant Periods and the six months ended 30 June 2025 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fees	360	360	360	180	182
Other emoluments:					
Salaries, allowances and benefits in kind	9,134	9,344	11,277	5,063	5,325
Performance related bonuses*	700	602	900	400	450
Share-based payments	728	3,213	2,010	715	457
Pension scheme contributions and social welfare	715	689	725	288	365
Subtotal	11,277	13,848	14,912	6,466	6,597
Total	11,637	14,208	15,272	6,646	6,779

* Certain executive directors and chief executive of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods and the six months ended 30 June 2025, certain directors were granted shares, in the Company in respect of their services to the Group, under the employee share award scheme of the Company, further details are set out in note 37 to the Historical Financial Information. The difference between the fair value of the Company's shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts during the Relevant Periods and the six months ended 30 June 2025 are included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Mr. Zhang Yun	120	120	120	60	60
Mr. Wu Shengwu *(i)*	120	120	100	60	—
Mr. Feng Yaoling	120	120	120	60	60
Mr. Jiang Changjian *(ii)*	—	—	20	—	60
Mr. Chen Zhifeng *(iii)*	—	—	—	—	2
Total	360	360	360	180	182

Notes:

(i) Mr. Wu Shengwu was appointed as an independent non-executive director of the Company with effect from 10 November 2022 and resigned on 15 October 2025.

(ii) Mr. Jiang Changjian was appointed as an independent non-executive director of the Company with effect from 15 October 2025.

(iii) Mr. Chen Zhifeng was appointed as an independent non-executive director of the Company with effect from 26 June 2026.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025.

(b) Executive directors and non-executive directors

The remuneration of each of the directors of the Company paid/payable by the Group (including emoluments for services as employees of the Group's entities prior to becoming the directors of the Company) for the Relevant Periods and the six months ended 30 June 2025 is set out as follows:

Year ended 31 December 2023

	Salaries, allowances and benefits in kind *RMB'000*	**Performance related bonuses** *RMB'000*	**Share-based payments** *RMB'000*	**Pension scheme contributions and social welfare** *RMB'000*	**Total remuneration** *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	784	—	—	143	927
Mr. Zhou Jianhui *(i)*	848	—	—	143	991
Mr. Ding Lin *(ii)*	5,002	—	313	143	5,458
Mr. Yuan Minjian	1,199	300	110	143	1,752
Mr. Yu Yaoming	1,301	400	305	143	2,149
Mr. Li Xiaoguang	—	—	—	—	—
Total	9,134	700	728	715	11,277

Year ended 31 December 2024

	Salaries, allowances and benefits in kind *RMB'000*	**Performance related bonuses** *RMB'000*	**Share-based payments** *RMB'000*	**Pension scheme contributions and social welfare** *RMB'000*	**Total remuneration** *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	905	—	—	145	1,050
Mr. Zhou Jianhui *(i)*	845	—	—	109	954
Mr. Ding Lin *(ii)*	5,001	302	868	145	6,316
Mr. Yuan Minjian	1,293	50	1,303	145	2,791
Mr. Yu Yaoming	1,300	250	1,042	145	2,737
Mr. Li Xiaoguang	—	—	—	—	—
Total	9,344	602	3,213	689	13,848

Year ended 31 December 2025

	Salaries, allowances and benefits in kind *RMB'000*	**Performance related bonuses** *RMB'000*	**Share-based payments** *RMB'000*	**Pension scheme contributions and social welfare** *RMB'000*	**Total remuneration** *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	1,564	—	—	145	1,709
Mr. Zhou Jianhui *(i)*	653	—	—	—	653
Mr. Ding Lin *(ii)*	5,152	200	386	145	5,883
Mr. Yuan Minjian	1,303	300	580	145	2,328
Mr. Yu Yaoming	1,302	300	464	145	2,211
Mr. Tang Jie *(iii)*	1,303	100	580	145	2,128
Mr. Li Xiaoguang	—	—	—	—	—
Total	11,277	900	2,010	725	14,912

Six months ended 30 June 2025 (unaudited)

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Share-based payments *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	788	—	—	72	860
Mr. Zhou Jianhui *(i)*	423	—	—	—	423
Mr. Ding Lin *(ii)*	2,552	100	193	72	2,917
Mr. Yuan Minjian	650	150	290	72	1,162
Mr. Yu Yaoming	650	150	232	72	1,104
Mr. Li Xiaoguang	—	—	—	—	—
Total	5,063	400	715	288	6,466

Six months ended 30 June 2026

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Share-based payments *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	775	—	—	73	848
Mr. Ding Lin *(ii)*	2,600	100	88	73	2,861
Mr. Yuan Minjian	650	150	132	73	1,005
Mr. Yu Yaoming	650	150	105	73	978
Mr. Tang Jie *(iii)*	650	50	132	73	905
Mr. Li Xiaoguang	—	—	—	—	—
Total	5,325	450	457	365	6,597

Notes:

(i) Mr. Zhou Jianhui was appointed as an executive director of the Company with effect from 10 November 2022 and resigned on 15 October 2025.

(ii) Mr. Ding Lin serves as the chief executive of the Company.

(iii) Mr. Tang Jie was appointed as an executive director of the Company with effect from 15 October 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 included 2, 3, 3, 3 (unaudited) and 3 directors of the Company, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the six months ended 30 June 2025 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	4,892	3,301	5,690	2,844	2,788
Performance related bonuses	967	250	264	132	132
Share-based payments	(104)	1,736	652	326	147
Pension scheme contributions and social welfare	429	290	308	153	155
Total	6,184	5,577	6,914	3,455	3,222

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
HKD1,000,001 to HKD2,000,000	2	—	—	—	2
HKD2,000,001 to HKD3,000,000	1	2	—	2	—
HKD3,000,001 to HKD4,000,000	—	—	2	—	—
Total	3	2	2	2	2

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and/or operate.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the Chinese Mainland and the respective regulations, the subsidiaries operating in Chinese Mainland are subject to the statutory tax rate of 25% on the taxable income, except for those which are subject to tax concessions as set out below:

— Certain subsidiaries have been qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%.

— Certain subsidiaries with annual taxable income less than RMB1,000,000 were qualified as small scale and minimal profit enterprise. The subsidiaries were subject to an effective preferential corporate income tax rate of 5% from 1 January 2023 and expiring on 31 December 2027.

— Certain subsidiaries which qualified the criteria as small scale and minimal-profit enterprise, the portion of their incomes with more than RMB1,000,000 but less than RMB3,000,000 were subject to an effective preferential tax rate of 5% from year 2022 to 2027.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong.

Other overseas areas

The Company's other overseas subsidiaries are subject to income tax at rates ranging from 12% to 20%.

Within the first six years of operations and from the year when the Company's subsidiary incorporated in Thailand commenced to derive revenue, this subsidiary is eligible to entitle to a corporate income tax deduction on its net operating profit up to an amount not exceeding 100% of its total investment (excluding land costs and working capital).

The income tax expense of the Group for the Relevant Periods and the six months ended 30 June 2025 are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Current income tax	31,471	36,021	34,750	15,206	10,287
Deferred income tax	(8,604)	(20,040)	(11,061)	(4,789)	4,593
Total	22,867	15,981	23,689	10,417	14,880

A reconciliation of the tax expense applicable to profit before tax at the applicable rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax	426,985	550,166	600,950	368,690	403,976
Tax at statutory tax rate of 25%	106,746	137,542	150,238	92,173	100,994
Effect of different tax rates	(26,015)	(33,175)	(32,811)	(22,328)	(19,601)
Adjustments in respect of current tax of previous periods	(11,805)	(4,533)	(8,939)	(8,939)	(14,361)
Expenses not deductible for tax	1,862	5,739	3,506	2,942	447
Utilisation of tax losses not recognised from previous periods	(2,724)	(6,727)	(4,894)	(4,624)	(5,122)
Tax losses and temporary differences not recognised	19,680	12,873	7,658	1,334	270
Tax effect of share of profits of associates	(56,647)	(74,586)	(88,729)	(52,661)	(49,712)
Recognised deductible temporary differences and tax losses of previous periods	(7,938)	—	(12,694)	—	—
Tax effect of bargain purchase gain arising from investment in an associate	—	(15,964)	—	—	—
Others	(292)	(5,188)	10,354	2,520	1,965
Tax charge at the Group's effective rate	22,867	15,981	23,689	10,417	14,880

12. DIVIDENDS

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Dividends attributable to the year/period:					
Interim dividend *(note (1))*	—	149,019	—	—	—
Final dividend *(note (2), note (3), (4) and note (5))*	47,525	352,401	297,998	297,998	306,541
Total	47,525	501,420	297,998	297,998	306,541

Notes:

(1) On 15 October 2024, the Company declared a cash dividend for the first half of 2024, amounting to RMB2.5 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 596,076,729 (exclusive of 3,001,917 treasury shares held by the Company) as at 15 October 2024.

(2) On 2 June 2023, the Company declared a cash dividend for the year 2022, amounting to RMB0.8 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 596,123,880 as at 2 June 2023.

(3) On 4 June 2024, the Company declared a cash dividend for the year 2023, amounting to RMB5.9 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 597,290,322 as at 4 June 2024.

(4) On 30 May 2025, the Company declared a cash dividend for the year 2024, amounting to RMB5.0 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 595,970,013 (exclusive of 3,001,917 treasury shares held by the Company) as at 30 May 2025.

(5) On 16 April 2026, the Company declared a cash dividend for the year 2025, amounting to RMB5.0 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 613,081,053 (exclusive of 3,001,917 treasury shares held by the Company) as at 31 March 2026.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year/period attributable to ordinary equity holders of the parent after deducting dividends on restricted shares (as defined in note 37), and the weighted average numbers of share capital outstanding, excluding treasury shares, during the Relevant Periods and the six months ended 30 June 2025.

The calculation of the diluted earnings per share amounts is based on the profit for the year/period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds and effect of dividends on restricted shares (as defined in note 37), where applicable.

The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at adjusted consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	406,598	516,772	562,549	350,909	388,230
Interest on convertible bonds after tax	Not applicable*(1)	Not applicable*(1)	10,709	8,827	Not applicable*(2)
Effect of dividends on restricted shares (as defined in note 37)	Not applicable*(1)	Not applicable*(1)	—	—	805
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	406,598	516,772	573,258	359,736	387,534
Shares					
Weighted average number of ordinary shares outstanding during the year/period, used in the basic earnings per share calculation ('000)	596,555	597,482	600,798	592,744	611,483
Effect of dilution — weighted average number of ordinary shares	Not applicable*(1)	Not applicable*(1)	16,529	16,529	1,252
Total	596,555	597,482	617,327	609,273	612,735
Earnings per share					
Basic (RMB)	0.68	0.86	0.94	0.59	0.63
Diluted (RMB)	0.68	0.86	0.93	0.59	0.63

* Not applicable:

(1) No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2023 and 2024 in respect of a dilution as the impact of the convertible bonds and restricted shares (as defined in note 37) outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

(2) No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2026 in respect of a dilution as the Company's convertible bond was delisted on 14 November 2025.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023

	Buildings *RMB'000*	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Construction in progress *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2023								
Cost	522,149	46,151	928,081	21,765	21,838	1,077,581	22,944	2,640,509
Accumulated depreciation	(142,913)	(33,845)	(422,694)	(17,885)	(16,003)	—	(6,282)	(639,622)
Net carrying amount	379,236	12,306	505,387	3,880	5,835	1,077,581	16,662	2,000,887
At 1 January 2023, net of accumulated depreciation	379,236	12,306	505,387	3,880	5,835	1,077,581	16,662	2,000,887
Additions	—	250	7,293	561	1,065	227,858	4,425	241,452
Disposals	—	(105)	(4,043)	(159)	(399)	(7,008)	—	(11,714)
Disposal of a subsidiary	(9,688)	(429)	(2,239)	(33)	(53)	—	—	(12,442)
Transfer	170,755	1,454	530,067	1,135	1,287	(704,698)	—	—
Transfer to intangible assets	—	—	—	—	—	(13,525)	—	(13,525)
Depreciation provided during the year	(24,579)	(4,382)	(82,983)	(1,554)	(1,811)	—	(3,310)	(118,619)
At 31 December 2023, net of accumulated depreciation	515,724	9,094	953,482	3,830	5,924	580,208	17,777	2,086,039
As at 31 December 2023								
Cost	675,146	45,954	1,442,131	19,985	22,655	580,208	27,369	2,813,448
Accumulated depreciation	(159,422)	(36,860)	(488,649)	(16,155)	(16,731)	—	(9,592)	(727,409)
Net carrying amount	515,724	9,094	953,482	3,830	5,924	580,208	17,777	2,086,039

31 December 2024

	Buildings *RMB'000*	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Construction in progress *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2024								
Cost	675,146	45,954	1,442,131	19,985	22,655	580,208	27,369	2,813,448
Accumulated depreciation	(159,422)	(36,860)	(488,649)	(16,155)	(16,731)	—	(9,592)	(727,409)
Net carrying amount	515,724	9,094	953,482	3,830	5,924	580,208	17,777	2,086,039
At 1 January 2024, net of accumulated depreciation	515,724	9,094	953,482	3,830	5,924	580,208	17,777	2,086,039
Additions	—	1,252	12,813	5,730	978	224,561	4,730	250,064
Disposals	(1,225)	(3)	(163)	(434)	(13)	—	—	(1,838)
Transfer	59,825	419	191,818	—	867	(257,690)	4,761	—
Transfer to intangible assets	—	—	—	—	—	(113)	—	(113)
Depreciation provided during the year	(27,117)	(3,173)	(94,970)	(1,414)	(1,973)	—	(5,509)	(134,156)
Impairment *(note 6)*	(6,277)	—	(88,429)	—	(86)	—	—	(94,792)
At 31 December 2024, net of accumulated depreciation and impairment	540,930	7,589	974,551	7,712	5,697	546,966	21,759	2,105,204
As at 31 December 2024								
Cost	732,405	47,584	1,640,360	24,716	24,433	546,966	35,380	3,051,844
Accumulated depreciation	(185,198)	(39,995)	(577,380)	(17,004)	(18,650)	—	(13,621)	(851,848)
Impairment	(6,277)	—	(88,429)	—	(86)	—	—	(94,792)
Net carrying amount	540,930	7,589	974,551	7,712	5,697	546,966	21,759	2,105,204

31 December 2025

	Buildings *RMB'000*	**Electronic devices** *RMB'000*	**Machinery** *RMB'000*	**Vehicles** *RMB'000*	**Office equipment and other equipment** *RMB'000*	**Land** *RMB'000*	**Construction in progress** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
As at 1 January 2025									
Cost	732,405	47,584	1,640,360	24,716	24,433	—	546,966	35,380	3,051,844
Accumulated depreciation	(185,198)	(39,995)	(577,380)	(17,004)	(18,650)	—	—	(13,621)	(851,848)
Impairment	(6,277)	—	(88,429)	—	(86)	—	—	—	(94,792)
Net carrying amount	540,930	7,589	974,551	7,712	5,697	—	546,966	21,759	2,105,204
At 1 January 2025, net of accumulated depreciation and impairment	540,930	7,589	974,551	7,712	5,697	—	546,966	21,759	2,105,204
Additions	—	111	8,562	1,157	2,197	100,653	316,025	—	428,705
Disposals	—	(21)	(2,243)	(146)	(23)	—	—	—	(2,433)
Transfer	53,572	913	361,615	705	1,536	—	(430,984)	12,643	—
Depreciation provided during the year	(29,542)	(7,745)	(107,207)	(2,283)	(2,267)	—	—	(10,763)	(159,807)
Exchange realignment	—	—	—	—	—	816	—	—	816
At 31 December 2025, net of accumulated depreciation and impairment	564,960	847	1,235,278	7,145	7,140	101,469	432,007	23,639	2,372,485
At 31 December 2025									
Cost	785,977	48,197	2,002,258	24,849	27,840	101,469	432,007	48,023	3,470,620
Accumulated depreciation	(214,740)	(47,350)	(678,551)	(17,704)	(20,614)	—	—	(24,384)	(1,003,343)
Impairment	(6,277)	—	(88,429)	—	(86)	—	—	—	(94,792)
Net carrying amount	564,960	847	1,235,278	7,145	7,140	101,469	432,007	23,639	2,372,485

30 June 2026

	Buildings RMB'000	Electronic devices RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment and other equipment RMB'000	Land RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2026									
Cost	785,977	48,197	2,002,258	24,849	27,840	101,469	432,007	48,023	3,470,620
Accumulated depreciation	(214,740)	(47,350)	(678,551)	(17,704)	(20,614)	—	—	(24,384)	(1,003,343)
Impairment	(6,277)	—	(88,429)	—	(86)	—	—	—	(94,792)
Net carrying amount	564,960	847	1,235,278	7,145	7,140	101,469	432,007	23,639	2,372,485
At 1 January 2026, net of accumulated depreciation and impairment	564,960	847	1,235,278	7,145	7,140	101,469	432,007	23,639	2,372,485
Additions	—	291	4,671	1,234	1,259	—	272,588	3,017	283,060
Disposals	—	—	(274)	(24)	(22)	—	—	—	(320)
Transfer	143	612	93,844	—	—	—	(94,835)	236	—
Transfer to intangible assets	—	—	—	—	—	—	(15,754)	—	(15,754)
Depreciation provided during the period	(16,204)	(1,094)	(62,479)	(1,197)	(1,169)	—	—	(5,895)	(88,038)
Exchange realignment	—	(4)	—	—	—	(8,334)	—	—	(8,338)
At 30 June 2026, net of accumulated depreciation and impairment	548,899	652	1,271,040	7,158	7,208	93,135	594,006	20,997	2,543,095
At 30 June 2026									
Cost	786,120	49,097	2,099,791	25,600	28,666	93,135	594,006	51,276	3,727,691
Accumulated depreciation	(230,944)	(48,445)	(740,394)	(18,442)	(21,372)	—	—	(30,279)	(1,089,876)
Impairment	(6,277)	—	(88,357)	—	(86)	—	—	—	(94,720)
Net carrying amount	548,899	652	1,271,040	7,158	7,208	93,135	594,006	20,997	2,543,095

As at 31 December 2023, 2024 and 2025 and 30 June 2026, property ownership certificates for certain of the Group's buildings with aggregate net carrying values of approximately RMB215,776,000, RMB186,291,000, RMB179,197,000 and RMB12,264,000, respectively, have not been obtained by the Group. In the opinion of Group' directors, the Group has no legal impediment to obtain the relevant property ownership certificates.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group's property, plant and equipment of RMB127,757,000, RMB288,084,000, RMB448,391,000 and RMB441,808,000, respectively, were pledged to secure bank borrowings, respectively (note 40).

Impairment testing of property, plant and equipment

As at 31 December 2024, as the capacity utilisation rate of the fully biodegradable production line had not reached the normal level, the Group performed an impairment test on a cash-generating unit engaging in fully biodegradable production in the fully biodegradable business segment.

The recoverable amount of the cash-generating unit was RMB523,738,000 which was determined based on a value in use calculation using cash flow projections based on 5-year financial budgets approved by senior management. The forecast period used in the cash flow projections was 15 years, based on the economic useful life of the major machinery, and the applied pre-tax discount rate was 10.92%. Based on the impairment test, the carrying amount of the cash-generating unit was impaired by RMB94,792,000.

Consequently, the carrying amounts of property, plant and equipment, and right-of-use assets included in the cash-generating unit were impaired by RMB94,792,000 and nil, respectively. The impairment loss recognised was included in "Other expenses" in the consolidated statement of profit or loss.

The key assumption involved in the impairment test was the discount rate. If the discount rate increased or decreased by 1% during the forecast period, the impairment loss would increase by RMB5,644,000 or decrease by RMB7,295,000.

As at 31 December 2025 and 30 June 2026, the Group did not identify impairment indicators and no impairment loss was recognised. In accordance with IAS 36, based on the assessment of internal and external indicators, including the Group's actual performance and market evidence, the Group did not identify indicators of reversal and no impairment reversal was recognised.

The Company

31 December 2023

	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
As at 1 January 2023						
Cost	2,725	4,107	5,448	1,032	12,761	26,073
Accumulated depreciation	(1,966)	(14)	(5,141)	(1,024)	—	(8,145)
Net carrying amount	759	4,093	307	8	12,761	17,928
At 1 January 2023, net of accumulated depreciation	759	4,093	307	8	12,761	17,928
Additions	—	—	—	—	948	948
Transfer	153	—	—	—	(153)	—
Transfer to intangible assets	—	—	—	—	(13,525)	(13,525)
Depreciation provided during the year	(496)	(526)	(35)	—	—	(1,057)
At 31 December 2023, net of accumulated depreciation	416	3,567	272	8	31	4,294
As at 31 December 2023						
Cost	2,878	4,107	5,448	1,032	31	13,496
Accumulated depreciation	(2,462)	(540)	(5,176)	(1,024)	—	(9,202)
Net carrying amount	416	3,567	272	8	31	4,294

31 December 2024

	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
As at 1 January 2024						
Cost	2,878	4,107	5,448	1,032	31	13,496
Accumulated depreciation	(2,462)	(540)	(5,176)	(1,024)	—	(9,202)
Net carrying amount	416	3,567	272	8	31	4,294
At 1 January 2024, net of accumulated depreciation	416	3,567	272	8	31	4,294
Additions	—	—	—	—	230	230
Depreciation provided during the year	(190)	(383)	—	—	—	(573)
At 31 December 2024, net of accumulated depreciation	226	3,184	272	8	261	3,951
As at 31 December 2024						
Cost	2,878	4,107	5,448	1,032	261	13,726
Accumulated depreciation	(2,652)	(923)	(5,176)	(1,024)	—	(9,775)
Net carrying amount	226	3,184	272	8	261	3,951

31 December 2025

	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
As at 1 January 2025						
Cost	2,878	4,107	5,448	1,032	261	13,726
Accumulated depreciation	(2,652)	(923)	(5,176)	(1,024)	—	(9,775)
Net carrying amount	226	3,184	272	8	261	3,951
At 1 January 2025, net of accumulated depreciation	226	3,184	272	8	261	3,951
Additions	—	—	—	—	390	390
Internal transfer	299	—	—	—	(299)	—
Disposals	—	(152)	—	—	—	(152)
Depreciation provided during the year	(53)	(383)	—	—	—	(436)
At 31 December 2025, net of accumulated depreciation	472	2,649	272	8	352	3,753
At 31 December 2025						
Cost	3,177	3,886	5,448	1,032	352	13,895
Accumulated depreciation	(2,705)	(1,237)	(5,176)	(1,024)	—	(10,142)
Net carrying amount	472	2,649	272	8	352	3,753

30 June 2026

	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
As at 1 January 2026						
Cost	3,177	3,886	5,448	1,032	352	13,895
Accumulated depreciation	(2,705)	(1,237)	(5,176)	(1,024)	—	(10,142)
Net carrying amount	472	2,649	272	8	352	3,753
At 1 January 2026, net of accumulated depreciation	472	2,649	272	8	352	3,753
Additions	—	—	—	—	119	119
Transfer to intangible assets	—	—	—	—	(396)	(396)
Depreciation provided during the period	(70)	(179)	—	—	—	(249)
At 30 June 2026, net of accumulated depreciation	402	2,470	272	8	75	3,227
At 30 June 2026						
Cost	3,177	3,886	5,448	1,032	75	13,618
Accumulated depreciation	(2,775)	(1,416)	(5,176)	(1,024)	—	(10,391)
Net carrying amount	402	2,470	272	8	75	3,227

15. INVESTMENT PROPERTIES

The Group

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period				
Cost	19,958	19,958	19,958	19,958
Accumulated depreciation	(13,961)	(14,909)	(15,857)	(16,805)
Net carrying amount	5,997	5,049	4,101	3,153
At the beginning of the year/period, net of accumulated depreciation	5,997	5,049	4,101	3,153
Depreciation provided during the year/period *(note 6)*	(948)	(948)	(948)	(474)
At the end of the year/period, net of accumulated depreciation	5,049	4,101	3,153	2,679
At the end of the year/period				
Cost	19,958	19,958	19,958	19,958
Accumulated depreciation	(14,909)	(15,857)	(16,805)	(17,279)
Net carrying amount	5,049	4,101	3,153	2,679

The Group's investment properties consist of one commercial property located in Shanghai city and one residential property located in Shandong Province. The directors of the Group have determined that the investment properties are commercial based on the nature, characteristics and risks of the properties.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the Historical Financial Information.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the fair values of investment properties, which are categorised within Level 3 of the fair value hierarchy, are not materially different from their original cost and the fair value of investment properties as at 31 December 2023, 2024 and 2025 and 30 June 2026 were RMB5,049,000, RMB4,101,000, RMB3,153,000 and RMB2,679,000, respectively.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings and machinery used in its operations. Leases of lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 45 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms of 6 to 10 years. Leases of machinery generally have lease term of 5 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land *RMB'000*	**Buildings** *RMB'000*	**Machine and equipment** *RMB'000*	**Total** *RMB'000*
As at 1 January 2023	237,049	7,539	—	244,588
Additions	359	57,545	—	57,904
Disposal of a subsidiary	(40)	—	—	(40)
Depreciation provided during the year *(note 6)*	(6,052)	(10,650)	—	(16,702)
As at 31 December 2023 and 1 January 2024	231,316	54,434	—	285,750
Additions	—	5,389	1,559	6,948
Depreciation provided during the year *(note 6)*	(6,093)	(9,601)	(286)	(15,980)
As at 31 December 2024 and 1 January 2025	225,223	50,222	1,273	276,718
Additions	—	1,872	—	1,872
Depreciation provided during the year *(note 6)*	(6,093)	(9,975)	(312)	(16,380)
As at 31 December 2025 and 1 January 2026	219,130	42,119	961	262,210
Lease modification	—	(5,593)	—	(5,593)
Depreciation provided during the period *(note 6)*	(2,980)	(3,837)	(156)	(6,973)
As at 30 June 2026	216,150	32,689	805	249,644

As at 31 December 2023, 2024 and 2025 and 30 June 2026, certain of the Group's leasehold land with aggregate carrying amounts of approximately RMB35,168,000, RMB34,419,000, RMB33,671,000 and RMB33,297,000, respectively, were pledged to secure interest-bearing bank borrowings granted to the Group (note 40).

The Company

	Buildings *RMB'000*
As at 1 January 2023	7,539
Additions	57,545
Depreciation provided during the year	(10,650)
As at 31 December 2023 and 1 January 2024	54,434
Depreciation provided during the year	(9,331)
As at 31 December 2024 and 1 January 2025	45,103
Depreciation provided during the year	(9,332)
As at 31 December 2025 and 1 January 2026	35,771
Lease modification	(5,593)
Depreciation provided during the period	(3,463)
As at 30 June 2026	26,715

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/ period	7,202	58,384	55,097	47,157
Additions	57,545	6,948	1,872	—
Accretion of interest recognised during the year/ period *(note 8)*	943	2,475	2,189	773
Lease modification	—	—	—	(5,593)
Payments	(7,306)	(12,710)	(12,001)	(5,380)
Carrying amount at the end of the year/period	58,384	55,097	47,157	36,957
Analysed into:				
Current portion	8,244	9,616	10,178	7,101
Non-current portion	50,140	45,481	36,979	29,856

The Company

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/ period	7,202	58,384	49,125	39,509
Additions	57,545	—	—	—
Accretion of interest recognised during the year/ period	943	2,396	1,991	663
Lease modification	—	—	—	(5,593)
Payments	(7,306)	(11,655)	(11,607)	(4,360)
Carrying amount at the end of the year/period	58,384	49,125	39,509	30,219
Analysed into:				
Current portion	8,244	9,616	9,174	6,510
Non-current portion	50,140	39,509	30,335	23,709

The maturity analysis of lease liabilities is disclosed in note 47 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities	943	2,475	2,189	1,143	773
Depreciation charge of right-of-use assets	16,702	15,980	16,380	7,940	6,973
Expense relating to short-term leases and low-value assets	6,471	8,084	5,889	3,785	1,816
Total amount recognised in profit or loss	24,116	26,539	24,458	12,868	9,562

(d) The total cash outflow for leases is set out in note 39 to the Historical Financial Information.

The Group as a lessor

The Group leases its buildings under operating lease arrangements. Details of rental income recognised are included in note 5 to the Historical Financial Information.

At 31 December 2023, 2024 and 2025 and 30 June 2026, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,749	844	928	922
After one year but within two years	1,822	928	918	918
After two years but within ten years	5,723	6,641	5,723	4,621
Total	9,294	8,413	7,569	6,461

17. GOODWILL

	Semiconductor photoresist CGU	Display panel photoresist CGU	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2023, 2024 and 2025 and 30 June 2026			
Cost and net carrying amount	200,186	237,255	437,441

Impairment testing of goodwill

The goodwill arises from electronic materials segment acquired through business combinations has been allocated to the following cash-generating unit ("CGU") for impairment testing:

- Semiconductor photoresist CGU; and
- Display panel photoresist CGU

Key assumptions for value in use calculations

The recoverable amount of the semiconductor photoresist CGU and display panel photoresist CGU have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, based on the value-in-use calculations, the recoverable amount exceeded the carrying amount of semiconductor photoresist CGU by RMB34,053,000, RMB64,348,000 and RMB415,191,000 and RMB308,034,000 respectively and the recoverable amount exceeded the carrying amount of display panel photoresist CGU by RMB378,684,000, RMB409,397,000, RMB522,795,000 and RMB493,302,000, respectively.

Assumptions were used in the value in use calculation of the semiconductor photoresist CGU and display panel photoresist CGU at the end of each of the Relevant Periods. The following are the key assumptions on which management and the independent external valuer have based its cash flow projections to perform impairment testing of goodwill:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Semiconductor photoresist CGU:				
Pre-tax discount rate	11.70%	11.68%	14.61%	15.07%
Revenue annual growth rate — range of the forecast period	16.58% to 37.84%	6.00% to 25.00%	14.14% to 25.02%	14.59% to 25.86%
Net profit margin — range of the forecast period	6.05% to 18.70%	13.62% to 17.87%	15.53% to 19.88%	14.16% to 19.45%
Revenue annual growth rate — stable period	0.00%	0.00%	0.00%	0.00%
Net profit margin — stable period	18.70%	17.87%	19.88%	19.45%
Display panel photoresist CGU:				
Pre-tax discount rate	11.70%	11.48%	11.90%	12.53%
Revenue annual growth rate — range of the forecast period	16.13% to 30.14%	11.65% to 19.90%	10.00% to 16.02%	10.00% to 33.44%
Net profit margin — range of the forecast period	16.70% to 18.62%	15.60% to 18.00%	17.97% to 20.84%	18.37% to 21.68%
Revenue annual growth rate — stable period	0.00%	0.00%	0.00%	0.00%
Net profit margin — stable period	17.28%	16.46%	19.06%	19.46%

Revenue annual growth rate — The basis is determined with reference to the average revenue growth rate achieved in the years before the budget year, appropriate adjustments for management's projected future operating plans and production data.

Net profit margin during the forecast period — The basis is determined with reference to the average net profit margin growth rate achieved in the prior year, increased for expected efficiency improvements.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant CGU.

The values assigned to the key assumptions on revenue annual growth rate, net profit margin during the forecast period and pre-tax discount rate are consistent with external information sources.

Sensitivity analysis for value in use calculations

Semiconductor photoresist CGU

Management of the Group has performed sensitivity test by decreasing 3% revenue annual growth rate, decreasing 3% of net profit margin or increasing 3% of discount rate, with all other key assumptions held constant. The amount by which semiconductor photoresist CGU recoverable amount exceeding its carrying amount ("headroom") are as below:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue annual growth rate decreased by 3%	6,053	36,601	349,191	264,034
Net profit margin decreased by 3%	28,053	40,730	376,191	271,034
Pre-tax discount rate increased by 3%	4,053	36,532	369,191	266,034

Display panel photoresist CGU

Management of the Group has performed sensitivity test by decreasing 3% revenue annual growth rate, decreasing 3% of net profit margin or increasing 3% of discount rate, with all other key assumptions held constant. The amount by which Display panel photoresist CGU recoverable amount exceeding its carrying amount ("headroom") are as below:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue annual growth rate decreased by 3%	314,684	344,902	466,794	418,977
Net profit margin decreased by 3%	352,684	382,955	489,794	434,302
Pre-tax discount rate increased by 3%	345,684	377,908	488,794	433,302

Based on the headroom of the impairment assessment for the Relevant Periods, management of the Group believe that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

These sensitivities analysis are based on changing the relevant assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

Considering sufficient headroom based on the assessment, the management was of opinion that there was no impairment for the goodwill as at the end of each of the Relevant Periods.

Based on the results of the above mentioned assessment, the directors of the Company conclude that no impairment loss on the aforementioned goodwill is required to be recognised as at the end of each of the Relevant Periods.

18. INTANGIBLE ASSETS

The Group

31 December 2023

	Software *RMB'000*	Technology licence fee *RMB'000*	Technical know-how *RMB'000*	Production licence *RMB'000*	Patent *RMB'000*	Total *RMB'000*
As at 1 January 2023						
Cost	6,186	8,706	158,014	8,272	88,167	269,345
Accumulated amortisation	(3,358)	(8,706)	(45,375)	(1,034)	(14,548)	(73,021)
Impairment	—	—	(54,016)	(7,238)	—	(61,254)
Net carrying amount	2,828	—	58,623	—	73,619	135,070
As at 1 January 2023, net of accumulated amortisation and impairment	2,828	—	58,623	—	73,619	135,070
Additions	1,664	—	—	—	201	1,865
Transfer from PPE *(note 14)*	13,525	—	—	—	—	13,525
Disposal of a subsidiary	—	—	—	—	(695)	(695)
Amortisation during the year *(note 6)*	(1,733)	—	(11,115)	—	(4,851)	(17,699)
As at 31 December 2023, net of accumulated amortisation	16,284	—	47,508	—	68,274	132,066
As at 31 December 2023						
Cost	21,353	8,706	95,695	—	85,623	211,377
Accumulated amortisation	(5,069)	(8,706)	(48,187)	—	(17,349)	(79,311)
Net carrying amount	16,284	—	47,508	—	68,274	132,066

31 December 2024

	Software *RMB'000*	Technology licence fee *RMB'000*	Technical know-how *RMB'000*	Patent *RMB'000*	Total *RMB'000*
As at 1 January 2024					
Cost	21,353	8,706	95,695	85,623	211,377
Accumulated amortisation	(5,069)	(8,706)	(48,187)	(17,349)	(79,311)
Net carrying amount	16,284	—	47,508	68,274	132,066
As at 1 January 2024, net of accumulated amortisation	16,284	—	47,508	68,274	132,066
Additions	324	—	—	93,014	93,338
Transfer from PPE *(note 14)*	113	—	—	—	113
Amortisation during the year *(note 6)*	(2,475)	—	(11,115)	(6,987)	(20,577)
As at 31 December 2024, net of accumulated amortisation	14,246	—	36,393	154,301	204,940
As at 31 December 2024					
Cost	21,790	8,706	95,695	178,637	304,828
Accumulated amortisation	(7,544)	(8,706)	(59,302)	(24,336)	(99,888)
Net carrying amount	14,246	—	36,393	154,301	204,940

31 December 2025

	Software	Technology licence fee	Technical know-how	Patent	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025					
Cost	21,790	8,706	95,695	178,637	304,828
Accumulated amortisation	(7,544)	(8,706)	(59,302)	(24,336)	(99,888)
Net carrying amount	14,246	—	36,393	154,301	204,940
As at 1 January 2025, net of accumulated amortisation	14,246	—	36,393	154,301	204,940
Additions	3,781	—	—	2	3,783
Amortisation during the year *(note 6)*	(2,405)	—	(11,115)	(14,030)	(27,550)
As at 31 December 2025, net of accumulated amortisation	15,622	—	25,278	140,273	181,173
As at 31 December 2025					
Cost	25,571	8,706	95,695	178,639	308,611
Accumulated amortisation	(9,949)	(8,706)	(70,417)	(38,366)	(127,438)
Net carrying amount	15,622	—	25,278	140,273	181,173

30 June 2026

	Software	Technology licence fee	Technical know-how	Patent	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2026					
Cost	25,571	8,706	95,695	178,639	308,611
Accumulated amortisation	(9,949)	(8,706)	(70,417)	(38,366)	(127,438)
Net carrying amount	15,622	—	25,278	140,273	181,173
As at 1 January 2026, net of accumulated amortisation	15,622	—	25,278	140,273	181,173
Additions	—	—	—	43	43
Transfer from PPE *(note 14)*	15,754	—	—	—	15,754
Amortisation during the period *(note 6)*	(1,684)	—	(5,408)	(7,083)	(14,175)
As at 30 June 2026, net of accumulated amortisation	29,692	—	19,870	133,233	182,795
As at 30 June 2026					
Cost	41,325	8,706	95,695	178,682	324,408
Accumulated amortisation	(11,633)	(8,706)	(75,825)	(45,449)	(141,613)
Net carrying amount	29,692	—	19,870	133,233	182,795

Impairment testing of other intangible assets

The impairment losses on intangible assets amounting to RMB61,254,000 as at 1 January 2023 related to one of the Group's subsidiaries, 彤程精細化工(江蘇)有限公司 ("Red Avenue Fine Chemicals (Jiangsu) Co., Ltd."). The intangible assets together with the impairment losses were subsequently fully written off upon the liquidation of this subsidiary as of 31 December 2023.

The Company

	Software
	RMB'000
As at 1 January 2023	
Cost	2,897
Accumulated amortisation	(1,358)
As at 1 January 2023, net of accumulated amortisation	1,539
Transfer from PPE *(note 14)*	13,525
Amortisation during the year	(1,573)
As at 31 December 2023 and 1 January 2024, net of accumulated amortisation	13,491
Amortisation during the year	(1,956)
As at 31 December 2024 and 1 January 2025, net of accumulated amortisation	11,535
Amortisation during the year	(1,751)
As at 31 December 2025 and 1 January 2026, net of accumulated amortisation	9,784
Transfer from PPE *(note 14)*	396
Amortisation during the period	(871)
As at 30 June 2026, net of accumulated amortization	9,309
As at 30 June 2026	
Cost	16,818
Accumulated amortisation	(7,509)
Net carrying amount	9,309

19. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	1,580,241	2,131,238	2,535,103	2,558,040
Impairment	—	—	(3,193)	(3,193)
Total	1,580,241	2,131,238	2,531,910	2,554,847

The Group's transactions and balances with the associates are set out in note 43 to the Historical Financial Information.

Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of registration and business held	Percentage of ownership interest attributable to the Group: As at 31 December 2023	2024	2025	As at 30 June 2026	Principal activities
Zhongce Rubber	Ordinary shares	Chinese Mainland	8.92%	8.92%	8.03%	8.03%	Manufacture and sales of tyres and rubber products
浦林成山控股有限公司 (Prinx Chengshan Holdings Limited (Prinx Chengshan))	Ordinary shares	Hong Kong	3.90%*	5.13%	5.12%	5.12%	Manufacture and sales of tyres and rubber products

The Group has significant influence over the associates as the Group has the power to participate in the financial and operating policy decisions of those associates by appointing a director to the board of directors of the associates.

* Prior to 2024, the Group accounted for investment in Prinx Chengshan as financial assets at fair value through profit or loss. In 2024, Prinx Chengshan became an associate of the Group as the Group contributed additional capital to this associate and has the power to participate in the financial and operating policy decisions of the associate by appointing a director to the board of directors of Prinx Chengshan.

The following table illustrates the summarised financial information in respect of Zhongce Rubber adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	18,531,327	21,707,545	25,238,914	27,934,862
Non-current assets	20,664,354	23,116,894	26,982,148	27,819,596
Current liabilities	20,922,634	22,531,197	23,437,867	25,918,543
Non-current liabilities	4,089,924	4,815,902	3,971,049	4,676,670
Net assets	14,183,123	17,477,340	24,812,146	25,159,245
Reconciliation to the Group's interest in the associate:				
Non-controlling interests	801	779	781	782
Proportion of the Group's ownership	8.92%	8.92%	8.03%*	8.03%
Group's share of net assets of the associate	1,264,996	1,558,826	1,992,353	2,020,287
Adjustments *(note (1))*	253,127	173,274	141,204	134,801
Carrying amount of the investment	1,518,123	1,732,100	2,133,557	2,155,088
Fair value of the Group's investment	—**	—**	3,927,690	3,145,662

* In June 2025, Zhongce Rubber issued new shares to other investors, and the Group's shareholdings was reduced to 8.03%.

** Not applicable as Zhongce Rubber was then not a listed company.

	Year ended 31 December			Six months ended 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue *(note(1))*	35,252,255	39,254,810	44,956,230	23,474,496
Profit attributable to owners of the parent for the year/period *(note(1))*	2,637,869	3,787,149	4,147,469	2,440,403
Other comprehensive income attributable to owners of the parent *(note(1))*	152,360	157,435	345,710	(865,800)
Total comprehensive income for the year/period	2,790,229	3,944,584	4,493,179	1,574,603
Dividend declared	40,138	62,437	91,260	100,386

Note(1):

The adjustments represented the fair value adjustments to the underlying net assets of the associate upon acquisition of the associate. Other than the fair value adjustment, the financial information disclosed is based on the accounting information of the associates.

The following table illustrates the summarised financial information in respect of Prinx Chengshan adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*
Current assets	5,500,123	6,326,940	6,297,964
Non-current assets	5,524,583	5,417,734	5,749,945
Current liabilities	3,909,165	3,794,169	4,081,679
Non-current liabilities	572,078	761,096	801,835
Net assets	6,543,463	7,189,409	7,164,395
Reconciliation to the Group's interest in the associate:			
Non-controlling interests	(81)	(46)	(87)
Proportion of the Group's ownership	5.13%	5.12%	5.12%
Group's share of net assets of the associate	335,942	368,211	366,817
Adjustments *(note (1))*	2,484	1,137	1,400
Carrying amount of the investment	338,426	369,348	368,217
Fair value of the Group's investment	207,267	230,196	209,088

	The period from the date accounted for as an associate to 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*
Revenue *(note(1))*	8,518,164	11,806,801	5,786,325
Profit attributable to owners of the parent for the year/period *(note(1))*	994,458	1,087,594	413,703
Other comprehensive income attributable to owners of the parent *(note(1))*	57,592	(92,849)	(163,364)
Total comprehensive income for the year/period *(note(1))*	1,052,050	994,745	250,339
Dividend declared	12,372	13,453	14,440

Note(1):

The adjustments represented the fair value adjustments to the underlying net assets of the associate upon acquisition of the associate. Other than the fair value adjustment, the financial information disclosed is based on the accounting records of the associates.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' loss for the year/period	(2,233)	(1,406)	(6,919)	(2,317)
Share of the associates' total comprehensive loss	(2,233)	(1,406)	(6,919)	(2,317)
Aggregate carrying amount of the Group's investments in the associates	62,118	60,712	29,005	31,542

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	1,580,241	1,792,812	2,165,755	2,189,823
Impairment	—	—	(3,193)	(3,193)
Total	1,580,241	1,792,812	2,162,562	2,186,630

20. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries:				
Cost	2,159,169	2,438,221	2,708,032	2,672,458
Cost relating to share-based payment to the employees of the subsidiaries	25,827	60,010	65,588	43,540
Total	2,184,996	2,498,231	2,773,620	2,715,998

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments, at fair value				
江蘇恒諾新材料科技有限公司 (Jiangsu Hengnuo New Materials Technology Co., Ltd.)	15,025	14,925	16,191	13,825
深恒和投資管理(深圳)有限公司 (Shenzhen Henghe Investment Management (Shenzhen) Co., Ltd.)	13,399	14,630	14,630	13,572
藝格工裝(北京)科技有限公司 (Yige Workwear (Beijing) Technology Co., Ltd.)	999	1,222	—	—
上海美麗境界股權投資管理有限公司 (Shanghai BMC Investment Management Co., Ltd.)	920	920	920	96
江蘇興達鋼簾線股份有限公司 (Jiangsu Xingda Steel Tyre Cord Co., Ltd. (Xingda Steel Tyre))	32,000	—	—	—
深圳小胖科技有限公司 (Shenzhen Xiaopang Technology Co., Ltd. (Shenzhen Xiaopang))	13,113	13,715	—	—
Total	75,456	45,412	31,741	27,493

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be non-traded and strategic in nature.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, the Group received dividends of RMB1,820,000, RMB1,860,000, RMB450,000 and RMB500,000, respectively.

In 2024, the Group disposed of its equity interest in Xingda Steel Tyre for a total consideration of RMB33,893,000 as this investment was no longer allied with the Group's investment strategy. The consideration received by the Group for the disposal was RMB33,893,000 and the accumulated gain recognised in other comprehensive income of RMB4,140,000 was transferred to retained profits, RMB460,000 was transferred to statutory surplus reserve, respectively.

In 2025, the Group disposed of its equity interest in Shenzhen Xiaopang as this investment was no longer allied with the Group's investment strategy. The fair value of this investment upon disposal was RMB13,715,000 and the accumulated gain recognised in other comprehensive income of RMB2,786,000 was transferred to retained profits.

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments, at fair value	74,536	44,492	30,821	27,397

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Listed equity investments	143,736	—	—	—
Structure deposit	—	—	—	2,000
	143,736	—	—	2,000
Non-current portion				
Listed equity investments	—	—	—	21,431
Unlisted equity investments and investment funds, at fair value	109,572	128,634	122,631	118,799
	109,572	128,634	122,631	140,230
Total	253,308	128,634	122,631	142,230

The structure deposit were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group received dividends of RMB3,105,000, nil, nil, nil(unaudited) and 331,000, respectively.

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
Listed equity investments	—	—	—	21,431
Unlisted equity investments and investment funds, at fair value	109,572	128,634	122,631	118,799
Total	109,572	128,634	122,631	140,230

23. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	**Changes in fair value of equity investments designated at fair value through other comprehensive income**	**Impairment of financial assets and non-financial assets**	**Interest on convertible bonds**	**Deferred income**	**Lease liabilities**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	24,324	9,342	3,595	5,871	13,454	—	2,893	59,479
Deferred tax (charged)/credited to profit or loss during the year	(5,160)	—	337	5,981	4,118	14,596	212	20,084
Deferred tax credited to other comprehensive income during the year	—	567	—	—	—	—	—	567
Gross deferred tax assets at 31 December 2023 and 1 January 2024	19,164	9,909	3,932	11,852	17,572	14,596	3,105	80,130
Deferred tax (charged)/credited to profit or loss during the year	(8,720)	1,533	15,763	4,177	128	(2,315)	2,510	13,076
Deferred tax credited to tax payable during the year	—	(1,533)	—	—	—	—	—	(1,533)
Deferred tax credited to other comprehensive income during the year	—	(56)	—	—	—	—	—	(56)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	10,444	9,853	19,695	16,029	17,700	12,281	5,615	91,617
Deferred tax credited/(charged) to profit or loss during the year	40,489	—	(675)	(16,029)	(1,222)	(4,697)	(2,294)	15,572
Deferred tax charged to other comprehensive income during the year	—	(630)	—	—	—	—	—	(630)
Gross deferred tax assets at 31 December 2025 and 1 January 2026	50,933	9,223	19,020	—	16,478	7,584	3,321	106,559
Deferred tax (charged)/credited to profit or loss during the period	(11,038)	—	309	—	(414)	(29)	5,515	(5,657)
Deferred tax credited to other comprehensive income during the period	—	1,412	—	—	—	—	—	1,412
Deferred tax credited to share-based payments reserve during the period*	—	—	—	—	—	—	10,785	10,785
Gross deferred tax assets at 30 June 2026	39,895	10,635	19,329	—	16,064	7,555	19,621	113,099

* Deferred tax assets arising from equity-settled share-based payments are recognised to the extent that future taxable profits are probable, with the tax effect of any excess deductible amount over the cumulative recognised expense taken directly to equity.

Deferred tax liabilities

	Right-of-use assets *RMB'000*	Fair value adjustment arising from acquisition of subsidiaries *RMB'000*	Withholding tax *RMB'000*	Changes in fair value of financial assets at fair value through profit or loss *RMB'000*	Changes in fair value of equity investments designated at fair value through other comprehensive income *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2023	85	27,826	27,173	10,001	6,721	1,648	73,454
Deferred tax charged/(credited) to profit or loss during the year	13,524	(2,003)	393	1,142	—	(1,576)	11,480
Deferred tax credited to other comprehensive income during the year	—	—	—	—	(4,003)	—	(4,003)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	13,609	25,823	27,566	11,143	2,718	72	80,931
Deferred tax (credited)/charged to profit or loss during the year	(2,332)	(2,399)	200	(2,734)	—	301	(6,964)
Deferred tax credited to other comprehensive income during the year	—	—	—	—	(627)	—	(627)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	11,277	23,424	27,766	8,409	2,091	373	73,340
Deferred tax (credited)/charged to profit or loss during the year	(2,333)	(2,333)	10,854	(1,501)	—	(177)	4,510
Deferred tax charged to other comprehensive income during the year	—	—	—	—	317	—	317
Gross deferred tax liabilities at 31 December 2025 and 1 January 2026	8,944	21,091	38,620	6,908	2,408	196	78,167
Deferred tax (credited)/charged to profit or loss during the period	(2,264)	(1,164)	2,191	(958)	—	1,131	(1,064)
Deferred tax credited to other comprehensive income during the period	—	—	—	—	(2,111)	—	(2,111)
Gross deferred tax liabilities at 30 June 2026	6,680	19,927	40,811	5,950	297	1,327	74,992

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	52,660	69,469	88,105	98,847
Net deferred tax liabilities recognised in the consolidated statement of financial position	53,461	51,192	59,713	60,740

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	413,157	488,677	352,576	386,175
Deductible temporary differences	126,745	123,523	186,004	123,125
Total	539,902	612,200	538,580	509,300

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. In Chinese Mainland, the tax losses are eligible to be carried forward for 5 years, where the tax losses of entity recognised as a High and New Technology Enterprises are eligible to be carried forward for 10 years. The majority of tax losses in overseas are carried forward indefinitely.

Deferred tax assets have not been fully recognised in respect of these losses and deductible temporary differences as they have arisen in the Company and its subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	Changes in fair value of equity investments designated at fair value through other comprehensive income	Interest on convertible bonds	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	20,229	9,342	5,871	—	323	35,765
Deferred tax (charged)/credited to profit or loss during the year	(9,237)	—	5,981	14,596	323	11,663
Deferred tax credited to other comprehensive income during the year	—	567	—	—	—	567
Gross deferred tax assets at 31 December 2023 and 1 January 2024	10,992	9,909	11,852	14,596	646	47,995
Deferred tax (charged)/credited to profit or loss during the year	(8,201)	1,533	4,177	(2,315)	968	(3,838)
Deferred tax charged to retained profits during the year	—	(1,533)	—	—	—	(1,533)
Deferred tax charged to other comprehensive income during the year	—	(56)	—	—	—	(56)

	Tax losses	Changes in fair value of equity investments designated at fair value through other comprehensive income	Interest on convertible bonds	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets at 31 December 2024 and 1 January 2025	2,791	9,853	16,029	12,281	1,614	42,568
Deferred tax credited/(charged) to profit or loss during the year	24,798	—	(16,029)	(4,697)	(435)	3,637
Deferred tax charged to other comprehensive income during the year	—	(630)	—	—	—	(630)
Gross deferred tax assets at 31 December 2025 and 1 January 2026	27,589	9,223	—	7,584	1,179	45,575
Deferred tax (charged)/credited to profit or loss during the period	(5,330)	—	—	(29)	2,137	(3,222)
Deferred tax credited to other comprehensive income during the period	—	1,236	—	—	—	1,236
Deferred tax credited to share-based payments reserve during the period	—	—	—	—	2,395	2,395
Gross deferred tax assets at 30 June 2026	22,259	10,459	—	7,555	5,711	45,984

Deferred tax liabilities

	Right-of-use assets	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of equity investments designated at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	85	10,001	6,691	16,777
Deferred tax charged to profit or loss during the year	13,524	1,142	—	14,666
Deferred tax credited to other comprehensive income during the year	—	—	(4,003)	(4,003)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	13,609	11,143	2,688	27,440
Deferred tax credited to profit or loss during the year	(2,332)	(2,734)	—	(5,066)
Deferred tax credited to other comprehensive income during the year	—	—	(627)	(627)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	11,277	8,409	2,061	21,747
Deferred tax credited to profit or loss during the year	(2,333)	(1,501)	—	(3,834)
Deferred tax charged to other comprehensive income during the year	—	—	317	317
Gross deferred tax liabilities at 31 December 2025 and 1 January 2026	8,944	6,908	2,378	18,230
Deferred tax credited to profit or loss during the period	(2,264)	(958)	—	(3,222)
Deferred tax credited to other comprehensive income during the period	—	—	(2,081)	(2,081)
Gross deferred tax liabilities at 30 June 2026	6,680	5,950	297	12,927

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	20,555	20,821	27,345	33,057

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	214,170	214,815	191,779	186,674

24. INVENTORIES

The Group

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
Finished goods	231,122	263,059	312,230	238,989
Raw materials	192,414	214,847	244,414	318,136
Work in progress	7,370	11,930	18,909	25,629
Materials consigned for processing	11,141	8,317	16,127	6,801
	442,047	498,153	591,680	589,555
Provision for inventories	(11,318)	(11,939)	(10,247)	(7,662)
Total	430,729	486,214	581,433	581,893

The movements in provision

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
Carrying amount at the beginning of year/period	5,619	11,318	11,939	10,247
Impairment losses recognised, net *(note 6)*	5,699	9,540	7,828	1,913
Amounts written off	—	(8,919)	(9,520)	(4,498)
Carrying amount at the end of year/period	11,318	11,939	10,247	7,662

The Company

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
Finished goods	1,987	354	109	616

25. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
Trade receivables	614,087	649,274	701,386	924,089
Less: Impairment losses	(12,176)	(11,986)	(11,393)	(12,364)
Net carrying amount	601,911	637,288	689,993	911,725
Bills receivables at amortised cost	76,938	108,912	98,668	111,679
Bills receivables at fair value through other comprehensive income	329,892	318,724	284,380	309,730
Net carrying amount	406,830	427,636	383,048	421,409
Total	1,008,741	1,064,924	1,073,041	1,333,134

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, certain bills receivables measured at fair value amounting to RMB17,588,000, nil, nil and nil, respectively, were pledged to banks as collateral for issuance of bank bills (note 40).

An ageing analysis of the trade and bills receivables at amortised cost as at the end of each of the Relevant Periods, based on the time of revenue recognition and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within six months	672,271	722,918	782,701	1,018,865
Seven months to one year	2,515	14,713	2,259	2,777
Over one year and within two years	2,843	7,732	2,136	1,135
Over two years and within three years	1,102	837	1,565	627
Over three years	118	—	—	—
Total	678,849	746,200	788,661	1,023,404

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	13,700	12,176	11,986	11,393
Impairment losses, net	1,814	82	787	971
Amount written off as uncollectible	(3,201)	(272)	(1,380)	—
Disposal of a subsidiary	(137)	—	—	—
At the end of year/period	12,176	11,986	11,393	12,364

Bills receivables were mostly issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was not significant as at the end of each of the Relevant Periods.

The Group applies simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of the reporting periods using a provision matrix to measure expected credit losses. The provision rates are based on aging information for groupings of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Within six months	Seven months to one year	Over one year and within two years	Over two years and within three years	Over three years	Total
As at 31 December 2023						
On a collective basis:						
Expected credit loss rate	0.28%	17.91%	27.19%	38.01%	85.46%	0.99%
Gross carrying amount (RMB'000)	597,435	2,608	3,159	2,202	2,511	607,915
Expected credit losses (RMB'000)	1,695	467	859	837	2,146	6,004
On an individual basis:						
Expected credit loss rate						100.00%
Gross carrying amount (RMB'000)						6,172
Expected credit losses (RMB'000)						6,172

	Within six months	Seven months to one year	Over one year and within two years	Over two years and within three years	Over three years	Total
As at 31 December 2024						
On a collective basis:						
Expected credit loss rate	0.30%	3.08%	10.00%	49.97%	100.00%	0.95%
Gross carrying amount (RMB'000)	615,826	15,181	8,591	1,675	2,146	643,419
Expected credit losses (RMB'000)	1,822	467	859	837	2,146	6,131
On an individual basis:						
Expected credit loss rate						100.00%
Gross carrying amount (RMB'000)						5,855
Expected credit losses (RMB'000)						5,855

	Within six months	Seven months to one year	Over one year and within two years	Over two years and within three years	Over three years	Total
As at 31 December 2025						
On a collective basis:						
Expected credit loss rate	0.37%	5.00%	10.03%	50.00%	100.00%	0.80%
Gross carrying amount (RMB'000)	686,570	2,378	2,374	3,130	1,079	695,531
Expected credit losses (RMB'000)	2.537	119	238	1,565	1,079	5,538
On an individual basis:						
Expected credit loss rate						100.00%
Gross carrying amount (RMB'000)						5,855
Expected credit losses (RMB'000)						5,855

	Within six months	Seven months to one year	Over one year and within two years	Over two years and within three years	Over three years	Total
As at 30 June 2026						
On a collective basis:						
Expected credit loss rate	0.16%	4.99%	9.99%	49.92%	100.00%	0.71%
Gross carrying amount (RMB'000)	908,672	2,923	1,261	1,252	4,126	918,234
Expected credit losses (RMB'000)	1,486	146	126	625	4,126	6,509
On an individual basis:						
Expected credit loss rate						100.00%
Gross carrying amount (RMB'000)						5,855
Expected credit losses (RMB'000)						5,855

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	72,457	68,433	73,013	78,022
Less: Impairment losses	(93)	(397)	(418)	(391)
Net carrying amount	72,364	68,036	72,595	77,631
Bills receivables at amortised cost	—	22,429	10,388	26,855
Bills receivables at fair value through other comprehensive income	53,085	56,192	56,147	67,282
Net carrying amount	53,085	78,621	66,535	94,137
Total	125,449	146,657	139,130	171,768

An ageing analysis of the trade and bills receivables at amortised cost as at the end of each of the Relevant Periods, based on the time of revenue recognition and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within six months	72,135	89,299	82,983	103,989
Seven months to one year	229	1,166	—	497
Total	72,364	90,465	82,983	104,486

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	Year ended 31 December			Six months ended 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	858	93	397	418
(Reversal of impairment loss)/Impairment losses, net	(765)	304	21	(27)
At the end of year/period	93	397	418	391

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Within six months	**Seven months to one year**	**Total**
As at 31 December 2023			
On a collective basis:			
Expected credit loss rate	0.12%	2.55%	0.13%
Gross carrying amount (RMB'000)	72,222	235	72,457
Expected credit losses (RMB'000)	87	6	93

	Within six months	**Seven months to one year**	**Total**
As at 31 December 2024			
On a collective basis:			
Expected credit loss rate	0.50%	4.97%	0.58%
Gross carrying amount (RMB'000)	67,205	1,228	68,433
Expected credit losses (RMB'000)	336	61	397

	Within six months
As at 31 December 2025	
On a collective basis:	
Expected credit loss rate	0.57%
Gross carrying amount (RMB'000)	73,013
Expected credit losses (RMB'000)	418

	Within six months	Seven months to one year	Total
As at 30 June 2026			
On a collective basis:			
Expected credit loss rate	0.50%	4.95%	0.50%
Gross carrying amount (RMB'000)	77,921	101	78,022
Expected credit losses (RMB'000)	386	5	391

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Prepayments to suppliers	31,672	35,120	46,328	35,179
Value added tax recoverable	17,355	26,895	42,411	30,386
Listing expenses	—	—	3,970	17,388
Dividend receivable	—	—	—	14,440
Deposits	7,031	4,791	8,123	6,860
Deferred expenses	3,502	3,909	995	1,910
Prepayment for acquisition of equity investment	13,500	—	—	—
Other receivables	26,163	23,477	22,663	21,825
	99,223	94,192	124,490	127,988
Impairment losses	(11,129)	(11,406)	(11,224)	(10,883)
	88,094	82,786	113,266	117,105
Non-current portion				
Prepayments for acquisitions of property, plant and equipment	24,241	43,271	37,174	33,499
Value added tax recoverable	—	3,761	8,101	11,173
Deferred expenses	1,014	5,186	5,688	4,361
	25,255	52,218	50,963	49,033
Total	113,349	135,004	164,229	166,138

These balances were interest-free, unsecured and repayable on demand.

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to assess the expected credit losses for financial assets included in prepayments, other receivables and other assets under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

Year ended 31 December 2023

	12-months ECLs Stage 1 *RMB'000*	Lifetime ECLs Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
At the beginning of the year	297	5,799	12,324	18,420
Impairment losses, net	(210)	(5,767)	9,402	3,425
Liquidation of a subsidiary	—	—	(10,716)	(10,716)
At the end of the year	87	32	11,010	11,129

Year ended 31 December 2024

	12-months ECLs Stage 1 *RMB'000*	Lifetime ECLs Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
At the beginning of the year	87	32	11,010	11,129
Impairment losses, net	147	209	—	356
Amount written off as uncollectible	—	(79)	—	(79)
At the end of the year	234	162	11,010	11,406

Year ended 31 December 2025

	12-months ECLs Stage 1 *RMB'000*	Lifetime ECLs Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
At the beginning of the year	234	162	11,010	11,406
Impairment losses, net	(159)	(23)	—	(182)
At the end of the year	75	139	11,010	11,224

For the six months ended 30 June 2026

	12-months ECLs Stage 1 *RMB'000*	Lifetime ECLs Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
At the beginning of the period	75	139	11,010	11,224
Impairment losses, net	(31)	174	16	159
Amount written off as uncollectible	—	—	(500)	(500)
At the end of the period	44	313	10,526	10,883

The Company

	As at 31 December 2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*	As at 30 June 2026 *RMB'000*
Current portion				
Listing expenses	—	—	3,970	17,388
Deposits	3,709	3,707	3,708	2,571
Deferred expenses	1,484	2,008	657	657
Other receivables	948	1,697	1,262	852
	6,141	7,412	9,597	21,468
Less: Impairment losses	(26)	(153)	(153)	(153)
Total	6,115	7,259	9,444	21,315

27. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Cash and bank balances	743,987	1,173,804	1,239,637	1,060,377
Less: Pledged deposits	(38,922)	(36,004)	(24,750)	(24,918)
Time deposits with original maturity of more than three months and due within one year	(43,629)	(634,591)	(738,737)	(599,773)
Total cash and cash equivalents	661,436	503,209	476,150	435,686
Cash and cash equivalents				
Denominated in RMB	175,012	223,341	109,683	258,306
Denominated in USD	450,352	215,066	289,950	126,302
Denominated in other foreign currencies	36,072	64,802	76,517	51,078
Total	661,436	503,209	476,150	435,686
Pledged deposits				
Denominated in RMB	38,922	36,004	24,750	24,918
Time deposits				
Denominated in USD	43,629	634,591	738,737	599,773

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Cash and cash equivalents	109,504	89,376	18,802	60,624
Cash and cash equivalents				
Denominated in RMB	74,193	86,199	18,784	58,889
Denominated in USD	35,311	3,177	18	1,735
Total	109,504	89,376	18,802	60,624

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, pledged deposits amounting to RMB38,922,000, RMB36,004,000, RMB24,750,000 and RMB24,918,000, respectively, were pledged as collateral for the issuance of bank bills, letter of credit and performance bond (note 40).

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group assessed the credit risk of cash and cash equivalents, time deposits and pledged deposits to be minimal as they were placed in reputable financial institutions.

28. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	518,019	441,604	495,942	471,666
Bills payable	134,433	87,028	76,819	117,372
Total	652,452	528,632	572,761	589,038

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	636,777	510,302	561,320	575,289
1 to 2 years	15,488	16,377	4,428	6,745
Over 2 years	187	1,953	7,013	7,004
Total	652,452	528,632	572,761	589,038

Trade and bills payables are non-interest-bearing.

As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	13,567	21,135	19,351	16,269

An ageing analysis of the trade payables as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	13,567	21,135	19,351	16,269

29. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance payments on sales of goods	3,405	3,368	4,995	4,160

30. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants received in advance*	32,720	118,380	161,580	148,580
Accrued expenses	44,328	65,758	57,111	62,630
Payroll and welfare payables	65,927	71,249	69,865	45,437
Repurchase obligation recognised under share award scheme	99,647	50,285	24,431	23,919
Payable for acquisition of equity investment	15,025	15,025	15,025	—
Other taxes payables	7,497	6,445	7,920	16,260
Others	19,151	21,909	23,614	23,842
Total	284,295	349,051	359,546	320,668

* These government grants have been advanced to the Group by the local governments for those relevant projects not yet completing the acceptance by the local governments.

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Repurchase obligation recognised under share award scheme	99,647	50,285	24,431	23,919
Payable for acquisition of equity investment	15,025	15,025	15,025	—
Payroll and welfare payables	7,228	5,939	6,507	4,940
Other taxes payables	1,588	2,845	3,310	1,531
Others	4,914	2,653	2,877	5,173
Total	128,402	76,747	52,150	35,563

Other payables and accruals are unsecured, non-interest-bearing and have no fixed terms of repayments, except for repurchase obligations recognised under share award scheme as further set out in note 37 to the Historical Financial Information.

31. INTEREST BEARING BANK AND OTHER BORROWINGS

The Group

As at 31 December 2023

	Effective interest rate	**Maturity year**	**RMB'000**
Current			
Short term bank loans — unsecured	2.56%–3.30%	2024	475,145
Current portion of non-current bank loans — secured	3.10%–3.20%	2024	54,216
Current portion of non-current bank loans — unsecured	2.90%–3.20%	2024	313,910
Current portion of convertible bonds	4.35%	2024	4,695
			847,966
Non-current			
Bank loans — secured	3.10%–3.20%	2025–2031	610,492
Bank loans — unsecured	2.90%–3.20%	2025–2026	663,850
Convertible bonds	4.35%	2027	532,458
			1,806,800
Total			2,654,766

As at 31 December 2024

	Effective interest rate	**Maturity year**	**RMB'000**
Current			
Short term bank loans — unsecured	2.40%–2.80%	2025	765,159
Current portion of non-current bank loans — secured	2.40%–2.75%	2025	93,368
Current portion of non-current bank loans — unsecured	2.50%–3.05%	2025	987,378
Current portion of convertible bonds	4.35%	2025	6,929
Discounted bills	0.90%–1.04%	2025	23,885
			1,876,719
Non-current			
Bank loans — secured	2.40%–2.75%	2026–2031	660,931
Bank loans — unsecured	2.55%–3.00%	2026–2029	745,450
Convertible bonds	4.35%	2027	549,429
			1,955,810
Total			3,832,529

As at 31 December 2025

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — unsecured	2.11%–2.40%	2026	1,143,486
Current portion of non-current bank loans — secured	2.40%–2.43%	2026	117,079
Current portion of non-current bank loans — unsecured	2.24%–2.45%	2026	850,884
Discounted bills	1.31%	2026	3,290
			2,114,739
Non-current			
Bank loans — secured	2.40%–2.43%	2027–2031	545,201
Bank loans — unsecured	2.24%–2.45%	2027–2029	1,130,400
			1,675,601
Total			3,790,340

As at 30 June 2026

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — unsecured	2.11%–2.40%	2027	1,722,433
Current portion of non-current bank loans — secured	2.24%–2.45%	2027	130,806
Current portion of non-current bank loans — unsecured	2.24%–2.45%	2027	900,134
Discounted bills	0.6%–0.9%	2026	17,290
			2,770,663
Non-current			
Bank loans — secured	2.26%–2.45%	2027–2031	478,608
Bank loans — unsecured	2.24%–2.50%	2027–2031	832,000
			1,310,608
Total			4,081,271

An analysis of the maturity of borrowings is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank borrowings repayable:				
Within one year	843,271	1,845,905	2,111,449	2,753,373
In the second year	613,308	778,980	834,685	1,016,312
In the third to fifth years, inclusive	465,056	470,525	755,348	251,512
Beyond five years	195,978	156,876	85,568	42,784
	2,117,613	3,252,286	3,787,050	4,063,981
Convertible bonds:				
Within one year	4,695	6,929	—	—
In the third to fifth years, inclusive	532,458	549,429	—	—
	537,153	556,358	—	—
Discounted bills:				
Within one year	—	23,885	3,290	17,290
Total	2,654,766	3,832,529	3,790,340	4,081,271

The Company

As at 31 December 2023

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — secured	2.56%–3.00%	2024	50,000
Short term bank loans — unsecured	3.00%	2024	195,000
Current portion of non-current bank loans — secured	3.10%–3.40%	2024	84,900
Current portion of non-current bank loans — unsecured	3.10%	2024	174,399
Current portion of convertible bonds	Weighted average of 4.35%	2024	4,695
			508,994
Non-current			
Bank loans — secured	3.05%–3.20%	2025–2026	360,000
Bank loans — unsecured	3.10%	2025–2026	125,150
Convertible bonds	Weighted average of 4.35%	2027	532,458
			1,017,608
Total			1,526,602

As at 31 December 2024

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — secured	2.40%–2.60%	2025	235,500
Short term bank loans — unsecured	2.60%–2.70%	2025	259,500
Current portion of non-current bank loans — secured	2.50%–2.95%	2025	448,250
Current portion of non-current bank loans — unsecured	2.70%–3.00%	2025	91,180
Current portion of convertible bonds	Weighted average of 4.35%	2025	6,929
Discounted bills	1.04%	2025	2,300
			1,043,659
Non-current			
Bank loans — secured	2.75%-2.95%	2026	149,000
Bank loans — unsecured	2.70%–3.00%	2026	417,750
Convertible bonds	Weighted average of 4.35%	2027	549,429
			1,116,179
Total			2,159,838

As at 31 December 2025

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — secured	2.11%–2.30%	2026	366,850
Short term bank loans — unsecured	2.11%–2.40%	2026	320,000
Current portion of non-current bank loans — secured	2.28%–2.40%	2026	127,500
Current portion of non-current bank loans — unsecured	2.24%–2.45%	2026	246,139
			1,060,489
Non-current			
Bank loans — secured	2.26%–2.40%	2027	318,000
Bank loans — unsecured	2.24%–2.30%	2027–2028	571,000
			889,000
Total			1,949,489

As at 30 June 2026

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — secured	2.11%–2.12%	2027	847,350
Short term bank loans — unsecured	2.11%	2027	479,000
Current portion of non-current bank loans — secured	2.24%–2.40%	2027	94,000
Current portion of non-current bank loans — unsecured	2.24%–2.45%	2027	297,925
			1,718,275
Non-current			
Bank loans — secured	2.26%–2.30%	2027	231,000
Bank loans — unsecured	2.26%–2.30%	2027–2028	428,000
			659,000
Total			2,377,275

An analysis of the maturity of borrowings is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank borrowings repayable:				
Within one year	504,299	1,034,430	1,060,489	1,718,275
In the second year	364,000	566,750	531,800	659,000
In the third to fifth years, inclusive	121,150	—	357,200	—
	989,449	1,601,180	1,949,489	2,377,275
Convertible bonds:				
Within one year	4,695	6,929	—	—
In the third to fifth years, inclusive	532,458	549,429	—	—
	537,153	556,358	—	—
Discounted bills:				
Within one year	—	2,300	—	—
Total	1,526,602	2,159,838	1,949,489	2,377,275

The Group's bank and other borrowings are all denominated in RMB.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the carrying amounts of assets pledged for the Group's bank borrowings are set out in notes 14, 16, 25 and 27 to the Historical Financial Information, respectively.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group's bank loans amounting to RMB370,250,000, RMB375,900,000, RMB310,500,000 and RMB276,650,000, respectively, were pledged by the Group's 70.5% equity interest on Kempur and 81.1% equity interest on BAE, both of which are subsidiaries of the Company.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Company' s bank loans amounting to RMB494,900,000, RMB832,750,000, RMB812,350,000 and RMB1,172,350,000, respectively, were guaranteed by RACHEM and Sino Legend, both of which are subsidiaries of the Company.

32. CONVERTIBLE BONDS

The Group and the Company

The Company issued 8,001,800 convertible bonds with a nominal value of RMB100 per unit in 2021. The coupon rates of the bonds were 0.3% for year 1, 0.5% for year 2, 1.0% for year 3, 1.5% for year 4, 1.8% for year 5, and 2.0% for year 6 from the date of issuance. Interest is payable annually on 26 January, and the principal shall be repaid in a lump sum upon maturity together with the final year's interest. The initial conversion price of the convertible bonds issued this time was RMB32.96 per share. The conversion period was from 2 August 2021 to 25 January 2027.

Due to the Company's share price remaining not lower than 130% of the conversion price for 15 consecutive working days, the conditional redemption clause of the Company's convertible bond has been triggered. Accordingly, the Company exercised the early redemption right to the convertible bond and redeemed all the convertible bond at the principal amount with interest accredited. On 14 November 2025, the Company's convertible bond was delisted.

The movement of liability and equity components of convertible bonds as at the end of each of the Relevant Periods is as follows:

Liability Component

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	516,025	537,153	556,358	—
Interest accredited	23,926	24,756	14,278	—
Interest paid	(2,682)	(5,365)	(8,045)	—
Conversion into ordinary shares	(116)	(186)	(562,591)	—
At the end of year/period	537,153	556,358	—	—
Analysed into:				
Current portion *(note 31)*	4,695	6,929	—	—
Non-current portion *(note 31)*	532,458	549,429	—	—

Other Equity Instruments

	Numbers ('000)	Carry amounts
As at 1 January 2023	5,366	55,374
Upon conversion into ordinary shares	(1)	(12)
As at 31 December 2023 and 1 January 2024	5,365	55,362
Upon conversion into ordinary shares	(3)	(18)
As at 31 December 2024 and 1 January 2025	5,362	55,344
Upon conversion into ordinary shares	(5,362)	(55,344)
As at 31 December 2025, 1 January 2026 and 30 June 2026	—	—

33. DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants				
Asset-related grants*	109,439	112,585	112,792	111,991
Reimbursement for future expenditures	922	193	1,170	943
Total	110,361	112,778	113,962	112,934

* The asset-related grants were the subsidies received from the government in relation to the Group's property, plant and equipment.

34. SHARE CAPITAL

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid:				
Ordinary shares of RMB1.00 each	599,831	599,081	616,108	616,083

A summary of movements in the Company's share capital is as follows:

	Notes	**Number of shares** *('000)*	**Share capital** *RMB'000*
As at 1 January 2023		596,122	596,122
Repurchase and cancellation of treasury shares	(a)	(1,062)	(1,062)
Restricted shares (as defined in note 37) granted under share award scheme	(b)	4,768	4,768
Exercise of conversion rights for convertible bonds	(c)	3	3
At 31 December 2023 and 1 January 2024		599,831	599,831
Restricted shares (as defined in note 37) granted under share award scheme	(d)	237	237
Repurchase and cancellation of treasury shares	(e)	(993)	(993)
Exercise of conversion rights for convertible bonds	(c)	6	6
At 31 December 2024 and 1 January 2025		599,081	599,081
Repurchase and cancellation of treasury shares	(f)	(160)	(160)
Exercise of conversion rights for convertible bonds	(c)	17,187	17,187
As at 31 December 2025 and 1 January 2026		616,108	616,108
Repurchase and cancellation of treasury shares	(g)	(25)	(25)
As at 30 June 2026		616,083	616,083

Notes:

(a) The Company repurchased and cancelled 1,062,000 restricted shares (as defined in note 37), resulting in a reduction of share capital and share premium account of RMB1,062,000 and RMB30,022,000, respectively. The repurchased shares have been subsequently cancelled.

(b) The Company issued 4,768,000 shares with a nominal value of RMB1.00 each at an issue price of RMB14.88 per share for a total proceed of RMB70,948,000 and the difference between the nominal value of the shares and the consideration received of RMB66,180,000 was credited to share premium account. Correspondingly, the Group recognised a share repurchase obligation of RMB70,948,000 under the share award scheme (note 37).

(c) The Company issued shares upon exercise of conversion right of the convertible bonds by the holders.

(d) The Company issued 237,000 shares with a nominal value of RMB1.00 each at an issue price of RMB14.90 per share for total proceeds of RMB3,531,000 and the difference between the nominal value of the shares and the consideration received of RMB3,294,000 was credited to share premium account. Correspondingly, the Group recognised a share repurchase obligation of RMB3,531,000 under the share award scheme (note 37).

(e) The Company repurchased and cancelled 993,000 restricted shares (as defined in note 37), resulting in a reduction of share capital and share premium account by RMB993,000 and RMB28,067,000, respectively. The repurchased shares have been subsequently cancelled.

(f) The Company repurchased and cancelled 160,000 restricted shares (as defined in note 37), resulting in a reduction of share capital and share premium account of RMB160,000 and RMB2,222,000, respectively. The repurchased shares have been subsequently cancelled.

(g) The Company repurchased and cancelled 25,000 restricted shares (as defined in note 37), resulting in a reduction of share capital and share premium account of RMB25,000 and RMB313,000, respectively. The repurchased shares have been subsequently cancelled.

35. TREASURY SHARES

The Group and the Company

	As at 31 December			**As at 30 June**
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Treasury shares	100,008	131,521	104,816	104,478

A summary of movements in the Company's treasury shares is as follows:

	Notes	**Number of treasury shares** *('000)*	**Treasury shares** *RMB'000*
As at 1 January 2023		2,055	60,144
Repurchase and cancellation of treasury shares	34(a)	(1,062)	(31,084)
Restricted shares (as defined in note 37) granted under share award scheme	34(b)	4,768	70,948
At 31 December 2023 and 1 January 2024		5,761	100,008
Repurchase of ordinary shares	(a)	3,002	80,492
Restricted shares (as defined in note 37) granted under share award scheme	34(d)	237	3,531
Repurchase and cancellation of treasury shares	34(e)	(993)	(29,060)
Vesting of restricted shares (as defined in note 37)	(b)	(1,576)	(23,450)
At 31 December 2024 and 1 January 2025		6,431	131,521
Repurchase and cancellation of treasury shares	34(f)	(160)	(2,382)
Vesting of restricted shares (as defined in note 37)	(b)	(1,634)	(24,323)
As at 31 December 2025 and 1 January 2026		4,637	104,816
Repurchase and cancellation of treasury shares	34(g)	(25)	(338)
As at 30 June 2026		4,612	104,478

Notes:

(a) The Company repurchased an aggregate of 3,002,000 shares from secondary open market for an aggregate consideration of RMB80,492,000 and recorded as treasury shares.

(b) The vesting condition of the restricted shares (as defined in note 37) was fulfilled and were released to the eligible participant under the share award scheme. Correspondingly, the corresponding repurchase obligation of the Company was derecognized.

36. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investment designated at fair value through other comprehensive income under IFRS 9 that was held at the end of the Relevant Periods.

(b) Statutory surplus reserve

In accordance with the Company Laws of Chinese Mainland, the Group's companies are required to allocate 10% of their profit after tax to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions, part of the statutory surplus reserve may be converted to capital on the condition that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(c) Capital and other reserve

Capital and other reserve mainly represented the difference between the consideration paid by the Group for acquisition of the share of net asset attributable to non-controlling equity holder, and share of associates' other net assets change (note 19).

(d) Other comprehensive income

Other comprehensive income comprises share of other comprehensive income of the Group's associates.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended 31 December 2023

	Share premium *RMB'000*	Share-based payments reserve *RMB'000*	Fair value reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Other comprehensive income *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 January 2023	1,174,996	10,346	(6,335)	109,863	(7,755)	184,797	1,465,912
Profit for the year	—	—	—	—	—	671,192	671,192
Other comprehensive income for the year:							
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	(13,709)	—	—	—	(13,709)
Share of other comprehensive income of an associate	—	—	—	—	11,103	—	11,103
Total comprehensive income for the year	—	—	(13,709)	—	11,103	671,192	668,586
Restricted shares (as defined in note 37) granted under share award scheme	66,180	—	—	—	—	—	66,180
Exercise of conversion rights for convertible bonds	125	—	—	—	—	—	125
Repurchase and cancellation of treasury shares	(30,022)	—	—	—	—	—	(30,022)
Share-based payments	—	3,814	—	—	—	—	3,814
Appropriation of statutory surplus reserve	—	—	—	67,119	—	(67,119)	—
Dividend declared	—	—	—	—	—	(47,525)	(47,525)
As at 31 December 2023	1,211,279	14,160	(20,044)	176,982	3,348	741,345	2,127,070

Year ended 31 December 2024

	Share premium *RMB'000*	Share-based payments reserve *RMB'000*	Fair value reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Capital and other reserve *RMB'000*	Other comprehensive income *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 January 2024	1,211,279	14,160	(20,044)	176,982	—	3,348	741,345	2,127,070
Profit for the year	—	—	—	—	—	—	414,482	414,482
Other comprehensive income for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	2,887	—	—	—	—	2,887
Share of other comprehensive income of an associate	—	—	—	—	—	7,810	—	7,810
Total comprehensive income for the year	—	—	2,887	—	—	7,810	414,482	425,179
Restricted shares (as defined in note 37) granted under share award scheme	3,294	—	—	—	—	—	—	3,294
Repurchase and cancellation of treasury shares	(28,067)	—	—	—	—	—	—	(28,067)
Exercise of conversion rights for convertible bonds	198	—	—	—	—	—	—	198
Vesting of restricted shares (as defined in note 37)	25,279	(25,279)	—	—	—	—	—	—
Share-based payments	—	40,995	—	—	—	—	—	40,995
Appropriation of statutory surplus reserve	—	—	—	41,448	—	—	(41,448)	—
Dividend declared	—	—	—	—	—	—	(501,420)	(501,420)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	(4,600)	460	—	—	4,140	—
Other*	—	—	—	—	10,040	—	—	10,040
As at 31 December 2024	1,211,983	29,876	(21,757)	218,890	10,040	11,158	617,099	2,077,289

* Other represent capital contribution from non-controlling equity holders of the Company.

Year ended 31 December 2025

	Share premium *RMB'000*	Share-based payments reserve *RMB'000*	Fair value reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Capital and other reserve *RMB'000*	Other comprehensive income *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 January 2025	1,211,983	29,876	(21,757)	218,890	10,040	11,158	617,099	2,077,289
Profit for the year	—	—	—	—	—	—	308,461	308,461
Other comprehensive income for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	(902)	—	—	—	—	(902)
Share of other comprehensive income of an associate	—	—	—	—	—	26,648	—	26,648
Total comprehensive income for the year	—	—	(902)	—	—	26,648	308,461	334,207
Repurchase and cancellation of treasury shares	(2,222)	—	—	—	—	—	—	(2,222)
Exercise of conversion rights for convertible bonds	600,748	—	—	—	—	—	—	600,748
Vesting of restricted shares (as defined in note 37)	26,980	(26,980)	—	—	—	—	—	—
Share-based payments	—	19,124	—	—	—	—	—	19,124
Share of associate's other net assets change	—	—	—	—	130,007	—	—	130,007
Appropriation of statutory surplus reserve	—	—	—	30,846	—	—	(30,846)	—
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	(2,786)	—	—	—	2,786	—
Dividend declared	—	—	—	—	—	—	(297,998)	(297,998)
As at 31 December 2025	1,837,489	22,020	(25,445)	249,736	140,047	37,806	599,502	2,861,155

For the six months ended 30 June 2026

	Share premium *RMB'000*	Share-based payments reserve *RMB'000*	Fair value reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Capital and other reserve *RMB'000*	Other comprehensive income *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 January 2026	1,837,489	22,020	(25,445)	249,736	140,047	37,806	599,502	2,861,155
Profit for the period	—	—	—	—	—	—	194,806	194,806
Other comprehensive income for the period:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	(108)	—	—	—	—	(108)
Share of other comprehensive income of an associate	—	—	—	—	—	(67,284)	—	(67,284)
Total comprehensive income for the period	—	—	(108)	—	—	(67,284)	194,806	127,414
Repurchase and cancellation of treasury shares	(313)	—	—	—	—	—	—	(313)
Share-based payments, including tax effects	—	6,570	—	—	—	—	—	6,570
Appropriation of statutory surplus reserve	—	—	—	19,481	—	—	(19,481)	—
Share of associate's other net assets change	—	—	—	—	6,702	—	—	6,702
Dividend declared	—	—	—	—	—	—	(306,541)	(306,541)
As at 30 June 2026	1,837,176	28,590	(25,553)	269,217	146,749	(29,478)	468,286	2,694,987

37. SHARE-BASED PAYMENTS

2021 Restricted Share Award Scheme

In 2021, a restricted share award scheme was approved by the Company's shareholder for those eligible participants including directors, senior management (excluding independent directors), and core personnel of the Group who had a direct impact on or had made outstanding contributions to the Group's business and ongoing development (the "2021 Restricted Share Award Scheme"). The Company implemented share award scheme by issuing new shares, The shares issued to eligible participants were restricted to be transferred during the vesting periods ("the restricted shares").

The restricted shares granted under 2021 Restricted Share Award Scheme consisted of two tranches: an initial grant portion and a reserved portion. The initial grant vests in three equal annual tranches from the grant date, while the reserved portion vests in two equal annual tranches from the same date, subject to the satisfaction of the following vesting conditions:

Initial portion:

— First vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2021 should be no less than 20%.

— Second vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2022 should be no less than 60%.

— Third vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2023 should be no less than 110%.

Reserve portion:

— First vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2022 should be no less than 60%.

— Second vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2023 should be no less than 110%.

The Company was required to repurchase the restricted shares granted at the original subscription price plus interest with applicable bank deposit rate for the period of restricted shares granted should the eligible participants fail to fulfill the vesting and performance condition.

The initial portion of restricted shares granted to eligible participants under the 2021 Restricted Share Award Scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

Grant date	**Number of shares granted**	**Subscription price** *RMB per share*	**Fair values on the grant date** *RMB per share*
17 September 2021	3,095,000	29.26	23.74

The fair value of the shares granted was determined on the basis of open market value at the grant date in Shanghai Stock Exchange.

The reserved portion of the restricted shares had not been granted during the Relevant Periods upon the cancellation of the 2021 Share Award Scheme in 2024.

The Group failed to fulfil the vesting conditions for the third vesting period, share-based payment expense of RMB10,547,000 was reversed in profit or loss during year ended 31 December 2023.

In 2024, the 2021 Share Award Scheme was cancelled.

2023 Restricted Share Award Scheme

In 2023, a restricted share award scheme was approved by the Company's shareholder for those eligible participants including directors, senior management (excluding independent directors), and core personnel of the Group who had a direct impact on or had made outstanding contributions to the Group's business and ongoing development (the "2023 Restricted Share Award Scheme"). The Company implemented share award scheme by issuing new shares, The shares issued to eligible participants were restricted to be transferred during the vesting periods "restricted shares").

The restricted shares granted under 2023 Restricted Share Award Scheme consisted of two tranches: an initial grant portion and a reserved portion. The initial grant vests in three equal annual tranches from the grant date, while the reserved portion vests in two equal annual tranches from the same date, subject to the satisfaction of the following vesting conditions:

Initial portion:

— First vesting period: on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2023 should be no less than 10% or the net profit growth should be no less than 15%.

— Second vesting period: on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2024 should be no less than 20% or the net profit growth should be no less than 30%.

— Third vesting period: on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2025 should be no less than 30% or the net profit growth should be no less than 45%.

Reserve portion:

— First vesting period: on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2024 should be no less than 20% or the net profit growth should be no less than 30%.

— Second vesting period:on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2025 should be no less than 30% or the net profit growth should be no less than 45%.

The Company is required to repurchase the restricted shares granted at the original subscription price plus interest with applicable bank deposit rate for the period of restricted shares granted should the eligible participants fail to fulfill the vesting and performance condition.

The initial portion and the reserve portion of restricted shares granted to eligible participants under the 2023 Restricted Share Award Scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

	Grant date	**Number of shares granted**	**Subscription price** *RMB per share*	**Fair values on the grant date** *RMB per share*
Initial portion	13 September 2023	4,768,000	14.88	16.98
Reserve portion	17 July 2024	237,000	14.90	13.95

The fair value of the shares granted was determined on the basis of open market value at the grant date in Shanghai Stock Exchange.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, share-based payment expenses of RMB14,911,000, RMB43,100,000, RMB19,231,000, RMB9,909,000 (unaudited) and RMB4,200,000 under 2023 Restricted Share Award Scheme were charged to the profit or loss, respectively.

The following shares granted under the above-mentioned plans were outstanding during the Relevant Periods:

	2021 Restricted Share award scheme (number of restricted shares) *('000)*	**2023 Restricted Share award scheme (number of restricted shares)** *('000)*
Outstanding as at 1 January 2023	2,055	—
Granted during the year	—	4,768
Forfeited during the year	(1,062)	—
Outstanding as at 31 December 2023 and 1 January 2024	993	4,768
Granted during the year	—	237
Forfeited during the year	(993)	—
Vested during the year	—	(1,576)
Outstanding as at 31 December 2024 and 1 January 2025	—	3,429
Forfeited during the year	—	(160)
Vested during the year	—	(1,634)
Outstanding as at 31 December 2025	—	1,635
Forfeited during the period	—	(25)
Outstanding as at 30 June 2026	—	1,610

38. DISPOSAL OF A SUBSIDIARY

During 2023, the Group disposed of its 100% equity interest in 天津北旭新材料有限公司 (Tianjin Beixu New Materials Co., Ltd. ("Tianjin Beixu")) for a cash consideration of RMB20,000,000.

The carrying amount of the assets and liabilities on the date of disposal were as follows:

	Tianjin Beixu
	RMB'000
Non-current assets	13,179
Current assets	19,048
Current liabilities	5,011
Net assets disposed of	27,216
Losses on disposal of a subsidiary *(note 7)*	(7,216)
Total consideration	20,000
Satisfied by cash	20,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration	20,000
Cash and bank balances disposed of	(1,859)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	18,141

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets of RMB57,545,000, RMB6,948,000 and RMB1,872,000 and non-cash additions to lease liabilities of RMB57,545,000, RMB6,948,000 and RMB1,872,000, respectively, in respect of lease arrangements for buildings and machinery. During the six months ended 30 June 2026, the Group had modification to lease arrangements for building with decrease in right-of-use assets of RMB5,593,000 and lease liabilities of RMB5,593,000 with no cash flow.

(b) Changes in liabilities arising from financing activities

	Interest bearing bank and other borrowings	Lease liabilities	Other payables — Repurchase liabilities for treasury shares issued under share award scheme	Listing expenses payables
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	2,554,832	7,202	58,166	—
Changes from financing cash flows	2,053	(7,306)	40,454	—
New leases	—	57,545	—	—
Conversion into ordinary shares	(116)	—	—	—
Interest expense	97,997	943	1,027	—
As at 31 December 2023 and 1 January 2024	2,654,766	58,384	99,647	—
Changes from financing cash flows	1,073,828	(12,710)	(26,704)	—
Vesting of restricted shares (as defined in note 37)	—	—	(23,450)	—
New leases	—	6,948	—	—
Conversion into ordinary shares	(186)	—	—	—
Interest expense	104,121	2,475	792	—

	Interest bearing bank and other borrowings *RMB'000*	Lease liabilities *RMB'000*	Other payables — Repurchase liabilities for treasury shares issued under share award scheme *RMB'000*	Listing expenses payables *RMB'000*
As at 31 December 2024 and 1 January 2025	3,832,529	55,097	50,285	—
Changes from financing cash flows	432,719	(12,001)	(1,531)	(3,970)
Listing expenses	—	—	—	3,970
New leases	—	1,872	—	—
Conversion into ordinary shares	(562,591)	—	—	—
Extinguishment of loans recognised from discounted bills receivable	(23,703)	—	—	—
Vesting of restricted shares (as defined in note 37)	—	—	(24,323)	—
Interest expense	111,386	2,189	—	—
At 31 December 2025 and 1 January 2026	3,790,340	47,157	24,431	—
Changes from financing cash flows	248,555	(5,380)	(512)	(12,710)
Listing expenses	—	—	—	13,418
Lease modification	—	(5,593)	—	—
Extinguishment of loans recognised from discounted bills receivable	(3,124)	—	—	—
Interest expense	45,500	773	—	—
At 30 June 2026	4,081,271	36,957	23,919	708

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within operating activities	6,471	8,084	5,889	1,816
Within financing activities	7,306	13,725	12,001	5,380
Total	13,777	21,809	17,890	7,196

40. PLEDGE OF ASSETS

Details of the Group's assets pledged as collateral for the Group's bank borrowings, as well as for the issuance of bank acceptance bills, are included in notes 14, 16, 25, 27 and 31 to the Historical Financial Information, respectively.

41. COMMITMENTS

The Group had the following contractual commitments at the end of the each of Relevant Periods:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Capital commitment	90,805	—	—	—
Property, plant and equipment	86,736	124,175	156,764	91,057

42. CONTINGENT LIABILITIES

As of the end of each of the Relevant Periods, the Group did not have any material contingent liabilities.

43. RELATED PARTY TRANSACTIONS

The Group

The directors are of the opinion that the following parties are related parties that had material transactions or balances with the Group during the Relevant Periods.

(a) Names of related parties and their relationship with the Group

Name	Relationship with the Group
RED AVENUE INVESTMENT GROUP LIMITED	The holding company of the Company
Gold Dynasty Limited	A company of which Ms. Zhang Ning (a director and shareholder of the Company) has beneficial interest as equity holder
Zhongce Rubber	An associate
Prinx Chengshan	An associate

(b) Transactions with related parties

The following transactions and balances were carried out between the Group and its related parties during the Relevant Periods and the six months ended 30 June 2025. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties. The Group has the following transactions with related parties:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of goods					
Zhongce Rubber	333,107	382,584	368,158	176,960	215,971
Prinx Chengshan	NA	34,888	41,560	23,871	29,220
Total	333,107	417,472	409,718	200,831	245,191

NA: Not applicable as Prinx Chengshan became an associate of the Group in 2024.

(c) Outstanding balances with related parties:

As at 31 December 2023

	Trade receivables	**Impairment losses**	**Net carrying amount**
	RMB'000	*RMB'000*	*RMB'000*
Due from a related company			
Zhongce Rubber	100,497	352	100,145

As at 31December 2024

	Trade receivables	**Impairment losses**	**Net carrying amount**
	RMB'000	*RMB'000*	*RMB'000*
Due from related companies			
Zhongce Rubber	127,801	630	127,171
Prinx Chengshan	18,055	90	17,965
Total	145,856	720	145,136

As at 31 December 2025

	Trade receivables	**Impairment losses**	**Net carrying amount**
	RMB'000	*RMB'000*	*RMB'000*
Due from related companies			
Zhongce Rubber	108,280	403	107,877
Prinx Chengshan	16,207	60	16,147
Total	124,487	463	124,024

As at 30 June 2026

	Trade receivables *RMB'000*	Impairment losses *RMB'000*	Net carrying amount *RMB'000*
Due from related companies			
Zhongce Rubber	112,853	196	112,657
Prinx Chengshan	24,750	41	24,709
Total	137,603	237	137,366

	Balance *RMB'000*
Dividend Receivable	
Prinx Chengshan	14,440

Trade receivables due from associates are repayable on credit terms similar to those offered to the main trade customers of the Group.

Outstanding balances with related companies are unsecured, non-interest-bearing and repayments on demand.

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fees	360	360	360	180	182
Salaries, bonuses, allowances and benefits in kind	15,457	15,484	12,975	6,636	5,560
Performance related bonuses	1,932	1,297	925	450	—
Share-based payments	580	5,076	2,025	1,101	457
Pension scheme contributions and social welfare	580	5,076	884	435	427
Total	18,909	27,293	17,169	8,802	6,626

Further details of directors' and the chief executive's emoluments are included in note 9 to the Historical Financial Information.

(e) Investment in a subsidiary

In 2025, the Group and Gold Dynasty Limited jointly invested in Red Avenue (Thailand) Co., Ltd. to construct a rubber additive production base. The Group holds a 51% equity in Red Avenue (Thailand) Co., Ltd. as a subsidiary.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investments	Equity investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	75,456	—	75,456
Financial assets at fair value through profit or loss	253,308	—	—	—	253,308
Trade and bills receivables	—	329,892	—	678,849	1,008,741
Due from related companies	—	—	—	100,145	100,145
Financial assets included prepayments, other receivables and other assets	—	—	—	35,565	35,565
Time deposits	—	—	—	43,629	43,629
Pledged deposits	—	—	—	38,922	38,922
Cash and cash equivalents	—	—	—	661,436	661,436
Total	253,308	329,892	75,456	1,558,546	2,217,202

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	652,452
Financial liabilities included in other payables and accruals	210,347
Interest-bearing bank and other borrowings	2,654,766
Total	3,517,565

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investments	Equity investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	45,412	—	45,412
Financial assets at fair value through profit or loss	128,634	—	—	—	128,634
Trade and bills receivables	—	318,724	—	746,200	1,064,924
Due from related companies	—	—	—	145,136	145,136
Financial assets included prepayments, other receivables and other assets	—	—	—	16,862	16,862
Time deposits	—	—	—	634,591	634,591
Pledged deposits	—	—	—	36,004	36,004
Cash and cash equivalents	—	—	—	503,209	503,209
Total	128,634	318,724	45,412	2,082,002	2,574,772

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	528,632
Financial liabilities included in other payables and accruals	270,823
Interest-bearing bank and other borrowings	3,832,529
Total	4,631,984

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investments	Equity investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	31,741	—	31,741
Financial assets at fair value through profit or loss	122,631	—	—	—	122,631
Trade and bills receivables	—	284,380	—	788,661	1,073,041
Due from related companies	—	—	—	124,024	124,024
Financial assets included prepayments, other receivables and other assets	—	—	—	19,562	19,562
Time deposits	—	—	—	738,737	738,737
Pledged deposits	—	—	—	24,750	24,750
Cash and cash equivalents	—	—	—	476,150	476,150
Total	122,631	284,380	31,741	2,171,884	2,610,636

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	572,761
Financial liabilities included in other payables and accruals	281,385
Interest-bearing bank and other borrowings	3,790,340
Total	4,644,486

As at 30 June 2026

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investments	Equity investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	27,493	—	27,493
Financial assets at fair value through profit or loss	142,230	—	—	—	142,230
Trade and bills receivables	—	309,730	—	1,023,404	1,333,134
Due from related companies	—	—	—	137,366	137,366
Financial assets included prepayments, other receivables and other assets	—	—	—	32,242	32,242
Time deposits	—	—	—	599,773	599,773
Pledged deposits	—	—	—	24,918	24,918
Cash and cash equivalents	—	—	—	435,686	435,686
Total	142,230	309,730	27,493	2,253,389	2,732,842

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	589,038
Financial liabilities included in other payables and accruals	258,434
Interest-bearing bank and other borrowings	4,081,271
Total	4,928,743

45. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognised entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes to certain suppliers in order to settle the trade payables due to such suppliers and discounted certain bank acceptance bills with commercial banks in Chinese Mainland (collectively, the "Derecognised Bills") with carrying amounts in aggregate of RMB350,562,000, RMB379,518,000, RMB425,727,000 and RMB405,948,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively. The Derecognised Bills had a maturity ranging from 1 to 12 months at the end of each Relevant Periods. In accordance with the Law of Negotiable Instruments of Chinese Mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons/entities who are liable for the Derecognised Bills, including the Group, regardless of the order of precedence (the "Continuing Involvement"). In the opinion of the Company's directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks, therefore, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is their carrying amounts. In the opinion of the Company's directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

Transferred financial assets that are not derecognised in their entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes and commercial acceptance notes to certain suppliers in order to settle the trade payables due to such suppliers and discounted certain bank acceptance bills with commercial banks in Chinese Mainland (collectively, the "Endorsed Bills"). In the opinion of the Company's directors, the Group has retained substantially the risks and rewards, which include the default risks relating to those Endorsed Bills, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the endorsement, the Group has not retained any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills as at 31 December 2023, 2024 and 2025 and 30 June 2026 to which the suppliers have recourse were RMB151,296,000, RMB207,621,000, RMB207,626,000 and RMB179,002,000, respectively.

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, pledged deposits, trade and bills receivables at amortised cost, due from related companies, trade and bills payables, financial assets included in prepayments, other receivables, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit and loss, trade and bills payables, financial liabilities included in other payables and accruals, short-term interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The non-current portion of interest-bearing bank and other borrowings approximates to their carrying amounts mainly due to the floating interest rate. For non-current portion of interest-bearing bank and other borrowings with fixed interest rate, the fair values have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk as at the end of each of the Relevant Periods were assessed to be insignificant. Thereby the fair values of the non-current portion of interest-bearing bank borrowings with fixed rate approximate to their carrying amounts.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the Group's finance team analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the bills receivable classified as financial assets at fair value through other comprehensive income have been calculated by discounting the expected future cash flows. In addition, the bills receivable will mature within six months, and thus their fair values approximate to their carrying values.

The Group invests in financial investments at fair value through profit or loss, which represent equity investment listed in Hong Kong Stock Exchange. The Group has estimated the fair value of this equity investment based on quoted market prices at the end of each of the Relevant Periods.

The Group invests in financial investments at fair value through profit or loss, which represent equity investment listed in Shanghai Stock Exchange. The Group has estimated the fair value of this equity investment based on quoted market prices, adjusted for the impact of trading restrictions (lock-up arrangements) at the end of each of the Relevant Periods.

The Group also invests in structure deposits issued by banks in Mainland China. The Group has estimated the fair value of these structure deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of unlisted equity investments measured at fair value through other comprehensive income or unlisted equity investments and unlisted fund measured at fair value through profit and loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments and unlisted funds to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit and loss, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

Based on the specific facts and circumstances of the Group, the Group adopted the estimated recoverable amount to determine unlisted equity investments.

For the fair value of the unlisted equity investments at fair value, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Equity investments designated at fair value through other comprehensive income				
Unlisted investments	Market approach	DLOM	31 December 2023: 22.00%–26.23%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB49,000.
			31 December 2024: 19.00%–28.22%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB60,000.
			31 December 2025: 25.12%–26.96%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB84,000.
			30 June 2026: 24.12%–29.91%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB81,000.
Financial assets at fair value through profit or loss				
Unlisted investments	Market approach	DLOM	31 December 2023: 13.38%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB90,000.
			31 December 2024: 16.42%–33.47%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB2,019,000.
			31 December 2025: 19.00%–29.91%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB1,866,000.
			30 June 2026: 20.00%–29.91%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB1,243,000.

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	**Significant observable inputs (Level 2)** *RMB'000*	**Significant unobservable inputs (Level 3)** *RMB'000*	**Total** *RMB'000*
Financial assets				
Bills receivables measured at fair value through other comprehensive income	—	329,892	—	329,892
Equity investments designated at fair value through other comprehensive income	—	45,113	30,343	75,456
Financial assets at fair value through profit or loss	143,736	—	109,572	253,308
Total	143,736	375,005	139,915	658,656

As at 31 December 2024

	Fair value measurement using		
	Significant observable inputs (Level 2) *RMB'000*	**Significant unobservable inputs (Level 3)** *RMB'000*	**Total** *RMB'000*
Financial assets			
Bills receivables measured at fair value through other comprehensive income	318,724	—	318,724
Equity investments designated at fair value through other comprehensive income	13,715	31,697	45,412
Financial assets at fair value through profit or loss	—	128,634	128,634
Total	332,439	160,331	492,770

As at 31 December 2025

	Fair value measurement using		
	Significant observable inputs (Level 2) *RMB'000*	**Significant unobservable inputs (Level 3)** *RMB'000*	**Total** *RMB'000*
Financial assets			
Bills receivables measured at fair value through other comprehensive income	284,380	—	284,380
Equity investments designated at fair value through other comprehensive income	—	31,741	31,741
Financial assets at fair value through profit or loss	—	122,631	122,631
Total	284,380	154,372	438,752

As at 30 June 2026

	Fair value measurement using		
	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Bills receivables measured at fair value through other comprehensive income	309,730	—	309,730
Equity investments designated at fair value through other comprehensive income	—	27,493	27,493
Financial assets at fair value through profit or loss	23,431	118,799	142,230
Total	333,161	146,292	479,453

In 2023, the equity in Xingda Steel Tyre held by the Group was converted from Level 3 to Level 2 of fair value measurement respectively, because it had a specific recoverable amount, except which, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets during the Relevant Periods.

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss:				
At the beginning of the year/period	105,004	109,572	128,634	122,631
Total gains/(losses) recognised in profit or loss	4,568	(10,938)	(6,003)	(3,832)
Purchases	—	30,000	—	—
At the end of the year/period	109,572	128,634	122,631	118,799
Equity investments designated at fair value through other comprehensive income:				
At the beginning of the year/period	78,710	30,343	31,697	31,741
Total (losses)/gains recognised in other comprehensive income	(25,874)	1,354	44	(4,248)
Purchases	15,025	—	—	—
Transfer to Level 2	(37,518)	—	—	—
At the end of the year/period	30,343	31,697	31,741	27,493

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits, pledged deposits, trade and bills receivables, due from related companies, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit and loss, trade and bills payables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, interest bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank borrowings had increased/decreased by 100 basis points and all other variables were held constant, the profit after tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB8,249,000, RMB5,728,000, RMB10,050,000 and RMB18,621,000 for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 respectively and the Group's total equity would have decreased/increased by RMB8,249,000, RMB5,728,000, RMB10,050,000 and RMB18,621,000, respectively. This is mainly attributable to the Group's exposure to variable interest rates on its bank loans.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss after tax (due to changes in the translated value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency *%*	**Increase/ (decrease) in profit after tax** *RMB'000*
Year ended 31 December 2023		
If RMB strengthens against USD	10	(21,119)
If RMB weakens against USD	(10)	21,119
Year ended 31 December 2024		
If RMB strengthens against USD	10	(31,461)
If RMB weakens against USD	(10)	31,461
Year ended 31 December 2025		
If RMB strengthens against USD	10	(75,365)
If RMB weakens against USD	(10)	75,365
Six months ended 30 June 2026		
If RMB strengthens against USD	10	(48,392)
If RMB weakens against USD	(10)	48,392

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant entities, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging as at 31 December 2023, 2024 and 2025 and 30 June 2026

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	**Lifetime ECLs**			
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Trade and bills receivables*	—	—	—	1,020,917	1,020,917
Due from related companies	—	—	—	100,497	100,497
Financial assets included in prepayments, other receivables and other assets					
— Normal**	35,284	400	—	—	35,684
— Doubtful**	—	—	11,010	—	11,010
Pledged deposits					
— Not yet past due	38,922	—	—	—	38,922
Time deposits					
— Not yet past due	43,629	—	—	—	43,629
Cash and cash equivalents					
— Not yet past due	661,436	—	—	—	661,436
Total	779,271	400	11,010	1,121,414	1,912,095

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	—	—	—	1,076,910	1,076,910
Due from related companies	—	—	—	145,856	145,856
Financial assets included in prepayments, other receivables and other assets					
— Normal**	16,571	687	—	—	17,258
— Doubtful**	—	—	11,010	—	11,010
Pledged deposits					
— Not yet past due	36,004	—	—	—	36,004
Time deposits					
— Not yet past due	634,591	—	—	—	634,591
Cash and cash equivalents					
— Not yet past due	503,209	—	—	—	503,209
Total	1,190,375	687	11,010	1,222,766	2,424,838

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	—	—	—	1,084,434	1,084,434
Due from related companies	—	—	—	124,487	124,487
Financial assets included in prepayments, other receivables and other assets					
— Normal**	19,112	664	—	—	19,776
— Doubtful**	—	—	11,010	—	11,010
Pledged deposits					
— Not yet past due	24,750	—	—	—	24,750
Time deposits					
— Not yet past due	738,737	—	—	—	738,737
Cash and cash equivalents					
— Not yet past due	476,150	—	—	—	476,150
Total	1,258,749	664	11,010	1,208,921	2,479,344

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	—	—	—	1,345,498	1,345,498
Due from related companies	—	—	—	137,603	137,603
Financial assets included in prepayments, other receivables and other assets					
— Normal**	31,761	838	—	—	32,599
— Doubtful**	—	—	10,526	—	10,526
Pledged deposits					
— Not yet past due	24,918	—	—	—	24,918
Time deposits					
— Not yet past due	599,773	—	—	—	599,773
Cash and cash equivalents					
— Not yet past due	435,686	—	—	—	435,686
Total	1,092,138	838	10,526	1,483,101	2,586,603

* For trade and bills receivables at amortised cost to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group had certain concentrations of credit risk as 4.93%, 7.59%, 10.24% and 5.26% of the Group's trade and bills receivables were due from the Group's largest customer, 28.95%, 35.72%, 28.41% and 34.20% of the Group's trade and bills receivables were due from five largest customers, respectively.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and other available sources of financing.

The maturity profile of the Group's financial liabilities as at the end of the each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2023			
	Within 1 year or on demand	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	652,452	—	—	652,452
Financial liabilities included in other payables and accruals	210,347	—	—	210,347
Interest bearing bank and other borrowings	904,851	1,753,602	204,547	2,863,000
Lease liabilities	10,795	47,699	13,985	72,479
Total	1,778,445	1,801,301	218,532	3,798,278

	As at 31 December 2024			
	Within 1 year or on demand	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	528,632	—	—	528,632
Financial liabilities included in other payables and accruals	270,823	—	—	270,823
Interest bearing bank and other borrowings	1,947,136	1,906,845	161,290	4,015,271
Lease liabilities	12,562	47,555	2,940	63,057
Total	2,759,153	1,954,400	164,230	4,877,783

	As at 31 December 2025			
	Within 1 year or on demand	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	572,761	—	—	572,761
Financial liabilities included in other payables and accruals	281,385	—	—	281,385
Interest bearing bank and other borrowings	2,180,140	1,639,512	86,561	3,906,213
Lease liabilities	12,963	36,444	3,183	52,590
Total	3,047,249	1,675,956	89,744	4,812,949

	As at 30 June 2026			
	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	589,038	—	—	589,038
Financial liabilities included in other payables and accruals	258,434	—	—	258,434
Interest bearing bank and other borrowings	2,833,041	1,301,323	43,043	4,177,407
Lease liabilities	9,387	29,338	2,741	41,466
Total	3,689,900	1,330,661	45,784	5,066,345

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	3,829,009	4,949,797	4,960,044	5,214,106
Total assets	7,333,905	8,409,127	9,218,735	9,531,055
Gearing ratios	52%	59%	54%	55%

48. EVENTS AFTER THE RELEVANT PERIODS

There are no significant subsequent events undertaken by the Company or by the Group after 30 June 2026.

49. 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 30 June 2026.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's Reporting Accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. ILLUSTRATION UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as of 30 June 2026 as if the Global Offering had taken place on 30 June 2026.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of 30 June 2026 or any future dates. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report on the Historical Financial Information as set out in Appendix I to this Prospectus.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidate net tangible assets of the Group attributable to owners of the Company as at 30 June 2026**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 30 June 2026**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(note 1)	*(note 2)*		*(note 3)*	*(note 4)*
Based on an Offer Price of HK$39.00 per Share.	3,579,722	2,196,271	5,775,993	8.50	9.84
Based on an Offer Price of HK$41.50 per Share.	3,579,722	2,338,954	5,918,676	8.71	10.08
Based on an Offer Price of HK$44.00 per Share.	3,579,722	2,481,638	6,061,360	8.92	10.33

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as at 30 June 2026 is arrived at after deducting goodwill of RMB437.4 million and intangible asset of RMB182.1 million (excluding the amount attributable to non-controlling interest of RMB0.7 million) from the consolidated net assets of the Group attributable to owners of the Company of RMB4,199.2 million as at 30 June 2026, as shown in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$39.00 per Share or HK$41.50 per Share or HK$44.00 per Share, after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expenses that have been charged to profit or loss during the Track Record Period).

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on total 679,576,837 shares in issue assuming the Global Offering had been completed on 30 June 2026 and excluding 3,001,917 treasury shares held by the Company and 1,609,582 unvested restricted shares under share award scheme.

(4) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at an exchange rate of HK$1 to RMB0.86384. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2026.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

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To the Directors of Red Avenue New Materials Group Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Red Avenue New Materials Group Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 30 June 2026, and related notes as set out on pages II-1 to II-2 of the prospectus dated 21 September 2026 (the "**Prospectus**") issued by the Company (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 June 2026 as if the transaction had taken place at 30 June 2026. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2026, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA").**

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma 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:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
21 September 2026

This appendix sets out a summary of the laws and regulations governing Chinese companies and securities, the material differences between the Company Law of the People's Republic of China (《公司法》), the Companies (Winding-up and Miscellaneous Provisions) Ordinance (《公司(清盤及雜項條文)條例》) and the Companies Ordinance (《公司條例》), as well as the additional regulatory requirements imposed by the Stock Exchange on Chinese joint stock limited companies. The main purpose of this summary is to provide potential investors with an overview of the main laws and regulations applicable to us. This summary is not intended to set out all information that may be important to potential investors. For more information on the laws and regulations specifically governing our Company's business, please refer to the "Regulatory Overview" section of this prospectus.

THE PRC LEGAL SYSTEM

Based on the Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "**Constitution**"), the PRC legal system consists of statutory laws, administrative regulations, local regulations, separate regulations, autonomous regulations, department rules, local government rules, international treaties concluded by the PRC government, and other normative documents. Court judgments do not constitute binding precedents; however, they serve as judicial reference and guidance.

In accordance with the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "**Legislation Law**"), which was most recently revised by the National People's Congress on 13 March 2023 and came into effect on 15 March 2023, the National People's Congress and its Standing Committee shall exercise the legislative power of the state. The National People's Congress shall develop and amend the basic laws on criminal matters, civil matters, and state authorities and other matters. The Standing Committee of the National People's Congress shall develop and amend laws other than those developed by the National People's Congress; and when the National People's Congress is not in session, partially supplement and amend laws developed by the National People's Congress, provided that the basic principles in such laws are not violated.

The State Council of the People's Republic of China is the highest state administrative organ. It shall exercise the power to formulate administrative regulations in accordance with the Constitution and the law. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government and their standing committees may, provided there is no conflict with the Constitution, laws or administrative regulations, formulate local regulations based on the specific circumstances and actual needs of their respective administrative regions. The people's congresses of cities where autonomous regions are established and their standing committees may, based on the specific conditions and actual requirements of their cities, formulate local regulations on matters such as urban and rural development and management, environmental protection, and the protection of historical and cultural relics, provided there is no conflict with the Constitution, laws or administrative regulations, or with the local regulations of their province or autonomous region. Where laws stipulate otherwise regarding the matters for which cities where autonomous regions are established may formulate local regulations, such legal provisions shall prevail. The local regulations formulated by cities where autonomous regions are established shall enter into force upon approval.

The standing committees of the people's congresses of the provinces or autonomous regions shall review the legality of the local regulations submitted for approval, and shall approve them within four months if these regulations are found in no contravention of the Constitution, laws, administrative regulations, or the local regulations of their respective provinces or autonomous regions. The people's congresses of ethnic autonomous areas have the power to formulate autonomous regulations and separate regulations based on the political, economic, and cultural characteristics of the local ethnic group(s). The ministries and commissions under the State Council, the People's Bank of China, the National Audit Office, and authorities directly under the State Council with administrative functions, may formulate rules within the scope of their respective authorities in accordance with laws and the State Council's administrative regulations, decisions, and orders.

The Constitution has supreme legal force. No laws, administrative regulations, local regulations, autonomous regulations, separate regulations or rules shall be in conflict with the Constitution. Laws are superior to administrative regulations, local regulations, and rules. Administrative regulations are superior to local regulations and rules. Rules formulated by the people's governments of the provinces or autonomous regions are superior to rules formulated by the people's governments of cities where autonomous regions are established and autonomous prefectures within the administrative regions of the provinces or autonomous regions.

The National People's Congress has the authority to modify or annul any inappropriate law formulated by its Standing Committee, and to annul any autonomous regulation or separate regulation approved by its Standing Committee that contravenes the Constitution or the Legislation Law. The Standing Committee of the National People's Congress has the authority to annul any administrative regulation that contravenes the Constitution or laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or separate regulation approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government that contravenes the Constitution or the Legislation Law. The State Council has the authority to modify or annul any inappropriate departmental rule and local government rule. The people's congress of a province, an autonomous region or a municipality directly under the Central Government has the authority to modify or annul any inappropriate local regulation formulated or approved by its standing committee. The standing committee of a local people' s congress has the authority to annul any inappropriate rule formulated by the people's government at the same level. The people's government of a province or an autonomous region has the authority to modify or annul any inappropriate rule formulated by people's governments at the next lower level.

In accordance with the Constitution and the Legislation Law, the power of legal interpretation belongs to the Standing Committee of the National People's Congress. In accordance with the Resolution of the Standing Committee of the National People's Congress on Strengthening Legal Interpretation Work (《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》), adopted and effective on 10 June 1981, where any provisions of laws and decrees require further clarification or supplementary provisions, the Standing Committee of the National People's Congress shall issue interpretations or formulate such supplementary provisions by statutes. The Supreme People's Court shall make interpretations on issues concerning specific application of laws and decrees in the judicial work of the people's courts. The Supreme People's Procuratorate shall make interpretations on issues concerning specific application of laws and decrees in procuratorial work of the people's procuratorates. If there are fundamental differences between the interpretations of the Supreme People's Court and the Supreme People's Procuratorate, the matter shall be submitted to the Standing Committee of the National People's Congress for interpretation or decision. Issues concerning the specific application of other laws and regulations that do not fall within the scope of judicial and procuratorial work shall be interpreted by the State Council and its competent departments.

Where the provisions of local regulations require further definition or supplementary provisions, the Standing Committee of the People's Congress of the province, autonomous region, or municipality directly under the Central Government that formulated such regulations shall make an interpretation or formulate supplementary provisions. Interpretations concerning the specific application of local regulations shall be the responsibility of the competent departments of the people's government of the province, autonomous region, or municipality directly under the Central Government.

PRC JUDICIAL SYSTEM

In accordance with the Constitution and the Organic Law of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》), which was most recently revised by the Standing Committee of the National People's Congress on 26 October 2018 and came into effect on 1 January 2019, the people's courts consist of the Supreme People's Court, local people's courts at various levels and special people's courts. Local people's courts are divided into three levels: basic people's courts, intermediate people's courts, and higher people's courts. A basic people's court may set up a number of people's tribunals according to the conditions of the locality, population and cases. The Supreme People's Court is the highest judicial organ of the state. The Supreme People's Court supervises the administration of justice by the local people's courts at various levels and by the special people's courts, and higher people's courts supervise the administration of justice by people's courts at lower levels.

In accordance with the Constitution and the Organic Law of the People's Procuratorates of the People's Republic of China (《中華人民共和國人民檢察院組織法》), which was most recently revised by the Standing Committee of the National People's Congress on 26 October 2018, and came into effect on 1 January 2019, the people's procuratorates are legal supervision organs of the state. The Supreme People's Procuratorate is the highest procuratorial organ of the state. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and the special people's procuratorates; and the people's procuratorates at higher levels shall direct the work of people's procuratorates at lower levels.

The people's courts shall adopt the system of "two trials and the second one is final". The second-instance judgments or rulings of the people's courts shall be final. If a party disagrees with a judgment or ruling made by a local people's court of first instance, the party may file an appeal on the judgment and the ruling. A people's procuratorate may file a protest with the people's court at higher level in accordance with the procedures prescribed by law. If the parties do not file an appeal and the people's procuratorate does not file a protest within the specified time limit, the judgment or ruling of a people's court shall be final. The second-instance judgments and rulings of intermediate people's courts, higher people's courts, and the Supreme People's Court, as well as the first-instance judgments and rulings of the Supreme People's Court, shall be final. However, if the Supreme People's Court or a people's court at a higher level finds some definite errors in a final and legally effective judgment or ruling rendered by a people's court at a lower level, or if the president of a people's court at any level finds some definite errors in a final and legally effective judgment or ruling rendered by that court, a retrial may be conducted in accordance with the judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), most recently revised by the Standing Committee of the National People's Congress on 1 September 2023, and effective as of 1 January 2024, stipulates the requirements for filing a civil lawsuit, the jurisdiction of the People's Courts, the procedures to be followed in civil actions, and the procedures for enforcing civil judgments or orders. All parties involved in civil actions within the territory of the People's Republic of China shall comply with the Civil Procedure Law. Civil cases shall be generally heard by the people's court at the place where the defendant resides. The court with jurisdiction over a civil action may be chosen by written agreement between the parties, provided that the court must be located in a place with a substantial connection to the dispute, such as the domicile of the plaintiff or the defendant, the place of performance or signing of the contract, or the location of the subject matter of the lawsuit. However, in no case shall the parties' choice of a people's court violate the provisions on hierarchical jurisdiction and exclusive jurisdiction.

Foreign nationals, stateless persons and foreign enterprises and organizations that institute or respond to actions in the people's courts shall have equal procedural rights and obligations as citizens, legal persons and other organizations of the People's Republic of China. Where the courts of a foreign country impose any restrictions on the civil procedural rights of citizens, legal persons and other organizations of the People's Republic of China, the people's courts of the People's Republic of China shall apply the principle of reciprocity to the civil procedural rights of citizens, enterprises and organizations of such a foreign country. A foreign national, stateless person or foreign enterprise or organization that needs to be represented by a lawyer as agent ad litem in instituting and responding to an action in a people's court shall appoint a lawyer within the territory of the People's Republic of China. Pursuant to international treaties concluded or acceded to by the People's Republic of China or in accordance with the principle of reciprocity, people's courts and foreign courts may request mutual assistance in the service of legal documents, investigation, collection of evidence, and other acts in connection with litigation, on each other's behalf. If any matter in which a foreign court requests assistance would harm the sovereignty, security or public interest of the People's Republic of China, the people's court shall refuse to comply with the request.

The parties must perform civil judgments or rulings that have become legally effective. Where a party refuses to perform a judgment or ruling made by a people's court or an award made by an arbitration tribunal, the other party may apply to the people's court for execution within two years. The provisions relating to the suspension or discontinuance of the litigation limitation period shall be applicable to the suspension or discontinuance of the limitation period for applications to execute a judgment.

If a party applies to a people's court for execution of a legally effective judgment or ruling made by a people's court and the party subject to execution or his property is not located within the territory of the People's Republic of China, the applicant may apply for recognition and execution to the foreign court with jurisdiction. Where an international treaty signed or acceded to by China and the relevant foreign country provide for the recognition and enforcement of a foreign judgment or ruling, or where such judgment or ruling meets the applicable requirements upon review by the people's court in accordance with the principle of reciprocity, the people's court may, except in exceptional circumstances, recognize and execute such foreign judgment or ruling in accordance with China's enforcement procedures, provided that the people's court considers that recognition or execution of such judgment or ruling neither contradicts the basic principles of the law of the People's Republic of China nor violates state sovereignty, security and the public interest.

PRC Company Law, Interim Measures for Overseas Listing, and Guidelines for Articles of Association

Joint stock limited companies registered and established within the territory of China that seek listing on the Hong Kong Stock Exchange are primarily subject to the following laws and regulations of the People's Republic of China.

The Company Law (《公司法》) was most recently revised on 29 December 2023, and came into effect on 1 July 2024.

The Interim Measures for Overseas Listing and its interpretive guidelines, which were promulgated by the CSRC on 17 February 2023 and took effect on 31 March 2023, shall apply to direct or indirect overseas securities offering or listing by enterprises in the territory of the People's Republic of China.

In accordance with the Interim Measures for Overseas Listing and its interpretive guidelines, domestic companies that directly list overseas shall formulate their articles of association in accordance with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**") which were most recently revised by the CSRC on 28 March 2025, and came into effect on the same day.

Set out below is a summary of the main provisions of the Company Law, the Interim Measures for Overseas Listing, and the Guidelines for Articles of Association of Listed Companies applicable to the Company.

General Provisions

A joint stock limited company is an enterprise as a legal person, established in accordance with the Company Law, whose registered capital is divided into shares of equal par value. Shareholders shall be liable to the extent of the shares they subscribe for, and the company shall be liable for its debts to the extent of all its assets.

In operations, a joint stock limited company shall comply with laws and regulations, observe social morality and business ethics, act in good faith, and accept supervision from the government and the public. A joint stock limited company may invest in other enterprises. Where a law provides that a company may not become a capital contributor that is jointly and severally liable for the debts of the investee, such provision of the law shall apply.

Registration and Establishment

A joint stock limited company may be registered and established by means of promotion or stock floatation. To establish a joint stock limited company, there shall be not less than 1 but not more than 200 promoters, more than half of whom shall have their domiciles in Chinese Mainland.

Promoters of a joint stock limited company established by means of stock floatation shall, within 30 days after full payment has been made for the shares to be issued at the time of establishment, hold an establishment meeting of the company. The promoters shall notify each subscriber of the date of the meeting or make a public announcement 15 days before the meeting is held. The establishment meeting may not be held unless the subscribers who hold more than half of the voting rights attend the meeting. Where a joint stock limited company is established by means of promotion, the convening and voting procedures for the establishment meeting shall be prescribed by the agreement of the promoters. The establishment meeting of a company shall exercise functions and powers including, but not limited to, adopting the articles of association, and electing directors and supervisors. The resolutions made at the establishment meeting about the aforesaid matters shall be adopted by the subscribers present at the meeting who represent more than half of the voting rights.

Within 30 days after the establishment meeting, the board of directors shall apply to the registration authority for the registration of the joint stock limited company. After the competent registration authority issues a business license, the company is officially established and acquires legal personality.

Registered Shares

In accordance with the Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law.

In accordance with the Interim Measures for Overseas Listing, a domestic enterprise conducting overseas offering and listing may raise funds and pay dividends in a foreign currency or RMB.

In accordance with the Company Law, a joint stock limited company shall prepare a register of shareholders, which shall state the following matters: (i) name and domicile of each shareholder; (ii) category and number of shares subscribed for by shareholders; (iii) serial number of share certificates (if issued in paper form); and (iv) date on which each shareholder acquired the shares.

Placing and Issuance of Shares

Issuance of shares by a joint stock limited company shall adhere to the principles of fairness and equitableness, and each share in the same category shall carry the same rights. For the same category of shares issued in one offering, the issue criteria and price shall be identical. A joint stock limited company may issue shares at par value or at a premium, but the issue price shall not be below par value.

A domestic enterprise conducting overseas offering and listing shall, in accordance with the Interim Measures for Overseas Listing, undergo the recordation formalities with the CSRC, submit the recordation report, legal opinions and other relevant materials, and truthfully, accurately and completely explain the information on shareholders. Where a domestic enterprise directly conducts overseas offering and listing, the issuer shall undergo the recordation formalities with the CSRC.

Increase of Share Capital

In accordance with the Company Law, where a joint stock limited company intends to issue new shares, its shareholders' meeting shall make a resolution about the matters such as category and number of the new shares, issuing price of new shares, the beginning and ending dates for the issuance of the new shares, and the category and number of the new shares to be issued to the original shareholders (if any). If any no par value share is issued, more than 50% of the proceeds from the issuance of the new shares shall be included into the registered capital. Where a company intends to make public offering of shares, it shall go through the registration procedures with the securities regulatory authority of the State Council and publicize the prospectus.

Reduction of Share Capital

A joint stock limited company may reduce its registered capital in accordance with the following procedures as stipulated in the Company Law: (i) prepare a balance sheet and an inventory of property; (ii) make the resolution of reducing the registered capital at the shareholders' meeting; (iii) notify its creditors within ten days from the date of approval of the resolution of the shareholders' meeting to reduce the registered capital and make an announcement in the newspaper or on the National Enterprise Credit Information Publicity System within thirty days; (iv) the creditors have the right to request the company to settle the debts or provide corresponding guarantees within thirty days from the date of receipt of the notice, or within forty-five days from the date of the announcement if the notice has not been received; (v) upon reducing registered capital, the company shall apply for a change of registration with the company registration authority in accordance with the law.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is agreed upon by all the shareholders of a limited liability company or is otherwise prescribed by the articles of association of a joint stock limited company.

Share Buyback

In accordance with the Company Law, no company may purchase its own shares except under any of the following circumstances:

(i) where the company's registered capital is reduced; (ii) where it merges with another company holding its shares; (iii) where its shares are used for employee stock ownership plan or equity incentives; (iv) where any shareholder, who raises objections to the resolution of the shareholders' meeting on the merger or division of the company, requests the company to purchase its shares; (v) where its shares are used for conversion of the convertible corporate bonds issued by the listed company; or (vi) where it is necessary for a listed company to maintain its company value and its shareholders' interests.

Where a company purchases its own shares under any of the circumstances as mentioned in Items (i) or (ii) above, a resolution of the shareholders' meeting shall be adopted. Where a company purchases its own shares under any of the circumstances as mentioned in Items (iii), (v) or (vi) above, a resolution shall be adopted at the meeting of the board of directors with the attendance of not less than two-thirds of the directors, according to the articles of association or the authorization of the shareholders' meeting of the company.

After the company purchases its own shares according to the provisions aforesaid, the shares purchased shall be written off within ten days as of the purchase date under the circumstance as mentioned in Item (i); the shares shall be transferred or written off within six months under the circumstance as mentioned in Item (ii) or (iv); and the shares held accumulatively by the company shall not exceed 10% of the total shares issued and be transferred or written off within three years under any of the circumstances as mentioned in Item (iii), (v) or (vi).

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the law. In accordance with the Company Law, the share transfer by a shareholder of a joint stock limited company shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council. Registered shares shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. No changes in the register of shareholders shall be made pursuant to the preceding paragraph within 20 days before the convening of any shareholders' meeting or within five days before the record date for the issue of dividends. Where it is otherwise stipulated by any law for the modification of the register of shareholders of a listed company, such provisions shall prevail.

In accordance with the Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange or within six months after he/she leaves office.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Shareholders

In accordance with the Company Law and Guidelines for Articles of Association, ordinary shareholders of a joint stock limited company shall have the following rights:

- To attend or entrust an agent to attend shareholders' meetings and to exercise voting rights;
- To transfer shares pursuant to the provisions of laws, administrative regulations and the company's articles of association;
- To inspect the company's articles of association, register of shareholders, counterfoils of corporate bonds, minutes of shareholders' general meeting, resolutions of board meeting, minutes of meetings of board of supervisors and financial accounting reports; to propose recommendations or raise questions over the company's business operations;
- To apply to a people's court for revocation of any resolution of a shareholders' meeting or a board meeting if the content of the resolution violates the company's articles of association;
- To receive dividends and beneficial distributions in other forms according to the quantity of shares held;
- Upon termination or liquidation of the company, to distribute residual assets based on their shareholding; and
- Any other rights stipulated by laws, administrative regulations, other regulatory documents and the company's articles of association.

Ordinary shareholders of a joint stock limited company shall assume the following obligations: to abide by the company's articles of association; to pay funds according to the quantity of subscribed shares and the method of subscription; to bear the company's debts and liabilities to the extent of their respective subscribed shares; any other obligations which shall be assumed as provided by the company's articles of association.

Shareholders' Meeting

In accordance with the Company Law, the shareholders' meeting of a joint stock limited company shall consist of all the shareholders. The shareholders' meeting is the authority of the company, which shall exercise the following functions and powers: (i) electing and replacing directors and supervisors and deciding on their remunerations; (ii) deliberating on and approving the reports of the board of directors; (iii) deliberating on and approving the reports of the board of supervisors; (iv) deliberating on and approving the plans for profit distribution and making up for losses of the company; (v) making resolutions on the increase or decrease of the registered capital of the company; (vi) making resolutions on the issuance of corporate bonds; (vii) making resolutions on the merger, split-up, dissolution, liquidation or change of corporate form of the company; (viii) amending the articles of association; and (ix) other functions and powers as prescribed in the articles of association.

In accordance with the Company Law, an annual shareholders' meeting shall be held every year. If any of the following circumstances occurs, an interim shareholders' meeting shall be held within two months: (i) where the number of directors is less than the number prescribed by the Company Law, or less than two-thirds of the number prescribed by the articles of association; (ii) where the unrecovered losses of the company reach one third of the total capital stock; (iii) where the shareholders who separately or aggregately hold 10% or more of the company's shares so request; (iv) where the board of directors deems it necessary; (v) where the board of supervisors so proposes; or (vi) other circumstances as provided for in the articles of association.

The shareholders' meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

If the board of directors is unable or fails to perform the duties of convening the shareholders' meeting, the board of supervisors shall timely convene and preside over the meeting. If the board of supervisors fails to convene and preside over the meeting, shareholders who separately or aggregately hold 10% or more of the shares of the company for 90 or more consecutive days may convene and preside over the meeting by themselves.

If the shareholders who separately or aggregately hold 10% or more of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

The time and place of the meeting and the matters to be deliberated shall be notified to each shareholder 20 days before a shareholders' meeting is held. For an interim shareholders' meeting, a notice shall be served 15 days in advance.

The shareholders who separately or aggregately hold 1% or more of the shares of the company may, 10 days before a shareholders' meeting is held, submit an interim proposal in writing to the board of directors. The board of directors shall, within 2 days after it receives such a proposal, notify other shareholders and submit the interim proposal to the shareholders' meeting for deliberation.

In accordance with the Company Law, where a shareholder entrusts an agent to attend the shareholders' meeting, it shall clarify the matters, power and time limit of the agent. The agent shall present a power of attorney issued by the shareholder to the company and exercise voting rights within the authorized scope. The Company Law does not specify the exact number of shareholders required to form a quorum for a shareholders' meeting.

In accordance with the Company Law, a shareholder who attends the shareholders' meeting has one vote for each share held by it, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

The shareholders' meeting may, in electing the directors or supervisors, adopt a cumulative voting system according to the articles of association or the resolutions of the shareholders' meeting. Under the cumulative voting system, when the shareholders' meeting elects the directors or supervisors, each share shall carry the same number of votes as the number of directors or supervisors to be elected, and a shareholder may cast all its votes in a concentrated manner.

In accordance with the Company Law and the Guidelines for Articles of Association, any resolution made at the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders who attend the meeting. A resolution made by the shareholders' meeting on merger, division, dissolution, increasing or decreasing the registered capital, change of corporate form of the company, or modification of the articles of association, shall be adopted by the shareholders representing two-thirds or more of the voting rights held by shareholders present at the meeting.

Board of Directors

In accordance with the Company Law, a joint stock limited company shall set up a board of directors, which shall be composed of three or more members. The term of office of directors shall be prescribed in the articles of association, but each term shall not exceed three years. After the term of office of a director expires, he/she may be re-elected to serve another term.

The board of directors shall convene at least two meetings every year. Each meeting shall be notified to all directors and supervisors 10 days before it is held. The board of directors shall exercise the following functions and powers: (i) convening the shareholders' meeting and reporting its work to the shareholders' meeting; (ii) executing the resolutions of the shareholders' meeting; (iii) deciding the business plans and investment scheme of the company; (iv) formulating plans for profit distribution and making up for loss of the company; (v) formulating plans for increasing or decreasing the registered capital, as well as plans for issuance of corporate bonds; (vi) formulating plans for merger, division, dissolution, or change of corporate form of the company; (vii) deciding the establishment of the internal management body of the company; (viii) deciding the appointment or dismissal of the manager of the company and the remuneration thereof, and, according to the nomination of the manager, deciding on hiring or dismissing deputy managers and financial director of the company as well as their remuneration; (ix) formulating the basic management rules of the company; and (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

A meeting of the board of directors shall be held only if more than half of the directors are present. Any director who is unable to attend a meeting of the board for a certain reason may authorize, in writing, another director to attend the meeting as an agent, and the scope of authority shall be stated in the power of attorney. Where a resolution of the board of directors is in violation of any law, administrative regulation or the articles of association and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. However, if a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

In accordance with the Company Law, whoever is under any of the following circumstances is not allowed to assume the post of a director of a company: (i) having no capacity for civil conduct or having limited capacity for civil conduct; (ii) having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence; (iii) serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation; (iv) acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; and (v) being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman. The chairman shall be elected by more than half of all the directors. The chairman shall exercise the following powers (including but not limited to): (i) preside over shareholders' meetings, and convene and preside over meetings of the board of directors; (ii) supervise the implementation of the resolutions of the board of directors; (iii) exercise other powers conferred by the board of directors.

Board of Supervisors

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 prescribed by the Company Law, with no board of supervisors established.

A joint stock limited company with a small scale or a relatively small number of shareholders may dispense with the board of supervisors but shall appoint a supervisor to exercise the functions and powers of the board of supervisors as provided for in the Company Law.

Except for the two special circumstances mentioned above, a joint stock limited company shall have a board of supervisors. There shall be three or more members in the board of supervisors. The members of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives, and the proportion of the employees' representatives shall be no less than one third of the total number of the members, the specific proportion of which shall be provided for in the articles of association. The employees' representatives in the board of supervisors shall be democratically elected by the employees through the employees' representative congress, the employees' congress or by other means. Any director or senior executive shall not concurrently act as a supervisor.

The board of supervisors shall have one chairman and may have deputy chairmen. The chairman and deputy chairmen of the board of supervisors shall be elected by 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. If the chairman of the board of supervisors is unable or fails to perform his/her duties, the deputy chairman of the board of supervisors shall convene and preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall convene and preside over such meeting.

The term of office of a supervisor shall be three years. Upon expiration of term of office, a supervisor may serve consecutive terms if re-elected. If a supervisor fails to be re-elected in a timely manner upon expiration of the term of office, or the resignation of a supervisor during term of office results in the number of the members of the board of supervisors being less than the quorum, the original supervisor shall, before a newly elected supervisor takes office, continue to exercise the duties of the supervisor according to the law, administrative regulations and the articles of association.

The board of supervisors shall convene at least one meeting every 6 months. In accordance with the Company Law, resolutions made by the board of supervisors shall be adopted by more than half of all the supervisors.

The board of supervisors shall exercise the following functions and powers:

- Examining the financial affairs of the company;
- Supervising the acts of the directors and senior executives in the performance of their duties, and proposing the removal of the directors and senior executives who have violated laws, administrative regulations, the articles of association or the resolutions of the shareholders' meeting;
- Requiring the directors and senior executives to correct their acts if such acts damage the interests of the company;

- Proposing to convene interim shareholders' meetings, and convening and presiding over the shareholders' meeting when the board of directors fails to implement the duties to convene and preside over the shareholders' meeting as prescribed in the Company Law;
- Presenting proposals to the shareholders' meetings;
- Initiating lawsuits against the directors and senior executives;
- Other functions and powers provided for in the articles of association; and

A supervisor may attend the meetings of the board of directors as a non-voting member and raise inquiries or suggestions concerning the matters subject to resolutions to be adopted by the board of directors. If the board of supervisors finds any abnormality in the operation of the company, it may carry out an investigation. If necessary, it may hire an accounting firm to assist in its work at the expense of the company.

In accordance with the Guidelines for Articles of Association, a company's board of directors shall set up an audit committee to exercise the powers of supervisors as prescribed by the Company Law.

Manager and Senior Executives

In accordance with the Company Law, a joint stock limited company shall have a manager, who shall be appointed or removed by the board of directors. The manager shall exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. Where additional provisions governing the powers of the manager are set out in a company's articles of association, such provisions shall prevail.

The manager shall attend the meetings of the board of directors as a non-voting member. Unless the manager also holds the position of director, he or she shall have no voting rights at the meetings of the board of directors.

In accordance with the Company Law, senior executives refer to the company manager, deputy company manager, head of finance, secretary to the board of directors (if the company is a listed company), and any other persons as specified in the company's articles of association.

Duties of Directors, Supervisors and Senior Executives

In accordance with the Company Law, directors, supervisors and senior executives of a company shall comply with laws, administrative regulations and the articles of association. They shall assume the duty of loyalty and the duty of diligence to the company. No director, supervisor or senior executive may have any of the following acts:

- Embezzling the property or misappropriating the funds of the company;
- Depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;
- Giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;
- Taking commissions from the transactions between the company and a third party into his/her own pocket;
- Disclosing the trade secrets of the company without authorization;
- Other acts in violation of the obligation of loyalty to the company;

Where any director, supervisor or senior executive directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, which shall be subject to the approval by a resolution of the board of directors or shareholders' meeting according to the articles of association. Where any of the near relatives of the directors, supervisors or senior executives, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior executives or any of their near relatives, or any of the related parties who has any other related-party relationship with the directors, supervisors or senior executives, concludes a contract or conducts a transaction with the company, the provisions aforesaid shall apply, i.e. the matters relating to the conclusion of the contract or transaction shall be reported to the board of directors or shareholders' meeting, and shall be subject to the approval by a resolution of the board of directors or shareholders' meeting according to the articles of association.

No director, supervisor or senior executive may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- Where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association.
- Where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior executive fails to report to the board of directors or the shareholders' meeting and obtain approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

Where any director, supervisor or senior executive violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, he/she shall be personally liable for compensation to the company.

In accordance with the Guidelines for Articles of Association, directors and senior executives of a company shall assume the duty of loyalty and the duty of diligence to the company. For instance, directors shall exercise the powers conferred by the company with prudence, care and diligence to ensure that the company's business activities comply with the provisions of national laws, administrative regulations and economic policies, and that such business activities do not exceed the scope of business as stated in the company's business license; directors shall treat all shareholders equally; shareholders shall keep themselves updated on the operation and management of the company; both directors and senior executives shall affix their written confirmation opinions to the company's regular reports and ensure that the information disclosed by the company is true, accurate and complete; directors and senior executives shall provide accurate information and data to the board of supervisors and refrain from preventing the board of supervisors or individual supervisors from exercising their powers and functions; both directors and senior executives shall perform other duty of loyalty and duty of care as prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

Finance and Accounting

In accordance with the Company Law, a company shall establish its own financial and accounting systems according to laws, administrative regulations and provisions of the financial department of the State Council. A company shall prepare a financial accounting report at the end of each fiscal year and have it audited by an accounting firm in accordance with the law. The financial accounting report shall be made in accordance with the laws, administrative regulations and the provisions of the financial department of the State Council.

In accordance with the Company Law, the financial accounting report of a joint stock limited company shall be made available for inspection by the shareholders at the company not later than 20 days before the annual meeting of shareholders. A joint stock limited company that has publicly issued shares shall announce its financial accounting report.

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of previous years, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the aforesaid provisions. After having accrued statutory reserve from the after-tax profits, the company may also set aside a discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting.

A joint stock limited company shall distribute profits in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association.

The premiums received by a joint stock limited company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up for losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up for losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

No company may keep any accounting books other than the statutory accounting books.

Employment or Dismissal of Accounting Firm

In accordance with the Company Law, the employment or dismissal of an accounting firm undertaking a company's auditing business shall be decided by the shareholders' meeting, the board of directors or the board of supervisors in accordance with the provisions of the company's articles of association. When a company's shareholders' meeting, board of directors or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. A company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

In accordance with the Guidelines for Articles of Association, a company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them. The audit fee payable to the accounting firm shall be determined by the shareholders' meeting.

Profit Distribution

In accordance with the Company Law, a company shall not distribute profits before making up for losses and setting aside statutory reserve.

Amendment to Articles of Association

Any amendment to the company's articles of association shall be made in accordance with the procedures stipulated in the company's articles of association. Where the amendment involves matters related to company registration, the company shall complete the registration of the amended articles of association with the relevant registration authority. In accordance with the Company Law, a resolution made by the shareholders' meeting on amending the articles of association shall be adopted by two thirds or more of the voting rights held by the shareholders who attend the meeting.

In accordance with the Guidelines for Articles of Association, the articles of association shall be amended under any of the following circumstances: (i) these articles contravene any latest amendments to the Company Law or other relevant laws or administrative regulations; (ii) where any matters of the company as recorded in these articles are changed and become inconsistent with these articles; and (iii) the shareholders' meeting resolves to amend these articles.

Dissolution and Liquidation

In accordance with the Company Law, a company may be dissolved for any of the following reasons: (i) the term of operation specified in the company's articles of association expires or any of the other causes of dissolution specified in the company's articles of association occurs; (ii) the shareholders' meeting makes a resolution to dissolve the company; (iii) dissolution is required by a merger or division of the company; (iv) the business license of the company is revoked, or the company is ordered to close down or is removed in accordance with the law; (v) where the company meets any serious difficulty in its operation or management, and the interests of its shareholders will be subject to heavy loss if the company survives, which cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of the company may request the people's court to dissolve the company.

If any of the situations as mentioned in the aforesaid provisions arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstance as mentioned in Item (i) or (ii) above and has not yet distributed assets to shareholders, it may survive by modifying the articles of association or upon a resolution of the shareholders' meeting, and to modify its articles of association or make such a resolution at the shareholders' meeting, the consent of two thirds or more of the voting rights of the shareholders who attend the shareholders' meeting is required. Where a company is dissolved according to the provisions of Item (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

Where the liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group may exercise the following functions during the period of liquidation: (i) liquidating the property of the company, preparing a balance sheet and an inventory of property, respectively; (ii) notifying and announcing to the company's creditors; (iii) handling and liquidating the unfinished business of the company; (iv) paying off the taxes overdue by the company and the taxes incurred in the process of liquidation; (v) liquidation of claims and debts; (vi) distributing the remaining property after all the debts of the company are paid off; (vii) representing the company in civil litigation activities.

The liquidation group shall notify the company's creditors within 10 days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

After paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensations, the outstanding taxes and the debts of the company with the property of the company, the remaining assets shall be distributed in proportion to the shares held by the shareholders. During the period of liquidation, the company survives, but shall not carry out any business operation unrelated to the liquidation. The property of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall transfer the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the company, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and submit the same report to the company registration authority to apply for deregistration of the company.

The members of the liquidation group shall, in performing their liquidation duties, assume the duty of loyalty and the duty of diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is removed, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

In accordance with the Interim Measures for Overseas Listing, a domestic enterprise conducting overseas listing shall undergo the recordation formalities with the CSRC within three working days after the application documents for listing are submitted overseas. Where an issuer makes a subsequent offering of securities in the same overseas market after its overseas listing, it shall complete the recordation formalities with the CSRC within three working days upon the completion of such issuance. Where an issuer conducts subsequent offering and listing in other overseas markets after its initial overseas listing, it shall complete the filing formalities in accordance with the provisions of the first paragraph of Article 16 of the Interim Measures for Overseas Listing.

Loss of Share Certificates

Where any registered shares are stolen, lost or damaged, the shareholder concerned may, pursuant to the procedures of public notice for assertion of claim provided for in the Civil Procedure Law of the People's Republic of China, request a competent people's court to declare the shares invalid. After the people's court has so declared, the said shareholder may apply to the company concerned for re-issuance of the shares.

Suspension and Termination of Listing

Provisions concerning the suspension and termination of listing have been deleted from the Company Law. Provisions regarding the suspension of listing have also been removed from the Securities Law of the People's Republic of China (《中華人民共和國證券法》). Where listed stock falls under the delisting circumstances specified by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with its business rules.

In accordance with the Interim Measures for Overseas Listing, where an issuer voluntarily terminates the listing of stock or is forced to terminate the listing, it shall report the specific situation to the CSRC within three working days from the date on which the relevant matter occurs and is announced.

Merger and Division

In the case of a merger of companies, a merger agreement shall be concluded by the merging parties, and the companies involved shall prepare their respective balance sheet and inventory of assets. The companies involved shall notify their creditors within 10 days from the date of the resolution on the merger and make an announcement in newspaper or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may request the said companies to settle any outstanding debts or provide corresponding guarantees within 30 days from the date of receipt of the notice or within 45 days from the date of the announcement if the notice is not received. In the case of a merger of companies, the claims and debts of the merging parties shall be succeeded by the company that survives the merger or by the newly established company.

Where a company is to be divided, its assets shall be divided accordingly, and a balance sheet and an inventory of assets shall be prepared. Upon the adoption of the resolution on the company's division, the company shall notify all its creditors within 10 days from the date of the resolution on division and make an announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Unless otherwise agreed in a written agreement between a company and its creditors on the settlement of debts before the division, the debts of the company before the division shall be jointly and severally assumed by the companies after the division.

Where registered items are changed as a result of the merger or division of a company, an application shall be made with the company registration authority to register the amendment in accordance with the law.

Where a company is dissolved, an application shall be made to register the cancellation in accordance with the law. Where a company is newly established, an application shall be made to register the establishment.

Laws and Regulations on Securities

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) was promulgated by the Standing Committee of the National People's Congress on 29 December 1998, last revised on 28 December 2019, and came into force on 1 March 2020. It comprehensively regulates activities in China's securities market, including the issuing and trading of securities, acquisitions of listed companies, stock exchanges, and securities companies, as well as the duties of securities regulatory authorities. The Securities Law further stipulates that domestic enterprises issuing securities directly or indirectly overseas or listing their securities overseas shall comply with the relevant provisions of the State Council. Specific measures for the subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the State Council. The CSRC is a securities regulatory authority established by the State Council, responsible for supervising and administering the securities market in accordance with the law, maintaining market order, and ensuring the legitimate operation of the market. Currently, the issuance and trading of H-shares are mainly regulated by the laws, regulations, and rules issued by the State Council and the CSRC.

In accordance with the Securities Law of the People's Republic of China (2019 Revision) (《中華人民共和國證券法(2019修訂)》) and the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》), where the ratio of the outstanding voting shares (including A shares and H shares) of a listed company held by an investor (including overseas investor) alone or jointly with others through agreements and other arrangements reaches 5% by securities trading on a stock exchange, the investor shall, within three days after the fact occurs, file a written report with the CSRC and the stock exchange, notify the listed company, and announce it. Whenever the investor increases or decreases its holding of the outstanding voting shares of the listed company by 1%, it shall notify the listed company of and announce the increase or decrease on the next day after the fact occurs.

Arbitration and Enforcement of Arbitral Awards

In accordance with the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "Arbitration Law"), which was most recently revised by the Standing Committee of the National People's Congress on 1 September 2017 and entered into force on 1 January 2018, the Arbitration Law shall apply to foreign-related economic disputes where the parties have entered into a written agreement to submit the matters to an arbitration commission formed in accordance with the Arbitration Law. Prior to the formulation of arbitration rules by the China Arbitration Association, arbitration commissions may formulate interim arbitration rules in accordance with the relevant provisions of the Arbitration Law and the Civil Procedure Law of the People's Republic of China. Where the parties have agreed to resolve the dispute through arbitration and one party institutes an action in a people's court, the people's court shall not accept the case.

In accordance with the Arbitration Law, a system of a single and final award shall be adopted for arbitration, and an arbitral award shall be final and binding on all parties to the arbitration. If a party fails to perform the arbitration award, the other party may apply to the people's court for enforcement in accordance with the relevant provisions of the Civil Procedure Law. A people's court may rule to refuse enforcement if there is evidence proving any of the following circumstances: (i) the parties have not agreed on an arbitration clause in the contract or reached a written arbitration agreement afterward; (ii) the respondent has not received the notice of the appointment of an arbitrator or the conduct of the arbitration proceedings, or has failed to present its opinions due to other reasons not attributable to the respondent; (iii) the composition of the arbitral tribunal or the arbitration proceedings is not in conformity with the arbitration rules; or (iv) the matters ruled on are beyond the scope of the arbitration agreement or beyond the arbitral authority of the arbitration commission. Where a party seeks to enforce an arbitral award made by a foreign-related arbitration commission against another party, and the person subject to enforcement or its property is not located within the territory of the People's Republic of China, an application for recognition and enforcement shall be submitted by the party to the competent foreign court. Similarly, a people's court may recognize and enforce arbitral awards rendered by foreign arbitration institutions in accordance with the principle of reciprocity or any international treaty concluded or acceded to by China.

In accordance with the Arrangement of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Chinese Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) issued by the Supreme People's Court on 24 January 2000 and effective as of 1 February 2000, and the Supplementary Arrangement of the Supreme People's Court Concerning Mutual Enforcement of Arbitral Awards between the Chinese Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) issued by the Supreme People's Court on 26 November 2020 and effective as of 27 November 2020, arbitral awards made by arbitral institutions within the Chinese Mainland may be applied for enforcement in Hong Kong, and Hong Kong arbitral awards may also be applied for enforcement within the Chinese Mainland.

Judicial Judgments and Their Enforcement

In accordance with 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 (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) issued by the Supreme People's Court on 25 January 2024 and implemented on 29 January 2024, any party may apply to the competent people's court of the Mainland or the competent court of the Hong Kong SAR for recognition and enforcement of legally effective judgments rendered by a court of the Mainland or a court of the Hong Kong SAR in civil and commercial matters or criminal cases involving civil damages.

TAXATION OF SECURITIES HOLDERS

The income tax and capital gains tax of H share holders shall be levied in accordance with the laws and practices of the People's Republic of China and the jurisdiction where the H share holders reside or are otherwise subject to taxation. The following summary of certain relevant tax provisions is based on currently effective laws and practices. It does not purport to predict any changes or adjustments to the relevant laws or policies, nor does it offer commentary or advice in this regard. This discussion is not intended to cover all possible tax consequences of investing in H shares, nor does it take into account the specific circumstances of any individual investor, some of which may be subject to special rules. Therefore, you should consult a tax adviser regarding the tax consequences of investing in H shares. This discussion is based on laws and relevant interpretations effective as of the date of this prospectus, which may change or be adjusted, and may have retroactive effect. This discussion does not address any tax issues in the PRC or Hong Kong other than income tax, capital gains and profits tax, business tax/value-added tax, stamp duty, and inheritance tax. Potential investors are advised to consult financial advisers regarding the PRC, Hong Kong, and other tax consequences related to the ownership and disposal of H shares.

PRC Taxation

Taxation on Dividends

Individual Investors

In accordance with 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》), most recently revised by the Standing Committee of the National People's Congress on 31 August 2018, and effective from 1 January 2019, and the Regulations on 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》), most recently revised by the State Council on 18 December 2018 and effective from 1 January 2019, dividends distributed by a company incorporated in the PRC to individual investors are subject to a withholding income tax at a uniform rate of 20%. In addition, in accordance with the Notice of the Ministry of Finance, the State Taxation Administration and the CSRC on Issues concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差異化個人所得稅政策有關問題的通知》) jointly issued on 7 September 2015 and effective from 8 September 2015, where an individual acquires the shares of a listed company from public offering or from the stock market and holds the shares for more than one year, the income from dividends and bonuses shall be temporarily exempt from individual income tax. Where an individual acquires the shares of a listed company from public offering or from the stock market, if the share holding period is one month or less, the incomes from dividends and bonuses shall be included into the taxable incomes in full amount; if the share holding period is more than one month up to one year, the incomes from dividends and bonuses shall be included into the taxable incomes at the reduced rate of 50% for the time being; individual income taxes on the aforesaid incomes shall be collected at a uniform rate of 20%.

In accordance with the Notice of the State Taxation Administration on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No.045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) issued on 28 June 2011, non-PRC resident individual holders of H shares shall generally pay PRC individual income tax on the dividends received at a withholding tax rate of 10%, subject to the applicable tax treaty provisions between the jurisdiction of residence of the non-PRC resident individual holders of H shares and the Chinese mainland, as well as the provisions of the tax arrangement between the Chinese mainland and Hong Kong. If a non-PRC resident individual holder is a resident of a jurisdiction that does not have a tax treaty with the Chinese mainland, we shall withhold income tax at a rate of 20% when distributing dividends.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), promulgated by the National People's Congress on 16 March 2007, and most recently revised on 29 December 2018, and the Regulations on the Implementation of the

Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on 6 December 2007 and effective from 1 January 2008, and revised on 6 December 2024 (hereinafter collectively referred to as the "**Enterprise Income Tax Law**"), the enterprise income tax rate shall be 25%. For a non-resident enterprise having no office or establishment within the territory of the People's Republic of China, or for a non-resident enterprise that has established such office or establishment but whose income from the territory of the People's Republic of China has no actual connection with such office or establishment, it shall generally pay enterprise income tax at a rate of 10% on their income from the territory of the People's Republic of China, including dividends received from resident enterprises in the People's Republic of China. The aforementioned income tax payable by non-resident enterprises shall be withheld at source, with the payer acting as the withholding agent, and the tax shall be withheld by the withholding agent from the amount payable.

In accordance with the Notice of the State Taxation Administration on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), issued by the State Taxation Administration on 6 November 2008 and effective from the same day, when a PRC resident enterprise distributes dividends for 2008 and subsequent years to non-resident enterprise H shareholders, the enterprise income tax shall be withheld and paid at a uniform rate of 10%. The Reply on Issues Concerning the Levy of Enterprise Income Tax on Dividends Obtained by Non-Resident Enterprises from B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》), issued by the State Taxation Administration on 24 July 2009, and effective from the same day, further stipulates that any PRC resident enterprise that publicly issues and lists shares inside or outside the People's Republic of China shall withhold and pay enterprise income tax at a rate of 10% on dividends distributed to non-resident enterprise shareholders for 2008 and subsequent years. The aforesaid tax rate may be further adjusted in accordance with the tax treaties or agreements (if applicable) concluded between the Chinese government and the relevant countries or regions.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed on 21 August 2006 (hereinafter referred to as the "**Arrangement**"), the Chinese government may levy tax on dividends paid by Chinese companies to Hong Kong residents (including natural persons and legal entities), but such tax shall not exceed 10% of the total amount of dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity in a Chinese company, the tax shall not exceed 5% of the total amount of dividends payable by that Chinese company. The Protocol V to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which came into effect on 6 December 2019, has incorporated criteria for eligibility to enjoy treaty benefits. Notwithstanding any other provisions of the Arrangement, treaty benefits under such criteria shall not be granted if the relevant income is reasonably considered, after taking into account all relevant facts and circumstances, as one of the principal purposes of an arrangement or transaction for obtaining any direct or indirect benefits under the Arrangement, unless the granting of such benefits in such circumstances is consistent with the relevant objectives and purposes of the Arrangement. The implementation of the dividend clauses under tax treaties shall comply with the provisions of Chinese tax laws and regulations, such as the Notice of the State Taxation Administration on the Issues Concerning the Implementation of the Dividend Clauses of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions that have entered into tax treaties or arrangements for the avoidance of double taxation with China may be entitled to a reduction or exemption from PRC enterprise income tax on dividends received from Chinese companies. China currently has entered into tax treaties or arrangements for the avoidance of double taxation with a number of countries and regions, including the Hong Kong Special Administrative Region, the Macao Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. Non-PRC resident enterprises entitled to preferential tax rates under the relevant tax treaties or arrangements shall file an application with the PRC tax authorities for a refund of the excess amount of enterprise income tax exceeding the treaty rate, and such refund application shall be subject to the approval of the PRC tax authorities.

Taxation on Gains from Share Transfers

Value-Added Tax and Local Surcharges

In accordance with the Notice on Comprehensive Launch of the Pilot Program of Replacing Business Tax with Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (hereinafter referred to as "**Notice No. 36**"), which came into effect on 1 May 2016, entities and individuals engaged in the sale of services within the territory of the People's Republic of China shall pay value-added tax (VAT), where "engaged in the sale of services within the territory of the People's Republic of China" means that the seller or buyer of the taxable services is located within the territory of the People's Republic of China. Notice No. 36 also stipulates that for general VAT taxpayers or foreign VAT taxpayers, the transfer of financial products (including the transfer of ownership of marketable securities) shall pay VAT at a rate of 6% on the taxable income (i.e., the balance remaining after deducting the purchase price from the selling price). However, the Notice of the Ministry of Finance and the State Taxation Administration on Several Policies Concerning the Exemption of Business Tax on Transactions of Individual Financial Commodities and Other Transactions (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》), which came into effect on 1 January 2009, also stipulates that individuals shall be exempt from VAT on the transfer of financial products. In accordance with these regulations, if the holder is a non-resident individual, such holder shall be exempt from PRC VAT on the sale or disposal of H shares; if the holder is a non-resident enterprise and the buyer of H shares is an individual or entity located outside the territory of the People's Republic of China, the holder may not be required to pay PRC VAT, but if the buyer of the H shares is an individual or entity located within China, the holder may be required to pay PRC VAT. However, there is still uncertainty as to whether non-PRC resident enterprises are actually required to pay PRC VAT on the disposal of H shares.

In addition, VAT taxpayers shall also pay urban maintenance and construction tax, education surcharge and local education surcharge (hereinafter collectively referred to as "**local surcharges**"), which usually amount to 12% of the actual amount of VAT, business tax and consumption tax (if any) payable.

Income Tax

Individual Investors

In accordance with the Individual Income Tax Law of the PRC, gains from the transfer of equity interests in PRC resident enterprises shall be subject to individual income tax at a rate of 20%. In accordance with the Notice on Continuing Temporary Exemption from Individual Income Tax on the Income from Stock Transfer (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the State Taxation Administration on 30 March 1998, the income of individuals from the transfer of shares in listed companies has continued to be exempt from individual income tax since 1 January 1997. In the latest revised Individual Income Tax Law, the State Taxation Administration has not explicitly stipulated whether to continue to exempt individuals from tax on the income from transfer of shares in listed companies.

However, the Notice on Issues Concerning the Individual Income Tax on Individual Income from Transfer of Non-tradable Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), jointly issued by the Ministry of Finance, the State Taxation Administration and China Securities Regulatory Commission on 31 December 2009, and effective from the same day, stipulates that income from the transfer of listed shares obtained by individuals from public offerings of listed companies and the transfer markets of the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempt from individual income tax, except for relevant shares subject to the sales restrictions as defined in the Supplementary Notice on Issues Concerning the Individual Income Tax on Individual Income from Transfer of Non-tradable Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》), jointly issued and implemented by the aforesaid authorities on 10 November 2010. As of the Latest Practicable Date, the above provisions do not explicitly specify whether individual income tax shall be levied on the income of non-PRC resident individuals from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《企業所得稅法》), for a non-resident enterprise having no office or establishment within the territory of the People's Republic of China, or for a non-resident enterprise that has established such office or establishment but whose income from the territory of the People's Republic of China has no actual connection with such office or establishment, it shall generally pay enterprise income tax at a rate of 10% on their income from the territory of the People's Republic of China, including the income from the transfer of equity interests in PRC resident enterprises. The aforementioned income tax payable by non-resident enterprises shall be withheld at source, with the payer acting as the withholding agent, and the tax shall be withheld by the withholding agent from the amount payable. Such tax may be reduced or exempted in accordance with the relevant tax treaties or agreements for the avoidance of double taxation.

Tax Policies for the Shenzhen-Hong Kong Stock Connect

In accordance with the Notice on Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), issued by the Ministry of Finance, the State Taxation Administration, and the CSRC on 5 November 2016 and effective from 5 December 2016, the income of PRC enterprise investors from the transfer of shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect shall be included in the total income and subject to enterprise income tax in accordance with the law. For dividends and bonuses obtained by domestic individual investors through the Shenzhen-Hong Kong Stock Connect from H shares listed on the Hong Kong Stock Exchange, the H share issuer shall file an application with China Securities Depository and Clearing Corporation Limited, which shall provide the H share issuer with the roster of domestic individual investors, and the H share issuer shall withhold individual income tax at a rate of 20%.

In accordance with the Announcement on Continuing the Implementation of the Individual Income Tax Policies Related to the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) issued by the Ministry of Finance, the State Taxation Administration, and the CSRC on 4 December 2019 and effective from 5 December 2019, and the Announcement on the Extension of Individual Income Tax Policies Related to the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) issued on 21 August 2023, and effective from the same day, the income of domestic individual investors from the transfer of shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect shall continue to be temporarily exempt from individual income tax from 5 December 2019 to 31 December 2027.

In accordance with the Notice on Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), the dividends and bonuses obtained by PRC enterprise investors through the Shenzhen-Hong Kong Stock Connect for investing in stocks listed on the Hong Kong Stock Exchange shall be included in their total income and subject to enterprise income tax in accordance with the law. Specifically, the dividends and bonuses obtained by PRC resident enterprises holding H shares for a continuous period of 12 months shall be exempt from enterprise income tax in accordance with the law. H share issuers shall not withhold enterprise income tax on dividends and bonuses for PRC enterprise investors, and the tax payable shall be declared and paid by the enterprises on their own.

Stamp Duty

In accordance with the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated by the Standing Committee of the National People's Congress on 10 June 2021 and effective from 1 July 2022, non-PRC investors purchasing and disposing of H shares outside the territory of the People's Republic of China shall not be governed by the provisions of the Stamp Duty Law.

Inheritance Tax

In accordance with the PRC laws, there is currently no inheritance tax levied within the territory of the People's Republic of China.

Principal Taxation of the Company in PRC

Please refer to the "Regulatory Overview" section of the Prospectus.

Foreign Exchange

The renminbi is the legal currency of the PRC. Authorized by the People's Bank of China (hereinafter referred to as the "**PBOC**"), the State Administration of Foreign Exchange (hereinafter referred to as the "**SAFE**") is empowered to exercise functions related to all matters concerning foreign exchange, including the implementation of foreign exchange regulations.

In accordance with the Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) ("**Foreign Exchange Administration Regulations**") promulgated by the State Council on 29 January 1996, brought into force on 1 April 1996, and most recently revised on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. Current account items shall be subject to reasonable review by financial institutions engaged in foreign exchange settlement and sale to verify the authenticity of transaction documents and their consistency with foreign exchange receipts and payments, and shall be subject to supervision and inspection by foreign exchange regulatory authorities. Capital account items, if directly invested by overseas entities or overseas individuals within the territory of the PRC, after obtaining approval by the competent authorities, shall be registered with the foreign exchange administration authority. Foreign exchange income from overseas may be remitted back to the PRC or deposited overseas, and foreign exchange and foreign exchange settlement funds in the capital account may only be used for purposes approved by the competent authorities and foreign exchange administration authority. When a serious imbalance occurs or is likely to occur in the balance of payments, or when a serious crisis occurs or is likely to occur in the national economy, the state may take necessary measures to safeguard and control the balance of payments.

In accordance with the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment (《結匯、售匯及付匯管理規定》) issued by the People's Bank of China on 20 June 1996 and brought into force on 1 July 1996, while other restrictions on foreign exchange conversion for current account items have been abolished, existing restrictions are imposed on foreign exchange transactions in the capital account.

In accordance with relevant laws and regulations of the PRC, when Chinese enterprises (including foreign-invested enterprises) need foreign exchange for current account transactions, they may make payments through foreign exchange accounts opened at designated foreign exchange banks without the approval of the foreign exchange administration authorities, provided that they provide valid transaction receipts and vouchers. Foreign-invested enterprises that need foreign exchange to distribute profits to shareholders, and Chinese enterprises (such as the Company) that need to pay dividends to shareholders in foreign exchange in accordance with relevant regulations, may make payments from their foreign exchange accounts at designated foreign exchange banks, or conduct foreign exchange conversion and payment at such banks in accordance with the resolutions of their board of directors or shareholders' meeting regarding profit distribution.

In accordance with the Decision of the State Council on Canceling and Adjusting a Batch of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on 23 October 2014, the requirement for examination and approval by the SAFE and its branches for the repatriation of overseas — raised funds from the overseas listing of foreign capital shares into domestic RMB accounts and the subsequent foreign exchange settlement was abolished.

In accordance with the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listings (《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 26 December 2014, a domestic company shall register its overseas listing with the local branch of the SAFE in the place of its incorporation within 15 working days from the date of completion of its overseas listing. The funds raised from overseas listings by a domestic company may be repatriated to domestic accounts or deposited in overseas accounts, and the use of such funds shall be consistent with the content set out in the prospectus and other disclosure documents.

In accordance with the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the SAFE on 13 February 2015, brought into force from 1 June 2015, and partially repealed on 30 December 2019, the foreign exchange registration and approval for domestic direct investment and overseas direct investment shall be directly handled by banks. The SAFE and its branches shall conduct indirect supervision over foreign exchange registration for direct investment through banks.

The Regulations on Foreign Exchange Administration of Direct Investment of Foreign Investors in China (《外國投資者境內直接投資外匯管理規定》) ("**Document No. 21 of SAFE**") were issued on 10 May 2013, came into effect on 13 May 2013, was revised on 10 October 2018 and partially repealed on 30 December 2019. It stipulates that the SAFE or its local branches shall administer the direct investment of foreign investors in PRC through registration, and banks shall handle foreign exchange business related to direct investment in China based on the registration information provided by the SAFE or its branches.

In accordance with the Notice of the State Administration of Foreign Exchange on Reforming the Administration Method of Foreign Exchange Capital Settlement 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》) ("**Document No. 19 of SAFE**"), issued on 30 March 2015, effective from 1 June 2015, and partially repealed on 30 December 2019, foreign-invested enterprises may conduct voluntary settlement of foreign exchange capital based on their actual business needs. A foreign-invested enterprise shall not use the RMB funds obtained from the settlement of foreign exchange capital for the following purposes: (a) expenditures outside the business scope of the foreign-invested enterprise or prohibited by laws and regulations; (b) direct or indirect investment in securities; (c) granting entrusted loans (except where permitted by the business scope), repaying inter-enterprise loans (including third-party advances), or repaying RMB bank loans that have been re-lent to third parties; and (d) purchasing real estate for non-self-use purposes (except for real estate enterprises).

In accordance with the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Administration Policies for Settlement of Foreign Exchange under Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), issued and brought into force by the SAFE on 9 June 2016, relevant policies clearly stipulate that the foreign exchange income under capital account eligible for voluntary settlement (including repatriated funds raised from overseas listings) may be settled through banks based on the domestic enterprises' actual needs for business operation. The ratio of voluntary settlement of foreign exchange income under capital account of domestic enterprises is tentatively set at 100%, and the SAFE may adjust the aforesaid ratio in a timely manner according to the balance-of-payments status.

In accordance with the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) ("**SAFE Document No. 28**"), issued on 23 October 2019, effective from the same day and partially revised on 4 December 2023, the restrictions on domestic equity investment of the capital of non-investment-oriented foreign-invested enterprises were abolished. In addition, the notice removed restrictions on the settlement and use of funds in domestic asset monetization accounts, and relaxed the restrictions on the use and settlement of margins by foreign investors. Eligible enterprises in pilot areas are allowed to use the incomes under the capital account such as capital, foreign debt and funds raised from overseas listings for domestic payments without providing authenticity certificates to banks on a case-by-case basis beforehand. The use of such funds shall be genuine and in compliance with existing regulations on the use of capital account income.

This Appendix is mainly intended to provide potential investors with an overview of the Company's Articles of Association. As this is only a summary, it does not set out all the information that may be important to potential investors.

1. ISSUANCE OF SHARES

Issuance of shares by the Company shall adhere to the principles of openness, fairness and equitableness, and each share in the same category shall carry the same rights. For the same category of shares issued in one offering, the issue criteria and price shall be identical. Subscribers shall pay the same price per share for the shares they subscribe for.

2. INCREASE, DECREASE AND BUYBACK OF SHARES

The Company may, based on its operational and development needs, and in accordance with laws, regulations, the Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed, and upon the adoption of a resolution by the shareholders' meeting, increase its capital by any of the following means:

(i) Issuance of shares to unspecified targets;

(ii) Issuance of shares to specified targets;

(iii) Placing or distributing new shares to existing shareholders;

(iv) Converting reserve into share capital;

(v) Other methods approved by laws, administrative regulations, as well as the securities regulatory authority of the place where the Company's shares are listed, the CSRC and the Hong Kong Stock Exchange.

The Company may reduce its registered capital. Any reduction of registered capital shall be conducted in accordance with the procedures prescribed by the Company Law (《公司法》), the securities regulatory rules of the place where the Company's shares are listed, other relevant provisions and the Articles of Association of the Company.

The Company shall not repurchase its own shares. However, this shall not apply in the following circumstances, provided that such repurchase does not contravene laws, regulations, the regulations of the securities regulatory authorities where the Company's shares are listed, the Listing Rules, and the provisions of these Articles of Association:

(i) Where the Company's registered capital is reduced;

(ii) Where it merges with another company holding its shares;

(iii) Where its shares are used for employee stock ownership plans or equity incentives;

(iv) Where any shareholder, who raises objections to the resolution of the shareholders' meeting on the merger or division of the Company, requests the Company to purchase its shares;

(v) Where its shares are used for converting the corporate bonds into convertible stocks issued by the Company;

(vi) Where it is necessary for the Company to maintain its value and shareholders' interests;

(vii) Other circumstances under which the Company may repurchase its own shares in accordance with the provisions of laws, administrative regulations, department rules, normative documents, the Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

The Company may repurchase its own shares through open market transactions, or other methods recognized by laws, regulations, the CSRC and the securities regulatory authorities of the place where the Company's shares are listed.

Where the Company repurchases its own shares under the circumstances specified in Items (iii), (v) and (vi) above, such repurchase shall be conducted through open market transactions.

Where the Company repurchases its own shares under the circumstances specified in Items (i) and (ii) above, such repurchase shall be subject to a resolution of the shareholders' meeting; where the Company repurchases its own shares under the circumstances specified in Items (iii), (v) and (vi) above, such repurchase shall be subject to a resolution of the board of directors adopted at a meeting attended by more than two-thirds of the directors.

After the Company repurchases its own shares in accordance with the above provisions, where the repurchase falls under Item (i), the shares shall be cancelled within 10 days from the date of repurchase; where the repurchase falls under Items (ii) and (iv), the shares shall be transferred or cancelled within six months from the date of repurchase; where the repurchase falls under Items (iii), (v) and (vi), the total number of the Company's own shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and such shares shall be transferred or cancelled within three years from the date of repurchase.

Where other provisions concerning matters relating to share repurchase are specified in laws, administrative regulations, department rules, normative documents, the Listing Rules and other regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

3. TRANSFER OF SHARES

Shares issued prior to the Company's initial public offering of A shares shall not be transferred within one year from the date on which the Company's A shares are listed and traded on the stock exchange.

The Company's directors and senior executives shall declare to the Company their holdings of the Company's shares and any changes thereto. During their term of office, the number of shares they transfer annually shall not exceed 25% of the total number of shares of the same category held by them; the shares of the Company held by them shall not be transferred within one year from the date the Company's shares are listed and traded. These individuals shall not transfer shares of the Company held by them within six months after leaving the Company.

If laws, administrative regulations, department rules, or securities regulatory rules of the place where the Company's shares are listed have other provisions regarding the transfer restrictions of H shares, those provisions shall apply.

Where a director, senior executive or shareholder of the Company holding more than 5% of the Company's shares sells the shares or other securities with equity nature within six months after purchasing them, or purchases them again within the following six months after sale, the proceeds shall belong to the Company, and the board of directors of the Company shall recover the proceeds. However, this shall not apply to securities companies that hold more than 5% of the shares due to purchasing the shares remaining from the underwriting, or other circumstances stipulated by the securities regulatory authority of the place where the Company's shares are listed.

The shares or other equity securities held by a director, a senior executive, or a natural person shareholder as mentioned in the preceding paragraph shall include the shares or other equity securities held by his or her spouse, parents, and children and held through any other person's account.

Where the board of directors of the Company fails to comply with the provisions of Article 4 above, shareholders shall have the right to require the board of directors to comply within 30 days. If the board of directors fails to comply within the aforementioned time limit, shareholders shall have the right to institute an action in the people's court in their own name for the benefit of the Company.

Where the Company's board of directors fails to comply with the provisions of Article 4 above, the liable directors shall bear joint and several liability in accordance with the law.

4. FINANCIAL ASSISTANCE FOR ACQUISITION OF THE COMPANY'S SHARES

The Company or its subsidiaries (including its affiliated enterprises) shall not provide financial assistance in the form of gifts, advances, guarantees, borrowings and other forms to others for the acquisition of shares of the Company or its parent company, except when the Company implements an employee stock ownership plan.

Unless otherwise provided for by the securities regulatory rules of the place where the Company's shares are listed, the Company may, for the benefit of the Company and upon a resolution adopted by the shareholders' meeting or a resolution made by the board of directors in accordance with the provisions of the articles of association or the authorization of the shareholders' meeting, provide financial assistance to others for the purpose of acquiring shares of the Company or its parent company; provided that the aggregate amount of such financial assistance shall not exceed 10% of the total issued share capital. Any resolution made by the board of directors shall be adopted by more than two-thirds of all the directors.

5. SHAREHOLDERS

The Company shall create a register of shareholders based on the documents provided by the securities depository and clearing institution, and the register of shareholders is sufficient evidence of shareholders' holding of shares of the Company. The original register of H-share shareholders shall be kept in Hong Kong for inspection by shareholders, but the Company may suspend shareholder registration procedures under conditions equivalent to those described below:

(i) The Company may, after giving notice in accordance with paragraph (ii), close its register of shareholders for one or more periods, provided that the aggregate period of closure in any calendar year shall not exceed 30 days;

(ii) The notice referred to in paragraph (i), if issued by the Company, shall be issued in accordance with the listing rules applicable to the relevant securities market; or by an advertisement in a newspaper widely circulated in Hong Kong; and if issued by any other company, it shall be issued by an advertisement in a newspaper widely circulated in Hong Kong;

(iii) For any calendar year, the 30-day period referred to in paragraph (i) may be extended by a resolution of the Company's shareholders adopted during that year;

(iv) The 30-day period referred to in paragraph (i) shall not be extended in any year for an additional period exceeding 30 days, or for more than one additional period totaling more than 30 days;

(v) Where any person seeks to inspect the register of shareholders or any part thereof that has been closed under this article and makes a request, the Company shall, upon such request, provide a certificate signed by the Company secretary stating the period during which the register of shareholders or part thereof has been closed and identifying the person who authorized the closure.

Shareholders shall enjoy rights and assume obligations according to the category of shares held by them, and shareholders holding the same category of shares shall enjoy equal rights and assume the same obligations.

Shareholders of the Company shall have the following rights:

(i) To obtain dividends and other forms of profit distribution according to the number of shares held by them;

(ii) To request, convene, preside over, attend in person or by appointing an agent the shareholders' meetings in accordance with the law, and to exercise their corresponding voting rights;

(iii) To supervise the Company's operations and to offer recommendations or make inquiries;

(iv) To transfer, donate, or pledge their shares in accordance with laws, administrative regulations, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and the Company's articles of association;

(v) To inspect and copy the Company's articles of association, register of shareholders, minutes of shareholders' meetings, board of directors' resolutions, and financial accounting reports; eligible shareholders may inspect the Company's accounting books and vouchers;

(vi) To participate in the distribution of the Company's residual assets in proportion to their shareholding upon the termination or liquidation of the Company;

(vii) Shareholders who object to the Company's merger or division resolutions made by the shareholders' meeting may require the Company to purchase their shares;

(viii) Other rights stipulated by laws, administrative regulations, department rules, securities regulatory rules of the place where the Company's shares are listed, the Listing Rules, or the Company's articles of association.

Where a shareholder requests to inspect or copy the relevant documents of the Company, he/she shall comply with the provisions of the PRC Company Law, the Securities Law and other applicable laws, administrative regulations, as well as the Listing Rules and other securities regulatory rules of the place where the Company's shares are listed. Such shareholder shall also provide the Company with written documents certifying the category and quantity of the Company's shares that he/she holds. The Company shall, upon verification of the shareholder's identity, provide the relevant documents as requested by the shareholder.

Where the content of a resolution of a shareholders' meeting or a meeting of the board of directors of the Company violates any law or administrative regulation, shareholders shall have the right to request the people's court to hold it void.

Where the convening procedure or voting method of the shareholders' meeting or the meeting of the board of directors violates any law or administrative regulation or these Articles of Association, or the contents of a resolution thereof violate these Articles of Association, shareholders shall have the right to, within 60 days after the resolution is made, request the people's court to revoke the resolution. However, this shall not apply where the convening procedures or voting methods of the shareholders' meeting or the meeting of the board of directors only have minor flaws, without causing a substantive impact on the resolution.

Where the board of directors, shareholders and other relevant parties have disputes over the validity of the resolutions of the shareholders' meeting, they shall institute an action in the people's court in a timely manner. Before the people's court renders a judgment or ruling such as cancellation resolution, the relevant party shall implement the resolution of the shareholders' meeting. The Company, its directors and senior executives shall diligently perform their duties to ensure the normal operation of the Company.

Where the people's court renders a judgment or ruling on relevant matters, the Company shall, in accordance with laws, administrative regulations, the CSRC, the Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed and the stock exchange, fulfill the obligation of information disclosure, fully explain the impact, and actively cooperate with the execution after the judgment or ruling takes effect. Where the correction of previous matters is involved, the corresponding information disclosure obligations shall be handled and fulfilled in a timely manner.

Where a director or a senior executive other than members of the audit committee, in performing his duties for the Company, violates the provisions of any laws, administrative regulations, other securities regulatory rules of the place where the Company's shares are listed, or the Company's articles of association, and thus causes losses to the Company, a shareholder holding or the shareholders aggregately holding 1% or more of the shares of the Company for 180 consecutive days or more shall have the right to request in writing the audit committee to institute an action in the people's court. Where a member of the audit committee, in performing his duties for the Company, violates the provisions of any laws, administrative regulations, other securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, and thus causes losses to the Company, the aforesaid shareholders may request in writing the board of directors to institute an action in the people's court.

Where the audit committee or the board of directors refuses to institute an action after receiving a written request from the shareholder or shareholders as mentioned in the preceding paragraph or fails to institute an action within 30 days after receiving the written request, or under urgent situations, a failure to immediately institute an action will result in irreparable damage to the interests of the Company, the shareholder or shareholders as mentioned in the preceding paragraph shall have the right to directly institute an action in the people's court in his/her or their own name for the benefit of the Company.

Shareholders of the Company shall assume the following obligations:

(i) To comply with laws, administrative regulations, department rules, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and the Company's articles of association;

(ii) To pay for the shares subscribed for in the agreed mode of contribution;

(iii) Not to withdraw contributions for shares, except as permitted by laws, regulations, the Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed;

(iv) Not to damage the interests of the Company or other shareholders by abusing a shareholder's rights; and not to damage the interests of creditors of the Company by abusing the Company's independent corporate status and a shareholder's limited liability;

(v) Other obligations as set out by laws, administrative regulations, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and the Company's articles of association.

Any shareholder causing losses to the Company or other shareholders by abusing a shareholder's rights shall assume compensatory liability according to the law. Any shareholder that causes serious damage to the interests of creditors of the Company by abusing the Company's independent corporate status and a shareholder's limited liability to evade debts shall be jointly and severally liable for the debts of the Company.

The controlling shareholders and actual controllers of the Company shall, in accordance with laws, administrative regulations, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, as well as the regulations of the CSRC and the stock exchange, exercise their rights, fulfill their obligations, and safeguard the interests of the listed company.

Where a controlling shareholder or actual controller transfers the Company's shares held by him or her, the shareholder shall abide by the restrictive provisions on share transfer as stipulated by laws, administrative regulations, the CSRC, the Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed and the stock exchange, as well as his/her commitments made regarding the restricted share transfer.

6. SHAREHOLDERS' MEETING

a) General Provisions of Shareholders' Meetings

The shareholders' meeting of the Company shall consist of all shareholders. As a power body of the Company, the shareholders' meeting shall exercise the following functions according to the law:

(i) Electing and replacing directors, and deciding on matters concerning the remuneration of directors;

(ii) Deliberating and approving the reports of the board of directors;

(iii) Deliberating and approving the profit distribution plans and loss coverage plans of the Company;

(iv) Making resolutions on increasing or decreasing registered capital of the Company;

(v) Making resolutions on issuing corporate bonds;

(vi) Making resolutions on the merger, division, dissolution, liquidation, or change of the form of organization of the Company;

(vii) Amending the Company's articles of association;

(viii) Making resolutions on the engagement and dismissal of accounting firms undertaking the Company's audit business;

(ix) Deliberating and approving guarantee matters stipulated in Article 46 of the Company's articles of association;

(x) Deliberating matters concerning purchases or sales of major assets in a year that exceed 30% of the Company's audited total assets of the last period;

(xi) Deliberating and approving matters concerning the changes to the use of raised funds;

(xii) Deliberating equity incentive plans and employee stock ownership plans;

(xiii) Deliberating and approving related (connected) transactions to be entered into by the Company with related (connected) persons where the transaction amount exceeds RMB30 million and accounts for more than 5% of the absolute value of the net assets of the Company as audited in the latest fiscal period;

(xiv) Deliberating other matters subject to the decision of the shareholders' meeting as stipulated by laws, administrative regulations, department rules, the Listing Rules, the securities regulatory authority of the place where the Company's shares are listed, or the Company's articles of association.

The shareholders' meeting may authorize the board of directors to adopt a resolution on the issuance of corporate bonds.

Under the following circumstances, the external guarantees of the Company must be deliberated and adopted at the shareholders' meeting:

(i) Any guarantee provided by the Company and its controlled subsidiary after the total amount of external guarantees exceeds 50% of the Company's audited net assets of the last period;

(ii) Any guarantee provided by the Company and its controlled subsidiary after the total amount of external guarantees exceeds 30% of the Company's audited total assets of the last period;

(iii) Any guarantee provided by the Company for others with a cumulative amount, calculated on a rolling 12-month basis, exceeds 30% of the Company's audited total assets of the last period;

(iv) Any guarantee provided for a party whose liability-asset ratio exceeds 70%;

(v) A single guarantee the amount of which exceeds 10% of the Company's audited net assets of the last period;

(vi) Any guarantee provided for shareholders, actual controllers, and related (connected) parties thereof;

(vii) Other external guarantees that shall be determined by the shareholders' meeting in accordance with the provisions of relevant laws and regulations, the Articles of Association or the securities regulatory rules of the place where the Company's shares are listed.

When the shareholders' meeting deliberates on the guarantees under Item (iii) above, such guarantees shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Where the Company provides guarantees for its controlling shareholder, actual controller, and their related (connected) persons, the controlling shareholder, actual controller, and their related (connected) persons shall provide counter-guarantees.

A transaction entered into by the Company (excluding transactions that do not involve consideration payment or any attached obligations, such as provision of guarantees, provision of financial assistance, related (connected) transactions, as well as the Company's receipt of cash asset donations and debt forgiveness) shall be subject to deliberation and approval by the shareholders' meeting if it meets any of the following criteria:

(i) The total assets involved in the transaction (if both book value and appraised value exist, the higher value shall prevail) account for more than 50% of the Company's audited total assets of the last period;

(ii) The net assets involved in the transaction (such as equity) (if both book value and appraised value exist, the higher value shall prevail) account for more than 50% of the Company's audited net assets of the last period, and the absolute amount exceeds RMB50 million;

(iii) The transaction amount (including assumed debts and expenses) accounts for more than 50% of the Company's audited net assets of the last period, and the absolute amount exceeds RMB50 million;

(iv) The profit generated by the transaction accounts for more than 50% of the Company's audited net profit of the last fiscal year, and the absolute amount exceeds RMB5 million;

(v) The operating income related to the subject matter of the transaction (such as equity) in the last fiscal year accounts for more than 50% of the Company's audited operating income of the last fiscal year, and the absolute amount exceeds RMB50 million;

(vi) The net profit related to the subject matter of the transaction (such as equity) in the last fiscal year accounts for more than 50% of the Company's audited net profit of the last fiscal year, and the absolute amount exceeds RMB5 million.

If the data involved in the above indicators are negative, the absolute value shall be used for calculation.

Financial assistance transactions undertaken by the Company that fall under any of the following circumstances shall, after being deliberated and approved by the board of directors, be submitted to the shareholders' meeting for further deliberation:

(i) The amount of a single financial assistance exceeds 10% of the Company's audited net assets of the last period;

(ii) The asset-liability ratio of the recipient of financial assistance exceeds 70% as shown in its latest financial statements;

(iii) The cumulative amount of financial assistance within the last 12 months exceeds 10% of the Company's audited net assets of the last period;

(iv) Other circumstances as specified by the Shanghai Stock Exchange, the securities regulatory authority of the place where the Company's shares are listed, or these Articles of Association.

This provision may be waived if the recipient is a controlled subsidiary within the scope of the Company's consolidated financial statements, and the other shareholders of the controlled subsidiary do not include the Company's controlling shareholder, actual controller, or their related (connected)persons.

Shareholders' meetings include annual shareholders' meetings and interim shareholders' meetings.

The annual shareholders' meeting, which is convened once every fiscal year, shall be convened within six months after the end of the previous fiscal year.

Under any of the following circumstances, the Company shall convene an interim shareholders' meeting within two months of the occurrence of the fact:

(i) The number of directors is less than the minimum number specified by the PRC Company Law or less than two-thirds of the number specified by these Articles of Associations;

(ii) The loss not covered by the Company reaches one-third of the total share capital;

(iii) The meeting is requested by a shareholder holding or shareholders aggregately holding 10% or more of the shares of the Company (excluding treasury shares);

(iv) The board of directors deems it necessary;

(v) The holding of the meeting is proposed by the audit committee;

(vi) Any other circumstances as specified by applicable laws, administrative regulations, department rules, the Listing Rules, the securities regulatory authority of the place where the Company's shares are listed, or these Articles of Association.

b) Convening of Shareholders' Meetings

The board of directors shall convene shareholders' meetings on time within the prescribed time limit.

With the consent of more than half of all independent directors, independent directors shall have the right to propose an interim shareholders' meeting to the board of directors. For such a proposal, the board of directors shall, in accordance with the provisions of applicable laws, administrative regulations, the Listing Rules, the securities regulatory authority of the place where the Company's shares are listed, and these Articles of Association, issue a written affirmative or negative opinion within ten days after receiving the proposal. If the board of directors agrees to hold an interim shareholders' meeting, it shall issue a notice of holding a shareholders' meeting within five days after a resolution is made at a meeting of the board of directors; or if the board of directors disagrees to hold the meeting, it shall explain the reasons and announce it.

The audit committee shall have the right to propose an interim shareholders' meeting to the board of directors, but shall propose it in writing. The board of directors shall, in accordance with the provisions of applicable laws, administrative regulations, the Listing Rules, the securities regulatory authority of the place where the Company's shares are listed, and these Articles of Association, issue a written affirmative or negative opinion within ten days after receiving the proposal.

If the board of directors agrees to hold the meeting, it shall issue a notice of holding a shareholders' meeting within five days after a resolution is made at a meeting of the board of directors, but any modification to the original proposal in the notice shall be subject to the consent of the audit committee.

If the board of directors disagrees to hold the meeting or no feedback is provided within ten days after the proposal is received, it shall be deemed that the board of directors is unable to perform or fails to perform the duty of convening the shareholders' meeting, and the audit committee may convene and preside over the meeting on its own initiative.

A shareholder holding or shareholders aggregately holding 10% or more of the shares of the Company (excluding treasury shares) that request the board of directors to convene an interim shareholders' meeting and include the proposal into the meeting agenda, shall submit such a request in writing. The board of directors shall, in accordance with the provisions of applicable laws, administrative regulations, the Listing Rules, the securities regulatory authority of the place where the Company's shares are listed, and these Articles of Association, issue a written affirmative or negative opinion within ten days after receiving the request.

If the board of directors agrees to hold the meeting, the board of directors shall issue a notice of holding a shareholders' meeting within five days after a resolution is made at a meeting of the board of directors, but any modification to the original request in the notice shall be subject to the consent of the relevant shareholder or shareholders.

If the board of directors disagrees to hold the meeting or no feedback is provided within 10 days after the request is received, the shareholder holding or shareholders aggregately holding 10% or more of the shares of the Company, may propose the holding of an interim shareholders' meeting to the audit committee by submitting a written request to the audit committee.

If the audit committee agrees to hold the meeting, it shall issue a notice of holding a shareholders' meeting within five days after receiving the request, but any modification to the original request in the notice shall be subject to the consent of the relevant shareholder or shareholders.

If the audit committee fails to issue a notice of holding a shareholders' meeting within the prescribed time limit, it shall be deemed that the audit committee fails to convene and preside over the shareholders' meeting, and a shareholding holding or shareholders aggregately holding 10% or more of the shares of the Company for 90 consecutive days or more may convene and preside over the meeting on its or their own initiative.

After deciding to convene a shareholders' meeting on its or their own initiative, the audit committee or a shareholder or shareholders must notify the board of directors in writing, and undergo the recordation formalities with the stock exchange of the place where the Company's shares are listed.

c) Proposals and Notices of Shareholders' Meetings

At a shareholders' meeting of the Company, the board of directors, the audit committee, and a shareholder holding or shareholders aggregately holding 1% or more of the shares of the Company shall have the right to submit proposals.

A shareholder holding or shareholders aggregately holding 1% or more of the shares (excluding treasury shares) of the Company may, 10 days before the shareholders' meeting is held, submit an interim proposal to the convener in writing. The convener shall issue a supplementary notice of the shareholders' meeting within two days after receiving the proposal, announce the contents of the interim proposal, and submit the interim proposal to the shareholders' meeting for deliberation. However, this shall not apply to an interim proposal that violates the provisions of applicable laws, administrative regulations, the Listing Rules, the securities regulatory authority of the place where the Company's shares are listed or these Articles of Association, or does not fall under the scope of powers of the shareholders' meeting. Regarding the publication of supplementary notices of the shareholders' meeting, if the securities regulatory rules of the place where the Company's shares are listed have specific provisions, these provisions shall prevail, provided that they do not violate the PRC Company Law, the Securities Law and the Articles of Association. If, according to the securities regulatory rules of the place where the Company's shares are listed, the shareholders' meeting must be postponed due to the publication of a supplementary notice, the shareholders' meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except under the circumstances prescribed in the preceding paragraph, after publishing a notice of holding a shareholders' meeting, the convener shall not amend any proposal specified in the notice or add any new proposal.

The shareholders' meeting shall not vote on or make resolutions regarding any proposal that is not listed in the notice of holding a shareholders' meeting or that does not comply with the provisions of these Articles of Association.

For an annual shareholders' meeting, the convener shall notify all shareholders by announcement 21 days before the meeting is held; or for an interim shareholders' meeting, the convener shall notify all shareholders by announcement 15 days before the meeting is held.

A notice of a shareholders' meeting shall include the following:

(i) The time, place and duration of the meeting;

(ii) Matters and proposals submitted to the meeting for deliberation;

(iii) A clear statement that all shareholders have the right to attend the shareholders' meeting and may appoint an agent in writing to attend the meeting and exercise voting rights on their behalf. The agent is not required to be a shareholder of the Company;

(iv) The record date for determining the shareholders eligible to attend the shareholders' meeting;

(v) The name and telephone number of the permanent contact person for meeting affairs;

(vi) The time and procedures for voting via the internet or other means;

(vii) Other requirements stipulated by applicable laws, administrative regulations, department rules, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

d) Holding of Shareholders' Meetings

All shareholders registered on the register of shareholders as of the record date, or their agents, shall have the right to attend the shareholders' meeting and exercise their voting rights (including speaking and voting at the shareholders' meeting) in accordance with relevant laws, regulations, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association (unless individual shareholders are required to waive their voting rights on specific matters under the securities regulatory rules of the place where the Company's shares are listed).

Shareholders may attend the shareholders' meeting in person or appoint an agent to attend and vote on their behalf, and such agent is not required to be a shareholder of the Company. If a shareholder is a corporate entity, it may appoint a representative to attend any shareholders' meeting of this Company and vote at the meeting, and if the Company has appointed a representative to attend any meeting, it shall be deemed to have attended the meeting in person. The Company may execute a proxy form through its duly authorized person.

The shareholders' meeting shall be presided over by the chairman of the board. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

A shareholders' meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or fails to perform his/her duties, the meeting shall be presided over by a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee.

A shareholders' meeting convened by shareholders themselves shall be presided over by the convener or their appointed representative.

If, during a shareholders' meeting, the meeting chairperson violates the rules of procedure and thereby renders the meeting unable to proceed, the shareholders' meeting may, with the consent of more than half of the shareholders present and entitled to vote, elect another person to serve as the meeting chairperson to continue the meeting.

The Company shall formulate rules of procedure for shareholders' meetings, which shall specify in detail the procedures for convening, holding, and voting at shareholders' meetings, including notification, registration, deliberation of proposals, voting, vote counting, announcement of voting results, formation of meeting resolutions, meeting minutes and their signing, and announcements, as well as the principles for authorizing the board of directors by the shareholders' meeting. The scope of delegated authority shall be clear and specific. The rules of procedure for shareholders' meetings shall be an appendix to these Articles of Association, drafted by the board of directors and approved by the shareholders' meeting.

e) Voting at Shareholders' Meetings

Resolutions of shareholders' meetings shall be classified into ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' meeting shall be adopted by shareholders (including shareholder representatives) present at the meeting who represent more than half of the voting rights.

A special resolution of the shareholders' meeting shall be adopted by shareholders (including shareholder representatives) present at the meeting who represent more than two-thirds of the voting rights.

The following matters shall be approved by the shareholders' meeting by an ordinary resolution:

(i) The work report of the board of directors;

(ii) The profit distribution plan and loss offset plan drafted by the board of directors;

(iii) The appointment and removal of members of the board of directors and their remuneration and payment methods;

(iv) Approval of the appointment, removal and remuneration of auditors;

Other matters except those that are required to be adopted by special resolution under laws, administrative regulations, the Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

The following matters shall be approved by the shareholders' meeting by special resolution:

(i) Increase or decrease of the Company's registered capital;

(ii) Division, demerger, merger, dissolution and liquidation, and voluntary winding-up of the Company;

(iii) Amendment of these Articles of Association;

(iv) The Company's purchase or sale of material assets, or provision of guarantees with an aggregate amount exceeding 30% of the Company's audited total assets in the last period within a single year;

(v) Changes to the rights attached to specific category of shares shall be approved by a special resolution (excluding treasury shares) of the shareholders holding the relevant category of shares;

(vi) Share incentive plans;

(vii) Other matters stipulated by laws, administrative regulations, the Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Company's Articles of Association, and other matters that the shareholders' meeting deems to have a significant impact on the Company and require approval by a special resolution.

Shareholders (including shareholders who entrust agents to attend the shareholders' meeting) shall exercise their voting rights based on the number of voting shares they represent, with one vote per share. When voting, the securities depository and clearing institution, as the nominal holder of shares under the Stock Connect Scheme between the Mainland and Hong Kong stock markets, or where a shareholder is a recognized clearing house (or its agent) as defined under the relevant ordinances from time to time in force in Hong Kong and holds voting rights equivalent to two or more votes, such holder is not obligated to cast all of its votes in the same manner (i.e., all in favor, all against or all abstentions).

When the shareholders' meeting deliberates on material matters affecting the interests of minority investors, the votes of minority investors shall be counted separately. The results of the separate vote count shall be disclosed promptly.

Shares held by the Company itself do not have voting rights, and shall not be included in the total number of voting shares held by the shareholders present at the shareholders' meeting.

Where a shareholder purchases voting shares of the Company in violation of the provisions of Article 63, Paragraphs 1 and 2 of the Securities Law, the portion of such shares in excess of the prescribed limit shall not have voting rights for 36 months from the date of purchase, and shall not be included in the total number of voting shares held by the shareholders present at the general meeting.

The Company's board of directors, independent directors, shareholders holding 1% or more of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, or the regulations of the CSRC or the securities regulatory authority of the place where the Company's shares are listed, may publicly solicit shareholder voting rights. When soliciting shareholder voting rights, the solicitor shall fully disclose information such as specific voting intentions to the solicited parties. Soliciting shareholder voting rights by means of remuneration or disguised remuneration is prohibited. Except for statutory conditions, the Company shall not impose a minimum shareholding ratio limit on the solicitation of voting rights.

When the shareholders' meeting deliberates on matters related to related (connected) transactions, the related (connected) shareholders shall not participate in the voting, and the number of voting shares they represent shall not be included in the total number of valid votes; the announcement of the resolution of shareholders' meeting shall fully disclose the voting results of non-related (connected) shareholders.

7. DIRECTORS

Directors of the Company shall be natural persons. Whoever is under any of the following circumstances is not allowed to assume the post of a director of the Company:

(i) Having no capacity for civil conduct or having limited capacity for civil conduct;

(ii) Having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence;

(iii) Serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation;

(iv) Acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure;

(v) Being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts;

(vi) Being subject to prohibition from access to the securities market by the CSRC, and the term of such prohibition has not expired;

(vii) Being publicly identified by the stock exchange as unsuitable to serve as a director or senior executive of a listed company, and the term of restriction has not expired;

(viii) Other circumstances stipulated by laws, administrative regulations, department rules, other normative documents, the Listing Rules, and other securities regulatory rules or department rules of the place where the Company's shares are listed.

Any election, appointment or engagement of a director in violation of the provisions of this Article shall be invalid. If a director falls under any of the circumstances set out in this Article during his/her term of office, the Company shall terminate his/her employment and cease his/her duties.

Directors shall be elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting before the expiration of their term. Subject to the relevant laws, regulations, and securities regulatory rules of the place where the company's shares are listed, shareholders have the right to remove any director (including the one serving as general manager or other executive director) before the expiration of their term by ordinary resolution at a shareholders' meeting. Such removal shall not prejudice any claim for damages made by such director pursuant to any contract. The term of office for each director shall be three years, subject to the provisions of the

Listing Rules, and directors may be re-elected upon the expiration of their term. The term of office for each independent director is the same as that of other directors of the company, subject to the provisions of the Listing Rules, and they may be re-elected upon the expiration of their term, but their consecutive term of office shall not exceed six years.

The term of office for a director shall be calculated from the date of his/her appointment until the expiration of the current term of the board of directors. If the term of office of a director expires and a new director is not elected in a timely manner, the original director shall continue to perform his/her duties in accordance with the provisions of applicable laws, administrative regulations, department rules, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, until the newly elected director takes office.

Without prejudice to applicable laws and the securities regulatory rules of the place where the Company's shares are listed, any person appointed by the board of directors as a director to fill a temporary vacancy on the board or to increase the number of directors shall hold office only until the first annual general meeting of shareholders of the issuer following his or her appointment, and shall be eligible for re-election at such meeting.

A director may concurrently serve as the president or other senior executive, but the total number of directors who also hold the position of president or other senior executive, as well as directors representing employees, shall not exceed 1/2 of the total number of directors of the Company.

Any director shall assume the following duties of loyalty to the Company:

(i) Shall not embezzle the property or misappropriate the funds of the Company;

(ii) Shall not deposit the funds of the Company into an account opened in his/her own name or in the name of any other individual;

(iii) Shall not give bribes or accept any other illegal proceeds by taking advantage of his/her power;

(iv) Shall not directly or indirectly conclude a contract or conduct a transaction with the Company without reporting to the board of directors or the shareholders' meeting and obtaining approval from the board of directors or the shareholders' meeting in accordance with the provisions of these Articles of Association;

(v) Shall not take advantage of his/her position to seek any business opportunity that belongs to the Company for himself/herself or any other person, except where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the shareholders' meeting, or where the Company cannot make use of the business opportunity as stipulated by laws, administrative regulations, the regulatory rules of the stock exchange where the Company's shares are listed, or these Articles of Association;

(vi) Shall not engage in any business that is similar to that of the Company for themselves or others without reporting to the board of directors or the shareholders' meeting and obtaining approval from the shareholders' meeting;

(vii) Shall not take commissions from the transactions between the Company and others into his/her own pocket;

(viii) Shall not disclose the confidential information of the Company without authorization;

(ix) Shall not use his/her connected relationships to harm the Company's interests;

(x) Other duties of loyalty as stipulated by laws, administrative regulations, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, department rules, and these Articles of Association.

Any director shall assume the following duties of diligence to the Company:

(i) Shall exercise the powers conferred by the Company with prudence, care and diligence to ensure that the Company's business activities comply with the provisions of national laws, administrative regulations and economic policies, and that such business activities do not exceed the scope of business as stated in the Company's business license;

(ii) Shall treat all shareholders equally;

(iii) Shall keep themselves updated on the operation and management of the Company;

(iv) Shall affix written confirmation opinions to the Company's securities offering documents and regular reports, and ensure that the information disclosed by the Company is true, accurate and complete. If a director is unable to guarantee the truthfulness, accuracy and completeness of the contents of the securities offering documents and regular reports, or has any objections thereto, he or she shall express his or her opinions and state the reasons in the written confirmation opinions, and the Company shall make such disclosure. If the Company refuses to make such disclosure, the director may directly apply for such disclosure;

(v) Shall truthfully provide relevant information and materials to the Audit Committee and shall not obstruct the Audit Committee from exercising its powers;

(vi) Other duties of diligence as stipulated by laws, administrative regulations, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, department rules, and these Articles of Association.

Subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, directors may resign before the expiration of their term of office. A director who intends to resign shall submit a written resignation report to the Company, and the resignation shall take effect on the date the Company receives the resignation report. The Company shall disclose the relevant information no later than the time limit required by the regulatory rules of the place where the Company's shares are listed.

Under any of the following circumstances, a director who intends to resign shall continue to perform his/her duties, in accordance with laws, administrative regulations, department rules, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and these Articles of Association, until the newly elected director takes office: where a director's resignation results in the number of members of the Company's board of directors falling below the statutory minimum number; where the resignation of a member of the Audit Committee results in the number of members of the Audit Committee falling below the statutory minimum number or lacking a member with accounting expertise; where the resignation of an independent director results in the proportion of independent directors on the board of directors or its special committees failing to meet the requirements of laws, administrative regulations, department rules, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association; where there is no independent director with accounting expertise. The Company shall also reasonably endeavor to appoint a sufficient number of independent non-executive directors in a timely manner (in any case, no later than the latest time required by the regulatory rules of the place where the Company's shares are listed after failing to meet the relevant requirements), and such independent non-executive directors shall possess the competence, experience, qualifications and eligibility required under the Listing Rules.

Unless otherwise stipulated in these Articles of Association or legally authorized by the board of directors, no director shall act in his or her personal capacity on behalf of the company or the board of directors. Where a director acts in his or her personal capacity and a third party would reasonably believe that such director is acting on behalf of the Company or the board of directors, the director shall state his or her position and identity in advance.

8. BOARD OF DIRECTORS

The Company shall have a board of directors, consisting of 10 directors, including 4 independent directors. There shall be one chairman and one vice-chairman, who shall be elected by a majority vote of all the directors. At all times, the board of directors shall comprise at least one-third independent directors, and the total number of independent directors shall not be less than three. At least one independent director shall possess appropriate professional qualifications meeting the requirements of the Listing Rules and other regulatory requirements, or possess appropriate expertise in accounting or related financial management. The consecutive term of office of an independent director shall not exceed six years. Unless otherwise provided in the Listing Rules or if any waiver granted by the Hong Kong Stock Exchange is withdrawn, the Company shall have at least one independent director who is ordinarily resident in Hong Kong.

The Board of Directors shall exercise the following functions and powers:

(i) Convening the shareholders' meeting and reporting its work to the shareholders' meeting;

(ii) Executing the resolutions of the shareholders' meeting;

(iii) Determining business plans and investment schemes of the Company;

(iv) Formulating plans for profit distribution and making up for loss of the Company;

(v) Formulating plans for increasing or decreasing the Company's registered capital, issuing bonds or other securities, and listing;

(vi) Drafting plans for major acquisitions, purchase of the company's own shares, as well as plans for merger, division, dissolution, or change of corporate form of the Company;

(vii) Within the scope authorized by the shareholders' meeting, deciding on matters such as the Company's external investments, purchase and sale of assets, asset mortgage, external guarantee, entrusted wealth management, related (connected) transactions, and external donations;

(viii) Determining the establishment of the Company's internal management structure;

(ix) Deciding on the appointment or dismissal of the Company's president, board secretary, and other senior executives, and determining their remuneration, rewards and penalties; based on the president's nomination, deciding on the appointment or dismissal of senior vice presidents, vice presidents, chief financial officer, and other senior executives, and determining their remuneration, rewards and penalties;

(x) Establishing the Company's basic management system;

(xi) Formulating plans for amending the Company's articles of association;

(xii) Managing the Company's information disclosure matters;

(xiii) Proposing to the shareholders' meeting the engagement or replacement of the accounting firm auditing the company;

(xiv) Listening to the work report of the company's president and reviewing the president's work;

(xv) Other functions and powers conferred by laws, administrative regulations, department rules, the Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, these Articles of Association, or the shareholders' meeting.

The board of directors shall hold at least four meetings each year, which shall be convened by the chairman, with written notice given to all directors 14 days prior to the convening of each meeting. Shareholders representing more than 1/10 of the voting rights, more than 1/3 of the directors, or the audit committee, or more than half of the independent directors, may propose to convene an interim meeting of the board of directors. The chairman shall convene and preside over the meeting of the board of directors within 10 days after receiving such proposal.

A meeting of the board of directors shall be held only if more than half of the directors are present. A resolution of the board of directors shall be approved by more than half of all directors. Voting on resolutions of the board of directors shall be on the principle of one person, one vote.

Where a director has any relationship (connection) with any enterprise or individual involved in a matter to be decided at a meeting of the board of directors, such director shall promptly submit a written report to the board of directors. A director with any relationship (connection) shall not exercise the voting rights in respect of such resolution, nor shall he or she act as an agent for other directors to exercise voting rights. A meeting of the board of directors may be held if more than half of the directors without any relationship (connection) are present, and any resolution made at the meeting of the board of directors shall be approved by a majority of the directors without any relationship (connection). If the number of directors without any relationship (connection) present at the meeting of the board of directors is less than three, such matter shall be submitted to the shareholders' meeting for deliberation.

9. SENIOR EXECUTIVES

The Company shall appoint one president and several senior vice presidents and vice presidents; the president, senior vice presidents and vice presidents shall be appointed or dismissed by the board of directors.

The Company's president, senior vice presidents, vice presidents, chief financial officer, and board secretary shall be senior executives of the Company.

The provisions in the Company's Articles of Association regarding the duty of loyalty and the duty of diligence of directors shall also apply to senior executives.

The president shall report to the board of directors, and shall exercise the following functions and powers:

(i) Presiding over the Company's production and operation management, organizing and implementing the resolutions of the board of directors, and reporting to the board of directors;

(ii) Organizing the implementation of the Company's annual business plan and investment plan;

(iii) Drafting proposals for the establishment of the Company's internal management structure;

(iv) Drafting the Company's basic management rules;

(v) Establishing the Company's specific rules and regulations;

(vi) Proposing to the board of directors the appointment or dismissal of the Company's senior vice presidents, vice presidents, and chief financial officer;

(vii) Deciding on the appointment or dismissal of executives other than those whose appointment or dismissal shall be decided by the board of directors;

(viii) Other functions and powers granted by the Company's Articles of Association or the board of directors.

The president shall attend meetings of the board of directors as a non-voting member.

The Company's senior executives shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Where senior executives fail to faithfully perform their duties or violate their fiduciary obligations, thereby causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the law.

10. AUDIT COMMITTEE

The Company's board of directors shall establish an audit committee, which shall exercise the powers of the board of supervisors as stipulated in the PRC Company Law and the powers of the audit committee as stipulated in other securities regulatory rules of the place where the Company's shares are listed.

The audit committee shall consist of 3 members, who are directors not serving as senior executives of the Company, and who shall not have any relationship with the Company that may affect their independent and objective judgment. At least one member shall be an independent director with appropriate professional qualifications meeting regulatory requirements or with relevant accounting or financial management expertise, and shall serve as the chairman (convener) of the audit committee. More than half of the members of the audit committee shall be independent directors.

The audit committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the board of directors for deliberation after being approved by more than half of the members of the audit committee:

(i) Disclosure of financial information in financial accounting reports and regular reports, and internal control evaluation reports;

(ii) Engagement or dismissal of the accounting firm undertaking the audit of the listed company;

(iii) Engagement or dismissal of the chief financial officer of the listed company;

(iv) Changes in accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards;

(v) Other matters stipulated by laws, administrative regulations, the CSRC, the securities regulatory agency of the place where the Company's shares are listed, and these Articles of Association.

The audit committee shall hold at least one meeting every quarter. An interim meeting may be convened if proposed by two or more members, or if the convener deems it necessary. A meeting of the audit committee may only be held if two-thirds or more of its members are present.

Resolutions of the audit committee shall be adopted by a majority vote of its members.

Voting on resolutions of the audit committee shall be on the principle of one person, one vote.

Minutes of meetings shall be prepared for the resolutions of the audit committee in accordance with the relevant provisions, and the audit committee members attending the meeting shall sign the minutes.

The audit committee's operating procedures shall be formulated by the board of directors.

11. FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING

a) Financial Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, and the regulations of relevant national departments. If the securities regulatory authority of the place where the Company's shares are listed has other regulations, those regulations shall prevail.

Within four months from the end of each fiscal year, the Company shall submit and disclose its annual report to the securities regulatory authority and stock exchange of the place where the Company's shares are listed. Within two months from the end of the first six months of each fiscal year, the Company shall submit and disclose its interim report to the securities regulatory authority and stock exchange of the place where the Company's shares are listed. The financial accounting reports included in the aforementioned annual and interim reports shall be prepared, submitted, and disclosed in accordance with relevant laws, administrative regulations, department rules, the Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed.

The Company shall not establish any accounting books other than the legally required accounting books. The Company's funds shall not be deposited in any account opened in the name of any individual.

b) Profit Distribution

When the Company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the Company's statutory reserve. Such accrual is no longer required when the accumulated amount of the Company's statutory reserve is 50% or more of the Company's registered capital.

Where the accumulative amount of the Company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the aforesaid provisions.

After having accrued statutory reserve from the after-tax profits, the Company may also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting.

After offsetting losses and setting aside statutory reserves, the remaining after-tax profits shall be distributed in accordance with the proportion of shares held by the shareholders, unless otherwise provided for in these Articles of Association.

If the shareholders' meeting distributes profits to shareholders in violation of the PRC Company Law, the shareholders shall return the profits distributed in violation of the provisions to the Company; if the Company suffers any loss, the shareholders and the liable directors and senior executives shall bear liability for compensation.

The shares held by the Company in itself shall not participate in profit distribution.

The Company shall appoint one or more collection agents in Hong Kong for holders of H shares. The collection agent(s) shall collect and hold the dividends and other sums payable by the Company in respect of H Shares for subsequent payment to such holders of H shares. The collection agent(s) appointed by the Company shall comply with the requirements of laws, regulations and the securities regulatory rules of the place where the Company's shares are listed. The collection agent(s) appointed by the Company for the holders of H Shares listed in Hong Kong shall be a trust company registered under the Trustees Ordinance (Chapter 29 of the Laws of Hong Kong).

c) Internal Audit

The Company shall implement an internal audit system, which shall clearly specify the leadership structure, functions and responsibilities, staffing, fund guarantee, utilization of audit results, and accountability mechanism for internal audit work. The Company's internal audit system shall be implemented and be publicly disclosed after approval by the board of directors.

The internal audit department shall report to the board of directors.

d) Engagement of Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law (《證券法》), the Listing Rules and the securities regulatory rules of the place where the Company's shares are listed, to conduct audit of financial statements, verification of net assets, and other related consulting services. The term of engagement shall be one year and may be renewed.

The engagement and dismissal of an accounting firm shall be decided by the shareholders' meeting. The board of directors shall not appoint any accounting firm prior to the decision made by the shareholders' meeting.

The Company shall ensure that it provides the appointed accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or misrepresent them.

12. MERGER, DIVISION, INCREASE OF REGISTERED CAPITAL, DECREASE OF REGISTERED CAPITAL, DISSOLUTION AND LIQUIDATION

a) Merger, Division, Increase of Registered Capital and Decrease of Registered Capital

Merger of companies may be achieved by absorption or consolidation.

A merger by absorption means that a company absorbs another company and the absorbed company shall be dissolved. A merger by consolidation means that two or more companies merge to form a new company, and all parties to the merger shall be dissolved.

Where the Company conducts a merger, all parties to the merger shall sign a merger agreement and each shall prepare a balance sheet and assets inventory. The Company shall notify its creditors within 10 days from the date of making the merger resolution and make an announcement within 30 days on newspaper such as the China Securities Journal, Shanghai Securities News, and Securities Times, or on the National Enterprise Credit Information Publicity System.

Creditors may request the Company to repay debts or provide corresponding guarantee within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received.

Where the Company conducts a merger, the debts and liabilities of all parties to the merger shall be succeeded by the surviving company or the newly established company after the merger.

Where the Company conducts a division, its assets shall be divided accordingly.

When the Company conducts a division, it shall prepare a balance sheet and assets inventory. The Company shall notify its creditors within 10 days from the date of making the division resolution and make an announcement within 30 days on newspaper such as the China Securities Journal, Shanghai Securities News, and Securities Times, or on the National Enterprise Credit Information Publicity System.

The debts of the Company before the division shall be borne jointly and severally by the companies after the division. However, this shall not apply if there is a written agreement between the Company and creditors regarding debt repayment prior to the division.

b) Dissolution and Liquidation

The Company may be dissolved for the following reasons:

(i) The term of operation specified in the Company's articles of association expires or any of the other causes of dissolution specified in the Company's articles of association occurs;

(ii) The shareholders' meeting makes a resolution to dissolve the Company;

(iii) Dissolution is required by a merger or division of the Company;

(iv) The business license of the Company is revoked, or the Company is ordered to close down or is removed in accordance with the law;

(v) Where the Company meets any serious difficulty in its operation or management, and the interests of its shareholders will be subject to heavy loss if the company survives, which cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of the Company may request the people's court to dissolve the company.

If any cause of dissolution as mentioned in the aforesaid provisions arises, the Company shall publicize the cause of dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstance as mentioned in Item (i) or (ii) above and has not yet distributed assets to shareholders, it may survive by modifying the articles of association or upon a resolution of the shareholders' meeting.

Where the Company is dissolved according to the provisions of Item (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the Company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution.

The liquidation group shall be composed of the directors, unless it is otherwise provided for in the articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the Company or the creditors.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and make an announcement in newspapers such as the China Securities Journal, Shanghai Securities News, and Securities Times, or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received.

When declaring claims, creditors shall explain the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims.

During the period of claim declaration, the liquidation group shall not make any payments to creditors.

After sorting out the Company's assets and preparing the balance sheet and assets inventory, the liquidation group shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

The remaining assets of the Company, after separately paying liquidation expenses, employee wages, social insurance premiums, statutory compensation, outstanding taxes and the Company's debts, shall be distributed in accordance with the proportion of shares held by the shareholders.

During the liquidation period, the Company shall continue to exist, but shall not engage in business activities unrelated to the liquidation. The Company's assets shall not be distributed to shareholders prior to the completion of payments in accordance with the provisions of the preceding paragraph.

If, after sorting out the Company's assets and preparing the balance sheet and assets inventory, the liquidation group finds that the Company's assets are insufficient to pay off its debts, it shall apply to the competent people's court for bankruptcy liquidation in accordance with the law. After the people's court accepts the application for bankruptcy, the liquidation group shall transfer the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the Company, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and submit the same report to the company registration authority to apply for deregistration of the Company.

If the Company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the relevant laws governing enterprise bankruptcy.

13. AMENDMENT TO ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

(i) The PRC Company Law or relevant laws, administrative regulations, the Listing Rules and securities regulatory rules of the place where the Company's shares are listed have been amended, and the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations, the Listing Rules or other securities regulatory rules of the place where the Company's shares are listed;

(ii) The Company's circumstances have changed, and are inconsistent with the matters recorded in the Articles of Association;

(iii) The shareholders' meeting decides to amend the Articles of Association.

Where the amendments to the Articles of Association approved by the shareholders' meeting require approval from the competent authority, they shall be submitted to the competent authority for approval; where such amendments relate to the Company's registration items, registration of changes shall be completed in accordance with the law.

The board of directors shall amend the Company's Articles of Association in accordance with the resolution of the shareholders' meeting on the amendment and the approval opinions of the competent authorities.

Where the amendments to the Articles of Association constitute information required to be disclosed by laws and regulations, they shall be disclosed as required.

1. FURTHER INFORMATION ABOUT OUR GROUP

A. Incorporation

On 4 June 2008, the predecessor of our Company, Red Avenue Group, was established as a limited liability company in the PRC. Our Company was established through the conversion of Red Avenue Group from a limited liability company into a joint stock company on 18 September 2016. Our Company completed the listing of its A Shares on the Shanghai Stock Exchange (stock code: 603650) on 27 June 2018. Please refer to the paragraphs headed "History, Development and Corporate Structure — Major Shareholding Changes Concerning our Company — 2. Conversion into a joint stock limited company" and "Major Shareholding Changes Concerning our Company — 4. Listing of our Shares on the Shanghai Stock Exchange" in this prospectus for further details.

Our registered address and principal place of business is at Room 2501, 25th Floor, Shanghai Tower, 501 Yincheng Middle Road, Pilot Free Trade Zone, Shanghai, the PRC. We have established a place of business in Hong Kong at 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 2 March 2026. Mr. Wong Chun Wing Samuel (黃俊穎), our joint company secretary, is the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendices III and V to this prospectus, respectively.

B. Changes in the Share Capital of our Company

On 7 February 2024, the total issued share capital of our Company was increased from RMB596,119,625 comprising 596,119,625 A Shares of nominal value of RMB1.00 each to RMB599,830,991 comprising 599,830,991 A Shares of nominal value of RMB1.00 each.

On 9 December 2025, the total issued share capital of our Company was decreased from RMB599,830,991 comprising 599,830,991 A Shares of nominal value of RMB1.00 each to RMB598,955,455 comprising 598,955,455 A Shares of nominal value of RMB1.00 each.

On 22 April 2026, the total issued share capital of our Company was increased from RMB598,955,455 comprising 598,955,455 A Shares of nominal value of RMB1.00 each to RMB616,082,970 comprising 616,082,970 A Shares of nominal value of RMB1.00 each.

Save as disclosed above and in the paragraph headed "History, Development and Corporate Structure — Major Shareholding Changes Concerning our Company" in this prospectus, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

C. Changes in the Share Capital of Our Subsidiaries

The following subsidiaries of our Company were incorporated within two years immediately preceding the date of this prospectus:

Name of subsidiary	Place of Incorporation	Date of Incorporation	Initial registered capital/share capital
RA Changzhou	PRC	30 April 2024	RMB28,000,000
RA Thailand	Thailand	16 May 2025	THB600,000,000
RA Germany	Germany	5 June 2025	EUR100,000
RA Oriental	PRC	11 February 2026	RMB100,000,000

The following set out the changes in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus:

(1) RA Electronic

The registered share capital of RA Electronic was increased from RMB600,000,000 to RMB800,000,000 on 3 September 2024.

The registered share capital of RA Electronic was increased from RMB800,000,000 to RMB1,000,000,000 on 15 September 2025.

(2) RA Zhenjiang

The registered share capital of RA Zhenjiang was increased from US$46,400,000 to US$57,400,000 on 26 November 2024.

(3) RA Thailand

The registered share capital of RA Thailand was increased from THB5,000,000 to THB600,000,000 on 16 June 2025.

The registered share capital of RA Thailand was increased from THB600,000,000 to THB1,259,000,000 on 29 December 2025.

D. Resolutions Passed by Our Shareholders at General Meeting of our Company in relation to the Global Offering

At the general meeting of our Company held on 30 January 2026, the following resolutions, among others, were duly passed by our Shareholders:

(1) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;

(2) the number of H Shares to be issued pursuant to the Global Offering before the exercise of any over-allotment option shall not exceed 10% of the enlarged share capital of our Company upon completion of the Global Offering, and number of H Shares to be issued pursuant to the exercise of any over-allotment option shall not exceed 15% of the above number of H Shares to be issued;

(3) subject to the completion of the Global Offering, the Articles of Association to become effective on the Listing Date shall be conditionally adopted, and our Board and its authorised person have been authorised to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(4) to authorise our Board and its authorised person to handle all matters relating to, among other things, the Global Offering, the issuance and listing of the H Shares.

E. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to the section headed "Appendix V — Summary of the Articles of Association" in this prospectus.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our 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 prospectus and are or may be material:

(1) a subscription agreement dated 31 December 2024 entered into between Suzhou Quantong Enterprise Management Partnership (Limited Partnership) (蘇州荃同企業管理合夥企業(有限合夥)) ("**Suzhou Quantong**"), as general partner, and our Company, Tibet Yuanshi Venture Capital Management Co., Ltd. (西藏遠識創業投資管理有限公司), Guangzhou Huizhi Microelectronics Co., Ltd. (廣州慧智微電子股份有限公司), Changdian Technology Management Co., Ltd. (長電科技管理有限公司) and Jiangsu Gaomu Venture Capital Management Co., Ltd. (江蘇皋沐創業投資管理有限公司), each as a limited partner, (together, the "**Puhua Partners**") in relation to the subscription by the Puhua Partners of partnership interest in Suzhou Puhua Quanxin Investment Partnership (Limited Partnership) (蘇州璞華荃芯投資合夥企業(有限合夥)) ("**Suzhou Puhua**"). Pursuant to the subscription agreement, our Company subscribed for RMB30 million of the partnership interest in Suzhou Puhua;

(2) two partnership agreements dated 26 November 2024 and 31 December 2024, respectively, entered into between Suzhou Quantong, as general partner, and each of the Puhua Partners, as limited partners, in relation to the establishment of Suzhou Puhua and the respective rights and obligations of the general partner and limited partners of Suzhou Puhua. Pursuant to each of the partnership agreements, our Company subscribed for RMB30 million of the partnership interest in Suzhou Puhua;

(3) an equity transfer agreement dated 21 January 2025 entered into between our Company as vendor and Beijing Qiqirendao Consulting Co., Ltd. (北京齊齊任道諮詢有限公司) as purchaser in relation to the sale by our Company to the purchaser of 5.24% equity interest in Shenzhen Xiaopang Technology Co., Ltd. (深圳小胖科技有限公司) at a consideration of RMB13,715,068.49;

(4) a property rights transaction agreement dated 10 March 2025 entered into between RA Electronic as purchaser and Beijing Industrial Development Investment Management Co., Ltd. (北京工業發展投資管理有限公司) as vendor in relation to the transfer of 17.3278% equity interest in Kempur at a consideration of RMB112,630,700;

(5) a joint venture agreement dated 29 March 2025 entered into between HKRAG and Gold Dynasty Limited ("**Gold Dynasty**") in relation to the joint establishment of a limited liability company in Thailand with an initial registered share capital of THB306,000,000 (being 51% thereof) to be contributed by HKRAG and THB294,000,000 (being 49% thereof) to be contributed by Gold Dynasty;

(6) three equity transfer agreements all dated 26 May 2025 entered into between RA Electronic as purchaser and each of Anhui Tonghua High-Tech Center (Limited Partnership) (安徽同華高新技術中心(有限合夥)), Sichuan Runzi Group Co., Ltd. (四川潤資集團有限公司) and Suichang County Science and Technology Innovation Venture Capital Fund Partnership (Limited Partnership) (遂昌縣科技創新創業投資基金合夥企業(有限合夥)) as vendors in relation to the acquisition by RA Electronic from each of these vendors of 5.0006%, 1.9999% and 1.4694% equity interest in Kempur, respectively, at the respective consideration of RMB32,503,900, RMB12,999,350 and RMB9,551,100;

(7) an equity transfer agreement dated 12 June 2025 entered into between our Company as vendor, Suzhou Aikelong Materials Co., Ltd. (蘇州愛科隆材料有限公司) as purchaser and Suzhou Jucui Materials Technology Co., Ltd. (蘇州聚萃材料科技有限公司) ("**Suzhou Jucui**") as target company in relation to the sale by our Company to the purchaser of 12% equity interest in Suzhou Jucui at a consideration of RMB36,000,000;

(8) a capital increase agreement dated 28 November 2025 entered into between HKRAG, Gold Dynasty and RA Thailand pursuant to which each of HKRAG and Gold Dynasty agreed to make additional contribution of THB408,000,000 and THB392,000,000, respectively, to the registered capital of RA Thailand;

(9) an equity transfer agreement dated 26 December 2025 entered into between RA Electronic as purchaser, Tianjin Xianzhi Chain Investment Centre (Limited Partnership) (天津顯智鏈投資中心(有限合夥)) ("**Tianjin Xianzhi**") as vendor and BAE as target company in relation to the acquisition by RA Electronic from Tianjin Xianzhi of 18.86% equity interest in BAE at a consideration of RMB132,058,904;

(10) a cornerstone investment agreement dated 16 September 2026 entered into between our Company, CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), the Sole Sponsor and the Sponsor-Overall Coordinator, pursuant to which CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司) agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$18,000,000;

(11) a cornerstone investment agreement dated 16 September 2026 entered into between our Company, Full Truck Alliance Co. Ltd, the Sole Sponsor, the Sponsor-Overall Coordinator and Futu Securities International (Hong Kong) Limited, pursuant to which Full Truck Alliance Co. Ltd agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$20,000,000;

(12) a cornerstone investment agreement dated 16 September 2026 entered into between our Company, Golden Valley Value Select Master Fund, the Sole Sponsor and the Sponsor-Overall Coordinator, pursuant to which Golden Valley Value Select Master Fund agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$10,000,000;

(13) a cornerstone investment agreement dated 16 September 2026 entered into between our Company, Goldshore Company Limited, the Sole Sponsor and the Sponsor-Overall Coordinator, pursuant to which Goldshore Company Limited agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$353,250,000;

(14) a cornerstone investment agreement dated 16 September 2026 entered into between our Company, Happy Wisdom Limited, the Sole Sponsor and the Sponsor-Overall Coordinator, pursuant to which Happy Wisdom Limited agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$117,750,000;

(15) a cornerstone investment agreement dated 16 September 2026 entered into between our Company, Prinx Chengshan (Hong Kong) Tire Limited, the Sole Sponsor and the Sponsor-Overall Coordinator, pursuant to which Prinx Chengshan (Hong Kong) Tire Limited agreed to subscribe for 1,000,000 H Shares at the Offer Price;

(16) a cornerstone investment agreement dated 16 September 2026 entered into between our Company, Yang Quanhai, the Sole Sponsor, the Sponsor-Overall Coordinator and Fortune (HK) Securities Limited, pursuant to which Yang Quanhai agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5,000,000;

(17) a cornerstone investment agreement dated 16 September 2026 entered into between our Company, Zhou Bo, the Sole Sponsor and the Sponsor-Overall Coordinator, pursuant to which Zhou Bo agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$62,800,000; and

(18) the Hong Kong Underwriting Agreement.

B. Our Material Intellectual Property Rights

As at the Latest Practicable Date, our Group had registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Class	Place of registration	Registered owner	Registration number	Validity Period
1.	彤程	1	PRC	Our Company	5265978	14 July 2019– 13 July 2029
2.	Red Avenue	1	PRC	Our Company	5456176	7 October 2019– 6 October 2029
3.	华奇	1	PRC	Sino Legend	5456178	14 September 2019– 13 September 2029
4.		9	PRC	BAE	840577	21 May 2016– 20 May 2036
5.	ECOAVENUE	1	PRC	Our Company	56636747	28 December 2021– 27 December 2031
6.	Sino Legend	1	PRC	Sino Legend	14415527	28 May 2025– 27 May 2035
7.	Sino Legend	1	PRC	Sino Legend	5455967	28 March 2020– 27 March 2030
8.	Red Avenue Red Avenue	1, 35	Hong Kong	Our Company	307132626	11 May 2026– 10 May 2029

Patents

As at the Latest Practicable Date, we had registered the following patents in the PRC which we considered to be material to our business:

No.	Registered owner	Description	Patent No.	Patent category	Application date
1	RA Chemical, RA Innova, our Company	Hydroxymethylated alkylphenol formaldehyde resin-added bitumen and Its preparation method, and rubber composition	ZL202211724600.3	Invention	30 December 2022
2	RA Electronic, RA Innova, Kempur, RA Chemical, our Company	A method for testing photoresist resin components	ZL202111138814.8	Invention	27 September 2021
3	RA Electronic, RA Innova, Kempur, RA Chemical, our Company	A method for testing the hydroxyl protection rate of poly(4-hydroxystyrene/co/tert-butoxyethylstyrene)	ZL202111460580.9	Invention	2 December 2021
4	RA Electronic, RA Innova, Kempur, RA Chemical, our Company	A method for testing the molar fraction of repetitive units in poly(tert-butyl acrylate/co/p-hydroxyethyl acrylate) copolymer	ZL202111474323.0	Invention	2 December 2021
5	RA Electronic, RA Innova, Kempur, RA Chemical, our Company	A method for testing the protection rate of partially acetalized poly(p-hydroxyethyl acrylate) resin	ZL202111459965.3	Invention	2 December 2021
6	RA Innova, Sino Legend, our Company	A binding resin, its preparation method, and rubber composition	ZL202211368868.8	Invention	3 November 2022
7	RA Electronic, RA Innova, Kempur, RA Chemical, our Company	A method for identifying phenolic skeletons in samples containing quinone dianilidine compounds	ZL202110732386.5	Invention	29 June 2021
8	Sino Legend, RA Chemical	A method for preparing and application of an alkylphenol-phenol-formaldehyde resin	ZL201510685223.0	Invention	21 October 2015
9	Sino Legend, RA Chemical	A cashew-phenol-modified phenolic resin for use as an adhesive in rubber and rubber products	ZL201510685224.5	Invention	21 October 2015
10	Sino Legend, RA Chemical	Rosin-modified resorcinol-formaldehyde resin, its preparation method, and application	ZL201510922179.0	Invention	11 December 2015
11	Sino Legend, RA Chemical	C9 resin-modified phenol-formaldehyde resin and its preparation method and application	ZL201510950033.7	Invention	16 December 2015
12	Sino Legend, RA Chemical	Synthesis and application of a long-lasting tackifying phenolic resin	ZL201610182024.2	Invention	28 March 2016
13	RA Chemical, Sino Legend	A rosin-modified C9 petroleum resin, its preparation method, and applications	ZL201611242987.3	Invention	29 December 2016
14	RA Chemical, Sino Legend	A comprehensive treatment method for functional resin wastewater from tyre production	ZL201710042064.1	Invention	20 January 2017
15	Sino Legend, Changjing Chemical, RA Chemical, our Company	An alkylphenol-formaldehyde vulcanized resin, its preparation method, and application	ZL201810309556.7	Invention	9 April 2018
16	RA Chemical, our Company	A vulcanized resin, its preparation method, and application	ZL202110498154.8	Invention	8 May 2021
17	RA Chemical, our Company	A fully biodegradable coated composite paper material and its preparation method	ZL202110690983.6	Invention	22 June 2021

No.	Registered owner	Description	Patent No.	Patent category	Application date
18	RA Chemical, our Company	A fully biodegradable self-adhesive food preservation film and its preparation method	ZL202111160668.9	Invention	30 September 2021
19	RA Chemical, our Company	A biodegradable aliphatic-aromatic copolyester and its synthesis method	ZL202111500849.1	Invention	9 December 2021
20	RA Chemical, our Company	A polyester compatibilizer, its preparation method, and application	ZL202111629498.4	Invention	28 December 2021
21	RA Chemical, our Company	A polyester compatibilizer and its preparation method and application	ZL202111638433.6	Invention	29 December 2021
22	RA Chemical, our Company	An organic nucleating agent for polylactic acid resin, polylactic acid resin composition, and application	ZL202210190927.0	Invention	25 February 2022
23	RA Chemical, our Company	A nucleating agent for polylactic acid resin and its preparation method and application	ZL202210181258.0	Invention	25 February 2022
24	RA Chemical, our Company	A fully biodegradable high water vapour barrier food preservation film and its preparation method	ZL202210468091.6	Invention	29 April 2022
25	Our Company, Sino Legend	A hollow paddle drying device	ZL202222799168.6	Utility Model	24 October 2022
26	Our Company, Sino Legend	A screw-type sprayer	ZL202222800349.6	Utility Model	24 October 2022
27	Our Company, Sino Legend	A cylindrical heating furnace	ZL202222543339.9	Utility Model	26 September 2022
28	Our Company, Sino Legend	A reactor with layered precision temperature control	ZL202222266670.0	Utility Model	26 August 2022
29	Our Company, Sino Legend	A cooling-based dust removal granulation device	ZL202222267036.9	Utility Model	26 August 2022
30	Our Company, Sino Legend	A high-efficiency drain valve	ZL202222233081.2	Utility Model	24 August 2022
31	Our Company, Sino Legend	A resin overflow trough structure	ZL202222219251.1	Utility Model	23 August 2022
32	Our Company, Sino Legend	A reactor sight glass cleaning device	ZL202222221537.3	Utility Model	23 August 2022
33	Our Company, Sino Legend	A resin granulation device	ZL202221947373.6	Utility Model	25 July 2022
34	Our Company, Sino Legend	A resin production equipment	ZL202221929072.0	Utility Model	25 July 2022
35	Our Company, Sino Legend	A silo dust removal device	ZL202221875313.8	Utility Model	8 July 2022
36	Our Company, Sino Legend	A bag-type precision filter	ZL202221875314.2	Utility Model	8 July 2022
37	Sino Legend	An eco-friendly scrubber tower for exhaust gas absorption	ZL202221505647.6	Utility Model	16 June 2022
38	Our Company, Sino Legend	Solid material feeding system	ZL202121871067.4	Utility Model	11 August 2021
39	Our Company, Sino Legend	A powder feeding device	ZL202121833499.6	Utility Model	6 August 2021
40	Our Company, Sino Legend	Warm water circulation system	ZL202121824341.2	Utility Model	5 August 2021
41	Our Company, Sino Legend	A solid material melting device	ZL202121823727.1	Utility Model	5 August 2021
42	Our Company, Sino Legend	A device for heating barrel-packaged materials at scale	ZL202023321902.5	Utility Model	31 December 2020
43	Our Company, Sino Legend	A condenser anti-blockage device	ZL202023325191.9	Utility Model	31 December 2020
44	Our Company, Sino Legend	An adsorption device for pressure relief in liquid material tank breather valves	ZL202023325193.8	Utility Model	31 December 2020
45	Our Company, Sino Legend	A liquid batching system	ZL202023331290.8	Utility Model	30 December 2020

No.	Registered owner	Description	Patent No.	Patent category	Application date
46	Our Company, Sino Legend	An anti-blockage device for sampling high-viscosity, easily clogging materials	ZL202023311576.X	Utility Model	30 December 2020
47	Our Company, Sino Legend	A method for testing total nitrogen in high COD wastewater	ZL202010395889.3	Invention	12 May 2020
48	Sino Legend	A steel belt coating device for granulation/cutting machines	ZL201920861510.6	Utility Model	10 June 2019
49	Sino Legend	A gearbox oil tank oil change device	ZL201920863953.9	Utility Model	10 June 2019
50	Sino Legend	A dust removal device for granulation systems	ZL201920856943.2	Utility Model	6 June 2019
51	Sino Legend	A foam removal device for sewage aerobic tanks	ZL201920850519.7	Utility Model	6 June 2019
52	Sino Legend	A condenser anti-blockage device	ZL201920850534.1	Utility Model	6 June 2019
53	Sino Legend, our Company	A compressed gas-controlled device for opening and closing material bin hatches	ZL201821328842.X	Utility Model	17 August 2018
54	Sino Legend, our Company	A melting device for solids inside barrels	ZL201821193619.9	utility model	26 July 2018
55	Sino Legend, our Company	A solid material melting device	ZL201821193085.X	Utility Model	26 July 2018
56	Sino Legend, our Company	A resin reactor sampling device	ZL201821193096.8	Utility Model	26 July 2018
57	Sino Legend, our Company	A solid particle cooling and dust removal device	ZL201821194224.0	Utility Model	26 July 2018
58	Our Company, Sino Legend	A method for determining the saturated fraction, wax, and oil content in rubber and rubber additives	ZL201710722460.9	Invention	22 August 2017
59	Sino Legend	A cashew nut shell liquid-modified resorcinol-formaldehyde resin, its preparation method, and applications	ZL201410567561.X	Invention	22 October 2014
60	Sino Legend	A toluene oil-modified phenolic resin and its preparation method	ZL201310006825.X	Invention	9 January 2013
61	Sino Legend	A toluene oil-modified phenolic resin, its preparation method, and application	ZL201310007218.5	Invention	9 January 2013
62	Sino Legend	A cashew-dihydroxy-modified resorcinol-formaldehyde resin, its preparation method, and application	ZL201310007906.1	Invention	9 January 2013
63	Sino Legend	An improved process for producing alkylphenol thermoplastic resins	ZL200810041551.7	Invention	11 August 2008
64	Sino Legend	A modified phenolic tackifying resins for rubber compounding applications	ZL200880130918.0	Invention	26 June 2008
65	Sino Legend	Rubber compositions modified with resorcinol-formaldehyde resins	ZL200810032273.9	Invention	4 January 2008
66	Sino Legend, our Company	A preparation method of p-tert-octylphenol-formaldehyde resin as a rubber tackifier	ZL200710190278.X	Invention	26 November 2007
67	BAE, BAE (Hubei), RA Electronic, our Company	A positive photoresist composition	ZL202111145605.6	Invention	28 September 2021
68	BAE, RA Electronic, our Company	A photoresist and pattern formation method	ZL202110707464.6	Invention	24 June 2021

No.	Registered owner	Description	Patent No.	Patent category	Application date
69	BAE, RA Electronic, our Company	A photoresist and pattern formation method	ZL202110716154.0	Invention	25 June 2021
70	RA Chemical, BAE, our Company	Rosin-modified C9 petroleum resin, its preparation method, and applications	ZL201711419731.X	Invention	25 December 2017
71	BAE, RA Electronic, our Company	Resin composition, photoresist composition, and patterning method	ZL202110930729.9	Invention	13 August 2021
72	RA Chemical, BAE, our Company	Melamine-modified resorcinol resin, its synthesis method, and applications	ZL201711138991.X	Invention	16 November 2017
73	BAE, BAE (Hubei)	A method and system for preparing high-resolution display panel photoresist	ZL202510525980.5	Invention	25 April 2025
74	BAE, BAE (Hubei)	A method, system, and photoresist for optimizing photoresist stability	ZL202510535522.X	Invention	27 April 2025
75	BAE, BAE (Hubei)	A method, system, and equipment for controlling photoresist coating	ZL202510543279.6	Invention	28 April 2025
76	BAE, BAE (Hubei)	A photoresist production method and system for improving photoresist uniformity	ZL202510726110.4	Invention	3 June 2025
77	BAE	A photoresist supply device and coating equipment	ZL201921364688.6	Utility Model	21 August 2019
78	BAE	Photoresist holding device and photoresist supply system	ZL202020685421.3	Utility Model	29 April 2020
79	RA Chemical, BAE, our Company	A method for catalysing the synthesis of alkylphenol formaldehyde sulfur resins using organic bases	ZL201610631178.5	Invention	4 August 2016
80	BAE	A photoresist composition, preparation method, and pattern formation method	ZL201910933465.5	Invention	29 September 2019
81	BAE	a photoresist composition	ZL202010305848.0	Invention	17 April 2020
82	BAE	Photoresist composition and its preparation method	ZL202010460924.5	Invention	27 May 2020
83	RA Electronic, RA Innova, Kempur, RA Chemical, our Company	A method for detecting phenol in phenolic resins	ZL202011489899.X	Invention	16 December 2020
84	RA Electronic, RA Innova, our Company	A phenolic resin for photoresist and its preparation method	ZL202110910692.3	Invention	9 August 2021
85	Kempur, RA Electronic, our Company	A Photoresist and Its Applications	ZL202211513745.9	Invention	29 November 2022
86	RA Electronic, RA Innova, Kempur	A Crosslinking Agent, Method for Its Preparation, and Photoresist	ZL202211695383.X	Invention	28 December 2022
87	RA Innova	Modified Phenolic Resin, Method for Its Preparation, and Rubber Composition	ZL202310721217.0	Invention	16 June 2023

As at the Latest Practicable Date, we had made applications in the PRC for the registrations of the following patents which we considered to be material to our business:

No.	Registered owner	Description	Application No.	Patent category	Application date
1	Kempur, RA Electronic	Top Coating Composition for Deep Ultraviolet Chemically Amplified Negative Photoresist and Its Preparation Method	CN2023110523141	Invention	21 August 2023
2	Kempur, RA Electronic	KrF Negative Photoresist and Its Preparation and Pattern Formation Methods	CN202311785408.X	Invention	22 December 2023
3	RA Innova	Modified Phenolic Resin and Its Preparation Method, and Rubber Composition	CN202310721217.0	Invention	16 June 2023
4	RA Innova, RA Electronic, our Company	Method for Determining Hydroxyl Groups in Phenolic Resin	CN202211722801.X	Invention	30 December 2022
5	Our Company, RA Zhenjiang, RA Chemical	Preparation Method and Application of Water-Based Phenolic Resin Emulsion for Oil Filter Paper	CN202210101312.6	Invention	27 January 2022

Computer Software Copyrights

As at the Latest Practicable Date, we had registered the following copyrights in the PRC which we considered to be material to our business:

No.	Registered owner	Name of copyright	Registration number	Date of development completion	Date of initial publication
1.	Kempur and Beijing Fengyuan	LED negative film automatic feeding control software v1.0 (LED負膠自動上料控制軟體V1.0)	2014SR205953	10 August 2012	10 August 2012
2.	Kempur and Beijing Fengyuan	Automatic filling control software for pneumatic tyre valve stems V1.0 (正膠自動灌裝控制軟體V1.0)	2014SR210698	18 September 2014	18 September 2014
3.	Kempur and Beijing Fengyuan	Step-by-step exposure machine control software V1.0 (步進式曝光機控制軟體V1.0)	2010SR036093	5 February 2010	5 February 2010

Domain Names

As at the Latest Practicable Date, we had registered the following domain names which we considered to be material to our business:

No.	Domain name	Name of registered proprietor	Date of registration
1.	rachem.com	Our Company	3 August 2000
2.	sinolegend.com	Sino Legend	12 January 2006
3.	kempur.com	Kempur	13 October 2006
4.	baebj.com	BAE	27 August 2012

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors' Contracts

We have entered into a service contract with each of our Directors. The principal terms of these service contracts comprise (a) the term of the service; (b) termination clause; and (c) a dispute resolution provision. Pursuant to the service contract, the remuneration of our Directors shall be determined in accordance with our Directors' remuneration and compensation policies and approval from our Shareholders. Pursuant to the service contract, our Directors are appointed for a term of three years from the date of approval by the Shareholders at the general meeting of our Company, and are eligible for re-election upon expiry of their term of office.

Save as disclosed above, none of the Directors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

B. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management — Remuneration of Directors and Senior Management" in this prospectus, none of the Directors received other remuneration from our Group for each of the FY2023, FY2024, FY2025 and 6M2026.

4. DISCLOSURE OF INTERESTS

A. Interests and short positions of our Directors and the chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated corporations following the Global Offering

Immediately following completion of the Global Offering, and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, the interests and short positions of our Directors and the chief executive of our Company in the shares, underlying shares or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the H Shares are listed, will be as follows:

(i) Interests in Shares of our Company

					Immediately following completion of the Global Offering	
Name	**Position**	**Nature of interest**	**Description of Shares**	**Number of Shares held/interested** *(Note 1)*	**Approximate percentage of shareholding in the A Shares** *(Note 2)*	**Approximate percentage of shareholding in the total share capital of our Company** *(Note 3)*
Ms. Zhang	Executive Director and chairperson of our Board	Beneficial owner	A Shares	837,500	0.14%	0.12%
		Interest in a controlled corporation	A Shares	374,732,700 *(Note 4)*	60.82%	54.77%
Mr. Ding Lin	Executive Director, vice chairman of our Board and president	Beneficial owner	A Shares	100,000 *(Note 5)*	0.02%	0.01%

Name	Position	Nature of interest	Description of Shares	Number of Shares held/interested *(Note 1)*	Immediately following completion of the Global Offering: Approximate percentage of shareholding in the A Shares *(Note 2)*	Immediately following completion of the Global Offering: Approximate percentage of shareholding in the total share capital of our Company *(Note 3)*
Mr. Yuan Minjian	Executive Director and vice president	Beneficial owner	A Shares	150,000 *(Note 6)*	0.02%	0.02%
Mr. Yu Yaoming	Executive Director, vice president, chief financial officer and Board secretary	Beneficial owner	A Shares	120,000 *(Note 7)*	0.02%	0.02%
Mr. Tang Jie	Executive Director and vice president	Beneficial owner	A Shares	308,540 *(Note 8)*	0.05%	0.05%

Notes:

(1) All interests stated are long positions in the Shares.

(2) The calculation is based on the total number of 616,069,636 A Shares in issue as at the Latest Practicable Date.

(3) The calculation is based on the total number of (i) 616,069,636 A Shares in issue; and (ii) 68,118,700 H Shares in issue immediately following completion of the Global Offering and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date.

(4) These 374,732,700 A Shares are held as to (i) 294,570,000 A Shares by Red Avenue Investment; and (ii) 80,162,700 A Shares by Virgin Holdings. Red Avenue Investment is wholly owned by Ms. Zhang. Virgin Holdings is held as to (i) 99.9% by Ms. Zhang; and (ii) 0.1% by Red Avenue Investment. By virtue of the SFO, Ms. Zhang is taken to be interested in the Shares held by each of Red Avenue Investment and Virgin Holdings.

(5) These A Shares include 33,334 restricted A Shares granted to Mr. Ding Lin pursuant to the 2023 RSA Scheme.

(6) These A Shares include 50,000 restricted A Shares granted to Mr. Yuan Minjian pursuant to the 2023 RSA Scheme.

(7) These A Shares include 40,000 restricted A Shares granted to Mr. Yu Yaoming pursuant to the 2023 RSA Scheme.

(8) These A Shares include 50,000 restricted A Shares granted to Mr. Tang Jie pursuant to the 2023 RSA Scheme.

(ii) Interests in our Associated Corporations

Name	Position	Nature of Interest	Name of Associated Corporation	Issued Share Capital of the Associated Corporation	Approximate percentage of Shareholding
Ms. Zhang	Executive Director and chairperson of our Board	Interest in a controlled corporation	RA Thailand	THB616,910,000 *(Note)*	49%

Note: These issued share capital in RA Thailand are held by Gold Dynasty. Gold Dynasty is wholly owned by Ms. Zhang. By virtue of the SFO, Ms. Zhang is taken to be interested in the issued share capital in RA Thailand held by Gold Dynasty.

B. Interest discloseable under the SFO and substantial shareholders

Save as disclosed in the sections headed "Substantial Shareholders" and "Cornerstone Investors" in this prospectus, immediately following completion of the Global Offering, and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, other than a Director or chief executive of our Company whose interests are disclosed under the sub-paragraph headed "A. Interests and short positions of our Directors and the chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated corporations following the Global Offering" above, our Directors are not aware of any other who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who 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.

In addition to the above and so far as our Directors are aware, immediately following completion of the Global Offering, the following persons (other than our Company, and any subsidiaries of our Group) will, directly or indirectly, be interested in 10% or more of the issued voting shares of our subsidiaries:

Name of our subsidiary	Name of substantial shareholder of such subsidiary	Approximate percentage of interest in the subsidiary
RA Thailand	Gold Dynasty Limited	49%
RA Oriental	Beijing BOE Materials Technology Co., Ltd. (北京京東方材料科技有限公司)	20%

C. Disclaimers

Save as disclosed in this appendix and the sections headed "Substantial Shareholders", "Cornerstone Investors" and "Underwriting":

(1) none of our Directors nor our chief executive has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the H Shares are listed;

(2) the Directors are not aware of any person (not being a Director or chief executive of our Company) who, immediately following completion of the Global Offering, and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date, will have an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, either 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;

(3) none of our Directors nor any of the persons whose name are listed in the paragraph headed "6. Other Information — F. Qualification of Experts" in this section has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(4) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group; and

(5) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed "6. Other Information — F. Qualification of Experts" in this section below:

(i) is interested legally or beneficially in any securities of any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. OUR 2023 RSA SCHEME

The following is a summary of the principal terms of the 2023 RSA Scheme currently being adopted by our Company. The terms of the 2023 RSA Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by our Company after the Listing. Given the A Shares granted under the 2023 RSA Scheme have already been issued to the selected participants as of the date of this prospectus and no further award of A Shares may be granted under the 2023 RSA Scheme, there will not be any dilutive effect to the issued Shares as a result of the operation of the 2023 RSA Scheme.

A. Purpose

The purpose of the 2023 RSA Scheme is to improve our Company's corporate governance structure, establish and enhance a long-term incentive mechanism of our Company, to attract and retain directors, senior executives, core management personnel, and key technical (business) personnel, and fully mobilise their initiative and innovation to enhance cohesion and competitiveness of our Company, and to align the interests of Shareholders and the Company together with the individual interests of the core talents of the Company and to promote all parties to focus on the long-term development of the Company.

B. Type of awards

The 2023 RSA Scheme involved the award of A Shares (the "**Awards**") to the eligible grantees pursuant to which the grantees shall, upon acceptance, purchase the A Shares so granted at the prescribed grant price per A Share. The A Shares so granted under the Awards shall be subject to certain restrictions (collectively, the "**selling restrictions**") as described in the sub-paragraph headed "Lock-up Period" below. For the purpose of this prospectus, "restricted A Shares" refers to the A Shares so granted under an Award, the selling restrictions of which have not yet be released according to the terms of the 2023 RSA Scheme, and "unrestricted A Shares" refers to those A Shares the selling restrictions of which have been released.

C. Participants and grantees

The participants and grantees of restricted A Shares under the 2023 RSA Scheme include directors, members of senior management and key management, and key technical and/or business personnel of our Group, and specific grantees are proposed by the Remuneration and Appraisal Committee and verified and confirmed by the then-existing board of supervisors of the Board. None of the participants and grantees are independent Directors, supervisors, Shareholders or actual controllers who individually or collectively hold 5% or more of the shares of our Company, and their respective spouses, parents and children.

D. Source and number of A Shares granted

The Shares granted under the 2023 RSA Scheme comprise of 5,005,000 A Shares issued by our Company to the grantees. No further Awards may be granted under the 2023 RSA Scheme.

We had granted the 5,005,000 restricted A Shares in two tranches, with the first tranche of 4,768,000 restricted A Shares granted to 162 grantees on 13 September 2023 at the grant price of RMB14.88 per A Share ("**First Tranche**"), and the second tranche of 237,000 restricted A Shares granted to 10 grantees on 17 July 2024 at the grant price of RMB14.90 per A Share ("**Reserved Tranche**").

The respective grant prices of the Awards under the First Tranche and the Reserve Tranche had been determined on the basis that it shall not be lower than the par value of the A Shares nor lower than the higher of:

(i) 50% of the average trading price of the A Shares on the first trading day immediately preceding (a) the announcement of the draft 2023 RSA Scheme (in the case of the First Tranche), or (b) the announcement of the Board resolution approving the grant of Awards under the Reserved Tranche (in the case of the Reserved Tranche); and

(ii) 50% of the average trading price of the A Shares over the period of (a) 20 trading days immediately preceding the announcement of the draft of draft 2023 RSA Scheme (in the case of the First Tranche), or (b) 20, 60 or 120 trading days immediately preceding the announcement of the Board resolution approving the grant of Awards under the Reserved Tranche (in the case of the Reserved Tranche).

The Shares granted under the First Tranche and the Reserved Tranche were all vested immediately in the relevant grantees on the respective dates of grant, and are subject to the selling restrictions as further elaborated in the paragraph headed "G. Lock-up period".

E. Term of the scheme

The 2023 RSA Scheme shall be effective from the date of the initial grant of restricted A Shares up to the date when all of the restricted A Shares have either become unrestricted A Shares, or otherwise been repurchased and cancelled, whichever occurs earlier, provided that such period shall not exceed 48 months.

F. Transfer prohibitions for Directors and the senior management team

(1) If the grantee is a Director or a member of senior management of our Company, during his or her employment with our Company, the Shares to be transferred in each year shall not exceed 25% of the total number of Shares he or she holds;

(2) If the grantee is a Director or a member of senior management of our Company, no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company;

(3) If the grantee is a Director or a member of senior management of our Company, or his or her spouse, parents or children, any income gained through sale of Shares purchased within six months, or purchase of Shares within six months after his or her sale of Shares, shall belong to our Company and will be forfeited by the Board; and

(4) if there is any change in the applicable laws and regulations, normative documents or the Company's Articles of Association regarding the transfer of Shares by Directors and senior management, the grantee shall comply with such amended laws and regulations, normative documents or the Company's Articles of Association.

G. Lock-up period

The A Shares granted under the Awards made under the First Tranche and the Reserved Tranche are subject to different lock-up periods starting from their respective dates of grant during which the relevant restricted A Shares shall not be transferred, pledged or used to repay debts.

The selling restrictions in respect of the restricted A Shares underlying the Awards granted under the First Tranche shall be released in three batches in the manner set out below:

(1) the first batch: 1/3 of the restricted A Shares underlying the Awards, subject to the release conditions as referred to in the paragraph headed "H. Release conditions" below being satisfied during the lock-up release period commencing from the first trading day after 12 months from the date of grant up to and including the last trading day of the 24-month period from the date of grant;

(2) the second batch: 1/3 of the restricted A Shares underlying the Awards, subject to the release conditions as referred to in the paragraph headed "H. Release conditions" below being satisfied during the lock-up release period commencing from the first trading day after 24 months from the date of grant up to and including the last trading day of the 36-month period from the date of grant; and

(3) the third batch: 1/3 of the restricted A Shares underlying the Awards, subject to the release conditions as referred to in the paragraph headed "H. Release conditions" below being satisfied during the lock-up release period commencing from the first trading day after 36 months from the date of grant up to and including the last trading day of the 48-month period from the date of grant.

The selling restrictions in respect of the restricted A Shares underlying the Awards granted under the Reserved Tranche shall be released in two batches:

(1) the first batch: 50% of the restricted A Shares underlying the Awards, subject to the release conditions as referred to in the paragraph headed "H. Release conditions" below being satisfied during the lock-up release period commencing from the first trading day after 12 months from the date of grant up to and including the last trading day of the 24-month period from the date of grant; and

(2) the second batch: 50% of the restricted A Shares underlying the Awards, subject to the release conditions as referred to in the paragraph headed "H. Release conditions" below being satisfied during the lock-up release period commencing from the first trading day after 24 months from the date of grant up to and including the last trading day of the 36-month period from the date of grant.

H. Release conditions

The selling restrictions in respect of the relevant batch of restricted A Shares can be released if, during the relevant lock-up release period as referred to in the paragraph headed "G. Lock-up Period" above, (i) none of the specified events set out below have occurred (the "**Non-occurrence Conditions**"); (ii) the performance results of our Company have attained the stipulated levels stated below (the "**Performance Results Conditions**"); and (iii) the grantee has passed the individual assessment (the "**Individual Assessment**").

The Non-Occurrence Conditions

The Non-Occurrence Conditions under the 2023 RSA Scheme are as follows:

(1) At the Company level, none of the following circumstances having occurred ("**Company-level Non-Occurrence Conditions**"):

(i) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;

(ii) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in our Company's accountant's report for the most recent fiscal year;

(iii) our Company has not distributed its profits in accordance with the laws and regulations, the Articles of Association or the public commitment within the last 36 months after its listing;

(iv) applicable laws and regulations prohibit the implementation of share incentive; or

(v) any other circumstances determined by the CSRC; and

(2) At the individual level, none of the following circumstances having occurred with respect of the grantee ("**Individual-level Non-Occurrence Conditions**"):

(i) the grantee has been regarded as an inappropriate person by the relevant stock exchange within the last 12 months;

(ii) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;

(iii) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;

(iv) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(v) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or

(vi) any other circumstances determined by the CSRC.

Performance Results Conditions

The Performance Results Conditions of the First Tranche under the 2023 RSA Scheme are as follows:

(1) In relation to the first batch, one of the following conditions being met:

(a) our Company records a revenue growth rate of not less than 10.00% in 2023 (based on operating revenue of 2022); or

(b) our Company records a net profit growth rate of not less than 15.00% in 2023 (based on net profit of 2022).

(2) In relation to the second batch, one of the following conditions being met:

(a) our Company records a revenue growth rate of not less than 20.00% in 2024 (based on operating revenue of 2022); or

(b) our Company records a net profit growth rate of not less than 30.00% in 2024 (based on net profit of 2022).

(3) In relation to the third batch, one of the following conditions being met:

(a) our Company records a revenue growth rate of not less than 30.00% in 2025 (based on operating revenue of 2022); or

(b) our Company records a net profit growth rate of not less than 45.00% in 2025 (based on net profit of 2022).

The Performance Results Conditions of the Reserved Tranche under the 2023 RSA Scheme are as follows:

(1) In relation to the first batch, one of the following conditions being met:

(a) our Company records a revenue growth rate of not less than 20.00% in 2024 (based on operating revenue of 2022); or

(b) our Company records a net profit growth rate of not less than 30.00% in 2024 (based on net profit of 2022).

(2) In relation to the second batch, one of the following conditions being met:

(a) our Company records a revenue growth rate of not less than 30.00% in 2025 (based on operating revenue of 2022); or

(b) our Company records a net profit growth rate of not less than 45.00% in 2025 (based on net profit of 2022).

Individual Assessment

A grantee's Individual Assessment result is linked to the proportion of restricted A Shares to be released from the selling restrictions in a specified batch:

Assessment result	Pass	Fail
Release proportion	100%	0%

If the Company achieves the Performance Results Conditions, the number of restricted A Shares to be released from the selling restrictions shall be equal to the number of restricted A shares to be released during the relevant lock-up release period multiplied by the release proportion.

I. Rights of the grantees in connection with the restricted A Shares

The restricted A Shares granted under the 2023 RSA Scheme shall, upon completion of the relevant registration procedures with the China Securities Depository and Clearing Co., Ltd., confer rights inherent to the A Shares to the grantees including but not limited to dividend rights, subscription rights and voting rights.

Where our Company distributes cash dividends, the grantees shall be entitled to the cash dividends attributable to the restricted A Shares after withholding and payment of individual income tax. Such sums shall in principle be held by our Company for and on behalf of the grantees and shall be released to grantees upon release of the selling restrictions in respect of the relevant batch of the restricted A Shares. If the selling restrictions of the restricted A Shares cannot be released, the corresponding cash dividends shall not be released to the grantees and shall instead be returned to the Company.

The grantees shall be free to dispose any unrestricted A Shares after the release of the selling restrictions, subject, however, to the transfer prohibitions set out above, and compliance at all times with the relevant laws and regulations in the case of Directors and members of senior management.

J. Forfeiture and clawback of restricted A Shares

Under the 2023 RSA Scheme, the restricted A Shares shall be repurchased and cancelled if, among others, any of the following circumstance occurs:

(1) Where any Company-level Non-Occurrence Condition has occurred, the Company shall repurchase and cancel all the restricted A Shares at a price with reference to the grant price per Share plus the interest accrued thereon based on the interest on deposits offered by the People's Bank of China for the same period.

(2) Where any Individual-level Non-Occurrence Condition has occurred, the Company shall terminate the right of such grantee to participate in the 2023 RSA Scheme, and shall repurchase and cancel all restricted A Shares underlying the Awards to such grantee at a price with reference to the relevant grant price per Share.

(3) If the Performance Results Conditions in respect of a particular batch of restricted A Shares are not met, the Company shall repurchase and cancel all restricted A Shares of the relevant batch at a price with reference to the relevant grant price per Share plus the interest accrued thereon based on the interest on deposits offered by the People's Bank of China for the same period.

(4) Where a grantee is no longer able to continue working for the Group due to non-work related injury or death, the restricted A Shares shall be repurchased and cancelled at a price with reference to the relevant grant price per Share plus the interest accrued thereon based on the interest on deposits offered by the People's Bank of China for the same period.

(5) Where a grantee is dismissed due to breach of laws or professional ethics, leaking secrets of our Company, gross misconduct, negligence or dereliction of duty or other acts that seriously damage the Company's interests or reputation, the restricted A Shares shall be repurchased and cancelled at a price with reference to the grant price per Share. The proceeds derived from the unrestricted A Shares granted to him shall be clawed back and the grantee shall pay such proceeds to the Company, and shall be liable for loss suffered by the Company due to the actions of the grantee (if any).

(6) Where a grantee's employment contract is not renewed, or if the grantee resigns, the restricted A Shares underlying the Awards shall be repurchased and cancelled at a price with reference to the relevant grant price per Share.

(7) Where a grantee retires, or is no longer able to continue working for the Group due to work injury, or where a grantee is employed by a subsidiary of the Company over which the Company no longer has control, the Remuneration Committee shall determine whether (a) the Awards granted to such grantee shall be handled in accordance with the rules of the 2023 RSA Scheme according to the circumstances prior to the occurrence of the relevant event, and such grantee's Individual Assessment results shall not be a release condition for the restricted A Shares to such grantee, or (b) the restricted A Shares shall be repurchased and cancelled at a price with reference to the relevant grant price per Share plus the interest accrued thereon based on the interest on deposits offered by the People's Bank of China for the same period.

(8) Where a grantee is no longer able to continue working for the Group due to work-related death, the Remuneration Committee shall determine whether (a) the grantee's successors shall enjoy the rights to the Awards granted to such grantee, which shall be handled in accordance with the rules of the 2023 RSA Scheme prior to his death, and such grantee's Individual Assessment results shall not be a release condition for the restricted A Shares to such grantee, or (b) the restricted A Shares shall be repurchased and cancelled at a price with reference to the relevant grant price per Share plus the interest accrued thereon based on the interest on deposits offered by the People's Bank of China for the same period.

If the Company fails to meet the conditions for granting restricted A Shares or lifting the selling restrictions due to false records, misleading statements, or material omissions in the Company's disclosure documents, the restricted A Shares that have been granted to the grantees but have not yet had their selling restrictions lifted shall be repurchased and cancelled by the Company at a price with reference to the grant price per Share. If the restricted A Shares granted to the grantees have already had their selling restrictions lifted, all benefits received by the relevant grantees shall be clawed back. Grantee who are not responsible for the aforementioned matters and suffer losses as a result of the claw back of the benefits received may seek compensation from the Company or the responsible grantee in accordance with the relevant arrangements under the 2023 RSA Scheme.

K. Amendment and termination of the 2023 RSA Scheme

Any amendments that the Board proposes to make to the rules of the 2023 RSA Scheme shall be subject to approval of the Shareholders in general meeting, and any amendments involving circumstances that would result in the early release of the selling restrictions or reduction of the grant price are prohibited.

The 2023 RSA Scheme may be terminated with the approval of the Board and Shareholders in general meeting. Upon such termination, the Company shall, after completing the relevant approval procedures, promptly apply to the China Securities Depository and Clearing Co., Ltd. to arrange for the repurchase and cancellation of the restricted A Shares already granted.

L. Details of restricted A Shares

As at the Latest Practicable Date, the number of restricted A Shares that remained to be subject to the selling restrictions was 1,482,748, representing approximately 0.22% of the issued Shares immediately following completion of the Global Offering, and assuming no other changes to the issued share capital of our Company between the Latest Practicable Date and the Listing Date.

Among the restricted A Shares, 173,334 restricted A Shares are attributable to four Directors and 1,309,414 are attributable to 146 grantees who are employees of our Group but not Directors. Details of such restricted A Shares attributable to our Directors as at the Latest Practicable Date are set out below:

Name of grantee	Position in our Group	Date of grant	Number of restricted A Shares	Grant Price	Approximate percentage of shareholding in the total share capital of our Company as at the Latest Practicable Date (Note 1)
Directors and senior management					
Mr. Ding Lin	Executive Director, vice chairman of our Board and president of the Group	13 September 2023	33,334	RMB14.88	0.01%
Mr. Yuan Minjian	Executive Director and vice president of the Group	13 September 2023	50,000	RMB14.88	0.01%
Mr. Tang Jie	Executive Director and vice president of the Group	13 September 2023	50,000	RMB14.88	0.01%
Mr. Yu Yaoming	Executive Director, vice president, chief financial officer and Board secretary	13 September 2023	40,000	RMB14.88	0.01%
Total			173,334		0.04%

Note:

(1) The calculation is based on the total number of 616,069,636 A Shares in issue as at the Latest Practicable Date.

Details of such restricted A Shares attributable to other employees (excluding Directors) as at the Latest Practicable Date are set out below:

Range of restricted A Shares granted	Number of grantees	Date of grant	Grant Price	Number of restricted A Shares	Approximate percentage of shareholding in the total share capital of our Company as at the Latest Practicable Date(Note 1)
1–10,000	118	13 September 2023	RMB14.88	829,392	0.13%
10,001–20,000	21	13 September 2023	RMB14.88	291,684	0.05%
20,001–30,000	6	13 September 2023	RMB14.88	155,004	0.03%
30,001–40,000	1	13 September 2023	RMB14.88	33,334	0.01%
Total				1,309,414	0.22%

Notes:

(1) The calculation is based on the total number of 616,069,636 A Shares in issue as at the Latest Practicable Date.

(2) All the grantees holding restricted A Shares had been granted restricted A Shares under the First Tranche.

6. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised by our PRC Legal Advisers that no material liability for estate duty under the laws of the PRC is likely to fall on our Company or its subsidiaries.

B. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company, that would have a material adverse effect on our results of operations or financial condition of our Company.

C. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus, on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor's fee payable to the Sole Sponsor in connection with the Listing payable by our Company is US$500,000 (equivalent to HK$3,904,525).

D. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

E. Promoters

The promoters as at the time of our Company's conversion into a joint stock company with limited liability on 18 September 2016 are Red Avenue Investment, Virgin Holdings, Zhoushan Yutong, Best Linker, Mr. Song Xiuxin, Xiangzhuo Investment, Begonia Group, Shunyuan Investment and Ms. Zhou Bo.

Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

F. Qualification of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualification
Haitong International Capital Limited	Licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity under the SFO
AllBright Law Offices	Qualified PRC lawyers
Ernst & Young	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Stephen Peepels	Legal advisers to our Company as to International Sanctions law

G. Consents of Experts

Each of the experts named in the paragraph headed "6. Other Information — F. Qualification of Experts" in this section above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their report and/or letter and/or legal opinion and/or opinion and/or confirmations and/or summary thereof (as the case may be) and the references to their names included herein in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the experts named above had any shareholding interests 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.

H. 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 effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

I. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2026, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant's Report in Appendix I to this prospectus and up to the date of this prospectus.

J. Binding Effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

K. Miscellaneous

Save as disclosed in this appendix and in the sections headed "History, Development and Corporate Structure", "Financial Information" and "Underwriting":

(1) within the two years immediately preceding the date of this prospectus:

  (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

  (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and

  (iii) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company or any of our subsidiaries.

(2) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(3) there are no founder, management or deferred shares, convertible debt securities or any debentures in our Company or any of our subsidiaries.

(4) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(5) there is no arrangement under which future dividends are waived or agreed to be waived.

(6) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights.

(7) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.

(8) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be issued in connection with the Global Offering, none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

L. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(1) a copy of each of the material contracts referred to in the section headed "Appendix VI — Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts" in this prospectus; and

(2) the written consents referred to in the section headed "Appendix VI — Statutory and General Information — 6. Other Information — G. Consents of Experts" in this prospectus.

2. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of our Company at **www.rachem.com** and on the website of the Stock Exchange at **www.hkexnews.hk** during a period of 14 days from the date of this prospectus:

(1) the Articles of Association;

(2) the Accountants' Report from Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(3) the audited consolidated financial statements of our Group for the three years ended 31 December 2025, and the six months ended 30 June 2026;

(4) the report from Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(5) the material contracts referred to in the section headed "Appendix VI — Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts" in this prospectus;

(6) the written consents referred to in the section headed "Appendix VI — Statutory and General Information — 6. Other Information — G. Consents of Experts" in this prospectus;

(7) the service contracts referred to in the section headed "Appendix VI — Statutory and General Information — 3. Further Information about Our Directors — A. Particulars of Directors' Contracts" in this prospectus;

(8) the legal opinions issued by AllBright Law Offices, our PRC Legal Adviser, in respect of, amongst other things, certain general corporate matters and the property interests of our Group under the PRC law;

(9) the legal memorandum issued by Stephen Peepels, our International Sanctions Legal Adviser;

(10) the PRC Company Law, the PRC Securities Law and The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations;

(11) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set out in the section headed "Industry Overview" in this prospectus; and

(12) the terms of the 2023 RSA Scheme.

Red Avenue New Materials Group Co., Ltd.
彤程新材料集團股份有限公司