



Hebei Haiwei Electronic New Material Technology Co., Ltd.
河北海偉電子新材料科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code : 9609

GLOBAL OFFERING



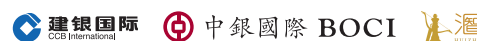
Sole Sponsor and Sole Sponsor-Overall Coordinator



Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



IMPORTANT

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



Hebei Haiwei Electronic New Material Technology Co., Ltd.

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	30,831,400 H Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)
Number of Hong Kong Offer Shares	:	3,083,200 H Shares (subject to reallocation and the Offer Size Adjustment Option)
Number of International Offer Shares	:	27,748,200 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)
Offer Price	:	HK\$14.28 per H Share plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal value	:	RMB1.00 per H Share
Stock code	:	9609

Sole Sponsor and Sole Sponsor-Overall Coordinator



Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix V, 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 and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price will be HK\$14.28 per Offer Share. Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to the application channels), the Offer Price of HK\$14.28 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%. 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 "Risk Factors".

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price as 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. See "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for further details.

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Public Offer Shares, the Overall Coordinators, on behalf of the Hong Kong Underwriters, have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date (Hong Kong time). Further details of the terms of the termination provisions are set out in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement—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 transferred within the United States, except pursuant to an available exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being 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 website of the Stock Exchange at www.hkexnews.hk and our website at www.haiwei.net. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

November 20, 2025

IMPORTANT

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.haiwei.net. 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 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 prospectus 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 “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.

IMPORTANT

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be made for a minimum of 200 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

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 H Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment
	HK\$		HK\$		HK\$		HK\$
200	2,884.80	4,000	57,696.06	60,000	865,440.83	800,000	11,539,211.05
400	5,769.60	5,000	72,120.07	70,000	1,009,680.97	900,000	12,981,612.42
600	8,654.40	6,000	86,544.08	80,000	1,153,921.10	1,000,000	14,424,013.80
800	11,539.22	7,000	100,968.10	90,000	1,298,161.24	1,200,000	17,308,816.55
1,000	14,424.02	8,000	115,392.10	100,000	1,442,401.38	1,541,600 ⁽¹⁾	22,236,059.67
1,200	17,308.82	9,000	129,816.12	200,000	2,884,802.75		
1,400	20,193.62	10,000	144,240.14	300,000	4,327,204.15		
1,600	23,078.42	20,000	288,480.28	400,000	5,769,605.52		
1,800	25,963.22	30,000	432,720.41	500,000	7,212,006.90		
2,000	28,848.02	40,000	576,960.55	600,000	8,654,408.28		
3,000	43,272.04	50,000	721,200.69	700,000	10,096,809.65		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 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.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Global Offering, we will issue an announcement on the respective websites of our Company at www.haiwei.net and the Stock Exchange at www.hkexnews.com.hk.

Hong Kong Public Offering commences 9:00 a.m. on Thursday, November 20, 2025

Latest time for completing electronic applications
under the **HK eIPO White Form** service through
the designated website at www.hkeipo.hk⁽²⁾ 11:30 a.m. on Tuesday, November 25, 2025

Application lists open⁽³⁾ 11:45 a.m. on Tuesday, November 25, 2025

Latest time for giving **electronic application instructions**
to HKSCC⁽⁴⁾ 12:00 noon on Tuesday, November 25, 2025

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking
transfer(s) or PPS payment transfer(s) 12:00 noon on Tuesday, November 25, 2025

If you are 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 Public Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close⁽³⁾ 12:00 noon on Tuesday, November 25, 2025

Announcement of the indications of the level of interest
in the International Offering, the level of applications
in respect of the Hong Kong Public Offering and
the basis of allocation of the Hong Kong Offer Shares
under the Hong Kong Public Offering to be published
at the websites of the Stock Exchange
at www.hkexnews.hk and our Company
at www.haiwei.net on or before⁽⁵⁾ 11:00 p.m. on Thursday, November 27, 2025

Results of allocations in the Hong Kong Public
offering will be available from "Allotment Results"
page at designated results of allocations website at
www.tricor.com.hk/ipo/result (alternatively:
www.hkeipo.hk/IPOResult) with a "search by ID"
function on a 24-hour basis From 11:00 p.m.
on Thursday, November 27, 2025
to 12:00 midnight
on Wednesday, December 3, 2025

EXPECTED TIMETABLE

Despatch of H Share certificates/Deposit of H Shares

certificate into CCASS in respect of wholly or
partially successful applications pursuant to the

Hong Kong Public Offering on or before⁽⁶⁾⁽⁷⁾ Thursday, November 27, 2025

Despatch of **HK eIPO White Form** e-Auto Refund

payment instructions/refund checks in respect of
wholly successful (if applicable) or wholly or
partially unsuccessful applications pursuant to the

Hong Kong Public Offering on or before⁽⁸⁾ Friday, November 28, 2025

Dealings in H Shares on the Stock Exchange

to commence at 9:00 a.m. on Friday, November 28, 2025

Notes:

- (1) All times refer to Hong Kong local time. Details of the structure and conditions of the Global Offering, including its conditions, are set out in the section headed “Structure and Conditions of the Global Offering” in this Prospectus. If there is any change in this expected timetable, an announcement will be published on the website of our Company at www.haiwei.net and the website of the Stock Exchange at www.hkexnews.hk.
- (2) You will not be permitted to submit your application 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 a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, November 25, 2025, the application lists will not open or close on that day. Further information is set out in the paragraph headed “How to Apply for the Hong Kong Offer Shares – E. Severe Weather Arrangements” in this Prospectus. If the application lists do not open or close on Tuesday, November 25, 2025, the dates mentioned in this section of the Prospectus may be affected. A press announcement will be made by us in such event.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via HKSCC’s FINI system should refer to the paragraph headed “How to Apply for the Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares – 2. Application Channels” in this Prospectus for details.
- (5) None of the website or any information contained on that website forms part of this Prospectus.
- (6) Applicants who apply through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares and have provided all information required in their application that they may collect H Share certificates (if applicable) in person may do so from our H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, November 28, 2025 or any other date notified by us as the date of despatch of H Share certificates/e-Auto Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection must not authorize any other person to make their collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by sending their authorized representatives each bearing a letter of authorisation from his/her corporation stamped with the corporation’s chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar, Tricor Investor Services Limited. Applicants who have applied through the **HKSCC EIPO** channel may not collect their H Share certificates, which will be deposited into CCASS for the credit of their designated HKSCC Participant’s stock accounts, as appropriate. Uncollected H Share certificates will be despatched by ordinary post at the applicant’s own risk to the address specified in the relevant application. For further information, applicants should refer to the paragraph headed “How to Apply for the Hong Kong Offer Shares – D. Despatch/Collection of H Share certificates and refund of application monies” in this Prospectus.

EXPECTED TIMETABLE

- (7) H Share certificates for the Hong Kong Offer Shares will become valid evidence of title at 8:00 a.m. on the Listing Date, provided that (i) the Hong Kong Public Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of H Share certificates or before the H Share certificates becoming valid do so entirely at their own risk.
- (8) e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. 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 check, 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 cashing the refund check. Inaccurate completion of an applicant's identification document number may lead to delay in encashment of, or may invalidate, the refund check.

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

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and H Share certificates.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security 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 making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstance. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong 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 authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representations not contained or made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Capital Market Intermediaries, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives, or any other parties involved in the Global Offering. Information contained on our website www.haiwei.net does not form part of this prospectus.

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SUMMARY

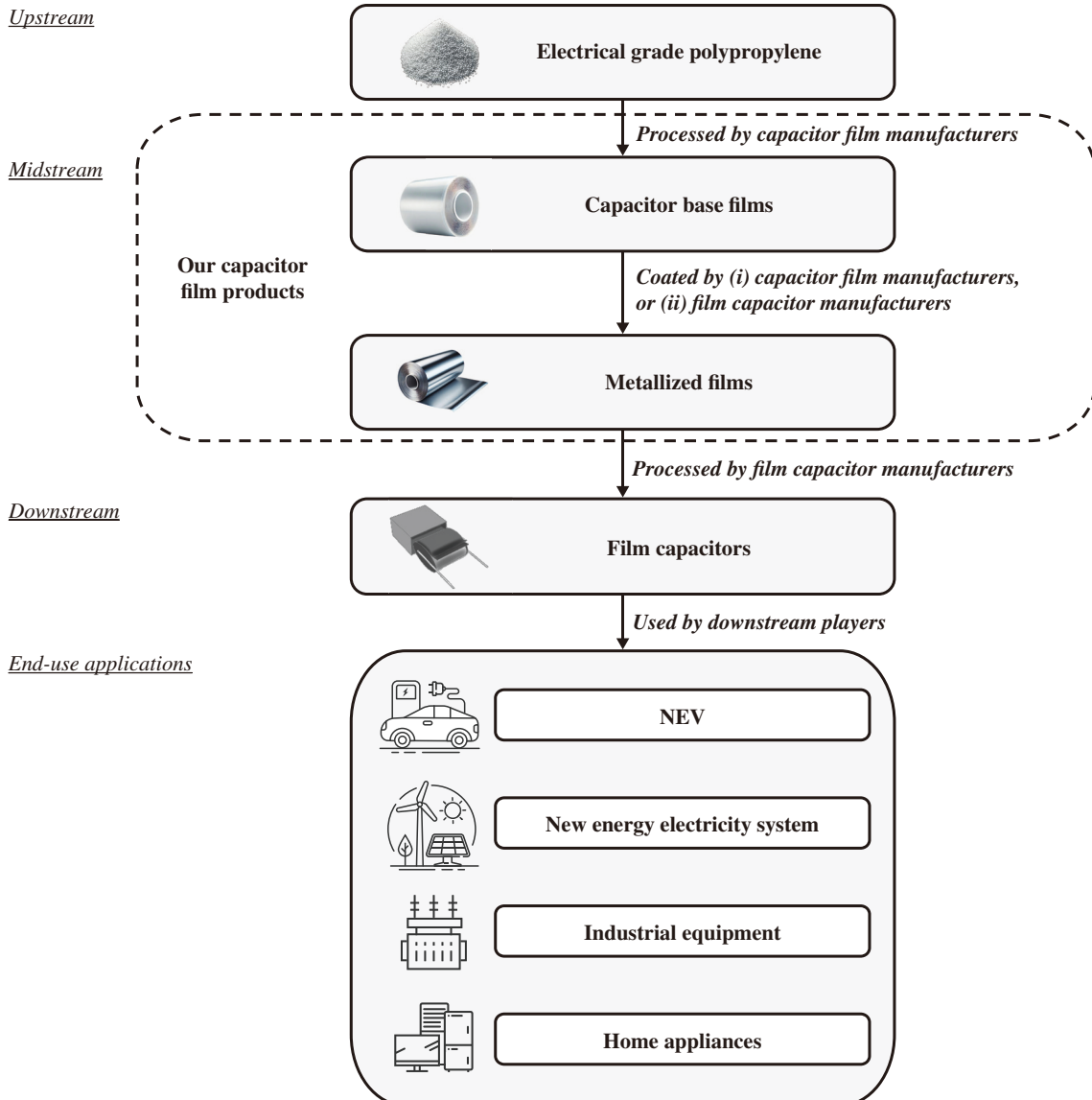
This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth 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 the second largest capacitor film manufacturer in China in terms of capacitor base film sales volume in 2024, according to CIC. Our capacitor film products include (i) capacitor base films and (ii) metallized films. These products are key components of film capacitors, a type of capacitor known for its outstanding voltage resistance, high-frequency stability and long lifespan. Film capacitors have a wide range of end-use application scenarios, including (i) NEV, (ii) new energy electricity system, (iii) industrial equipment and (iv) home appliances. In 2024, our market share in terms of revenue from capacitor base films in China was 10.9%.

The following diagram illustrates the industrial chain of capacitor films and our role within it:



SUMMARY

We are at the midstream segment of the industrial chain. Our customers primarily include (i) film capacitor manufacturers, and (ii) BYD, a well-known leading NEV company in China, which has started to manufacture its own film capacitors.

The following sets forth the details of our two key products:

- **Capacitor base films.** Capacitor base films function as the dielectrics of film capacitors and determine the performance of film capacitors. Capacitor base films are the largest component of our revenue, representing 91.9%, 71.8%, 72.8%, 71.7% and 78.5% of our total revenue in 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025.
- **Metallized films.** Prior to being used in film capacitors, capacitor base films need to be coated with an metal layer on one side of the film, transforming them into metallized films. This metal layer functions as the electrodes of film capacitors. While our customers typically produce metallized films in-house using capacitor base films provided by us, they may procure metallized films from us directly due to the limitation of their production capacity. Our customers then manufacturing film capacitors by (i) winding metallized films into a roll, (ii) attaching leads to the roll and (iii) performing encapsulation to prevent moisture and damage.

We began providing metallized films in 2023, primarily to diversify our product portfolio. See “Business—Our Products—Capacitor Films—Metallized films—Our strategies of providing metallized films.”

Key Drivers for Our Business Growth

We have specialized in the capacitor film industry for over 15 years. Our strategic focus enables us to accurately identify the industry’s development trends, address key pain points and deeply understand customer needs across diverse application scenarios. This allows us to provide customers with more targeted products to capture market opportunities:

- **The market of our products is growing.** On the demand side, the rapid growth of the NEV and the new energy electricity system industry present significant opportunities for us. With China’s “dual-carbon” goals and the implementation of carbon-neutral measures globally, the industry of NEV and the industry of new energy electricity system are expected to experience a steady and sustainable growth.

According to CIC, in the capacitor base film industry, the market size of capacitor base films is widely used to represent the market size of capacitor film products. It is because most of the products from capacitor film manufacturers are delivered in the form of capacitor base films. According to CIC, China’s capacitor base film market size in terms of sales volume grew from 46.2 thousand tons in 2019 to 113.4 thousand tons in 2024, representing a CAGR of 19.7%, and is expected to reach 224.1 thousand tons in 2029, representing a CAGR of 14.1% from 2025 to 2029. In particular:

SUMMARY

- The market size for capacitor base films used in NEV in terms of sales volume is expected to grow from 47.8 thousand tons in 2025 to 87.3 thousand tons in 2029, representing a CAGR of 16.2% from 2025 to 2029.
- The market size for capacitor base films used in new energy electricity system in China in terms of sales volume is expected to grow from 34.2 thousand tons in 2025 to 79.8 thousand tons in 2029, representing a CAGR of 23.6% from 2025 to 2029.
- ***Our R&D capabilities enable us to quickly capture market opportunities.*** On the supply side, our capabilities for production lines and product development position us to meet rapidly increasing customer demand:
 - *Self-design and development of production lines.* According to CIC, among major capacitor film manufacturers in China, we are the only company with the capability to independently design and develop capacitor base films' production lines. As of the Latest Practicable Date, all of our existing five production lines for capacitor base films were independently designed, developed and assembled by us. Our ability to design and develop production lines for capacitor base films enables us to overcome industry bottlenecks, laying a solid foundation for production capacity enhancement and cost control. Specifically:
 - The delivery time for our independently designed and developed production lines for capacitor base films is approximately eight months, which is significantly shorter than the industry average of three to five years for imported production lines, according to CIC; and
 - The investment cost of our newly-constructed production lines for capacitor base films is expected to be approximately RMB120.0 million, which is significantly lower than the industry average in China, according to CIC.
 - *Manufacturing techniques and product quality.* Leveraging our industry expertise, we offer capacitor film products tailored to diverse customer needs by flexibly adjusting the parameters of the production lines. As of the Latest Practicable Date, our capacitor film products featured thickness range from 2.7 μm to 13.8 μm , covering a wide range of end-application scenarios.

SUMMARY

To capture future market opportunities, we are researching and developing the manufacturing techniques of capacitor base films with relatively thinner thickness, particularly those with thickness below 2.5 μm , as part of our technical reserves. This initiative is in response to the industry trend of capacitor base films becoming thinner, which is driven by the need to further reduce the size of film capacitors, according to CIC. We have strengthened the quality of these films by optimizing our manufacturing techniques. Specifically, we have enhanced environmental temperature controls in the longitudinal stretching process, thus improving the tensile strength and voltage endurance of such capacitor base films. We have also improved the pull roll stand in the traction process during production, reducing the likelihood of film breakage.

OUR STRENGTHS

We believe our competitive strengths are as follows:

- Diversified product portfolio and wide range of end-use application scenarios;
- Distinctive capability for self-design and development of production lines;
- Shareholder support and visionary, experienced management team;
- Strong R&D capabilities for products; and
- Broad customer base covering industry-leading customers.

OUR STRATEGIES

We intend to implement the following development strategies:

- Enhance our production capacity to meet increasing market demand;
- Integrate resources across the industry chains to enhance synergy effect; and
- Strengthen R&D capabilities and attract top talent.

OUR PRODUCTS

During the Track Record Period, we have two capacitor film products: (i) capacitor base films and (ii) metallized films.

SUMMARY

Capacitor Base Films

During the Track Record Period and up to the Latest Practicable Date, we prioritized the production of thin base films with thickness ranging from 4.0 μm to 6.9 μm . In 2022, 2023, 2024, and the five months ended May 31, 2024 and 2025, our revenue from thin base films was RMB207.6 million, RMB176.5 million, RMB240.2 million, RMB88.3 million and RMB92.6 million, respectively, representing approximately 63.5%, 53.6%, 56.9%, 54.4% and 59.0% of our total revenue from capacitor base films for the respective years or periods. This focus is primarily driven by (i) stronger market demand for thin base films and (ii) higher production volume of thin base films within a given timeframe.

Metallized Films

We began to provide metallized films in 2023, following our acquisition of 51% equity interest in Ningguo Haiwei on December 31, 2022, which primarily produces and sells metallized films. We have decided to provide metallized films to our customers, mainly to (i) diversify our product portfolio, (ii) strengthen connections with our key customers and (iii) expand customer network in East China.

We mainly manufacture metallized films using thin base films and have engaged a third party, Haowei Electronic, to provide us metallized films manufactured using ultra-thin base films. This is because our production capacity is limited in terms of using ultra-thin base films to manufacture metallized films. See “Business—Our Products—Capacitor Films—Metallized films—sources of metallized films we sold.” The table below sets forth the revenue and gross profit margin of our metallized films manufactured using ultra-thin base films and thin base films, respectively, for the periods indicated:

	For the year ended December 31,				For the five months ended May 31,			
	2023		2024		2024		2025	
	Gross Profit		Gross Profit		Gross Profit		Gross Profit	
	Revenue	Margin	Revenue	Margin	Revenue	Margin	Revenue	Margin
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)							
Metallized films manufactured using ultra-thin base films	43,721	20.3	53,217	6.7	24,522	8.3	13,275	15.9
Metallized films manufactured using thin base films	26,943	29.1	31,842	23.4	11,696	25.2	8,078	29.8

See “Business—Our Products—Capacitor Films—Metallized films” for analysis of material fluctuations.

SUMMARY

EXISTING MANUFACTURING FACILITIES

As of the Latest Practicable Date, we possessed (i) five production lines for manufacturing capacitor base films and (ii) three production lines for manufacturing metallized films. The table below sets forth our production capacity, standardized production volume, actual production volume and utilization rate for the periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
Capacitor base films					
Production capacity (ton) ⁽¹⁾	13,800	12,342	15,550	5,750	6,917
Standardized production volume (ton) ⁽²⁾	13,776	10,901	15,361	5,530	6,794
Actual production volume (ton)	9,596	8,065	11,904	4,316	5,128
Utilization rate (%)⁽³⁾	99.8%	88.3%	98.8%	96.2%	98.2%
Metallized films					
Production capacity (ton) ⁽¹⁾	N/A	1,260	1,260	525	420
Standardized production volume (ton) ⁽²⁾	N/A	1,132	1,201	467	349
Actual production volume (ton)	N/A	931	1,052	417	243
Utilization rate (%)⁽³⁾	N/A	89.9%	95.3%	89.0%	83.1%

Notes:

- (1) Production capacity is based on the total production rate of our launched production lines operating 24 hours a day for 28 days a month. The calculation of production capacity includes production lines which were paused for inspection, and excludes (i) production lines which were suspended for technical upgrades and (ii) newly launched production lines which were undergoing a production ramp-up period. The calculation of production capacity is standardized by converting to the equivalent production volume of 7.0 μm capacitor base films. According to CIC, such calculating method is in line with industry practice. According to CIC, the calculating method is widely adopted in the capacitor film industry in China, primarily because 7.0 μm is recognized as a representative industry benchmark that facilitates standardization, enhances data comparability across different film thicknesses, and supports consistent capacity reporting.
- (2) Given that the calculation of our production capacity is standardized by converting to the equivalent production volume of 7.0 μm capacitor base films, our calculation of production volume for utilization rate purpose is also standardized using the same conversion method. This approach ensures consistency in calculating the utilization rate. According to CIC, such conversion of calculating standardized production volume for the purpose of calculating utilization rate is in line with industry practice.
- (3) Utilization rate equals standardized production volume divided by production capacity.

The fluctuations of our overall production capacity during the Track Record Period were mainly attributable to the upgrades and expansion of our production lines. See “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization” for details.

SUMMARY

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, all of our revenue was derived from sales in the PRC. In 2022, 2023, 2024 and the five months ended May 31, 2025, our five largest customers in each period of the Track Record Period together generated RMB119.2 million, RMB115.1 million, RMB158.4 million and RMB157.1 million of revenues, respectively, accounting for 36.4%, 34.9%, 37.6% and 42.1% of our total revenue for the respective years or periods, respectively. In addition, revenues generated from our largest customer in each year or period of the Track Record Period accounted for 17.3%, 12.2%, 12.6% and 12.0% of our total revenues in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively. See “Business—Customers, Sales and Marketing—Major Customers” for more details.

We price our products based on various factors, including product specifications requested by customers, raw material costs, demand and supply of products in the market, order volume and market conditions. We also price our products considering market competition. For example, BYD places order for metallized films through a bidding process with its potential suppliers. From 2022 and up to the Latest Practicable Date, we adjusted downward our prices of metallized films sold to BYD to maintain our competitiveness in the bidding process, which was in line with industry trend, according to CIC. According to CIC, our pricing for capacitor film products generally aligns with current market trends.

We do not expect the price reduction trend in the capacitor film industry to have a material adverse impact on us, primarily because: (i) according to CIC, such trend was temporary, and the price of capacitor base film products have stabilized in 2025 and (ii) we plan to launch four additional production lines for capacitor base films to enhance our production capacity and to achieve economies of scale, See “Business—Our Strategies—Enhance our production capacity to meet increasing market demand.”

During the Track Record Period, our suppliers primarily included (i) suppliers of raw materials and (ii) suppliers of manufacturing equipment. In 2022, 2023, 2024, and the five months ended May 31, 2025, purchases from our five largest suppliers in each year or period of the Track Record Period amounted to RMB195.9 million, RMB165.1 million, RMB290.7 million and RMB167.5 million, respectively, representing 90.4%, 78.6%, 89.9% and 74.4% of our total purchases for the respective years or periods, respectively. In addition, purchases from our largest supplier in each year or period of the Track Record Period accounted for 73.3%, 45.3%, 46.5% and 48.2% of our total purchases in 2022, 2023, 2024, and the five months ended May 31, 2025, respectively. See “Business—Raw Materials and Suppliers—Our Suppliers” for more details.

COMPETITIVE LANDSCAPE

The capacitor film market in China is competitive and concentrated. According to CIC, the top five companies, including us, accounted for 61.6% of the market share in capacitor base film sales volume in 2024, and the percentage is expected to rise in the future. The key competitive factors in our market, according to CIC, include rapid expansion capability, technical expertise and intellectual property, integrated supply chain, scale and operational efficiency, and customer relationships and approval. Leading players, particularly those that have the capability to independently design and develop production lines for capacitor base films, can rapidly expand production capacity to meet growing market demand and increasing their market share.

SUMMARY

Our market share in China's capacitor film market in terms of capacitor base film sales volume was 14.2% in 2024. While we ranked second in China's capacitor film market, the market share of other top players are closely comparable to us. Specifically, the market shares of capacitor film providers ranked third to fifth in China in terms of capacitor base film sales volume in 2024 were 11.9%, 10.3% and 10.1%, respectively. The market share of the largest capacitor film provider in China in terms of capacitor base film sales volume in 2024 was 15.1%.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The comprehensive income for the years/periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
							<i>(unaudited)</i>			
Revenue	327,076	100.0	329,545	100.0	421,695	100.0	162,238	100.0	157,119	100.0
Cost of sales	(180,228)	(55.1)	(226,655)	(68.8)	(296,623)	(70.3)	(117,004)	(72.1)	(101,389)	(64.5)
Gross profit	146,848	44.9	102,890	31.2	125,072	29.7	45,234	27.9	55,730	35.5
Other income	14,469	4.4	12,775	3.9	8,625	2.0	4,465	2.7	3,501	2.2
Impairment losses under expected credit loss	2,281	0.7	(3,763)	(1.1)	116	–	700	0.4	(871)	(0.6)
Other gains and losses	6	–	(663)	(0.2)	1,472	0.4	(495)	(0.3)	(866)	(0.6)
Distribution and selling expenses	(2,255)	(0.7)	(2,574)	(0.8)	(3,299)	(0.8)	(1,606)	(1.0)	(1,398)	(0.9)
Administrative expenses	(6,868)	(2.1)	(10,459)	(3.2)	(13,420)	(3.2)	(4,748)	(2.9)	(5,386)	(3.4)
Research and development expenses	(11,209)	(3.4)	(14,403)	(4.4)	(16,800)	(4.0)	(5,090)	(3.1)	(7,265)	(4.6)
Listing expenses	–	–	–	–	(6,133)	(1.4)	–	–	(6,214)	(3.9)
Finance costs	(22,700)	(6.9)	(5,511)	(1.7)	(2,405)	(0.6)	(1,137)	(0.7)	(916)	(0.6)
Profit before tax	120,572	36.9	78,292	23.8	93,228	22.1	37,323	23.0	36,315	23.1
Income tax expense	(18,565)	(5.7)	(8,466)	(2.6)	(6,810)	(1.6)	(4,467)	(2.7)	(4,956)	(3.1)
Profit and total comprehensive income for the year	102,007	31.2	69,826	21.2	86,418	20.5	32,856	20.3	31,359	20.0

Our profit and total comprehensive income for the year decreased by 31.5% from RMB102.0 million in 2022 to RMB69.8 million in 2023, primarily due to (i) an increase in our cost of sales driven by an increase in raw material costs, (ii) impairment losses under expected credit loss and (iii) an increase in administrative expenses due to an increase in employee benefit expenses.

SUMMARY

Our profit and total comprehensive income for the year increased by 23.8% from RMB69.8 million in 2023 to RMB86.4 million in 2024, primarily attributable to an increase in our revenue as the sales of capacitor base films increased.

Our profit and total comprehensive income for the period decreased by 4.6% from RMB32.9 million in the five months ended May 31, 2024 to RMB31.4 million in the five months ended May 31, 2025, primarily due to a decrease in our revenue as the sales of metallized films decreased.

Revenue by products

The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as percentage of our total revenue, for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	<i>(unaudited)</i>									
Capacitor films										
Capacitor base films										
Ultra-thin base films ⁽¹⁾	52,983	16.2	23,992	7.3	26,930	6.4	11,235	6.9	13,392	8.5
Thin base films ⁽²⁾	207,644	63.5	176,506	53.6	240,152	56.9	88,286	54.4	92,641	59.0
Medium-thick base films ⁽³⁾	40,003	12.2	36,030	10.9	40,112	9.5	16,875	10.4	17,359	11.0
Subtotal	300,630	91.9	236,528	71.8	307,194	72.8	116,396	71.7	123,392	78.5
Metallized films	–	–	70,983	21.5	85,218	20.2	36,277	22.4	21,464	13.7
Other Products⁽⁴⁾	26,446	8.1	22,034	6.7	29,283	6.9	9,565	5.9	12,263	7.8
Including: recycled granules	23,032	7.0	20,646	6.3	28,228	6.8	8,994	5.5	12,066	7.7
Total	327,076	100.0	329,545	100.0	421,695	100.0	162,238	100.0	157,119	100.0

Notes:

- (1) Referring to capacitor base films with thickness ranging from 2.0 μm to 3.9 μm.
- (2) Referring to capacitor base films with thickness ranging from 4.0 μm to 6.9 μm.
- (3) Referring to capacitor base films with thickness ranging from 7.0 μm to 14.9 μm.
- (4) In addition to recycled granules, other products primarily include electronic anti-theft tag films and composite copper foil base films.

SUMMARY

The following table sets forth our sales volume of our main products by product type during the Track Record Period:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>ton</i>	<i>ton</i>	<i>ton</i>	<i>ton</i>	<i>ton</i>
Capacitor films					
Capacitor base films					
Ultra-thin base films ⁽¹⁾	993	587	691	307	330
Thin base films ⁽²⁾	6,334	5,969	8,408	3,076	3,253
Medium-thick base films ⁽³⁾	1,288	1,254	1,382	573	588
Subtotal	8,615	7,811	10,482	3,956	4,171
Metallized films	–	1,150	1,327	522	320

Notes:

- (1) Referring to capacitor base films with thickness ranging from 2.0 μm to 3.9 μm.
- (2) Referring to capacitor base films with thickness ranging from 4.0 μm to 6.9 μm.
- (3) Referring to capacitor base films with thickness ranging from 7.0 μm to 14.9 μm.

The following table sets forth the average selling price of our main products per ton during the Track Record Period:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capacitor films					
Capacitor base films					
Ultra-thin base films ⁽¹⁾	53.4	40.8	38.9	36.6	40.6
Thin base films ⁽²⁾	32.8	29.6	28.6	28.7	28.5
Medium-thick base films ⁽³⁾	31.1	28.7	29.0	29.5	29.5
Subtotal	34.9	30.3	29.3	29.4	29.6
Metallized films	–	61.7	64.2	69.4	67.1

SUMMARY

Notes:

- (1) Referring to capacitor base films with thickness ranging from 2.0 μm to 3.9 μm .
- (2) Referring to capacitor base films with thickness ranging from 4.0 μm to 6.9 μm .
- (3) Referring to capacitor base films with thickness ranging from 7.0 μm to 14.9 μm .

Our revenue decreased by 3.2% from RMB162.2 million in the five months ended May 31, 2024 to RMB157.1 million in the five months ended May 31, 2025 due to a decrease revenue from metallized films. Such decrease was primarily due a decrease in sales volume of metallized films purchased from a third party.

Our revenue increased by 28.0% from RMB329.5 million in 2023 to RMB421.7 million in 2024, due to an increase in revenue from capacitor base films and metallized films. Such increase was primarily attributable to (i) an increase in our overall production capacity and (ii) strong market demand.

Our revenue increased by 0.8% from RMB327.1 million in 2022 to RMB329.5 million in 2023, primarily because we started to generate revenue from metallized films in 2023, which was partially offset by a decrease in the revenue from capacitor base films. Our revenue from capacitor base films decreased by 21.3% from RMB300.6 million in 2022 to RMB236.5 million in 2023, primarily due to:

- a decrease in sales volume because (i) there was a decrease in the overall production capacity as we suspended the operation of our aging first production line to carry out technical upgrades and (ii) we provided capacitor base films that we produced to Ningguo Haiwei for the production of metallized films; and
- a decrease in the average selling price due to our price adjustment in response to the price reduction in the end-use markets of capacitor base films. Such trend has similarly affected other companies in the capacitor film industry during the Track Record Period and had stabilized in 2025, according to CIC.

SUMMARY

Gross profit margin

The following table sets forth a breakdown of our gross profit margin by product type for the periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	(%)	(%)	(%)	(%)	(%)
Capacitor films					
Capacitor base films					
Ultra-thin base films ⁽¹⁾	52.8	37.1	38.0	35.5	43.2
Thin base films ⁽²⁾	47.6	35.9	36.7	34.1	40.9
Medium-thick base films ⁽³⁾	48.2	36.4	37.3	34.8	41.5
Subtotal	48.6	36.1	36.9	34.3	41.2
Metallized films	–	23.7	12.9	13.8	21.2
Other Products⁽⁴⁾	2.7	2.8	2.6	2.7	2.5
Total	44.9	31.2	29.7	27.9	35.5

Notes:

- (1) Referring to capacitor base films with thickness ranging from 2.0 µm to 3.9 µm.
- (2) Referring to capacitor base films with thickness ranging from 4.0 µm to 6.9 µm.
- (3) Referring to capacitor base films with thickness ranging from 7.0 µm to 14.9 µm.
- (4) In addition to recycled granules, other products primarily include electronic anti-theft tag films and composite copper foil base films.

Our gross profit margin increased from 27.9% in the five months ended May 31, 2024 to 35.5% in the five months ended May 31, 2025. Specifically:

- Our gross profit margin of capacitor base films increased from 34.3% in the five months ended May 31, 2024 to 41.2% in the five months ended May 31, 2025. Specifically, our gross profit margin of ultra-thin base films increased from 35.5% in the five months ended May 31, 2024 to 43.2% in the five months ended May 31, 2025. Our gross profit margin of thin-base films increased from 34.1% in the five months ended May 31, 2024 to 40.9% in the five months ended May 31, 2025. Our gross profit margin of medium-thick base films increased from 34.8% in the five months ended May 31, 2024 to 41.5% in the five months ended May 31, 2025.
- Our gross profit margin of metallized films increased from 13.8% in the five months ended May 31, 2024 to 21.2% in the five months ended May 31, 2025.

SUMMARY

Our gross profit margin decreased from 31.2% in 2023 to 29.7% in 2024. Specifically:

- Our gross profit margin of capacitor base films remained relatively stable at 36.1% in 2023 and 36.9% in 2024. Specifically, our gross profit margin of ultra-thin base films remained relatively stable at 37.1% in 2023 and 38.0% in 2024. Our gross profit margin of thin-base films remained relatively stable at 35.9% in 2023 and 36.7% in 2024. Our gross profit margin of medium-thick base films remained relatively stable at 36.4% in 2023 and 37.3% in 2024.
- Our gross profit margin of metallized films decreased from 23.7% in 2023 to 12.9% in 2024, primarily due to an increase in raw material costs, primarily attributable to an increase in our purchase amount of capacitor base films and metallized films for our metallized film business. For reasons for our purchase of metallized films from a third party, see “Business—Raw Materials and Suppliers—Raw Materials” for details.

Our gross profit margin decreased from 44.9% in 2022 to 31.2% in 2023, primarily due to (i) a decrease in gross profit margin of capacitor base films, and (ii) our acquisition of Ningguo Haiwei, after which we started to provide metallized films, which have a relatively lower gross profit margin compared to that of capacitor base films.

Specifically, our gross profit margin of capacitor base films decreased from 48.6% in 2022 to 36.1% in 2023, primarily due to:

- a decrease in the average selling price due to our price adjustment in response to the price reduction in the end-use markets of capacitor base films. For our steps to mitigate the potential impact of future price reduction, see “Business—Customers, Sales and Marketing—Sales and Marketing—Pricing.”
- an increase in the unit cost of sales, which was attributable to a reduction in economies of scale as a result of a decrease in our utilization rate and a decrease in our production capacity. Such decrease in production capacity was primarily because we suspended our first production line for capacitor base films from March 2023 to June 2024 to carry out technical upgrades.

Our gross profit margin of metallized films was 23.7% in 2022. Such gross profit margin was relatively lower compared to that of capacitor base films, primarily because, to meet the customer demand for metallized films, we (i) procured capacitor base films from third parties as the capacitor base films for the metallized films we sold and (ii) purchased metallized films from Haowei Electronic. See “Financial information—Significant Factors Affecting Our Results of Operations—Our Ability to Effectively Manage Our Cost of Sales—Capacitor base films and metallized films” for details.

SUMMARY

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	175,549	174,401	210,725	223,670
Total current assets	387,847	565,722	551,853	610,894
Total assets	<u>563,396</u>	<u>740,123</u>	<u>762,578</u>	<u>834,564</u>
Total non-current liabilities	490	–	1,182	968
Total current liabilities	317,148	137,803	75,377	116,833
Total liabilities	<u>317,638</u>	<u>137,803</u>	<u>76,559</u>	<u>117,801</u>
Net current assets	70,699	427,919	476,476	494,061
Total assets less current liabilities	<u>246,248</u>	<u>602,320</u>	<u>687,201</u>	<u>717,731</u>
Net assets	<u>245,758</u>	<u>602,320</u>	<u>686,019</u>	<u>716,763</u>
Share capital	97,020	123,712	123,712	123,712
Reserves	138,938	469,884	557,049	587,332
Equity attributable to owners of the Company	235,958	593,596	680,761	711,044
Non-controlling interests	9,800	8,724	5,258	5,719
Total equity	<u>245,758</u>	<u>602,320</u>	<u>686,019</u>	<u>716,763</u>

Our net current assets increased from RMB70.7 million as of December 31, 2022 to RMB427.9 million as of December 31, 2023, primarily due to (i) an increase in cash and cash equivalents as a result of financing activities through issue of shares, (ii) a decrease in trade, bills and other payables as we repaid substantially all of our bills payables and (iii) a decrease in amounts due to related parties as we settled substantially all of our outstanding amounts due to related parties. This was partially offset by a decrease in restricted bank deposits.

Our net current assets increased from RMB427.9 million as of December 31, 2023 to RMB476.5 million as of December 31, 2024, primarily due to (i) an increase in trade, bills and other receivables primarily due to our business growth and (ii) a decrease in bank borrowings as we repaid part of our loan principals. This was partially offset by (i) a decrease in cash and cash equivalents and (ii) an increase in trade, bills and other payables.

SUMMARY

Our net current assets remained relatively stable at RMB476.5 million as of December 31, 2024 and RMB494.1 million as of May 31, 2025.

Our net assets increased from RMB245.8 million as of December 31, 2022 to RMB602.3 million as of December 31, 2023, primarily due to (i) the profit and total comprehensive income for the year of RMB69.8 million and (ii) issue of shares of RMB290.3 million, partially offset by a decrease in deemed distribution arising from issue of financial guarantees to related parties of RMB3.5 million. See Consolidated Statements of Changes in Equity in the Accountant's Report in Appendix I to this prospectus.

Our net assets increased from RMB602.3 million as of December 31, 2023 to RMB686.0 million as of December 31, 2024, primarily due to the profit and total comprehensive income for the year of RMB86.4 million, partially offset by a decrease in deemed distribution arising from issue of financial guarantees to related parties of RMB2.7 million.

Our net assets increased from RMB686.0 million as of December 31, 2024 to RMB716.8 million as of May 31, 2025, due to (i) the profit and total comprehensive income for the period of RMB31.4 million and (ii) capital injection by non-controlling interests of RMB1.5 million, partially offset by a decrease in deemed distribution arising from issue of financial guarantees to related parties of RMB2.1 million.

We recorded accumulated loss as of January 1, 2022, because of lower average selling price of our capacitor films due to market competition. We broke-even and recognized profits in 2021, primarily attributable to (i) an increase in the average selling price of our capacitor films, which was in line with the industry trend as a result of higher market demand, according to CIC; and (ii) a decrease in our cost of sales as a result of our enhanced economies of scale.

Summary of Consolidated Statements of Cash Flows

The following table sets forth selected information from our cash flows for the years/periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Net cash flows from/(used in) operating activities	232,115	(89,371)	17,225	29,011	(35,810)
Net cash flows (used in)/from investing activities	(31,829)	(23,409)	(16,104)	(14,057)	2,163
Net cash flows (used in)/from financing activities	(195,529)	316,973	(72,827)	(50,489)	51,469
Net increase/(decrease) in cash and cash equivalents	4,757	204,193	(71,706)	(35,535)	17,822
Cash and cash equivalents at the beginning of the year	44	4,801	208,994	208,994	137,288
Cash and cash equivalents at the end of the year	4,801	208,994	137,288	173,459	155,110

SUMMARY

We had net cash outflow from operating activities in 2023 and the five months ended May 31, 2025. The net cash outflow from operating activities for the year ended December 31, 2023 was primarily due to (i) an increase in trade, bills and other receivables, primarily due to (a) an increase in trade receivables as a result of our acquisition of Ningguo Haiwei and (b) an increase in advance payment to suppliers as a result of our purchase of manufacturing equipment; and (ii) a decrease in amounts due to related parties as we settled substantially all of our outstanding amounts due to related parties.

The net cash out flow from operating activities for the five months ended May 31, 2025 was primarily due to (i) an increase in trade, bills and other receivables, primarily due to an increase in advance payment to suppliers for purchase of raw materials; (ii) an increase in inventories, primarily due to an increase in the purchase order of our products; and (iii) income tax paid. See “Financial Information—Liquidity and Capital Resources—Cash Flows Analysis—Operating activities” for details.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the five months ended May 31,
	2022	2023	2024	2025
Revenue growth ⁽¹⁾	N/A ⁽⁴⁾	0.8%	28.0%	(3.2)%
Gross profit margin	44.9%	31.2%	29.7%	35.5%
Current ratio ⁽²⁾	1.2	4.1	7.3	5.2
Gearing ratio ⁽³⁾	36.3%	14.9%	3.5%	9.8%

Notes:

- (1) Revenue growth is calculated as the period-on-period growth rate of revenue.
- (2) Current ratio is calculated based on current assets of the respective period, divided by current liabilities.
- (3) Gearing ratio is calculated based on financial guarantee liabilities, bank borrowings, lease liabilities and amounts due to related parties of non-trade nature divided by the ending balance of total equity and multiplied by 100%.
- (4) Labeled as “N/A” as the financial information for the year ended December 31, 2021 was not within the Track Record Period.

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, (ii) risks relating to doing business in the country where we operate and (iii) risks relating to the Global Offering. These risks include, among others, the following:

- If we fail to manage growth effectively, our business, financial condition and results of operations may be materially and adversely affected.

SUMMARY

- We cannot guarantee that our business initiatives and strategies will be successfully implemented or will generate sustainable revenue or profit.
- Our business is exposed to the supply-demand dynamics in the capacitor film industry, and thus is affected by market demand for the film capacitors where our products are used.
- A significant majority of our revenue is derived from capacitor base film products.
- If we cannot keep up with the technological development and advancement in the production of capacitor films, or respond to the evolvement in industry standards, our business, financial condition and results of operations may be materially and adversely affected.
- If our products do not meet customer expectations, or if we otherwise fail to increase sales of our products to our customers, our business, financial condition and results of operations may be adversely affected.
- If we are unable to retain existing customers and attract new customers, our business, financial condition and results of operations will be adversely affected.
- We purchase electrical grade polypropylene, the key raw materials of capacitor base films from overseas suppliers, and we may not be able to secure our supply of key raw materials in a stable and timely manner.
- Tensions in international trade and rising political tensions may affect our supply chains, thus adversely impacting our business, financial condition and results of operations.
- We are exposed to risks relating to cost fluctuations of raw materials caused by fluctuations in prices and foreign currency exchange.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in or subject to any litigation, arbitration, administrative proceedings, claims, damages or losses that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. See “Business—Legal Proceedings and Compliance” for more details.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Song Wenlan, Haiwei Financial, Changrui Consulting and Jiake Consulting directly held approximately 49.32%, 20.11%, 3.84% and 3.84% of the total issued share capital of the Company, respectively. By virtue of (i) Haiwei Financial being owned as to 99% by Mr. Song Wenlan; (ii) Changrui Consulting being owned as to 0.1% by Mr. Song Wenlan as a limited partner and 99.9% by Haiwei Financial as the general partner which is able to exercise control over Changrui

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Consulting pursuant to Changrui Consulting's partnership agreement; and (iii) Jiake Consulting being owned as to 0.1% by Mr. Song Wenlan as a limited partner and 99.9% by Haiwei Financial as the general partner which is able to exercise control over Jiake Consulting pursuant to Jiake Consulting's partnership agreement, Mr. Song Wenlan was able to control an aggregate of approximately 77.12% of the voting rights at general meetings of the Company as of the Latest Practicable Date.

Immediately upon completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), Mr. Song Wenlan will, directly and indirectly through Haiwei Financial, Changrui Consulting and Jiake Consulting, be able to control an aggregate of approximately 61.74% of the voting rights at general meetings of our Company. Therefore, Mr. Song Wenlan, Haiwei Financial, Changrui Consulting and Jiake Consulting will constitute our group of Controlling Shareholders.

Haiwei Financial was established on October 24, 2022 as a shareholding platform of Mr. Song Wenlan. In recognition of our Company's development strategy and prospect, on October 28, 2022, Haiwei Financial entered into a debt transfer agreement with Haiwei Petrochemical, pursuant to which Haiwei Petrochemical assigned trade receivables in the amount of RMB264,920,000, which solely arose from our procurement of electrical grade polypropylene from Haiwei Petrochemical from June 2021 to September 2022 in the ordinary course of business of our Company, originally owed by our Company to Haiwei Petrochemical, to Haiwei Financial, at a consideration of RMB264,920,000. The consideration was determined after arm's length negotiations with reference to the valuation report on the appraised value of the trade receivables from our Company as at October 28, 2022 compiled by China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司).

Upon completion of the assignment, the trade receivables in the amount of RMB264,920,000 became payable by our Company to Haiwei Financial. On October 28, 2022, our Company entered into a capital increase agreement with Haiwei Financial, Changrui Consulting and Jiake Consulting, pursuant to which Haiwei Financial, Changrui Consulting and Jiake Consulting subscribed for RMB26,492,000, RMB4,754,000 and RMB4,754,000 of our Company's registered capital at considerations of RMB264,920,000, RMB47,540,000 and RMB47,540,000, respectively. Haiwei Financial settled the consideration of RMB264,920,000 by offsetting it against an equivalent amount of trade receivables owed to it by our Company. For details, see "History, Development and Corporate Structure—Our Operating Entities and Corporate Development—Capital Increase, Equity Transfer and Acquisition of Ningguo Haiwei in October 2022" in this prospectus.

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Group, he/it did not have any interest in other business, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules. Our Directors believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Listing. See "Relationship with Our Controlling Shareholders" in this prospectus for further details.

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RELATIONSHIP WITH THE FAMILY OF MR. SONG WENLAN

The family of Mr. Song Wenlan, including Mr. Song Wenlan himself, founded our Company, while other family members of Mr. Song Wenlan, including his father, Mr. Song Junqing, have over time established and controlled several other companies, such as Haiwei Transportation and Haiwei Petrochemical. Since 2022, certain arrangements have been implemented as part of the family succession plan of the family of Mr. Song Wenlan and to enhance the independence of our Group, including:

- (i) a series of direct and indirect equity transfer arrangements between Mr. Song Junqing and Mr. Song Wenlan in August 2021 and October 2022, upon completion of which Mr. Song Junqing transferred his entire equity interests in our Company. For details, see “History, Development and Corporate Structure—Our Operating Entities and Corporate Development”;
- (ii) the resignation of Mr. Song Junqing from his positions as (a) supervisor of our Company in December 2022 and (b) non-executive Director in May 2023. For details, see “History, Development and Corporate Structure—Our Operating Entities and Corporate Development”; and
- (iii) the completion and/or termination of the arrangements with companies controlled by the other family members of Mr. Song Wenlan, which were entered into due to our Group’s historical connection with the companies controlled by the other family members of Mr. Song Wenlan. In particular:
 - (a) the debt transfer agreement and the capital increase agreement in October 2022, pursuant to which Haiwei Petrochemical assigned trade receivables in the amount of RMB264,920,000 to Haiwei Financial, and Haiwei Financial subscribed for the amount of RMB26,492,000 of our Company’s registered capital. These arrangements were fully settled and completed as of the Latest Practicable Date. For details, see “History, Development and Corporate Structure—Our Operating Entities and Corporate Development—Capital Increase, Equity Transfer and Acquisition of Ningguo Haiwei in October 2022”;
 - (b) financial guarantees previously provided to Haiwei Transportation and Haiwei Petrochemical for their bank borrowings, all of which had been released as of the Latest Practicable Date. For details, see “History, Development and Corporate Structure—Our Operating Entities and Corporate Development”;
 - (c) procurement of raw materials by our Company from Haiwei Petrochemical, which had been terminated in March 2023. For details, see “Business—Customers, Sales and Marketing—Overlapping Suppliers and Customers—Ningguo Haiwei and Haiwei Petrochemical”;

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- (d) a financial guarantee provided by Chunyuan Thermal Power for our Group's bank borrowings, which had been terminated in June 2025. For details, see "History, Development and Corporate Structure—Our Operating Entities and Corporate Development"; and
- (e) financial guarantees provided by our Company to an Independent Third Party for its bank loan, which were subsequently released in December 2021 after the creditor's rights was acquired by a company controlled by another family member of Mr. Song Wenlan ("Company H"). For details, see "Business—Legal Proceeds and Compliance—Financial Guarantee to Company Y" and "Risk Factors—Risks Relating to Our Business and Industry—We may be involved in claims, disputes and legal proceedings in our ordinary course of business."

PRE-IPO INVESTMENTS

We received three rounds of Pre-IPO Investments from the Pre-IPO Investors since February 2023, including but not limited to BYD, Yibin Lvneng Equity Investment Partnership (Limited Partnership) (宜賓綠能股權投資合夥企業(有限合夥)) and Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司). For further details of the identity and background of the Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see "History, Development and Corporate Structure—Pre-IPO Investments" in this prospectus.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that (i) the Global Offering is completed and 30,831,400 H Shares are newly issued in the Global Offering, (ii) 29,019,539 Unlisted Shares will be converted into H shares upon the completion of the Global Offering; (iii) the Offer Size Adjustment Option and the Over-allotment Option for the Global Offering are not exercised, and (iv) 154,543,287 Shares are issued and outstanding following the completion of the Global Offering:

	Based on the Offer Price of HK\$14.28 per Share
Market capitalization of our Shares ⁽¹⁾	HK\$2,206.9 million
Market capitalization of our H Shares ⁽²⁾	HK\$854.7 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽³⁾	HK\$7.65

Notes:

- (1) The calculation of the market capitalization of our Shares is based on the assumption that 154,543,287 Shares will be in issue immediately upon completion of the Global Offering.

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- (2) The calculation of the market capitalization of our H Shares is based on the assumption that 59,850,939 H Shares will be in issue immediately upon completion of the Global Offering, comprising 30,831,400 H Shares to be issued pursuant to the Global Offering and 29,019,539 H shares to be converted from Unlisted Shares.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in the section headed “Appendix II—Unaudited Pro Forma Financial Information” in this prospectus.

DIVIDEND

We did not declare or distribute any dividend to our Shareholders during the Track Record Period. We do not maintain a formal dividend policy or have a fixed dividend distribution ratio, and we may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Pursuant to the Articles of Association, our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders’ interests and any other conditions that our Board may deem relevant.

We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future. Under PRC law, dividends may be paid only out of distributable profit, which is our profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. For details, see “Risk Factors—Risks Relating to Doing Business in the Country Where We Operate—Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.” In addition, our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

FUTURE PLANS AND USE OF PROCEEDS

Based on the Offer Price of HK\$14.28 per Share, we estimate that we will receive net proceeds of approximately HK\$388.9 million (equivalent to approximately RMB354.5 million) from the Global Offering after deducting the underwriting commission and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised.

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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 82.0% of the net proceeds, or HK\$318.9 million (equivalent to approximately RMB290.7 million), is expected to be used to further increase our production capacity. We plan to construct a new manufacturing facility for producing capacitor base films in Southern China (the “**Southern China Facility**”), specifically:
 - (i) approximately 68.0% of the net proceeds, or HK\$264.4 million (equivalent to approximately RMB241.0 million), will be used for the purchase and installation of manufacturing equipment for the two production lines;
 - (ii) approximately 5.0% of the net proceeds, or HK\$19.4 million (equivalent to approximately RMB17.7 million), will be used for the construction of office and factory buildings;
 - (iii) approximately 4.0% of the net proceeds, or HK\$15.6 million (equivalent to approximately RMB14.2 million), will be used for land-related expenses;
 - (iv) approximately 3.0% of the net proceeds, or HK\$11.7 million (equivalent to approximately RMB10.6 million), will be used for the construction of public and ancillary infrastructure; and
 - (v) approximately 2.0% of the net proceeds, or HK\$7.8 million (equivalent to approximately RMB7.1 million), will be used for the payment of other costs and expenses related to the Southern China Facility;
- approximately 5.0% of the net proceeds, or HK\$19.4 million (equivalent to approximately RMB17.7 million), is expected to be used enhancing our R&D capabilities;
- approximately 3.0% of the net proceeds, or HK\$11.7 million (equivalent to approximately RMB10.6 million), is expected to be used for sales and marketing activities; and
- approximately 10.0% of the net proceeds, or HK\$38.9 million (equivalent to approximately RMB35.4 million), is expected to be used for working capital and other general corporate uses.

For further details, see “Future Plans and Use of Proceeds.”

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LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees (such as the discretionary incentive fee) incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB47.3 million (or HK\$51.9 million, representing 11.8% of the gross proceeds from the Global Offering) (assuming an Offer Price of HK\$14.28 per Offer Share and no exercise of the Offer Size Adjustment Option or the Over-allotment Option), of which (i) approximately RMB28.6 million, directly attributable to the issue of our Offer Shares, will be subsequently charged to equity upon completion of the proposed Listing and (ii) approximately RMB6.4 million is expected to be expensed in our consolidated statements of profit or loss after the Track Record Period. By nature, our Listing expenses are composed of (i) underwriting commission of approximately RMB12.3 million and (ii) non-underwriting-related expenses of approximately RMB35.0 million, which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately RMB19.1 million, and (b) other fees and expenses of approximately RMB15.9 million. During the Track Record Period, we incurred listing expenses of RMB12.3 million.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record period and up to the Latest Practicable Date, our business operations continued to expand. Our revenue, gross profit and gross profit margin in the three months ended March 31, 2025 increased as compared to the three months ended March 31, 2024. In May 2025, we were named as an “Excellent Private Enterprise in Hebei Province (河北省優秀民營企業) in 2024” by the Provincial Government of Hebei Province. In October 2025, we were named as the “Most Competitive Supplier to Film Capacitors (‘薄膜電容器最具競爭力供應商’) in 2025” by China Electronic Components Association. In 2025, we expanded our customer base by obtaining more customers.

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since May 31, 2025, being the end date of our latest combined financial statements, and there has been no event since May 31, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

IMPACT OF COVID-19

Despite the impact, during the Track record Period, we maintained continuous production without production halts, managed a stable raw material supply chain without substantial disruption, adapted sales strategies to meet strong market demand and maintained progressive R&D activities, demonstrating the resilience and robustness of our operational capabilities. Our Directors are of the view that the outbreak of COVID-19 had no material impact on our business during the Track Record Period and up to the Latest Practicable Date. See “Business—Impact of COVID-19” for details. Based on the aforementioned Directors’ view and the discussion with the Company, the Sole Sponsor is not aware of any material impact brought by COVID-19 to the Company’s business during the Track Record Period and up to the Latest Practicable Date.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in “Glossary of technical terms”.

“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as included in Appendix I to this prospectus
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on January 24, 2025 with effect from the Listing Date, as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BYD”	BYD Company Limited (比亞迪股份有限公司), one of our Pre-IPO Investors
“Capital Market Intermediaries” or “capital market intermediary(ies)” or “CMI(s)”	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Changrui Consulting”	Jing County Changrui Enterprise Management Consulting Partnership (Limited Partnership) (景縣昌瑞企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on October 25, 2022 and one of our Controlling Shareholders

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“China” or “the PRC”	the People’s Republic of China, and for the purposes of this prospectus only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Chunyuan Thermal Power”	Jing County Chunyuan Thermal Power Co., Ltd. (景縣春源熱力有限公司), a limited liability company established under the laws of the PRC on November 20, 2016
“CIC”	China Insights Industry Consultancy Limited, an independent market, research and consulting company
“CIC Report”	the industry report commissioned by us and independently prepared by CIC, a summary of which is set forth in the section headed “Industry Overview” in this prospectus
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Companies (Winding Up and Miscellaneous Provisions) 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
“Compliance Advisor”	has the meaning ascribed thereto under the Listing Rules
“Company”, “our Company” or “the Company”	Hebei Haiwei Electronic New Material Technology Co., Ltd. (河北海偉電子新材料科技股份有限公司) (formerly known as Hebei Haiwei Group Electronic Material Co., Ltd. (河北海偉集團電子材料有限公司) and Hebei Haiwei Electronic Material Co., Ltd. (河北海偉電子材料有限公司)), which was initially incorporated under the laws of the PRC as a limited liability company on September 6, 2006 and was subsequently converted into a joint stock company with limited liability on January 11, 2023
“Company Law” or “PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

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“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)” or “Controlling Shareholders Group”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Mr. Song Wenlan, Haiwei Financial, Changrui Consulting and Jiake Consulting, as further detailed in the section headed “Relationship with Our Controlling Shareholders” in this prospectus
“Conversion of Unlisted Shares into H Shares”	the conversion of 29,019,539 Unlisted Shares in aggregate held by our existing Shareholders into 29,019,539 H Shares upon the completion of the Global Offering
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code in Appendix C1 to the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Designated Bank”	HKSCC Participant’s EIPO Designated Bank
“Director(s)”	the director(s) of our Company
“EIT”	enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FIL”	Foreign Investment Law of the PRC (中華人民共和國外商投資法)
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC that is mandatory for admission to trading and the collection and processing of specified information on subscription in and settlement for all new listings in Hong Kong
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

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“Global Offering”	the Hong Kong Public Offering and the International Offering
“Governmental Authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“Group”, “our Group”, “we”, “us”, or “our”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“Guide”	the Guide for New Listing Applicants published by the Stock Exchange effective on January 1, 2024, as amended from time to time
“H Share(s)”	overseas listed foreign Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“Haiwei Financial”	Jing County Haiwei Electronic Financial Management Consulting Co., Ltd. (景縣海偉電子財務管理諮詢有限公司), a limited liability company established under the laws of the PRC on October 24, 2022 and one of our Controlling Shareholders
“Haiwei Petrochemical”	Haiwei Petrochemical Co., Ltd. (海偉石化有限公司), a limited liability company established under the laws of the PRC on June 14, 2013
“Haiwei Technology”	Jing County Haiwei Electronic Technology Development Co., Ltd. (景縣海偉電子技術研發有限公司), a limited liability company established under the laws of the PRC on November 4, 2022 and our wholly-owned subsidiary
“Haiwei Transportation”	Hebei Haiwei Transportation Facilities Group Co., Ltd. (河北海偉交通設施集團有限公司), a limited liability company established under the laws of the PRC on June 18, 1999 and our previous Shareholder

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“Haowei Electronic”	Ningguo Haowei Electronic Technology Co, Ltd. (寧國市浩偉電子科技有限公司), a limited liability company established under the laws of the PRC on January 6, 2021
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ HK eIPO White Form ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted 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
“HK\$”, “HK dollars” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standard
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the 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 the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of the HKSCC
“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

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“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong Offer Shares”	the 3,083,200 H Shares being initially offered for subscription in the Hong Kong Public Offering (subject to reallocation and the Offer Size Adjustment Option as described in “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in this prospectus, as further described in “Structure of the Global Offering—The Hong Kong Public Offering” in this prospectus
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in “Underwriting—Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated November 19, 2025 relating to the Hong Kong Public Offering, entered into by, among others, our Company, the Controlling Shareholders, China International Capital Corporation Hong Kong Securities Limited and the Hong Kong Underwriters, as further described in “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement” in this prospectus
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules, as far as the Directors are aware after having made all reasonable enquiries
“International Offer Shares”	the 27,748,200 H Shares being initially offered for subscription under the International Offering together, where relevant, with any additional H Shares which may be issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option, subject to adjustment as described in “Structure of the Global Offering” in this prospectus

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“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 in each case on and subject to the terms and conditions of the International Underwriting Agreement, or any other available exemption from the registration requirements under the U.S. Securities Act, as further described in “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement, expected to be entered into on or about November 26, 2025, relating to the International Offering, by, among others, our Company, the Controlling Shareholders, China International Capital Corporation Hong Kong Securities Limited and the International Underwriters, as further described in “Structure of the Global Offering—The International Offering” in this prospectus
“Jiake Consulting”	Jing County Jiake Enterprise Management Consulting Partnership (Limited Partnership) (景縣嘉科企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on October 25, 2022 and one of our Controlling Shareholders
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering—Parties Involved in the Global Offering” in this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering—Parties Involved in the Global Offering” in this prospectus
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering—Parties Involved in the Global Offering” in this prospectus
“Latest Practicable Date”	November 11, 2025, being the latest practicable date for ascertaining certain information in this prospectus before its publication
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange

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“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Friday, November 28, 2025, on which the Shares are to be listed and on which dealings in the Shares are to be first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Ningguo Haiwei”	Anhui Ningguo Haiwei Electronic Co., Ltd. (安徽省寧國市海偉電子有限公司), a limited liability company established under the laws of the PRC on May 26, 2010 and our non wholly-owned subsidiary
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, together, where relevant, with any additional Shares to be issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option

DEFINITIONS

“Offer Size Adjustment Option”	the option under the Hong Kong Underwriting Agreement, exercisable by the Company with the prior written agreement between the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or before the execution of the International Underwriting Agreement, pursuant to which the Company may issue and allot up to an aggregate of 4,624,600 additional H Shares (representing in aggregate approximately 15.0% of the initial Offer Shares initially being offered under the Global Offering) at the Offer Price, to cover additional market demand, as described in “Structure of the Global Offering—Offer Size Adjustment Option”
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 4,624,600 additional H Shares (representing in aggregate 15% of the initial Offer Shares assuming the Offer Size Adjustment Option is not exercised at all) or up to 5,318,400 additional H Shares (representing in aggregate 15.0% of the Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full) at the Offer Price, among other things, to the International Underwriters to, cover over-allocations in the International Offering, if any, details of which are described in “Structure of the Global Offering—Over-allotment Option” in this prospectus
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Legal Advisor”	Zhong Lun Law Firm, our legal advisor as to PRC laws
“Pre-IPO Investment(s)”	the investment(s) in our Company undertaken by the Pre-IPO Investors pursuant to the respective investment agreement(s), details of which are set out in the section headed “History, Development and Corporate Structure”
“Pre-IPO Investor(s)”	the investor(s) from whom our Company obtained several rounds of investments, details of which are set out in the section headed “History, Development and Corporate Structure”

DEFINITIONS

“province(s)”	for the purpose of this prospectus and for geographical reference only the “province(s)” include(s) municipalities, autonomous regions and special administrative regions in China
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“Securities Law” or “PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)” or “Ordinary Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Sole Sponsor”	the sole sponsor of the Listing as named in the section headed “Directors and Parties Involved in the Global Offering—Parties Involved in the Global Offering” in this prospectus
“Sole Sponsor-Overall Coordinator”	the sponsor-overall coordinator of the Listing as named in the section headed “Directors and Parties Involved in the Global Offering—Parties Involved in the Global Offering”
“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited
“State Council”	the State Council of the PRC (中華人民共和國國務院)

DEFINITIONS

“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed thereto 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
“Track Record Period”	the three financial years ended December 31, 2024 and the five months ended May 31, 2025
“U.S.”, “US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars”, “US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“Unlisted Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are not listed on any stock exchange
“VAT”	value-added tax
“%”	per cent

The English translation of PRC entities, enterprises, nationals, facilities and regulations in Chinese or another language in this prospectus is for identification purposes only. In this prospectus, should there be any discrepancy between the Chinese names of the entities or enterprises established in China and its English translation, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

Unless the context otherwise requires, explanations and definitions of certain terms used in this prospectus in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“biaxial stretching”	a manufacturing process in which cast sheets of raw materials are stretched in both the longitudinal and transverse directions under controlled conditions, refining the material’s dimensions and enhancing its mechanical and electrical properties
“BOPET film”	biaxially oriented polyethylene terephthalate film
“BOPP film”	biaxially oriented polypropylene film, which is produced by stretching polypropylene in two perpendicular directions that enhances the strength, clarity and durability of the film
“CAGR”	compound annual growth rate
“capacitor”	an electronic component that stores and releases electrical energy in a circuit
“capacitor base film”	a thin dielectric polymer film used as the insulating material in film capacitors
“capacitor film”	a general term for both capacitor base films and metallized films, which determine the performance and functionality of film capacitors.
“coating”	a process where a metallic layer (such as aluminum and zinc) is vapor-deposited onto the surface of a base film to enhance its electrical properties
“composite current collector”	a material used in the manufacturing of batteries, designed to efficiently collect and transmit electric current between the active material and the external circuit while reducing weight
“composite copper foil”	a type of copper foil used in batteries that is reinforced with additional materials, such as polymer films or composite materials, to enhance its mechanical strength, electrical conductivity and durability
“dielectric”	an insulating material placed between the two conductive plates of a capacitor

GLOSSARY OF TECHNICAL TERMS

“‘dual-carbon’ goals”	China’s commitment to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060, which is announced in 2020 as part of China’s efforts to address climate change. The “dual-carbon” goals are included in multiple policies and regulations, primarily including Opinions of the Central Committee of the Communist Party of China and the State Council on Comprehensively, Accurately and Thoroughly Implementing the New Development Concept and Doing a Good Job in Carbon Peaking and Carbon Neutrality (《中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) and Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》)
“electrical grade”	a specific electrical performance standard for film manufacture, generally involving factors like conductivity, insulation resistance and dielectric strength
“electronic anti-theft tag films”	film products specifically designed for electronic anti-theft tags
“film capacitor”	a type of capacitor with an insulating plastic film as the dielectric
“GB/T 13542.3-2006”	PRC national standard, “Film for electrical insulation. Part 3: Biaxially oriented polypropylene films for capacitors”, which specifies the roughness requirement for capacitor films
“GB/T 19001-2016”	PRC national standard, “Quality management systems—Requirements”, which specifies the requirements for a quality management system
“GB/T 24001-2016”	PRC national standard, “Environmental management systems—Requirements with guidance for use”, which specifies the requirements for an environmental management system
“GFA”	gross floor area
“GHG”	greenhouse gas
“IATF 16949”	an internationally recognized quality management system standard developed by the International Automotive Task Force and specifically applied in the design, development, production, installation and servicing of automotive-related products

GLOSSARY OF TECHNICAL TERMS

“ISO”	the International Organization for Standardization, an independent, non-governmental organization that develops and publishes international standards
“ISO 9001”	Quality Management Systems—Requirements, an international standard on quality management systems developed by the ISO
“ISO 14001”	Environmental Management Systems-Requirements with Guidance for Use, a standard for environmental management systems published by the ISO
“lithium-ion battery”	a rechargeable battery technology that uses lithium ions as the primary charge carriers
“medium-thick base films”	referring to capacitor base films with thickness ranging from 7.0 μm to 14.9 μm
“metallized film”	a capacitor film created by coating a thin layer of metal, typically aluminum and zinc, onto one side of capacitor base films
“mm”	millimeter
“NEV”	new energy passenger vehicles, primarily including battery electric vehicles, extended-range electric vehicles, plug-in hybrid electric vehicles, and fuel cell electric vehicles
“new energy electricity system”	an electricity generation, transmission, and distribution network that primarily relies on renewable and sustainable energy sources
“nm”	nanometer
“PE film”	polyethylene film, a type of film made from polyethylene
“PEN film”	polyethylene naphthalate film, a type of film made from polyethylene naphthalate
“PET film”	polyethylene terephthalate film, a type of film made from polyethylene terephthalate
“polypropylene”	a synthetic thermoplastic polymer made from the polymerization of propylene monomers

GLOSSARY OF TECHNICAL TERMS

“PP film”	polypropylene film, a type of plastic film made from polypropylene
“PPS film”	polypropylene sulfide film, a type of film made from polyphenylene sulfide
“recycled granules”	small, pellet-like materials made from plastic waste
“sq.m.”	square meter
“thin base films”	referring to capacitor base films with thickness ranging from 4.0 μm to 6.9 μm
“ultra-thin base films”	referring to capacitor base films with thickness ranging from 2.0 μm to 3.9 μm
“ μm ”	micrometer
“V”	voltage

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as “will”, “expect”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “aim”, “aspire”, “objective”, “target”, “schedules “ and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- our ability to control costs and expenses;
- our ability to identify and satisfy consumer demands and preferences;
- our ability to maintain good relationships with business partners;
- the actions and developments of our competitors;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate;
- relevant government policies, legislations and regulations relating to our business and industry, as well as interpretation and positions adopted by, and actions taken by, the relevant regulatory agencies; and
- all other risks and uncertainties described in “Risk Factors”.

FORWARD-LOOKING STATEMENTS

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

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

RISK FACTORS

An investment in the Shares involves various risks. You should consider carefully all the information set out in this prospectus and, in particular, the risks described below before making an investment in the Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial condition and results of operations. If any of these events occurs, the trading price of the Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisors regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to manage growth effectively, our business, financial condition and results of operations may be materially and adversely affected.

Our revenue increased by 0.8% from RMB327.1 million in 2022 to RMB329.5 million in 2023, and further increased by 28.0% to RMB421.7 million in 2024, and decreased by 3.2% from RMB162.2 million in the five months ended May 31, 2024 to RMB157.1 million in the five months ended May 31, 2025. Specifically, our revenue from capacitor base films, which are our main products, decreased by 21.3% from RMB300.6 million in 2022 to RMB236.5 million in 2023, and increased by 29.9% from RMB236.5 million in 2023 to RMB307.2 million in 2024, and increased by 6.0% from RMB116.4 million in the five months ended May 31, 2024 to RMB123.4 million in the five months ended May 31, 2025. In addition, we started to provide metallized films in 2023 following our acquisition of Ningguo Haiwei. Our revenue from metallized films was RMB71.0 million in 2023, and further increased by 20.1% to RMB85.2 million in 2024, and decreased by 40.8% from RMB36.3 million in the five months ended May 31, 2024 to RMB21.5 million in the five months ended May 31, 2025.

We may not be able to continue growing at the same rate as we did during the Track Record Period, or as expected, or at all. Our results of operations depend to a large extent on our ability to execute our growth plan and manage our expansion and growth successfully. The successful growth of our business depends on our ability to:

- produce products that meet customer expectation;
- increase our production capacity to meet customer demand in a timely manner;
- secure a stable supply of key raw materials at a reasonable cost;
- maintain and effectively utilize our manufacturing facilities;
- maintain and expand our sales network;
- enhance our talent management and recruit additional key personnel;

RISK FACTORS

- monitor and control expenses and investments in anticipation of expanded operations;
- improve our operational, financial and management internal control, compliance programs and reporting systems; and
- address new market opportunities and potentially unforeseen challenges as they arise.

In addition, our future growth may be affected by factors beyond our control. Such factors include changes in the macroeconomic condition of China, changes in the competitive landscape of the industries in which we operate, government regulations and changes in supply and demand for our products, among others.

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

We plan to enhance our production capacity, and integrate resources across the industry chains. For details, see “Business—Our Strategies.” The success of our business initiatives and strategies depends on various factors, such as economic condition, market condition, competition, regulatory requirements, technological advancement and customer preferences. These factors may be difficult to predict or control. If they do not develop as we expect, our business initiatives and strategies may not be successful in enhancing our business as anticipated.

In addition, the execution of these plans may require significant investment of capital and other resources and management attention, and we may face challenges in implementing them effectively or within the expected time frame. As a result, we may experience delays, cost overruns or other obstacles that may limit our ability to realize the full benefits of these initiatives. If we are unable to successfully execute our business initiatives and strategies, or if the benefits we realize are less than we estimate, our business, financial condition and results of operations may be adversely affected.

Our business is exposed to the supply-demand dynamics in the capacitor film industry, and thus is affected by market demand for the film capacitors where our products are used.

We mainly manufacture and sell capacitor film products that are used for film capacitors applied in various industries, including NEV, new energy electricity system, industrial equipment and home appliances. Accordingly, our results of operations have been and are expected to continue to be affected by the downstream demand for the film capacitors applied in such industries. The downstream demand for film capacitors in these industries are affected by multiple factors, such as:

- technical advantages of film capacitors compared to other types of capacitors;
- the government policies promoting the development of industries such as NEV, new energy electricity system, industrial equipment and home appliances where film capacitors are widely applied; and
- the macroeconomic condition which affects the consumption habits of end consumers.

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Any decrease in the downstream demand for film capacitors in the industries such as NEV, new energy electricity system, industrial equipment and home appliances would result in a decrease in customer orders for our products. Even if the downstream demand increases, we may not be able to identify and capitalize on the market opportunities. If we fail to anticipate or adjust to any shifts in industry standards or technological advancement in these downstream industries, our products may not be able to compete effectively. Additionally, shifts in industry standards or technological advancement in these downstream industries may also reduce the application of film capacitors, or even render them obsolete. As a result, if we fail to adjust to changes in the market condition of our downstream industries, our business, financial condition, results of operations and prospects will be adversely affected.

A significant majority of our revenue is derived from capacitor base film products.

Our revenue relies on the sales performance of the capacitor base film products we produce. In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, the revenue generated from the sale of capacitor base films accounted for 91.9%, 71.8%, 72.8%, 71.7% and 78.5% of our total revenue for the respective years or periods, respectively. As such, we may be exposed to more risks and uncertainties in times of volatile market conditions compared to our competitors that generate their income from a more diversified product portfolio.

In particular, our business may be affected by changes in relevant policies and shifts in market demand. If the relevant regulatory authorities impose additional requirements on the production of capacitor base films or the procurement of key raw materials, we may incur additional expenses in order to comply with these requirements. If we fail to comply with relevant requirements or offset the additional expenses with revenue, our business, financial condition and results of operations could be materially and adversely affected. In addition, the market demand for capacitor base films may be subject to changes in the downstream demand for end-use applications in industries such as NEV, new energy electricity system, industrial equipment and home appliances. This may in turn adversely affect our business, financial condition and results of operations.

If we cannot keep up with the technological development and advancement in the production of capacitor films, or respond to the evolution of industry standards, our business, financial condition and results of operations may be materially and adversely affected.

The capacitor film industry is evolving with technological innovations, new industry standards and different market needs. Our technological capabilities and development of new products are critical to our success. As the standards for capacitor films progress, we need to enhance our technologies and products to ensure our conformity to new industry standards.

We need to keep investing resources, including financial and human resources, in research and development in order to make our products competitive in the market. Our research and development expenses were RMB11.2 million, RMB14.4 million, RMB16.8 million, RMB5.1 million and RMB7.3 million in 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, respectively. We expect to continue to incur significant research and development expenses in the foreseeable future on (i) ultra-thin base films, (ii) composite copper foil base films and (iii) the design and development of production lines. For details, see “Business—Our Strategies—Strengthen R&D capabilities and attract top

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talent” and “Future Plans and Use of Proceeds.” However, our capital and operating expenditure invested in research and development may not yield the expected results. New technologies in our industry could render our technologies or our products obsolete or unattractive, thereby limiting our ability to recover related development costs. As a result, our business, financial condition and results of operations may be adversely affected.

Moreover, our future growth will be affected by our ability to penetrate new markets, improve our existing products and introduce new products that are acceptable to our customers and the market. Any delays or failure in our development and application of new technologies to our products could make our products less competitive in the market, adversely affecting the market acceptance of our products. For example, we develop and refine composite copper foil base films. See “Business—Our Products—Other Products—Composite copper foil base films” for details. We cannot assure you that we will be able to successfully launch or profit from composite copper foil base films or other products based on newly-developed technologies in a timely manner, or at all. If we are unable to devote adequate resources to enhance our technologies, refine our existing products, introduce new products to meet customer requirements, or refine the design of our production lines, on a timely basis, we could lose some, if not all, of our customers and our market share, and our revenue would decline. As a result, our business, financial condition and results of operations could be adversely affected.

If our products do not meet customer expectations, or if we otherwise fail to increase sales of our products to our customers, our business, financial condition and results of operations may be adversely affected.

Our success depends on our ability to meet customer expectations and increase the sale of our products to our customers. Our customers place orders with specific requirements on the thickness of capacitor films. In addition, the production parameters, such as voltage endurance, thermal shrinkage resistance, surface roughness of capacitor films directly affect the quality, safety and production cost of film capacitors. Therefore, our customers may have specific requirements on the quality of capacitor film products. If we cannot offer products that meet our customers’ evolving demand for quality, or if our competitors are able to offer products with more competitive quality, metrics and safety features, our ability to retain our customers may be adversely affected. Further, we currently procure electrical grade polypropylene, the key raw material of capacitor base films, from overseas suppliers, which is in line with the industry practice in China, according to CIC. We plan to conduct production trials using domestically procured electrical grade polypropylene in the future. If we launch products made with domestically sourced electrical grade polypropylene, and such products fail to satisfy our customers’ demand due to deficiencies in the quality of the domestically sourced electrical grade polypropylene, the sale of our products may be adversely affected.

In addition, we may not be able to maintain our relationship with customers due to factors beyond our control, including, but not limited to, changes in the customers’ business model, the availability of comparable products from competitors at a lower price and shifts in the macroeconomic condition. See “—If we are unable to retain existing customers and attract new customers, our business, financial condition and results of operations will be adversely affected.” Any adverse development in these respects may adversely affect our customer base, and in turn affect our business, financial condition, results of operations and prospects.

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Further, our ability to increase the sale of our products depends on our ability to effectively market our products, respond to customer requests properly and offer appropriate after-sale services. If we fail to conduct or enhance our sales and marketing activities in a cost-effective manner, we may incur considerable distribution and selling expenses. Our brand promotion and marketing activities may not be well received by customers and may not generate any anticipated increase in sales. We may not generate sufficient revenue to offset the increase in distribution and selling expenses. As a result, our business, financial condition and results of operations may be adversely affected.

If we are unable to retain existing customers and attract new customers, our business, financial condition and results of operations will be adversely affected.

Our business depends on our ability to retain our existing customers and attract new customers. Our existing customers may terminate our business relationship due to factors such as deficiencies in the quality of the products we offer, failure to meet our existing customers' evolving demand, changes in their business model and shifts in the macroeconomic condition. In addition, we may not be able to attract new customers if we cannot offer products that meet the requirements of the market with competitive pricing, or if we fail to compete in other aspects. As a result, our business, financial conditions and results of operations will be adversely affected.

We purchase electrical grade polypropylene, the key raw material of capacitor base films, from overseas suppliers, and we may not be able to secure our supply of key raw materials in a stable and timely manner.

The key raw material of our capacitor base film products is electrical grade polypropylene. We procure electrical grade polypropylene from overseas suppliers. See "Business—Raw Materials and Suppliers—Raw Materials—Electrical grade polypropylene." Such overseas suppliers may not be able to satisfy our current or future requirements of quality and quantity on a timely basis. Moreover, the prices of electrical grade polypropylene may fluctuate significantly due to factors beyond our control, such as shifting market conditions, increase in global demand or force majeure events including, but not limited to, wars, acts of terrorism and environmental disasters. For details, see "—We are exposed to risks relating to cost fluctuations of raw materials caused by fluctuations in prices and foreign currency exchange." If our current overseas suppliers are not able to satisfy our requirements on a timely basis, or at all, or if the price of electrical grade polypropylene fluctuates significantly, we may need to seek alternative sources of electrical grade polypropylene or redesign our products to manufacture substitutes. According to CIC, the amount of electrical grade polypropylene provided is limited in the world, and electrical grade polypropylene is generally only provided by overseas companies. We cannot assure you that we will be able to secure alternative sources in a timely manner at a reasonable cost. If we fail in the above-mentioned responses, our business, financial condition, results of operations and prospects may be adversely affected.

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Additionally, we convert RMB into foreign currency to purchase electrical grade polypropylene. Given that the conversion of RMB into foreign currency is subject to Chinese foreign exchange regulations, unfavorable changes in exchange rates or regulatory policies could result in insufficient foreign exchange availability. In such cases, we may not be able to procure sufficient electrical grade polypropylene for our production, and our daily business operations may be disrupted. For more details, see “—Risks Relating to Doing Business in the Country Where We Operate—The PRC government’s control over foreign currency conversion may adversely affect our business, results of operations and our ability to remit dividends.”

Tensions in international trade and rising political tensions may affect our supply chains, thus adversely impacting our business, financial condition and results of operations.

Some jurisdictions or organizations have, through executive order, legislation or other governmental means, imposed economic sanctions and export or import controls, such as tariff controls, against certain countries, regions, targeted industry sectors, entities or individuals. Such law and regulations and their interpretation and enforcement are likely subject to frequent changes and substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are beyond our control. If our business operation, especially our supply chain of electrical grade polypropylene, the key raw material of capacitor base films, may be affected by such laws and regulations, our financial condition and results of operations may be adversely affected.

In particular, given that our suppliers of electrical grade polypropylene are located overseas, geopolitical and trade tensions, such as tariff controls or trade or regulatory embargoes imposed by foreign countries or China involving those suppliers, may adversely affect our supply chain. If our supply chain is significantly disrupted, and we are unable to identify alternative suppliers in a timely manner, the loss of such suppliers could disrupt our daily business operations. Such disruptions may have a material adverse effect on our business, financial condition, and results of operations.

We are exposed to risks relating to cost fluctuations of raw materials caused by fluctuations in prices and foreign currency exchange.

Our raw material costs represent a substantial portion of our total operating costs. In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, raw material costs accounted for 82.5%, 84.5%, 83.4%, 82.4% and 80.8% of our cost of sales for the respective years or periods. We may be subject to fluctuations in the prices of raw materials, as well as in energy, transportation and other necessary supplies or services, due to factors beyond our control, such as fluctuations in foreign currency exchange rates, changes in the geopolitical environment and economic conditions, natural disasters or changes in the supply and demand for raw materials, energy, transportation and other necessary supplies or services.

The price of electrical grade polypropylene fluctuated in recent years. According to CIC, the annual average price of electrical grade polypropylene decreased from RMB15.2 thousand per ton in 2022, to RMB12.4 thousand per ton in 2023, and slightly increased to RMB12.8 thousand per ton in 2024. According to CIC, the fluctuation was primarily driven by the fluctuation in the price of crude oil, a key raw material for the production of electrical grade polypropylene. Crude oil price experienced a significant

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increase in 2022 due to the Russia-Ukraine conflict, and then declined and remained relatively stable in 2023 and 2024. See “Industry Overview—Price Analysis.” We cannot assure you that the price of our raw materials will not increase significantly in the future. If that occurs, we may not be able to offset price increases by raising the prices of our products, in which case our profit margin will decrease, and our financial condition and results of operations may be materially and adversely affected. On the other hand, if the prices of our products rise significantly, we may lose our competitive advantage in the market. This in turn could result in loss of sales and customers. In both cases, our business, financial condition and results of operations may be materially and adversely affected.

We rely on a limited number of suppliers for our production.

We rely on a limited number of suppliers for raw materials and manufacturing equipment which we use in our production. In 2022, 2023, 2024 and the five months ended May 31, 2025, the aggregate purchases from our five largest suppliers in each year or period of the Track Record Period were RMB195.9 million, RMB165.1 million, RMB290.7 million and RMB167.5 million, respectively, accounting for 90.4%, 78.6%, 89.9% and 74.4% of our total purchases, respectively. Purchases from our largest supplier accounted for 73.7%, 45.3%, 46.5% and 48.2% of our total purchases for the same years, respectively. For details, see “Business—Raw Materials and Suppliers—Our Suppliers.” We may not be able to maintain our business relationships with our suppliers due to factors such as geopolitical and trade tensions, unsatisfactory quality or significant increase in the prices of the raw materials and equipment used in our production. If any of our suppliers terminate their relationship with us, especially any of the five largest suppliers in each period of the Track Record Period, and if we are unable to secure alternative sources on a timely basis, our business and results of operation may be adversely affected.

In addition, certain of our suppliers are subject to various regulations and are required to obtain and maintain various qualifications, government licenses and approvals in the jurisdictions in which they operate. If any of these suppliers loses its qualification or eligibility because of its failure to comply with regulatory requirements, we may not be able to find alternative suppliers in a timely manner or at all.

We expanded our business through acquisition, which may fail to yield the desired benefits.

We started to provide metallized films following our acquisition of Ningguo Haiwei on December 31, 2022, which primarily manufactures and sells metallized films.

Our ability to integrate Ningguo Haiwei into our existing business also affects the results of operations of the entity. Our ability for integration may be affected by a variety of factors beyond our control, such as the complexity and size of Ningguo Haiwei’s business operations, incompatibility in corporate cultures, as well as the inability to retain key personnel. If we fail to successfully integrate and manage the new business, we may not be able to expand as originally planned prior to the acquisition. In addition, our metallized film business is also subject to market demand for metallized films. If our customers reduce or eliminate their reliance on us for metallized films, our revenue from metallized films may be materially adversely affected.

RISK FACTORS

We face intense competition in the industries in which we operate.

The capacitor film market in China is developing rapidly and the competitive landscape is continuously evolving. Our competitors frequently improve existing products or introduce new products with lower prices. Furthermore, some of our current or potential competitors may have greater resources or may be acquired by third parties with greater resources. Market entrants or strategic alliances with more advanced technologies, greater marketing expertise and greater financial resources may emerge and introduce more competitive products at lower prices. If we fail to maintain our competitive advantages, our business, financial condition and results of operations may be adversely affected.

In addition, some of our current customers have significant human and financial resources. As a result, they may develop and manufacture new capacitor film products in-house or with their business partners. If our current customers successfully introduce new products that are more competitive and cost-effective than our products, they may terminate our business relationship, and our business, financial condition and results of operations may be adversely affected.

We may not be successful in expanding our operations to meet our customers' demands, managing our growth effectively or opening our new facilities in a timely manner.

Our business growth depends on our ability to efficiently execute our production capacity expansion plan. By 2027, we expect to launch four production lines for capacitor base films in addition to our currently existing production lines. See “Business—Manufacturing—Planned Manufacturing Facilities” and “Future Plans and Use of Proceeds” The success of our production expansion plan may be affected by a number of factors beyond our control, including, but not limited to:

- time frame of the construction of our facilities and delivery of our production lines;
- the process of independent design and development of our production lines for capacitor base films;
- the stable price and supply of raw materials;
- our ability to finance the expansion in a timely manner and on commercially reasonable terms;
- relevant approvals and licenses required for, and compliance with laws and regulations related to the construction and operation of our facilities;
- diversion of management attention and other resources;
- local government grants and policies;
- depreciation and operational expenses; and
- our ability to manage the administrative infrastructure and internal control and quality control systems.

RISK FACTORS

Even if we succeed in increasing our production capacity, there may not be enough demand for our products. If there is persistent mismatch in the demand for our products and our production capacity, we may experience overcapacity and under-utilization of our resources, which may adversely impact our business, financial condition and results of operations.

Moreover, the operation and maintenance of our production lines require significant technological and production process expertise. Any change in or addition to our production lines during the expansion could cause one or more production errors, resulting in temporary suspension of or delays in our production until the errors are researched, identified and rectified. As a result, our business, financial condition and results of operations may be adversely affected.

Our efforts in developing and investing in research and development may not be effective.

We invest in R&D activities to design and develop our production lines for capacitor base films and enhance product portfolio. In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, our research and development expenses were RMB11.2 million, RMB14.4 million, RMB16.8 million, RMB5.1 million and RMB7.3 million, respectively. To enhance our production lines and products and to remain competitive in the industry, we need to continue investing in R&D activities.

Our ability to design and develop production lines for capacitor base films primarily includes (i) designing critical components of the manufacturing equipment to enhance its performance and effectiveness; and (ii) optimizing the production parameters of core equipment, including size, operation speed and function, to help ensure seamless coordination across each production step, thus enhancing the overall efficiency. See “Business—Manufacturing—Self-Design and Development of Production Lines.” However, we cannot assure you that our R&D efforts in independently designing and developing our production lines will be successful in the future. We may not be able to obtain sufficient resources, including R&D personnel and financial resources, to support the development of our production lines. The development of our production lines may be costly and time-consuming, the outcome of which may be unpredictable. Even if we succeed in continuing developing production lines catered to the needs of production, we may not be able to refine them such that they produce capacitor base film products that satisfy our customers’ evolving or customized demands. If we fail to design, develop or refine our manufacturing equipment in a timely manner or at all, our ability to expand our production capacity may be adversely affected.

In addition, our R&D activities primarily focus on ultra-thin base films and composite copper foil base films. However, we cannot assure you that our product research and development projects will be successful or be completed within the anticipated time frame or budget. As it is often difficult to project the time frame for developing new products and the duration of market window for these products, there is a substantial risk that we may have to abandon a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product. Further, even if we successfully commercialize such products, there is no guarantee that they will receive wide market acceptance. Also, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to our products or more competitively priced. If we continually fail in our product launch efforts, our business, financial condition and results of operations may be adversely affected.

RISK FACTORS

Our manufacturing processes are complex and costly. Disruptions and suspension of our production lines can significantly impact our production volume, and our business, financial condition and results of operations can be affected as a result.

Our manufacturing processes require periodical maintenance and refinement sophisticated and costly equipment to maintain and improve product quality. If our manufacturing equipment ages or malfunctions, any failure to repair the equipment in a timely manner may result in disruption in our production lines and adversely affect our business. For instance, our standardized production volume of capacitor base films decreased from 13,776 tons in 2022 to 10,901 tons in 2023, primarily because (i) in March 2023, we paused the operation of three production lines for capacitor base films to carry out inspection for approximately 20 days; and (ii) we suspended the operation of our aging first production line for capacitor base films, which was originally launched in 2006, to undertake technical upgrades from March 2023 to June 2024. We cannot assure you that we will not experience manufacturing disruption, or will not suspend our production lines for technical upgrades for relatively long time in the future. If that occurs, our production volume and as a result, our revenue, may be materially adversely affected.

In addition, we may experience disruptions in our production lines due to additional factors such as labor shortages or natural disasters, which may delay our production and delivery, leading to sales loss, increased costs and damaged customer relationships. Furthermore, limitations in our production capacity may adversely affect our ability to meet customer demands. As product demand increases, we may not be able to scale production accordingly, which may result in longer lead times, lost sales and customer dissatisfaction. Any such event may adversely affect our business, results of operations, financial condition, and prospects.

If we are unable to maintain high utilization rates of our manufacturing facilities, our profitability will be adversely affected.

High utilization rates of our manufacturing facilities allow us to allocate fixed costs over a greater quantity of products. Increase or decrease in utilization rates can significantly impact our gross margin. Accordingly, the profitability of our operation in part depends on our ability to maintain high utilization rates. Our utilization rates are subject to risks related to equipment malfunction, utilities interruption and deficiencies in quality control. We have experienced fluctuations in our overall production capacity utilization rates during the Track Record Period. Specifically, our production capacity utilization rate of capacitor base films was 99.8%, 88.3%, 98.8%, 96.2% and 98.2% in 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, respectively. Our production capacity utilization rate of metallized films was 89.9%, 95.3%, 89.0% and 83.1% in 2023, 2024 and the five months ended May 31, 2024 and 2025, respectively. Such fluctuations were mainly attributable to (i) the upgrades and expansion of our product lines and (ii) the increase in market demand for our capacitor film products. See “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization” for details. We cannot assure you that we will not experience similar or greater fluctuations in our production capacity utilization rates in the future.

RISK FACTORS

In addition, we plan to expand our production capacity. See “Business—Our Strategies” for details. If future demand from downstream customers fails to match our capacity expansions, we may face excess capacity and our utilization rates may be adversely affected. Moreover, if there is overcapacity in the capacitor films industry, we may not be able to out-compete our competitors in the industry. Decline in our utilization rates can significantly impact our gross margin and, as a result, our business, financial condition and results of operation will be adversely affected.

We are exposed to risks relating to the retention of our management team, as well as our ability to attract and retain qualified technical, engineering and sales personnels and other key employees.

Our continued success depends and will continue to depend to a significant extent on our efforts and abilities to retain the key members of our management team, and to make sure each of them is and will continue to be actively engaged in our management and our strategic planning. The departure of any of the key individuals from or their reduced attention to us could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are and will continue to be dependent on the services of members of our management team. Our future performance will also depend on their continuing services contributions to formulate and execute our business plan and to identify and pursue new opportunities. The loss of services of any of these individuals, or the ineffective management of any leadership transitions, could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, financial condition, results of operations and prospects.

In addition, our success depends on our ability to attract and retain a large number of other qualified employees, especially technical personnel. In particular, we rely on our R&D team to design, develop and refine our production line and improve the quality of our products, and our experienced sales personnel to maintain relationships with our customers. In order to compete for talent, we may need to offer higher compensation, better training, more attractive career opportunities and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract, assimilate, develop or retain the qualified personnel necessary to support our future growth. Even if we attract and retain qualified personnel, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively affect staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

RISK FACTORS

We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights, or defend against intellectual property infringement or misappropriation claims raised by third parties.

Our intellectual property, including patents, trademarks, know-how, proprietary technologies, trade secrets and other proprietary information, is an essential asset of our business. Our success depends on the ability to protect our core technology and intellectual property. We expect to rely on a combination of intellectual property rights, such as patents, trademarks, copyrights, know-how and trade secrets, in addition to employee and third-party nondisclosure agreements, intellectual property licenses and other contractual rights, to establish, maintain, protect and enforce our rights in our technology, proprietary information and processes.

However, intellectual property laws and our procedures and restrictions will provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. If we fail to protect our intellectual property rights adequately, we may lose important advantage in the markets in which we compete. In addition, our employees or business partners may intentionally or inadvertently disclose our trade secrets to competitors or misappropriate our trade secrets through other unauthorized use which we may not be able to detect. Even if we detect such use, enforcing an infringement or misappropriation claim against such use may be expensive and time-consuming. If we fail in bringing such claims, our intellectual property rights may be unenforceable, invalidated or restricted. Furthermore, the application and interpretation of intellectual property laws in China is evolving and the scope of protection over our intellectual property may change. The protection over our intellectual property rights may be further limited and the result of enforcement claims may be unpredictable. As a result, we may divert significant financial resources protecting and enforcing our intellectual property rights and our business, financial condition and results of operations may be adversely affected.

In addition, we cannot assure you that our operations or any aspects of our business do not or will not inadvertently infringe upon or otherwise violate trademarks, copyrights, patents, know-how, trade secrets or other intellectual property rights held by third parties. Therefore, we may be subject to additional infringement or misappropriation claims against us in the future relating to the intellectual property rights of third parties. Defending against any infringement or misappropriation claims can be costly and time-consuming and the outcome of these claims are unpredictable. If we are found to have violated the intellectual property rights of third parties, we may be required to suspend our production or sales activities related to such intellectual property, pay substantial damages to third parties or enter into royalty or licensing agreements which may not be available on terms favorable to us. As a result, our business, financial condition and results of operation may be adversely affected.

RISK FACTORS

Our products are intricate in nature and may contain defects.

Our products may contain defects that are difficult to detect and correct. We may not be able to detect and correct the defects in a timely manner, or at all. Even if these defects and errors are discovered prior to the commercialization of our products, we may not be able to successfully commercialize our products in a timely manner and may need to incur additional cost identifying and addressing the cause of such defects or errors in our production process. If the defects and errors are discovered after our products are commercialized, integrated and deployed by our customers, we may further incur additional remedial costs to recall and replace our products, and legal costs or monetary damages related to potential legal claims brought against us under applicable laws, rules and regulations. As a result, we may face negative publicity that will damage our reputation. Our customers may terminate the business relationship with us and we may not be able to attract new customers to maintain our sales, and our business, financial condition and results of operations may be adversely affected.

Maintaining our brand image as a supplier of capacitor films is critical to our success, and any failure to do so could severely damage our reputation, which would have a material adverse effect on our business, financial condition and results of operations.

We believe that maintaining and enhancing our reputation is critical to our relationships with our customers. Any loss of trust in our products could harm the value of our brand, which could reduce our revenue and profitability. Our ability to maintain our position as a supplier of capacitor films relies on the consistent and high quality of our products, customers' satisfaction with our products and after-sale services, and the increasing brand awareness through marketing activities. Any negative public perception or word of mouth that our products are defective or otherwise unsatisfactory, even if factually incorrect or based on isolated incidents, could damage our reputation and undermine the trust and credibility we have established with our customers and have a negative impact on our ability to attract new customers or retain our current customers. If we are unable to maintain our reputation or the positive recognition of our products and after-sale services, we may not be able to maintain or grow our customer base, and our business, financial condition and results of operations may be materially and adversely affected.

Our business and operations require significant capital resources.

We may need to raise additional capital in the future to further expand our business and sustain our growth. We may raise additional funds through the issuance of equity or debt related securities, or through obtaining credit from government or financial institutions. Our ability to obtain additional capital are impacted by factors including, but not limited to, our market position, future profitability, financial position, and the general macroeconomic condition in China. We may not be able to raise additional funds on favorable terms, or at all. If additional funds cannot be obtained when needed and on favorable terms, our business, financial condition and results of operations may be adversely affected. Fundraising through the issuance of debt securities or through loan arrangements may contain terms that require significant interest payments, covenants that restrict our business, or other terms unfavorable to us. In addition, to the extent we raise funds through the sale of additional equity securities, our shareholders will experience additional dilution.

RISK FACTORS

We incurred debts during the Track Record Period and may incur more debts in the future.

As of December 31, 2022, 2023 and 2024, and May 31, 2025, we recorded bank borrowings of RMB78.9 million, RMB84.7 million, RMB15.0 million and RMB67.0 million, respectively. This in turn may require us to seek adequate financing from sources such as external debt, which may not be available on terms favorable to us or at all. Any difficulty in or failure to repay our debts and or any additional debt can materially and adversely affect our business, financial condition and prospects.

If we incur more debts in the future, an increased balance of indebtedness may require us to devote our financial resources to servicing such debt rather than funding our operating activities, which constrains our capital flexibility and may in turn adversely affect our business growth. In addition, if we incur a large balance of indebtedness, we may not be able to service our interest and principal repayments in a timely manner or at all, which could trigger cross-defaults with other debts and limit our ability to obtain further debt financing. As a result, failure to manage our debt may adversely affect our business, financial condition and prospects.

We have historically experienced fluctuations in our cash flow from operating activities.

We had net cash used in operating activities of RMB89.4 million in 2023. We had net cash from operating activities of RMB232.1 million and RMB17.2 million in 2022 and 2024, respectively, and net cash used in operating activities of RMB89.4 million and RMB35.8 million in 2023 and the five months ended May 31, 2025, respectively. Our ability to generate sufficient operating cash flow depends on factors such as our ability to efficiently manage our business activities and the macroeconomic condition. If our cost of continuing operations increases in the future or our cash generated from operating activities does not meet our expectation, our operating cash position may be adversely affected and we may not be able to sustain our operation or growth. In addition, we may need to raise additional capital in the future to further expand our business, which may expose us to liquidity risk and further credit risk. If we fail to maintain sufficient cash generated from operating activities or obtain adequate external financing, our business, financial condition and prospects could be adversely affected.

We are subject to customer concentration risk.

In 2022, 2023, 2024 and the five months ended May 31, 2025, the revenue generated from our five largest customers in each year or period of the Track Record Period was RMB119.2 million, RMB115.1 million, RMB158.4 million and RMB157.1 million, respectively, accounting for 36.4%, 34.9%, 37.6% and 42.1% of our total revenue, respectively. Revenues generated from our largest customer in each year or period of the Track Record Period were RMB56.6 million, RMB40.3 million, RMB41.9 million and RMB18.9 million, accounting for 17.3%, 12.2%, 12.6% and 12.0% of our total revenue for the respective years or periods, respectively. For details, see “Business—Customers, Sales and Marketing—Major Customers.” As a result, we may be subject to concentration risks related to these major customers. If we fail to maintain our relationships with our major customers in the future due to factors such as perceived decline in the quality of our products and changes in the customers’ own business model, our sales to these major customers may be adversely affected. If any of our major customers substantially reduce their demand for our products, delay their payments or terminate our business relationship, we may not be able to timely or successfully secure new business from other customers to mitigate such reduction in sales or loss of business. As a result, our business, financial condition and results of operation will be adversely affected.

RISK FACTORS

We are exposed to risks related to prolonged cash conversion cycle.

Our inventories primarily consist of raw materials and consumables, work in progress and finished goods. As of December 31, 2022, 2023 and 2024, and May 31, 2025, we had inventories of RMB100.2 million, RMB73.5 million, RMB69.3 million and RMB99.6 million, respectively. During the Track Record Period, we assessed impairment to inventories and wrote down our inventories to the net realizable value if they became obsolete or damaged or their prices went down and their net realizable value was lower than the costs. In 2022, 2023, 2024 and the five months ended May 31, 2025, we recognized inventory write-down of RMB1.0 million, RMB1.3 million, RMB1.8 million and RMB1.5 million, respectively. However, we cannot assure you that we will not experience material write-downs in the future. In 2022, 2023, 2024 and the five months ended May 31, 2025, our average inventory turnover days were 162.9 days, 139.9 days, 87.9 days and 126.2 days, respectively. Any fluctuation and extension of inventory turnover may adversely affect our cash flow and liquidity. See “Financial Information—Selected Balance Sheet Items—Net Current Assets/Liabilities—Inventories” for details.

In 2022, 2023, 2024 and the five months ended May 31, 2025, our average trade receivables turnover days were 105.9 days, 136.7 days, 123.0 days and 156.9 days, respectively. See “Financial Information—Selected Balance Sheet Items-Net Current Assets/Liabilities—Trade Receivables” for details. We have been diversifying our customer profile and aim to continuously improve the collection of trade receivables and the turnover days by strengthening communication with customers and actively collecting and negotiating feasible repayment plans based on actual conditions. However, these efforts may not be successful. If our trade receivables turnover days increase in the future, it may lead to a longer cash conversion cycle, which could further add pressure to our cash flow and working capital.

In addition, we manage our inventory levels based on our internal forecast of customer demand. It may be difficult to accurately forecast demand and determine the appropriate levels of inventory we should maintain. Any change in customer demand for our products or the occurrences of catastrophic events may have an adverse impact on our product sales and business prospects. If the actual demand is lower than our forecast demand, we may be subject to overstock, resale of the inventories at less favorable terms, or even write-downs of inventories. If we are required to lower sale prices to increase the demand for our product sales to reduce inventory level, our profit margins might be adversely affected. If the actual demand is higher than our forecast demand, we may not be able fulfill all the orders we receive to maximize our revenue. As a result, the market share of our products may be adversely affected. Any of the above may adversely affect our business, financial condition and results of operations.

We may face sales returns from time to time which may adversely affect our business, financial condition and results of operations.

Generally, we accept sales returns for verified product defects for which we are responsible. In addition, because our sales agreements with our customers include warranty provisions, we may be subject to claims or threats of claims by our customers for their financial loss related to defects in our products. Any such claims may be costly and time-consuming for us to defend and may divert our management attention. We cannot assure you that we will not encounter material sales returns, cancellation of orders or become subject to warranty claims due to product defects. In any of the above cases, our business, financial condition and results of operations may be adversely affected.

RISK FACTORS

Our deferred tax may not be recoverable, which may affect our financial condition in the future.

According to our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other relevant factors. Therefore, actual results may differ from these accounting estimates. As of December 31, 2022, 2023 and 2024, and May 31, 2025, we recorded deferred tax assets of RMB15.3 million, RMB6.9 million, RMB3.6 million and RMB2.5 million, respectively. In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, we recognized deferred tax of RMB18.6 million, RMB8.5 million, RMB3.2 million, RMB3.2 million and RMB1.2 million, respectively. Based on our accounting policies, deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition, other than in a business combination, of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill. The realization of deferred tax assets mainly depends on our management's judgment as to whether future taxable amounts will be available to utilize those temporary differences and losses. Additional deferred tax assets are recognized if it is probable that future taxable profits will allow the deferred income tax assets to be recovered. If sufficient profits or taxable temporary differences are not expected to be generated or are less than expected, a material reversal of deferred income tax assets may arise in future periods.

We are exposed to the credit risk of our customers and we may not be able to collect our trade, bills and other receivables in a timely manner or at all.

We are exposed to credit risks related to delays and defaults of our trade, bills and other receivables due from our customers or related parties in the ordinary course of our business. We grant credit period to our customers according to their credit profile and historical performance. We typically grant credit terms of up to two months to eligible customers. As of December 31, 2022, 2023 and 2024, and May 31, 2025, our trade, bills and other receivables were RMB258.9 million, RMB278.5 million, RMB337.0 million and RMB353.1 million, respectively. In 2022, 2023, 2024 and the five months ended May 31, 2025, our average trade receivables turnover days were 105.9 days, 136.7 days, 123.0 days and 156.9 days, respectively. Fluctuations and extension of trade, bills and other receivables turnover may adversely affect our cash flow and liquidity. See “Financial Information—Selected Balance Sheet Items—Net Current Assets/Liabilities—trade, bills and other receivables” for details. Our management team regularly reviews the recoverability of overdue balances for trade, bills and other receivables and may provide for impairment when appropriate. If the credit worthiness of our customers deteriorates or if our customers fail to settle their trade and bills receivables for any reason, we may incur further impairment loss. We may not be able to recover our trade receivables in a timely manner, or at all. As a result, our financial condition and results of operations may be adversely affected.

RISK FACTORS

We are exposed to risks relating to the failure or malfunction of the information technology systems.

We rely on information technology systems to conduct and monitor the daily operations of our manufacturing facilities, and to collect up-to-date financial, operating and other transactional data, including procurement, production, inventory and sales and logistics, for business analysis and forecast. In addition, we store various proprietary information and customer data in these systems. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems.

These information technology systems are subject to certain risks, such as malfunction, natural disasters and malware attacks. Our cybersecurity measures may not timely detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks that may disrupt the operation of the information technology systems. Any breach of our cybersecurity measure, or malfunction, damages, disruptions or shut down of our information technology systems may result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of malware attacks, we may also be asked to make a lump-sum payment in order to resume the operation of our systems. However, there is no assurance that we will not be subject to any of these cyber security issues in the future. If we cannot effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be adversely affected.

Furthermore, we need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced information technology systems as required by our business development. All of the above may have an adverse impact on our business, financial condition and results of operations.

We are exposed to risks relating to internal controls and corporate governance.

Our success to a large extent depends on our ability to effectively utilize our risk management and internal control systems, including organization framework, policies, procedures and risk management methods. For example, we have established internal control systems over financial reporting. However, we may not be able to discover and fully address all deficiencies in our internal control systems over financial reporting in a timely manner. Our failure to timely discover and address any deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and relevant regulatory filings on a timely basis.

In addition, due to the size of our business, we cannot assure you that such implementation will not involve any human errors or mistakes, which may adversely affect our business and results of operations. Our business expansion will require us to continue to enhance our risk management capabilities. If we fail to timely enhance our risk management policies and procedures in response to our changing business, our business, financial condition and results of operations may be adversely affected.

RISK FACTORS

Work stoppage, increase in labor costs and other labor-related matters may have an adverse effect on our business.

A good working relationship with our employees is crucial to our operations and success. We cannot assure you that such events will not arise in the future. Any strike or other work stoppage will disrupt our operations or incur higher on-going labor costs, which may have a material adverse effect on our business, financial condition and results of operations. In addition, we, our suppliers or our customers may experience labor instability, and we may not be able to predict the outcome of any future labor negotiations. Any conflicts between us and our employees or between our suppliers and customers and their respective employees, if any, could materially and adversely affect our business, financial condition and results of operations.

In addition, if labor costs in regions where we operate increase in the future, our production costs would increase. We may not be able to pass on these increased costs to customers by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margin may decrease, which could have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds may subject us to fines and other legal or administrative sanctions.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated between the minimum and maximum level as from time to time prescribed by national laws and regulations and local authorities. During the Track Record Period, certain of our PRC subsidiaries did not make full contributions to social insurance and housing provident fund for all employees in accordance with the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》) and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》). Such non-compliance incidents occurred primarily because (i) we failed to make timely contribution upon the hiring of certain new employees; (ii) certain of our employees had already participated in other local rural social insurance plans, rural cooperative medical schemes or other similar schemes; and (iii) certain employees voluntarily made the decision to not make such contributions in lieu of receiving cash payments. We estimate that the aggregate shortfall of social insurance and housing provident fund contributions for the outstanding amounts that may be required to be settled under (i) and (ii) above in 2022 and 2023, and 2024 amounted to approximately nil, RMB67.6 thousand and RMB749.1 thousand, respectively.

As advised by our PRC Counsel, pursuant to relevant PRC laws and regulations, if we fail to make social insurance contributions in compliance with the relevant PRC laws and regulations in the future, we may be required to pay all outstanding social insurance contributions within a prescribed period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the outstanding social insurance contributions are due. If this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us.

RISK FACTORS

Furthermore, the Interpretation II of 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)》) was enacted by the Supreme People's Court on 31 July 2025 and implemented on 1 September 2025. Pursuant to the judicial interpretation, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people's court.

In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay housing provident fund in full, the relevant housing provident fund management center may require us to pay the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. If these enforcement actions were taken by relevant authorities, our financial condition and results of operations could be materially and adversely affected.

Our efforts to obtain requisite government approvals or licenses for carrying out our operations may fail or experience delays.

Under PRC laws and regulations, we are required to obtain or complete a number of licenses, approvals, registrations, filings and other permissions for our operation. See “Business—Licenses, Approvals and Permits.” We may become subject to additional license, approval and other requirements as we develop and expand the scope of our business and engage in different business activities. We may fail to meet such requirements timely or at all, in which case we may be subject to administrative penalties and our ability to expand our business and sustain our growth may be adversely affected.

In addition, certain licenses, permits or registrations we hold are subject to periodic renewal. We may not be able to maintain or timely renew our licenses and certificates when their current term expires. Furthermore, due to the evolving interpretation and implementation of existing laws and the adoption of additional laws and regulations, the licenses, permits, registrations or filings we hold may be deemed insufficient by the PRC government. If we fail to apply for, maintain or renew the licenses, permits, or registrations required for our operations, we may be subject to fines and additional penalties. Resolving such deficiencies and enhancing compliance may require additional operational expenses and divert our management attention. Additionally, we may experience negative publicity due to such deficiencies. As a result, our business, financial condition and results of operations may be adversely affected.

We are subject to environmental, fire prevention, health and safety laws and regulations and production standards and it may be onerous and costly to comply with such regulations and standards.

We are subject to numerous environmental, fire prevention, health and safety laws and regulations and production standards. See “Regulatory Overview.” The cost of compliance with and liabilities from non-compliance of such laws and regulations may be significant. For example, during the Track Record Period, certain of our production facilities had not completed fire control acceptance procedures after

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completion of construction. If we fail to complete such procedures as required, we may be ordered to suspend our productions or subject to additional fines and penalties. In addition, as we continue to expand our business, we cannot assure you that we will be able to obtain all required licenses and approvals or that there will not be violations of current or future laws, regulations and production standards. By 2027, we expect to launch four production lines for capacitor base films in addition to our currently existing production lines. See “Business—Manufacturing—Planned Manufacturing Facilities” and “Future Plans and Use of Proceeds.” Our new production lines can only be put into operation after the relevant administrative authorities in charge of environmental protection, fire prevention, health and safety have examined and approved the relevant facilities. Delays in or failure to obtain all the requisite regulatory approvals of such facilities may affect our ability to develop, manufacture and commercialize our products as planned.

As environmental, fire prevention, health and safety laws and regulations and production standards may evolve, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with relevant laws and regulations, we may be subject to rectification orders, fines, potentially monetary damages, or production suspensions of our business operations. In addition, we cannot fully eliminate the risk of personal injury or any other types of hazards at our facilities during the process of development, testing and manufacturing of our products. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage.

Increasing focus on environmental, social and governance (“ESG”) matters by regulators and other stakeholders may increase our compliance risk and costs.

We may incur additional costs and expenses to identify, manage and mitigate ESG risks. We monitor climate-related and other environmental risks that may impact our business, strategy and financial condition and evaluate the magnitude of the resulting impact over the short-, medium-, and long-term horizons. We monitor a wide range of indicators such as power consumption, greenhouse gas emission, water consumption and waste generation to manage our climate-related and other environmental risks arising from our operations. See “Business—Environment, Social and Governance.” However, our measures addressing the ESG risks related to our business may not succeed in a timely manner, at reasonable costs, or at all, and our business may be adversely affected.

In addition, changes in governmental policies, laws and regulations related to, as well as investors’ focus on, ESG issues may require us to incur additional costs to comply with applicable regulations and to meet customers and investor expectations. If we are or are perceived to be unable to comply with such new laws and regulations and expectations, our customers may choose to purchase products from our competitors who are able to meet these regulations and our investors may decide to reallocate or not commit capital. Any of these circumstances could cause negative publicity and material and adverse effect on our business, financial condition and results of operations.

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We may be involved in claims, disputes and legal proceedings in our ordinary course of business.

We may be subject to claims, litigation and disputes, various legal and administrative proceedings, and any resulting damages. In addition, agreements we entered into may include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party. Regardless of the merit of particular claims, legal and administrative proceedings may be costly and time consuming and may divert our management attention.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in or subject to any litigation, arbitration, administrative proceedings, claims, damages or losses that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. However, new legal or administrative proceedings and claims may arise in the future. If one or more legal or administrative matters were resolved against us or an indemnified third party, we may incur additional expenses to cover compensatory or punitive monetary damages, disgorge any relevant profits, establish remedial measures or comply with injunctions or specific performance. As a result, our business, financial condition and results of operations may be materially and adversely affected.

For example, in 2015, Haiwei Transportation and Company J, a company primarily engaged in the automobile rental business in China, entered into a reciprocal financial guarantee arrangement. Under the arrangement, (i) we (as a then subsidiary of Haiwei Transportation) and another subsidiary of Haiwei Transportation were instructed by another family member of Mr. Song Wenlan to provide financial guarantee to Company Y (a subsidiary of Company J) for its loan from Hua Xia Bank Co., Limited with a principal amount of RMB73.5 million with corresponding interest (the “**Company Y Loan**”), and (ii) Company J provided financial guarantee to Haiwei Transportation for its loan. In July 2017, Hua Xia Bank Co., Limited filed a lawsuit against Company Y, us and other guarantors, claiming that Company Y had failed to repay the Company Y Loan, and we, along with the other guarantors, had not fulfilled their guarantee obligations. In July 2017, the People’s Court ruled that, among other things, we, and other guarantors, shall bear joint and several liability for the repayment obligations. In June 2020, the People’s Court issued an enforcement ruling, stating that, as Hua Xia Bank Co., Limited had transferred the disputed creditor’s rights to a company controlled by another family member of Mr. Song Wenlan (“**Company H**”), and Company H shall be substituted as the applicant for enforcement in the abovementioned proceedings.

As of the Latest Practicable Date, Company H had issued confirmation letters confirming, among others, (i) all joint and several guarantee liabilities of the guarantors, including us, has been irrevocably terminated; and (ii) Company H will not transfer, and is not entitled to transferring, its guarantee rights against us to a third party, among others. Furthermore, Company H submitted an application to the competent court, requesting the competent court to waive the enforcement of joint and several guarantee liability of each of the Guarantors, including us (the “**Application**”), while retain the mortgage rights to the mortgaged assets provided by two other guarantors.

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Our PRC Legal Advisor is of the view, as concurred by the Sole Sponsor's PRC Legal Advisor, that, even if Company H transfers the disputed creditor's rights to a third party, there is no risk of our Company assuming guarantee liabilities in the Proceeding. As of the Latest Practicable Date, the abovementioned proceeding was not resolved. The proceeding will be deemed fully resolved after Company H disposes of the mortgaged assets. For details, see "Business—Legal Proceedings and Compliance—Financial Guarantee to Company Y."

We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties.

We may be exposed to fraud, bribery or other misconduct committed by our employees, suppliers or any other third parties that could subject us to financial loss, liabilities and sanctions imposed by governmental authorities and reputational risks. We cannot assure you that there will not be any such instances in the future, and we may not be able to prevent or deter such instances of misconduct. In addition, our internal control systems that are designed to monitor our operations and overall compliance may not be able to detect any such instances of misconduct. Any such misconduct committed against our interests may adversely affect our reputation, business, financial condition and results of operations.

We may face penalties for the non-registration of our property lease agreements or for the failure to obtain property right certificates of future property lease agreements.

Under the relevant PRC law, all lease agreements are required to be registered and filed with the relevant land and real estate administration bureaus. However, as of the date of this prospectus, the lease agreements with respect to one of our leased properties had not been registered or filed with the relevant land and real estate administration authorities because the relevant lessors failed to provide necessary documents for us to register or file the leases with the local government authorities. As advised by our PRC Counsel, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements. However, we may be subject to fines ranging from RMB1,000 to RMB10,000 if we fail to rectify within the prescribed period after receiving notices from the relevant PRC government authorities. See "Business—Properties."

In addition, we may enter into additional property lease agreements in China in the future. However, we may not be able to receive valid title certificate for commercial purpose or relevant authorization document evidencing right to lease the property from our future lessors. As a result, we cannot assure you that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to any property defect and any property leased by us in the future for which the relevant lessor does not hold valid title certificate. If such property is successfully challenged, we may have to suspend our use of the property. The lease may be voided and unenforceable, and we may be forced to relocate our operation from the affected property.

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Any preferential tax treatment and the government subsidies that we enjoy may be altered or terminated.

We cannot assure you that the policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. We and one of our subsidiaries were approved as “High New Technology Enterprises” and, accordingly, enjoy a preferential income tax rate of 15% during the Track Record Period. We are also entitled to claim 175% of the R&D expenses incurred in a year as tax deductible expenses in determining the tax income for that year. For details, see Note 10 to the Accountants’ Report in Appendix I. If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by PRC tax authorities, the termination of any of the various types of preferential tax treatment we enjoy could adversely affect our business, financial condition and results of operations.

In addition, during the Track Record Period, we benefited from government subsidies. Some of such government subsidies are non-recurring in nature. We recorded government subsidies under other income of RMB2.3 million, RMB2.9 million, RMB0.2 million, RMB18.0 thousand and RMB2.1 million in 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, respectively. For details, see Note 7 to the Accountants’ Report in Appendix I. Any discontinuation, reduction or delay of any government subsidies would have an adverse impact on our business, financial condition and results of operations.

Our insurance may not sufficiently cover, or may not cover at all, any losses or liabilities we may encounter.

We face various operational risks in connection with our operations, including but not limited to, damages to our production equipment stored in third-party warehouse before or during shipment, production interruptions caused by operation errors, power outages or equipment failure, limitations imposed by environmental or other regulatory requirement and environmental or industrial accidents and catastrophic events. These risks can result in, among other things, damage to production facilities, personal injury or fatalities, monetary losses and legal liability. In addition, we may also face risk of exposure to claims when our products malfunction, resulting in property damage and personal injury. Product liability claims against us could require us to pay substantial monetary compensation. Any of these events may result in the interruption of our operations and subject us to significant loss or liabilities.

We may not have adequate or any insurance to cover such operational risks and risks relating to product liability claims. We cannot assure you that our insurance will be adequate to cover the abovementioned material accidents. If we are held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. Even if the amounts and claims are within the limits and scope of our insurance coverage, the insurance provider may not be able to make the compensation payment to us in a timely manner.

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We have been and may continue to be affected by any natural disasters, public health and public security hazards, which may severely disrupt our business, financial condition and results of operations.

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, public health hazards, such as the outbreaks of widespread epidemics, public security hazards or other events, such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. We cannot assure you that any backup systems will be adequate to protect us from the effects of natural disasters, public health and public security hazards or other events. Any of the foregoing events may give rise to interruption, breakdowns, system failures or internet failures, which may result in the loss or corruption of data, malfunctions of software and hardware, and adversely affect our ability to produce our products. As a result, our business, financial condition and results of operations may be adversely affected.

Acquisitions or strategic investments could be difficult to identify and integrate, divert the attention of key management personnel, disrupt our business, dilute shareholder value and adversely affect our business, financial condition and results of operations.

We may make acquisitions of, or investments in, businesses or technologies that are complementary to our business. The process of identifying and consummating acquisitions, investments, and the subsequent integration of new assets and businesses into our own business, requires attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Investments, acquired assets or businesses may not generate the expected financial results, strengthen our competitive position or achieve our goals and business strategy. Acquisitions or investments could require significant cash, potentially dilutive issuances of equity securities, the occurrence of goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business or investment. We may also incur costs and management time on transactions that are ultimately not completed.

In addition, our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product, technology or investment, including issues related to intellectual property, product quality or product architecture, regulatory compliance practices, revenue recognition or other accounting practices or issues with employees or customers. Additionally, we may be subject to litigation or other claims in connection with the acquired company, including claims from terminated employees, former shareholders or other third parties, which may differ from or be more significant than the risks its business faces. We may also face retention or cultural challenges associated with integrating employees from the acquired company into our organization. If we fail to identify, consummate, and integrate our acquisitions or investments, our business, financial condition and results of operations may be adversely affected.

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RISKS RELATING TO DOING BUSINESS IN THE COUNTRY WHERE WE OPERATE

Changes in economic, political or social conditions or government policies in China could have a material adverse effect on our business, financial condition and results of operations.

We operate our business in the PRC. As a result, our business is affected by economic, political, social and legal developments in the PRC. In general, the PRC government regulates its economy and industries through implementation of industrial policies, and the macroeconomy through fiscal and monetary policies. Any significant changes in the Chinese government's policies or China's laws could have a material impact on China's overall economic growth. Due to the current economic, political, social and regulatory developments, it may be difficult for us to predict all the risks and uncertainties we may face, and a slow-down of China's economy may have a material adverse effect on our business, financial condition and results of operations.

In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the PRC's NEV industry and new energy electricity system industry and ultimately, the profitability of our business. Any future catastrophes, such as natural disasters or outbreak of contagious diseases, may cause a decrease in the level of economic activities and adversely affect the economic growth in China. As a result, our business, financial condition and results of operations may be adversely affected.

New legislations or changes in the PRC policies and regulations regarding the end markets of our products, including the NEV, new energy electricity system and home appliances, may affect our business, financial condition and results of operations.

Changes in the regulatory requirements concerning the end markets of our products, including the NEV, new energy electricity system, and industrial and consumer industries, may affect our business, financial condition, results of operations and prospects.

For example, the PRC government has promulgated, amended and updated legislation in relation to the NEV market:

- On June 28, 2012, the State Council approved the Energy-saving and New Energy Automobile Industry Development Plan (2012–2020) (《節能與新能源汽車產業發展規劃(2012–2020年)》) (國發[2012]22號), granting supports and subsidies to NEVs and hybrid vehicles.
- On July 14, 2014, the General Office of the State Council issued the Guiding Opinion of the General Office of the State Council on Accelerating the Popularization and Application of New Energy Vehicles (《國務院辦公廳關於加快新能源汽車推廣應用的指導意見》) (國辦發[2014]35號) to grant further tax incentives and exemptions for NEVs.
- On March 13, 2015, the Ministry of Communications issued the Opinions on Accelerating the Promotion and Application of New Energy Vehicles in the Transportation Industry (《關於加快推進新能源汽車在交通運輸行業推廣應用的實施意見》) (交運發[2015]34號).

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- A preferential vehicle licensing system has also been introduced in several cities in the PRC to further encourage the purchases of NEVs. On October 20, 2020, the State Council issued the Development Plan for New Energy Automobile Industry (2021–2035) (《新能源汽車產業發展規劃(2021–2035年)》(國辦發[2020]39號)), proposing to achieve the large-scale application of highly autonomous vehicles through a 15-year program.
- On May 14, 2022, the General Office of the State Council issued the Notice of the General Office of the State Council on Forwarding the Implementing Plan for Promoting the High-quality Development of New Energy in the New Era Promulgated by the National Development and Reform Commission and the National Energy Administration (《國務院辦公廳轉發國家發展改革委國家能源局<關於促進新時代新能源高品質發展實施方案>的通知》)(國辦函[2022]39號), proposing to accelerate the establishment of a clean, low-carbon, safe and efficient energy system.

In addition, in the context of the national goal of becoming carbon neutral, the renewable energy storage market in China has welcomed a series of favorable policies. For instance, Action Plan for Carbon Dioxide Peaking Before 2030, issued by the State Council in 2021, unveiled a series of action plans to accelerate energy storage development.

However, there is no assurance that these policies will not change or be concluded in the future, in which case the end markets of our products may be adversely affected. Any new legislation or policies or changes in the current regulations or policies regarding our end markets could have a material and adverse effect on our end customers, which in turn could materially and adversely affect our business, financial condition and results of operations.

Filing with the CSRC may be required in connection with our future offerings, and we cannot predict whether we will be able to complete such filing.

On February 17, 2023, the CSRC released Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》)(the “**Trial Measures**”) and five relevant guidelines, which became effective on March 31, 2023. Pursuant to the Trial Measures, PRC domestic companies which, after the overseas offering and listing, offers subsequent securities in the same overseas market or conducts offering and listing in other overseas markets (the “**Future Offerings**”), shall complete the filing procedures of, and report relevant information to, the CSRC. See “Regulatory Overview—Laws and Regulations on Overseas Offering and Listing.”

Based on the foregoing, for the Future Offerings after the proposed Listing, we are required to comply with the filing procedures of the CSRC. It is uncertain whether we can, or how long it will take us to, complete filings procedures in connection with the Future Offerings. We may be subject to approval, filing or other requirements by other PRC government authorities under the PRC laws in the future. Any failure to complete the relevant procedures may have an adverse effect on the Future Offerings.

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The PRC government's control over foreign currency conversion may adversely affect our business, results of operations and our ability to remit dividends.

Conversion of RMB into foreign currency and remittance of foreign currency out of the PRC under certain circumstances are subject to Chinese foreign exchange regulations. If there are unfavorable changes in exchange rates, or if PRC government implements regulatory policies that limit our ability to convert RMB into foreign currency, we may not have sufficient foreign exchange to meet our foreign exchange needs. For example, we convert RMB into foreign currency to purchase electrical grade polypropylene, the key raw material of capacitor base films. If we face insufficient foreign exchange availability, we may not be able to procure sufficient electrical grade polypropylene for our production, and our daily business operations may be disrupted. Under current PRC foreign exchange regulations, certain current account transactions such as profit distributions, interest payments and trade-related expenses can be conducted in foreign currency without prior approval from the SAFE, as long as certain procedural requirements are met. However, capital account transactions such as capital transfers, direct investments, securities investments and repayment of borrowings are subject to foreign exchange policies and require prior approval from the SAFE or registration with the SAFE or authorized banks. The Chinese government may also at its discretion restrict access in the future to foreign currency for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

Fluctuations in the value of the Renminbi may have an adverse effect on our financial results, and impact dividend payments, if any, to our Shareholders.

Fluctuations in exchange rates between Renminbi, Hong Kong dollar, US dollar and other currencies are unpredictable and may be affected by a number of factors, such as economic and political developments. In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, we recognized net foreign exchange loss of nil, RMB0.7 million, RMB0.8 million, RMB0.5 million and RMB0.9 million, respectively.

Revaluation of Renminbi may have an adverse effect on your investment. For example, to the extent that we need to convert Hong Kong dollars we receive from this Global Offering into Renminbi for our operations, appreciation of Renminbi against Hong Kong dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for any dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us. As a result, fluctuations in exchange rates may have an adverse effect on your investment in our Shares.

RISK FACTORS

Holders of our H Shares may be subject to PRC income tax obligations.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares (“**Non-PRC Resident Individual Holders**”) are subject to the PRC individual income tax on dividends received from us.

Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《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》) (國稅函[2011]348號) dated June 28, 2011 and issued by the STA, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, 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 Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“**EIT Law**”) and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides.

Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (《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》(國稅函[2008]897號)) promulgated by the STA on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval.

Considering the above, non-PRC resident holders of our H Shares should be aware that they may be obliged to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

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Changes in, as well as the interpretation and implementation of the relevant laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

Our operations are subject to PRC tax laws and regulations. As a company incorporated in China, we are subject to PRC tax laws and regulations. We cannot assure you that we are able to fully comply with such laws and regulations. Any violation of such laws and regulations may result in fines, other penalties, actions or proceedings that could adversely affect our business, financial condition and results of operations.

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are affected by economic and legal developments in the PRC. PRC laws, rules and regulations in relation to economic matters are promulgated from time to time, including those related to such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, so as to develop a comprehensive system of commercial law. In addition, the interpretation and implementation of the laws and regulations relating to the capacitor film industry also evolve from time to time.

There may be uncertainties in effecting service of legal process, enforcing foreign judgments against us or our Directors and senior management personnel in the PRC.

Each of our Directors and executive officers reside within the PRC, and all of our assets and substantially all of the assets of those persons are located within the PRC. It may not be possible for investors to effect service of process upon us or those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts.

The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other Western countries. On January 18, 2019, the Supreme People's Court and the Hong Kong Special Administrative Region Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”). The New Arrangement was issued on January 25, 2024 and came into effect on January 29, 2024, seeking to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and the mainland China. The New Arrangement does not include the requirement for a choice of court agreement in writing by the parties. There may be uncertainties in the enforcement of a judgment rendered by a Hong Kong court in China if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against certain of our assets or Directors in the PRC in order to seek recognition and enforcement of judgments by non-PRC courts, including a Hong Kong court, in the PRC.

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RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our H Shares. An active trading market for our H Shares may not develop and the trading price and trading volume of our H Shares may be volatile.

Prior to the completion of the Global Offering, there has been no public market for our H Shares. There can be no guarantee that an active trading market for our H Shares will develop or be sustained after the completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Overall Coordinators, which may not be indicative of the price at which our H Shares will be traded following completion of the Global Offering. The market price of our H Share may drop below the Offer Price at any time after completion of the Global Offering.

Holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins.

The trading price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in mainland China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares. A number of mainland China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards mainland China-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and trading volume of the H Shares in the short term following the Global Offering may be significantly affected. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

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

Immediately upon the completion of the Global Offering, without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option, our Controlling Shareholders will collectively control approximately 61.74% of the voting rights at our general meetings. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our

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minority Shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

Future sales or perceived sales or conversion of significant amounts of our H Shares in the public market following the Global Offering could materially and adversely affect the price of our H Shares.

The market price of our H Shares could decline 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 issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or equity securities in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future. Purchaser of the Offer Shares may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

We have no experience operating as a public company, and we may incur increased costs as a result of becoming a listed company.

We have no experience conducting our operations as a public company. After we become a public company, we may face enhanced administrative and compliance requirements, which may incur substantial additional expenses. Compliance with these rules and regulations may increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management may be required to devote substantial time and attention to our public reporting obligations and other compliance matters. We will evaluate and monitor developments with respect to these rules and regulations, but we may not be able to predict or estimate the amount of additional expenses we may incur and the timing of such expenses. Our reporting and other compliance obligations as a public company may require significant management, operational and financial resources and burden the relevant systems for the foreseeable future.

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In addition, since we are becoming a public company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. Our management will need to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. As a result, if we fail to comply with additional requirements in a timely and cost-effective manner, our business, financial condition and results of operations may be adversely affected.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

While dividends may be paid out of distributable profits under our Articles of Association, no dividends were distributed during the Track Record Period. We protect our Shareholders' interest by ensuring a consistent dividend policy. However, there is no assurance that we will be able to declare or distribute dividends of any amount in any year in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the PRC GAAP may differ in certain respects from the calculation under IFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. 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. See "Financial Information—Dividends" for further details of our dividend policy. Moreover, our subsidiaries in China may not have distributable profit as determined under the PRC GAAP. Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our shareholders and our cash flow, including periods in which we are profitable.

Certain facts, forecast and other statistics in this prospectus have not been independently verified and may not be reliable.

This prospectus, particularly the section headed "Industry Overview," contains information and statistics relating to the capacitor film industry and the composite current collector industry that we obtained from various government publications. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information from official governmental sources has not been independently verified by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, Joint Lead Managers and the Capital Market Intermediaries or any other party involved in the Global Offering, and no representation is given as to its accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up to date. In any event, you should consider carefully the importance placed on such information or statistics.

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there may have been press, media and research report coverage regarding us, our business, financial information, forecasts, valuations and other forward-looking information, our industry and the Global Offering. There may be additional press, media and research report coverage regarding these aspects subsequent to the date of this prospectus but prior to the completion of the Global Offering. Such press, media and research report coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the Global Offering has authorized the disclosure of any such information in the press, media or research reports and none of us accepts any responsibility for any such press, media or research report coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

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

Our Group's business operations and assets are primarily located in the PRC. None of our executive Directors is a Hong Kong permanent resident or is ordinarily based in Hong Kong. As a result, our Company does not, and will not, in the foreseeable future, have sufficient management presence in Hong Kong as required under Rules 8.12 and 19A.15 of the Listing Rules. Furthermore, it would be impractical and commercially unnecessary for our Company to appoint additional executive Directors who are ordinarily resident in Hong Kong or to relocate the existing PRC based executive Directors to Hong Kong.

Accordingly, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements, which are in line with the conditions set out in Chapter 3.10 of the Guide:

- (i) our Company has appointed Mr. Song Wenlan (宋文蘭), an executive Director and chairman of the Board, and Ms. Tam Pak Yu, Vivien (譚栢如) (“**Ms. Tam**”), one of the joint company secretaries of our Company, as the authorized representatives of our Company (the “**Authorized Representatives**”) pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will serve as our Company's principal channel of communication with the Stock Exchange. The Authorized Representatives can be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange and will also be available to meet with the Stock Exchange to discuss any matters within a reasonable time frame upon the request of the Stock Exchange. The contact details of the Authorized Representatives have been provided to the Stock Exchange;
- (ii) each of the Authorized Representatives has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. Each Director has provided, where available, his or her respective office phone numbers, mobile phone numbers, email addresses and fax numbers to the Authorized Representatives and the Stock Exchange;
- (iii) our Directors, who are not ordinarily resident in Hong Kong, possess or can apply for valid travel documents to visit Hong Kong and are able to meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iv) our Company has appointed Changjiang Corporate Finance (HK) Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules. Our Company's Compliance Advisor will act as our Company's additional and alternative channel of communication with the Stock Exchange during the period from the Listing Date to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the Listing, and its representatives will be readily available to answer enquiries from the Stock Exchange; and
- (v) meetings between the Stock Exchange and our Directors can be arranged through the Authorized Representatives or our Compliance Advisor or directly with our Directors within a reasonable period. Our Company will inform the Stock Exchange promptly in respect of any changes in the Authorized Representatives and our Compliance Advisor in accordance with the Listing Rules.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our Company must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience and is therefore capable to discharge 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 provides that in assessing "relevant experience", the Stock Exchange will consider the individual's:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of listing and on the following conditions:

- (a) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and
- (b) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

Our Company has appointed Mr. Sheng Zhixuan (盛智宣) (“**Mr. Sheng**”) and Ms. Tam, as the joint company secretaries of our Company to jointly discharge the duties and responsibilities of company secretary of our Company with reference to their work experience and qualifications. Mr. Sheng is currently an executive Director, secretary of the Board and chief financial officer of our Group. He joined the Company in January 2023. Please refer to “Directors and Senior Management—Directors” in this prospectus for further biographical details of Mr. Sheng. Although Mr. Sheng does not possess the qualifications set out in Rule 3.28 of the Listing Rules, our Company has appointed him as one of the joint company secretaries of our Company taking into account his experience in corporate governance matters, investment and financing related matters, information disclosure, investor relationship and corporate secretarial affairs. Our Company considers that apart from being able to meet the professional qualification or the relevant experience requirements under the Listing Rules, our company secretary also needs to have (i) experience relevant to our Company’s operations; (ii) nexus to the Board; and (iii) close working relationship with the management of our Company, in order to perform the functions of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who has been a board secretary and is familiar with our Company’s business and affairs as a company secretary. Ms. Tam has been appointed as the other joint company secretary of our Company with effect from the Listing Date to assist Mr. Sheng in discharging the duties of a company secretary of our Company. Ms. Tam is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute of the United Kingdom and is therefore qualified under Rule 3.28 of the Listing Rules to act as a joint company secretary of the Company. For further biographical details of Ms. Tam, see “Directors and Senior Management—Joint Company Secretaries” in this prospectus. Furthermore, given that the primary business operations of our Group are located in the PRC, we believe that it would be in the best interests of our Company and our corporate governance to have Mr. Sheng, who possesses the relevant background and experience in the PRC, to act as our joint company secretary.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Accordingly, whilst Mr. Sheng does not possess the qualifications required of a company secretary under Rules 3.28 and 8.17 of the Listing Rules, based on the above reasons, 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 for a three-year period from the Listing Date on the conditions that: (a) Mr. Sheng will be assisted by Ms. Tam, as a joint company secretary of our Company who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules, throughout the waiver period of three years from the Listing Date; and (b) the waiver will be revoked if there are material breaches of the Listing Rules by our Company. Further, Mr. Sheng will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of, among others, the Listing Rules during the waiver period from the Listing Date. Our Company will further ensure that Mr. Sheng has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange.

Prior to the expiry of the initial three-year period, our Company will re-evaluate the qualifications and experiences of Mr. Sheng and liaise with the Stock Exchange to revisit the situation in the expectation that we should then be able to demonstrate to the Stock Exchange's satisfaction that Mr. Sheng, having had the benefit of Ms. Tam's assistance for three years, would then have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules such that a further waiver would not be necessary.

CORNERSTONE INVESTMENT BY CONNECTED CLIENT

Paragraph 1C(1) of Appendix F1 to the Listing Rules provides that no allocations will be permitted to “connected clients” of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s)), without the prior written consent of the Stock Exchange.

Chapter 4.15 of the Guide provides that the Stock Exchange will ordinarily give its consent for allocation to connected clients if it is satisfied that: (i) the allocation to a connected client represents genuine demand for securities of an applicant; and (ii) the connected client has not taken and will not take advantage of its position to receive an allocation for its own benefit at the expense of other placees or the public (i.e., no actual or perceived preferential treatment has been given to such connected client).

Horizon Splendor Limited (匯興麗海有限公司) (“**Horizon Splendor**”), the Cornerstone Investor, is a limited company incorporated in Hong Kong, primarily engaged in investment business. As of the Latest Practicable Date, it was wholly owned by Shanghai Huixing Lihai Enterprise Management Partnership (Limited Partnership) (上海匯興麗海企業管理合夥企業(有限合夥)). Its general partner, Huiyu Private Equity Fund Management (Huzhou) Co., Ltd. (匯譽私募基金管理(湖州)有限公司) (“**Huiyu Private Equity Fund Management**”), held 0.0005% of its partnership interests, and its limited partner, Changxing Huili Equity Investment Partnership (Limited Partnership) (長興匯麗股權投資合夥企業(有限合夥)) (“**Changxing Huili**”), held 99.9995% of its partnership interests. Huiyu Private Equity Fund Management was wholly owned by Huizhi Group Holdings Company Limited (匯智集團控股有限公司), incorporated in Hong Kong and in turn wholly owned by Funland Management Limited (“**Funland**”).

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Management”), which was incorporated in the British Virgin Islands. Funland Management was held by Zhu Yong, Zhu Shaopeng, and Zheng Jianping, who are Independent Third Parties, as to 42.5%, 42.5%, and 15% equity interests, respectively. Changxing Huili was held as to 1.8824% of its partnership interests by its general partner, Huiyu Private Equity Fund Management, and 98.1176% of its partnership interests by its limited partner, Changxing Industrial Investment Development Group Co., Ltd. (長興產業投資發展集團有限公司), which was ultimately controlled by Changxing County Finance Bureau (長興縣財政局), an Independent Third Party. Huizhi International Capital Holdings Co., Limited (“**Huizhi International**”) is one of the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and the Underwriters of the Global Offering. Huizhi International is wholly-owned by Funland Management. Accordingly, Horizon Splendor is a connected client of Huizhi International. Horizon Splendor will hold the Shares subscribed through the cornerstone investment on behalf of independent third parties on a non-discretionary basis.

We have applied to the Stock Exchange for a written consent under paragraph 1C(1) of Appendix F1 to the Listing Rules to allow Horizon Splendor to subscribe for Offer Shares as a cornerstone investor. The Stock Exchange has granted the requested written consent subject to the conditions that:

- (a) the Overall Coordinators confirm that the Offer Shares to be allocated to Horizon Splendor will be held on behalf of independent third parties;
- (b) details of the cornerstone investment by Horizon Splendor and details of the allocation will be disclosed in this prospectus and the allotment results announcement of our Company; and
- (c) our Company, Huizhi International, the Overall Coordinators and Horizon Splendor confirm that no preferential treatment has been, nor will be, given to Horizon Splendor by virtue of its relationship with Huizhi International in any allocation of Offer Shares in the International Offering, other than the assured entitlement under the relevant cornerstone investment agreement.

For further information about the proposed cornerstone investment by Horizon Splendor, please refer to the section headed “Cornerstone Investor” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed Director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information to the public with regard to the 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.

FILING PROCEDURES WITH THE CSRC

Our filing procedures with the CSRC for the submission of the application to list our H Shares on the Hong Kong Stock Exchange and for the Global Offering were completed on August 19, 2025. In completing such filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus. No other filings in the PRC are required to be completed for the listing of the H Shares on the Hong Kong Stock Exchange.

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 initially 3,083,200 Offer Shares and the International Offering of initially 27,748,200 Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as the Offer Size Adjustment Option and the Over-allotment Option in the case of the International Offering.

The 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. No person is authorized 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 authorized by our Company, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

For details of the structure of the Global Offering, including its conditions and the arrangements relating to the Offer Size Adjustment Option, the Over-allotment Option and stabilization, see “Structure of the Global Offering” in this prospectus.

INFORMATION ON THE CONVERSION OF UNLISTED SHARES INTO H SHARES

Our Company has applied for H Share full circulation to convert an aggregate of 29,019,539 Unlisted Shares held by our existing Shareholders, representing approximately 23.46% of the total issued Shares of the Company as of the Latest Practicable Date and approximately 18.78% of the total issued Shares of the Company upon completion of the Conversion of Unlisted Shares into H Shares and the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised). For details, please refer to “Share Capital—Upon Completion of the Global Offering” in this prospectus. Such H Shares to be converted from Unlisted Shares are restricted from trading for a period of one year after the Listing.

The relevant filing and registration procedures in relation to the Conversion of Unlisted Shares into H Shares have been completed on August 19, 2025, and the listing and trading of the H shares converted on the Hong Kong Stock Exchange is still subject to the approval by the Hong Kong Stock Exchange.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set forth in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates of any of the Directors or any existing Shareholders of our Company or a nominee of any of the foregoing.

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, or be deemed by his or her acquisition of Hong Kong Offer Shares to, confirm that he or she is aware of the restrictions on the offer and sales of the Hong Kong Offer Shares described in this prospectus.

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. 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 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 for subscription. The distribution of this prospectus and the offering and sales 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 authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered and sold, directly or indirectly, in the PRC.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

UNDERWRITING

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters. For further details on the Underwriters and the underwriting arrangements, see “Underwriting” in this prospectus.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the grant of listing of, and permission to deal in, (i) our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) and (ii) the H Shares to be converted from our existing Unlisted Shares. Dealings in the H Shares on the Stock Exchange are expected to commence on Friday, November 28, 2025. No part of our share capital was listed on or dealt in on any other stock exchange and no such listing or permission to list was being or proposed to be sought on the Stock Exchange or any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on our H Share register of members in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) 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 the 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, the H Shares on the Hong Kong Stock Exchange and our 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 date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong 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 HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering and converted from our Unlisted Shares 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 register of members will also be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register of members will be subject to the Hong Kong stamp duty. For further details, see “Statutory and General Information—4. Other Information—Taxation of Holders of H Share” in Appendix IV to this prospectus. Investors should seek professional tax advice for further details of Hong Kong stamp duty.

Unless otherwise determined by our Board, dividends 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 in Hong Kong dollars to the registered address of each Shareholder.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on the H Share register of members of the Company in Hong Kong and sent by ordinary post, at the Shareholders’ risk, to the registered address of each Shareholder.

According to the Guide to the Program for “Full Circulation” of H shares promulgated by China Securities Depository and Clearing Corporation Limited (“CSDC”) on February 7, 2020, cash dividends to domestic investors of H-share “full circulation” shall be distributed through CSDC. An H-share listed company shall transfer Renminbi cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Tricor Investor Services Limited, our H Share Registrar, and it has agreed not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law and our Articles of Association;
- agrees with us, each of our Shareholders, Directors, managers and officers, and we acting for ourselves and for each of our Directors, managers and officers agree with each of our Shareholders, to refer all differences, disputes and claims concerning our affairs and arising from any rights or obligations conferred or imposed by our Articles of Association, the PRC

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Company Law or other relevant laws, rules and regulations to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his behalf with each of our Directors and senior officers whereby such Directors and senior officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates of any of the Directors or an existing Shareholder of the Company or a nominee of any of the foregoing.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of our Company, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties 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, dealing in, or the exercise of any rights in relation to, our H Shares.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and its Chinese translation, the English version shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, certificates, titles, natural persons, other entities (including certain of our subsidiaries) have been included in this prospectus in both Chinese and English. If there is any inconsistency, the Chinese names 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. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK\$1.00 to RMB0.9116, Renminbi into U.S. dollars at the rate of US\$1.00 to RMB7.0866 and Hong Kong dollars into U.S. dollars at the rate of US\$1.00 to HK\$7.7738.

MARKET SHARE DATA

The statistical and market share information contained in this prospectus has been derived from official government publications, market data providers and other independent third-party sources. Unless otherwise indicated, the information has not been verified by us independently.

This statistical information may not be consistent with other statistical information from other sources within or outside the PRC. Our Directors have reproduced the data and statistics extracted from such official government publications and other sources in a reasonably cautious manner.

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DIRECTORS

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Mr. Sheng Zhixuan (盛智宣)	Room 1104, Building 12 Xizhimen South Avenue Xicheng District Beijing PRC	Chinese
Mr. Liu Qingbin (劉慶彬)	73 Qiantangpo Village Qinglan Township Jing County, Hengshui Hebei Province PRC	Chinese
Non-executive Director		
Ms. Zhong Ying (鐘穎)	Room 1302, Block B Taifu Huayue Metropolis BYD Road Pingshan District, Shenzhen Guangdong Province PRC	Chinese

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For details with respect to our Directors, see “Directors and Senior Management” in this prospectus.

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Sole Sponsor-Overall Coordinator	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

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Certified Public Accountants

Registered Public Interest Entity Auditor

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CORPORATE INFORMATION

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Headquarters and Principal Place of Business in the PRC	Jing County Economic and Technological Development Zone Hengshui Hebei Province PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Company's Website	<u>www.haiwei.net</u> <i>(The information on the website does not form part of this prospectus)</i>
Joint Company Secretaries	Mr. Sheng Zhixuan (盛智宣) Jing County Economic and Technological Development Zone Hengshui Hebei Province PRC Ms. Tam Pak Yu, Vivien (譚栢如) <i>(ACG HKACG)</i> 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
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CORPORATE INFORMATION

Audit Committee

Mr. Yu Qing (于慶) (*Chairperson*)
Ms. Zhong Ying (鐘穎)
Mr. Zhang Hao (張皓)

Remuneration Committee

Mr. Yu Qing (于慶) (*Chairperson*)
Ms. Gu Qun (古群)
Mr. Zhang Hao (張皓)

Nomination Committee

Mr. Song Wenlan (宋文蘭) (*Chairperson*)
Ms. Gu Qun (古群)
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INDUSTRY OVERVIEW

This section and elsewhere in this prospectus contain certain information, statistics and data which are derived from various official government publications and other publicly available publications, and a report commissioned by us and prepared by our industry consultant, CIC. We have no reason to believe that such information is false in any material respect or misleading. The information, statistics and data from official government sources have not been independently verified by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, advisers or agents or any other party (other than CIC) involved in the Global Offering, and no representation is given as to their accuracy, reliability or completeness.

SOURCES AND RELIABILITY OF INFORMATION

China Insights Consultancy is commissioned to conduct research and analysis of, and to produce a report on Global and China's capacitor film industry at a fee of RMB400,000. The report commissioned has been prepared by China Insights Consultancy independent of the influence of the Company and other interested parties. China Insights Consultancy's primary services include industry consulting, commercial due diligence, and strategic consulting to both institutional investors and corporations. Its consulting team has been tracking the latest market trends in the fields of chemicals, healthcare, consumer goods, environment, industry, energy, transportation, agriculture, e-commerce, finance, etc., and has the most relevant and insightful market intelligence in the above-mentioned industries.

China Insights Consultancy conducted both primary and secondary research using a variety of resources in the completion of this report. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as National Bureau of Statistics of China, World Bank, Energy & Climate Intelligence Unit, International Energy Agency, company reports, independent research reports and the internal database of China Insights Consultancy. The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to maintain a stable trend during the forecast period; (ii) the key industry drivers are likely to continue to drive the growth in each market during the forecast period, and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period.

All statistics are reliable and based on information available as of the date of this report. Other sources of information, including those from the government, industry associations, or market participants, may have provided some of the information on which the analysis or its data is based. All the information regarding the Company has been sourced from the Company's audited report or management interviews.

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OVERVIEW OF THE GLOBAL AND CHINA'S CAPACITOR FILM INDUSTRY

Overview

Major global economies have established clear targets in laws or policy documents to achieve carbon neutrality or net-zero emissions by around 2050. Carbon neutrality and net-zero targets are poised to significantly reshape the global energy supply by accelerating the transition from fossil fuels, such as oil, coal, and natural gas, to renewable energy sources, such as solar and wind power. Resultingly, electricity will play an increasingly important role in global energy. The electrification process will continuously stimulate the demand of NEV and new energy electricity system, as well as electronic systems for industrial and household uses.

Capacitors are electronic components that store electrical energy by accumulating electric charges on two closely spaced surfaces that are insulated from each other. Capacitors are critical for NEV, new energy electricity system, industrial equipment, home appliances due to their ability to stabilize and enhance the performance of these systems. Capacitors serve multiple functions such as energy storage, filtering and smoothing, signal coupling and decoupling, resonance and frequency tuning, power factor correction, and pulse power applications, making them indispensable components in electrical product. Capacitors can be further categorized into ceramic capacitors, aluminium electrolytic capacitors and film capacitors.

Film capacitors are capacitors with a plastic film as the dielectric. The dielectric films are stretched to a thin thickness and then coated with metallized aluminium or zinc, or a metallic foil. These conductive layers are wound into a cylinder or stacked in layers to form the capacitor body, often flattened to save space on printed circuit boards. Film capacitors are gaining market share, rising from 8.4% in 2019 to 14.3% in 2024, due to their outstanding voltage resistance, high-frequency stability, and long lifespan. Among different types of capacitors, film capacitors stand out for their comprehensive performance advantages, driving wider adoption in high-demand applications such as new energy and industrial systems. In contrast, ceramic and aluminium electrolytic capacitors serve niche roles constrained by trade-offs in durability, frequency stability, or voltage endurance.

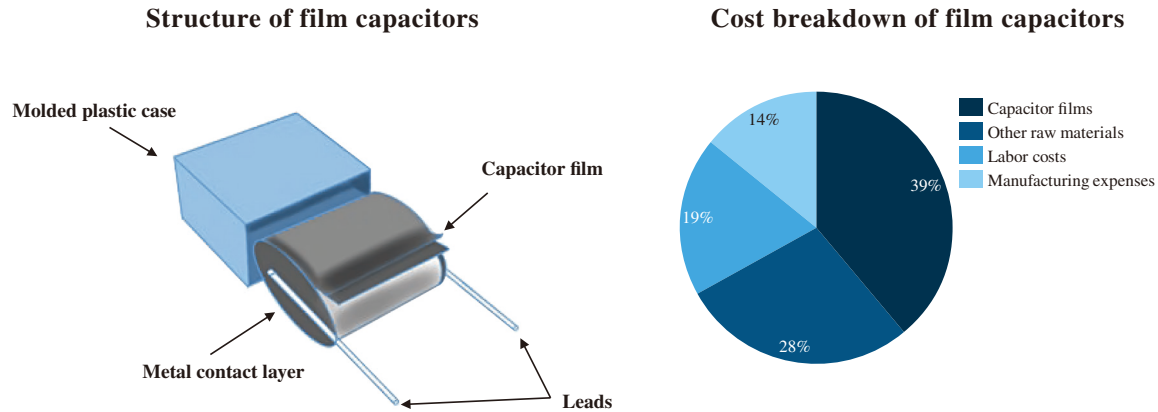
Comparison of different capacitors and advantages of film capacitors

Comparison dimension	Voltage resistance	High-frequency stability	lifespan	Applications
Film capacitor	● Excellent, 2000V or higher	● Excellent for frequent modulation and filtering	● Long, 10,000 to 100,000 hours	NEV, new energy electricity system, industrial equipment, and home appliance
Ceramic capacitor	◐ Low	○ Not suitable	◐ Medium, A few thousand to tens of thousands of hours	Consumer electronics and decoupling circuits
Aluminium electrolytic capacitor	◑ Limited, around 650-670V	◑ Poor	◑ Short, 1,000 to 10,000 hours (up to 20,000 for industrial-grade)	Power supplies and general-purpose circuits

Source: China Insights Consultancy

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Capacitor films are thin polymer-based dielectric materials and are widely used in the production of film capacitors for electrical insulation and energy storage in electronic circuits. Capacitor film is the core material in film capacitors and plays a crucial role in determining the capacitor's performance and durability. Among the cost breakdown of film capacitors, capacitor films represent the largest expense, accounting for 39% of the total production cost, and approximately 60% of the raw material cost.



Source: China Insights Consultancy

Film capacitors are widely used in various applications, including NEV, new energy electricity system, industrial equipment, and home appliances.

- **NEV:** Film capacitors are used in essential equipment in NEV such as motor inverter, on board charger (OBC) and direct current to direct current (DC-DC) converter, etc.
- **New energy electricity system:** Film capacitors are used in essential equipment in (a) solar power, which consists of inverters, input and output filters and high-voltage static var generator equipment; (b) wind power, which includes direct current (DC) support, input and output filters, electromagnetic interference (EMI) filters and flexible direct current transmission system; (c) energy storage, which comprises power conversion system (PCS), inverters and welders; (d) charging station, which incorporates charging modules; and (e) electric grid, which includes smart meters.
- **Industrial equipment:** Film capacitors are used in essential equipment in industrial equipment such as high-voltage frequency converter, uninterruptible power supply (UPS) and EMI filters. EMI and UPS are both indispensable industrial equipment for data centers.
- **Home appliance:** Film capacitors are used in essential equipment in home appliance such as drive motor, filter and induction motor.

Capacitor films can be primarily categorized into four types based on the polymer material used: polypropylene (PP), polyester (PET), polyethylene naphthalate (PEN), and polyphenylene sulfide (PPS). Among the film capacitors made with different film materials, PP film capacitors stand out for their excellent frequency stability, low dielectric absorption, and high voltage resistance, making them ideal

INDUSTRY OVERVIEW

for high-frequency and high-power applications. Although PPS film exhibits comparable performance to PP film in technical parameters, its adoption within the capacitor film category remains limited. This is primarily due to its significantly higher raw material cost and narrower processing window, which lead to higher manufacturing costs and greater production complexity. In contrast, PP film offers an optimal balance of performance and cost-effectiveness, making it more suitable for large-scale industrial application. Currently, PP capacitor film stands as the most predominant type within the capacitor film category, accounting for over 90% of the market share.

Comparison of different films and advantages of PP film

	Voltage resistance	Dielectric absorption	Frequency stability	Moisture resistance	Temperature dependency	Frequency range	Stability
PP film	● Very high (up to 2000V)	● Very low	● Excellent, ideal for high frequencies	● Strong	● Very low, linear temperature coefficient	● Very broad, suitable for high- frequency and high-power applications	● Very high, excellent long- term reliability
PET film	◐ High	◐ High	◐ Moderate	● Strong	◐ High	◐ Narrow	◐ Low
PEN film	◐ High	◐ Low	◐ Good	◐ Moderate	◐ Low	◐ Broad	◐ High
PPS film	◐ High	● Very low	● Excellent	● Strong	● Very low	● Very broad	● Very high

Note: advantage ● → ◐ disadvantage

Source: China Insights Consultancy

Capacitor films are the core component in film capacitors and play a crucial role in determining the film capacitor's performance and durability. They are widely used in film capacitors for electrical insulation and energy storage in electronic circuits. Specifically:

- Capacitor base films:** Capacitor base films determine the performance of the film capacitors. They serve as the dielectric of film capacitors. Capacitor base films primarily (i) assist film capacitors in achieving rapid energy storage and (ii) enable stable operation of the capacitors. The capacitor base films separate the capacitors' electrodes to form an electric field, thus allowing the capacitors to store electrical energy. By maintaining high insulation resistance, the films help minimize current leakage, thus helping reserve the energy stored within the capacitors and ensure long-term stability. By providing high dielectric strength and thermal stability, the capacitor base films enable the capacitors to endure high voltage and high temperature without affecting their performance, thus maintaining stable operation. The properties of base films, primarily including their voltage endurance, thermal shrinkage resistance, uniformity, surface roughness and tensile strength, are essential to the functionality of the films and determine the performance of capacitors.

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- *Metallized films*: Metallized films are made by coating an ultra-thin metallized layer, typically aluminum and zinc, onto one side of the surface of capacitor base films. The metallized layer acts as electrodes of film capacitors. Furthermore, the metal coating process strengthens the insulation resistance capability of the films. If the capacitor base films are damaged by high voltage or due to other reasons, the metallized layer will undergo immediate oxidation, allowing the films to restore insulation resistance without significant performance degradation. From a manufacturing perspective, metallization is an essential step in producing film capacitors. Compared with the more complex production of capacitor base films, the metallization process is relatively standardized and easier to implement. Nevertheless, the cost of metallization remains relatively high due to the use of metal raw materials, while the vacuum deposition process involved in metallization adds limited incremental value compared with the production of base films. Consequently, metallized films generally exhibit lower gross profit margins than capacitor base films.

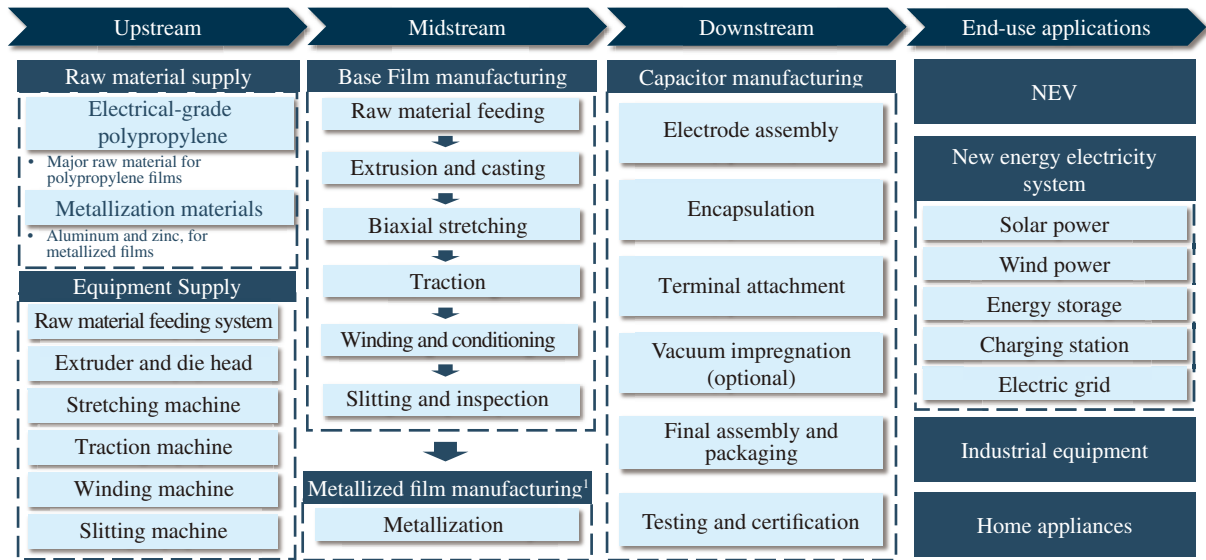
In the capacitor film industry, the market size of capacitor base film is widely used to represent the market size of capacitor film products. It is because most of the products from capacitor film manufacturers are delivered in the form of capacitor base films. The metallization of capacitor base films is typically performed by capacitor manufacturers, primarily because it allows for better integration into their specific production processes, primarily because it allows for better integration into their specific production processes, as the metallization parameters (such as sheet resistance and metallized-layer thickness) can be tailored to match the electrical performance requirements of different capacitor types. Such integration helps to ensure consistent film quality, improve yield rate, and enhance production efficiency in downstream capacitor manufacturing. However, film capacitor manufacturers may procure metallized films from external suppliers, primarily because film capacitor manufacturers may face limitations in their production capacity of metallized films from time to time. In such cases, capacitor film manufacturers with production capabilities for metallized films gain a competitive advantage, as they can flexibly meet downstream demand, further utilize production capacity and offer integrated solutions to enhance market competitiveness.

Value Chain

The value chain of the global capacitor film industry consists of upstream raw material and equipment supply, midstream film manufacturing, downstream film processing and capacitor manufacturing, and end-use applications. The vertical integration by new energy vehicle manufacturers such as BYD into the production of film capacitors reflects an emerging trend in the upstream integration of the NEV supply chain, as the films can be directly tailored to match their equipment specifications and production flow. This results in improved consistency in product quality, reduced logistics and handling costs, and enhanced efficiency in the downstream capacitor manufacturing process. However, this trend has not yet substantively extended to the production of capacitor base films, which involves high technical barriers, significant capital expenditure, and specialized know-how. In addition, currently, with the exception of BYD, which produces film capacitors in-house, most NEV manufacturers typically procure film capacitors directly from third parties. As such, leading NEV manufacturers including BYD currently still rely primarily on external sourcing for capacitor base films. Accordingly, such trend is not expected to have a material impact on the Group's business operations in the foreseeable future.

INDUSTRY OVERVIEW

Value chain of the global capacitor film industry



Note:

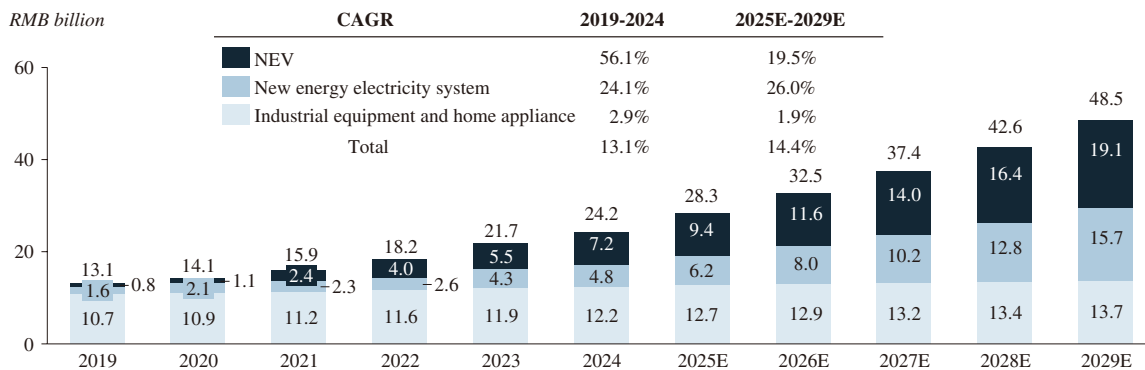
- Metallized films are manufactured by capacitor film manufacturers or film capacitor manufacturers.

Source: China Insights Consultancy

Market Size

Global film capacitor market is experiencing strong growth. Both the wide spread adoption of NEV and the growth of solar and wind power have boosted the demand for film capacitors. The market size of global film capacitor market increased from RMB13.1 billion in 2019 to RMB24.2 billion in 2024, representing a CAGR of 13.1%. It is expected that the market size of global film capacitor will reach RMB48.5 billion in 2029 with a CAGR of 14.4% between 2025 and 2029.

Market size of film capacitor, Global, 2019-2029E

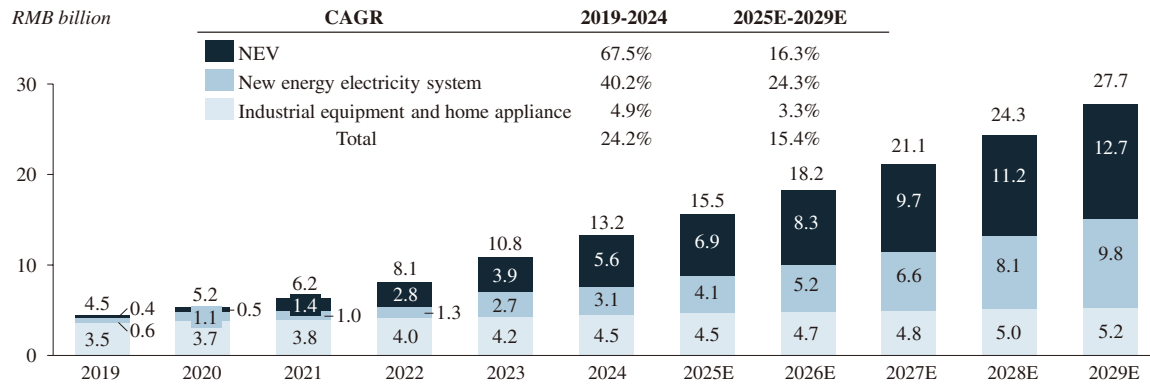


Source: China Insights Consultancy

INDUSTRY OVERVIEW

With the rapid development of China's NEV market, the demand for film capacitors in charging stations, and electric drive systems is increasing. In new energy electricity systems, China's strong push for solar power, wind power and energy storage adds to the demand for power conversion equipment, stimulating the demand for film capacitors. The market size of China's film capacitor market increased from RMB4.5 billion in 2019 to RMB13.2 billion in 2024, representing a CAGR of 24.2%, and is expected to reach RMB27.7 billion in 2029 with a CAGR of 15.4% between 2025 and 2029.

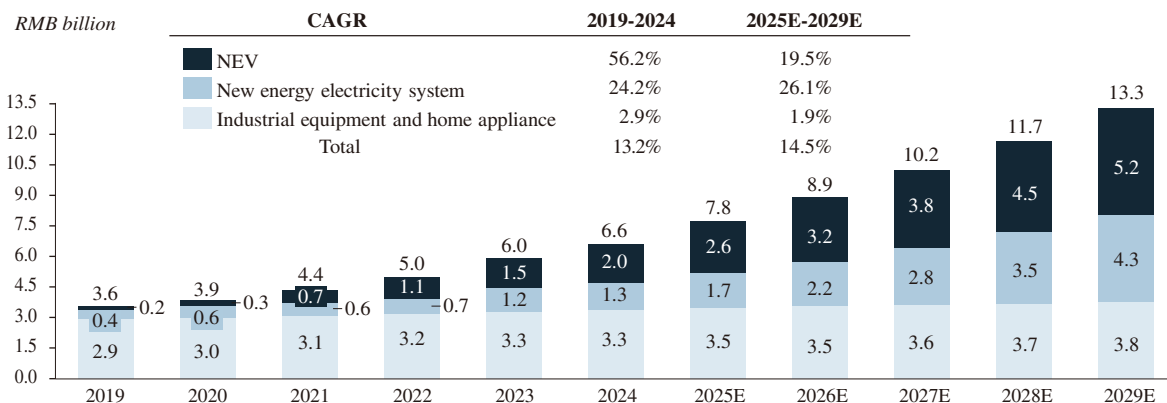
Market size of film capacitor, China, 2019-2029E



Source: China Insights Consultancy

The market size of global capacitor base film market increased from RMB3.6 billion in 2019 to RMB6.6 billion in 2024, representing a CAGR of 13.2%. This growth is driven by the rising demand for film capacitors in key industries such as NEV and new energy electricity system. Capacitor base films play a crucial role in enhancing energy storage, voltage regulation and power conversion efficiency, which is vital for the advancement of these industries. It is expected that the market size of global capacitor base film market will reach RMB13.3 billion in 2029 with a CAGR of 14.5% between 2025 and 2029.

Market size of capacitor base film, Global, 2019-2029E

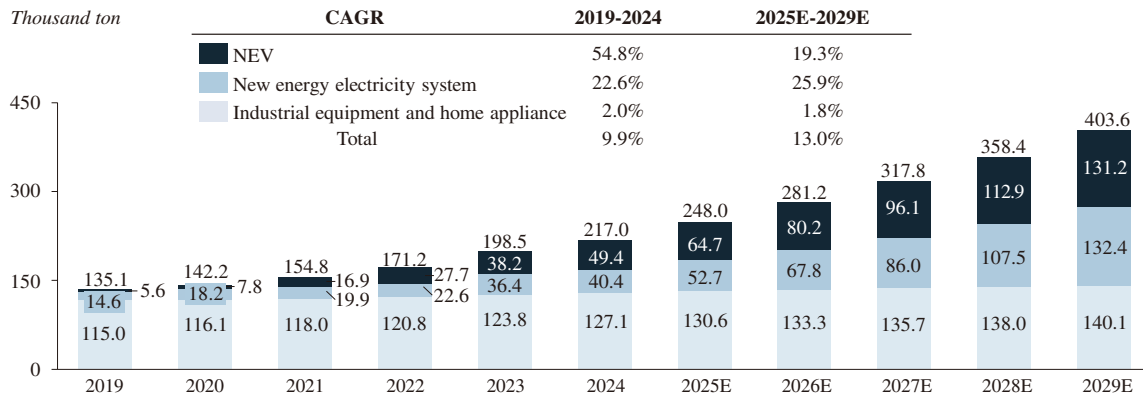


Source: China Insights Consultancy

INDUSTRY OVERVIEW

In terms of volume, the market size of global capacitor base film market increased from 135.1 thousand tons in 2019 to 217.0 thousand tons in 2024, and is expected to reach 403.6 thousand tons in 2029. Currently, the global production capacity of capacitor base films is approximately 170 thousand tons. However, with the rapid growth in demand this capacity is expected to be stretched. As the demand for high-performance capacitor films continues to rise, particularly for applications requiring efficient energy storage, voltage regulation, and fast-charging systems, it is anticipated that a significant supply-demand gap will persist. This gap creates opportunities for further investments in production capacity, innovations in manufacturing processes, and developments of new materials to meet the increasing needs of capacitor film industry.

Market size of capacitor base film, Global, 2019-2029E



Note:

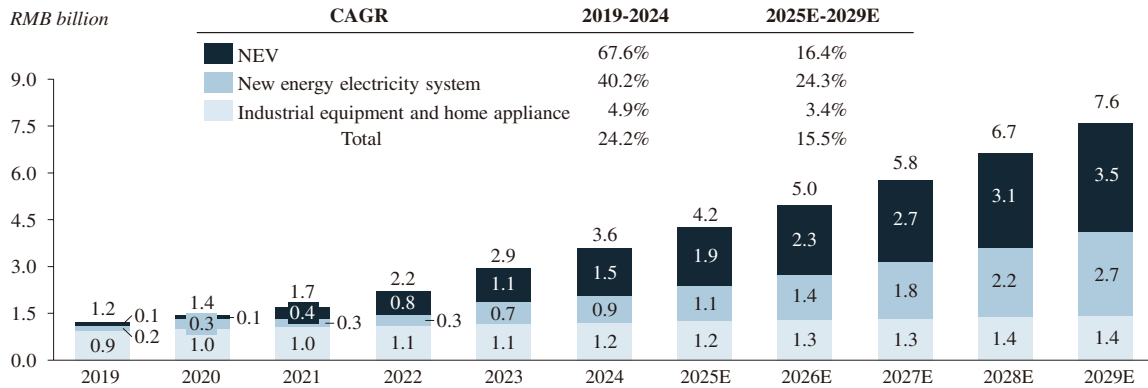
- The volume of capacitor base film is standardized by converting to 7 μm , which is in line with industry practice.

Source: China Insights Consultancy

The capacitor base film market in China has been experiencing steady growth in recent years, driven by the rapid development of NEV and renewable energy sector, leading to a situation where demand is outpacing supply. Given the rapid expansion of downstream sectors, the supply-demand imbalance is projected to persist in the foreseeable future. Consequently, China's capacitor base film market is expected to have limited impact from trade tensions and is positioned to maintain its robust growth trajectory. The market size of China's capacitor base film market increased from RMB1.2 billion in 2019 to RMB3.6 billion in 2024, representing a CAGR of 24.2%, and is expected to reach RMB7.6 billion in 2029 with a CAGR of 15.5% between 2025 and 2029.

INDUSTRY OVERVIEW

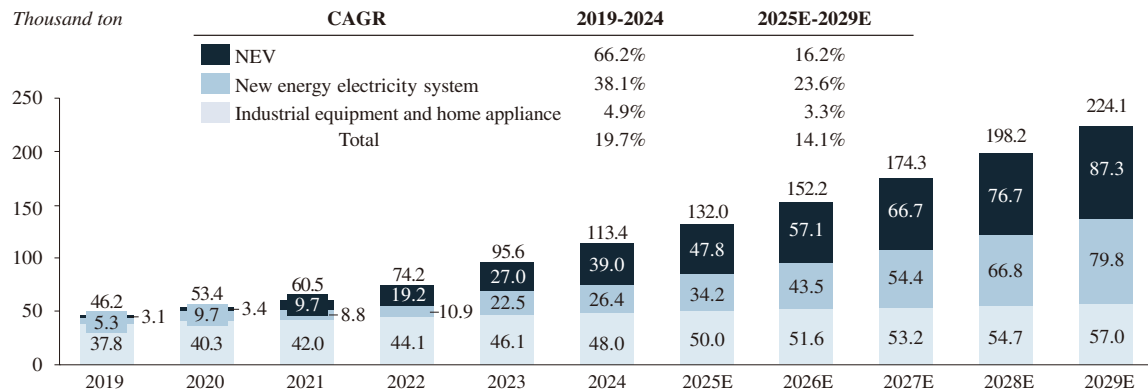
Market size of capacitor base film, China, 2019-2029E



Source: China Insights Consultancy

In terms of volume, the market size of China's capacitor base film market increased from 46.2 thousand tons in 2019 to 113.4 thousand tons in 2024, reflecting a CAGR of 19.7% and is expected to reach 224.1 thousand tons in 2029 with a CAGR of 14.1% between 2025 and 2029.

Market size of capacitor base film, China, 2019-2029E



Note:

- The volume of capacitor base film is standardized by converting to 7 μm , which is in line with industry practice.

Source: China Insights Consultancy

INDUSTRY OVERVIEW

Market Drivers

- ***Growth in renewable energy applications:*** The growth in renewable energy applications has emerged as a significant driver for the global and China's capacitor film industry. Renewable energy technologies, including solar panels, wind turbines and energy storage systems, have seen rapid adoption worldwide, supported by commitments to carbon neutrality and reduced greenhouse gas emissions. Global newly installed solar power capacity reached 451.9 GW in 2024, increasing from 113.0 GW in 2019, and is expected to reach 1,663.6 GW in 2029. In 2024, global newly installed wind power capacity reached 121.6 GW, increasing from 60.8 GW in 2019, and is expected to reach 344.7 GW in 2029. As a result, the demand for advanced electronic systems that ensure efficient energy conversion and stability in renewable energy grids has surged, with capacitor films playing an important role in these systems. With the growing importance of the renewable energy applications worldwide, the global and China's capacitor film industry is expected to have growth synergy and further grow in the future.
- ***Increasing adoption of electric vehicles:*** The global market size of the electric vehicles, in terms of sales volume, is expected to reach 45.5 million units in 2029 with a CAGR of 17.6% between 2025 and 2029. As an important material in the film capacitors, capacitor films play an important role in energy storage and voltage stabilization, thereby optimizing the performance of the battery and electric motor. Additionally, as the demand for fast-charging systems increases, capacitor films are crucial in supporting rapid refuelling needs, supporting the quick charging cycles without compromising system efficiency. Consequently, the increasing adoption of electric vehicles globally induces more demand for higher quality capacitor films.
- ***Advancement in industrial automation and data centers:*** Advancement in automation technologies, particularly in industrial robotics and high-speed control systems, is driving unprecedented demands for precision electrical components. Capacitor films, critical for stabilizing energy flow and enhancing efficiency in these systems, are seeing surging market requirements. This growth trajectory is further propelled by the need to meet increasingly stringent performance benchmarks in modern industrial applications from power management optimization to smart energy storage solutions. With the rapid development and expansion of data centers, their power demand is steadily increasing, expected to grow from 673 TWh in 2024 to 2,616 TWh in 2030. As a critical electronic component, capacitor films play an important role in stabilizing energy flow, improving system efficiency, and ensuring equipment reliability. Along with the continuous growth in data center scale and operational load, the demand for high-performance capacitor films is rising rapidly, becoming a key driver of market growth.
- ***Rising demand for consumer electronics:*** Capacitor films are essential for the efficient operation of a wide range of electronic devices, including smartphones, laptops, wearable devices, and home appliances like refrigerator and air conditioning. In consumer electronics, they play a key role in power management systems by stabilizing voltage, filtering noise and stabilizing power fluctuations. As the adoption of these devices continues to grow, the demand for high-performance capacitor films is expected to increase, driven by the need for more reliable and efficient power management solutions.

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Future Trends

- ***Substitution of aluminium electrolytic capacitors.*** Film capacitors are gradually replacing aluminium electrolytic capacitors due to their superior voltage resistance, better high-frequency stability and longer lifespan. Aluminium electrolytic capacitors have a voltage limit of 650-670V, while the voltage limit of film capacitors can reach 2000V or higher, making film capacitors more suitable for high-voltage applications, especially in NEV and new energy electricity systems.
- ***Trend towards ultra-thin and high-temperature-resistant films.*** The capacitor film market is evolving towards ultra-thin and high-temperature-resistant products to meet the stringent demands of advanced applications. This shift is driven by technological advancements and the growing use of capacitor films in high-end markets such as automotive electronics and wind energy. Enhanced production techniques have enabled the development of thinner films with improved thermal stability, aligning with the industry's focus on miniaturization and reliability.

Thinner capacitor base films allow film capacitors to achieve higher capacitance, lower equivalent series resistance and improved high-frequency performance, while offering a more compact and lightweight design. Such features are critical for NEVs and compact electronic devices such as smartphones, laptops and wearable devices.

- ***High-voltage capacitor applications.*** As industries pursue greater power and higher efficiency, there will be a growing need for capacitors that can withstand higher voltage ratings. Applications such as electric vehicles, renewable energy systems, industrial automation and high-speed computing require capacitors capable of operating at higher voltages without compromising performance or safety. Capacitor films will evolve to meet these higher voltage demands, incorporating new materials, manufacturing techniques and advanced dielectric insulation technologies. High-voltage capacitor films will be at the center of the development of next-generation power electronics, due to voltage stability and energy efficiency.
- ***Domestic substitution of imported capacitor films.*** In recent years, China has focused on reducing its reliance on foreign technology and components, which has driven the need for domestic capacitor film production. The “Made in China 2025” initiative emphasizes self-sufficiency in critical technologies, which include components like capacitor films used in high-tech applications. Chinese manufacturers are increasing their efforts to develop localized solutions that meet both domestic and international standards. This pursuit for self-sufficiency creates new opportunities for capacitor film producers, both in terms of local market share and global exports.
- ***Domestic substitution of imported capacitor films’ raw materials.*** As one of the world's largest producers and consumers of capacitor films, China is heavily reliant on high-quality raw materials like electrical grade polypropylene which are essential for the manufacturing of capacitor films. However, with growing demand for capacitors across industries such as NEVs, renewable energy and consumer electronics, China is prioritizing the development of local supply chains to reduce reliance on imports. In particular, policies such as the “Made in China 2025” initiative and the “14th Five-Year Plan for Raw Material Industry Development” emphasize strengthening self-sufficiency

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in key raw materials, encouraging domestic substitution and reducing import dependence. In addition, the “Guiding Catalogue for the First Batch Application of New Materials (2024 Edition)” and the “New Material Industry Development Guideline” both identify high-performance polymer and thin-film materials as priority areas for technological innovation and domestic production expansion. These policies collectively encourage investment in domestic high-end polymer materials, promote import substitution, and strengthen the local supply capacity for capacitor film manufacturers. As a result, capacitor film producers such as the Group are expected to benefit from an increasingly localized raw material supply chain, enabling them to procure core inputs domestically, reduce import dependence, and enhance cost efficiency and supply stability.

OVERVIEW OF THE GLOBAL AND CHINA’S COMPOSITE CURRENT COLLECTOR INDUSTRY

Overview

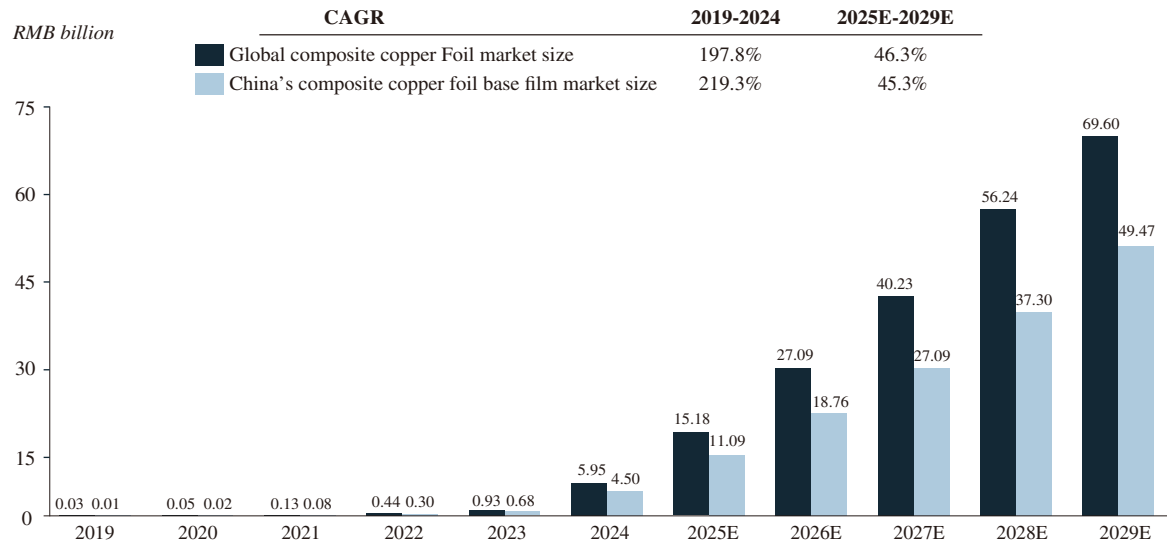
Composite current collector is a critical component in batteries, designed to efficiently collect and transmit electric current between the active material and the external circuit. The composite current collector replaces part of the traditional metal materials with insulating polymer materials that have lower density and cost, which holds significant importance for enhancing the energy density, improving safety, and reducing the cost of lithium-ion batteries. It is poised to become the core technology for the battery anodes and cathodes. Composite current collectors are classified into composite copper foil and composite aluminum foil, differing mainly in material composition and application. Composite copper foil, using copper as the conductive layer, is typically applied to the battery’s anode due to its high conductivity and corrosion resistance. Composite aluminum foil, with aluminum as the conductive layer, is mainly used for the cathode, offering advantages such as lower weight, lower cost, and high voltage resistance. Composite copper foil has achieved a higher level of commercialization and is already in mass production, while composite aluminum foil is still in the validation and promotion stage.

Market Size

The global composite copper foil market is expected to grow rapidly between 2025 and 2029, with market size increasing from RMB15.18 billion in 2025 to RMB69.60 billion in 2029 at a CAGR of 46.3%. Based on the growth trend of the global composite copper foil base film market, China, as the world’s largest market for NEV and new energy electricity system, holds significant market potential. As the composite copper foil is a recent technology advancement in the industry and at its early growth stage with great potential on the cost against copper foil, the market is expected to continue robust growth along with the increasing penetration rate. China’s composite copper foil market is expected to show rapid growth between 2025 and 2029, increased from RMB11.09 billion in 2025 to RMB49.47 billion in 2029 at a CAGR of 45.3%.

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Global composite copper Foil market size, 2019-2029E



Source: China Insights Consultancy

COMPETITIVE LANDSCAPE

The competitive landscape of China's capacitor film industry is highly competitive and concentrated. The top five companies in the capacitor film industry accounted for 61.6% of the market share in 2024 in terms of capacitor film sales volume. Driven by the continuous technological advancements and economies of scale achieved by the key player, the concentration ratio is projected to grow. The leading players, particularly those that have localized the production of core manufacturing equipment, can rapidly expand their production capacity to meet growing market demand, and maintain and increase their market share.

In terms of capacitor base film sales volume, the Company is the second largest capacitor film supplier in mainland China's market, achieving a sales volume of 16.2 thousand tons, representing 14.2% of the market share in 2024. While the Company ranked second in China's capacitor film market by sales volume in 2024, the market shares of the other top players were closely comparable, reflecting a highly concentrated yet competitive industry landscape.

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The top five capacitor film suppliers, China, in terms of capacitor base film sales volume¹, 2024

Ranking	Company	Sales volume, 2024, thousand tons ¹	Market share, 2024
1	Entity A ²	17.1	15.1%
2	The Company	16.2	14.2%
3	Entity B ³	13.5	11.9%
4	Entity C ⁴	11.7	10.3%
5	Entity D ⁵	11.4	10.1%
Subtotal		69.9	61.6%
Total		113.4	100.0%

Notes:

- Refers to the sales volume of capacitor base films in 2024, including sales volume of metallized films converted back to base film. The volume of capacitor base film is standardized by converting to 7 μm , which is in line with industry practice.
- Established in 2003 in Hubei, Entity A is a non-listed company specializing in the research, development, production and sales of PP films for capacitors, including capacitor base films and metallized films. The company utilizes imported production lines.
- Established in 2000 in Zhejiang, Entity B is a listed company on the Shenzhen Stock Exchange, specializing in the design, manufacture and distribution of plastic films, including BOPET, CPP, BOPP capacitor base films, and metallized films. The company utilizes imported production lines.
- Established in 1996 in Anhui, Entity C is a listed company on the Shanghai Stock Exchange, engaging in the research, development, manufacture and sale of film capacitors and capacitor films. Entity C also produces metallized films and utilizes imported production lines.
- Established in 2002 in Fujian, Entity D is a non-listed company engaging in the research, development, manufacture and sale of capacitor films, including capacitor base films and metallized films. The company utilizes imported production lines.

Source: China Insights Consultancy

Entry Barriers and Key Success Factors

- Rapid expansion capability:** The ability to rapidly expand production capacity is a critical competitive advantage in the capacitor film industry. Most competitors rely on expensive imported equipment with long lead times, typically three to five years. In contrast, companies that have pioneered the localization of production equipment can reduce delivery time to as little as eight to twelve months. This significantly accelerates capacity expansion, enabling these companies to swiftly respond to market demand and gain a decisive edge over competitors.

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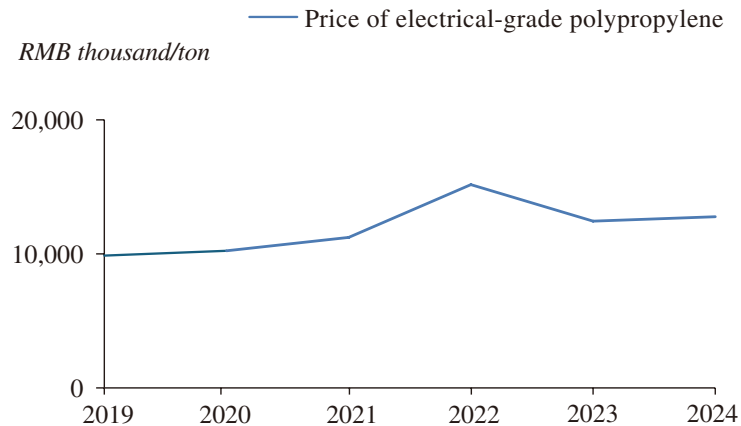
- **High capital investment:** Establishing a foothold in the capacitor film industry requires significant financial resources. The construction of a single production line including manufacturing equipment, land and infrastructure requires several hundred million RMB. This creates a substantial barrier for small companies or new entrants who lack the necessary capital. The high upfront costs also requires considerable scale and operational efficiency to achieve profitability, which is challenging for companies with limited production capacity.
- **Technical expertise and intellectual property:** The self-design and development of production lines for capacitor base films requires years of research and development. Existing industry leaders have accumulated proprietary technologies and secured patents, making it difficult for new players to replicate their success. The complex engineering and manufacturing processes of high-performance capacitor films require specialized expertise, further raising the entry barriers.
- **Integrated supply chain:** Controlling the supply chain through vertical integration provides a significant competitive edge. New entrants face significant challenges in establishing similar supply chain capabilities, as it requires not only capital but also long-term strategic alignment with raw material suppliers. This integration ensures cost control, quality assurance and supply stability—advantages that are hard to replicate.
- **Scale and operational efficiency:** The ability to scale operations is critical in the capacitor film industry. Larger manufacturers benefit from economies of scale, allowing them to reduce costs through specialization and optimized production processes. For example, companies with multiple production lines can dedicate each line to specific film thicknesses and specifications, reducing waste and enhancing product quality. Smaller competitors struggle to achieve similar efficiencies, leaving them at a cost disadvantage.
- **Customer relationships and approval:** In this standardized and highly competitive industry, it typically takes two to three years to obtain customer approval, which presents a significant entry barrier for new entrants. Established companies with long-standing customer relationships and proven records of securing client trust hold a substantial competitive advantage.
- **Geopolitical risks and localization requirements:** The increasing emphasis on reducing reliance on foreign imports has heightened the importance of localized production. Companies capable of manufacturing production equipment and sourcing raw materials domestically are better positioned to navigate geopolitical uncertainties. Companies reliant on imported equipment or raw materials face risks such as supply chain disruptions or price volatility, placing them at a competitive disadvantage.

PRICE ANALYSIS

The major raw material for the capacitor film industry is electrical grade polypropylene. The annual average price of electrical-grade polypropylene showed fluctuations from 2019 to 2024. The fluctuation was primarily driven by the fluctuation in the price of crude oil, a key raw material for the production of electrical-grade polypropylene. Crude oil price experienced a significant increase in 2022 due to the Russia-Ukraine conflict, and then declined and remained relatively stable.

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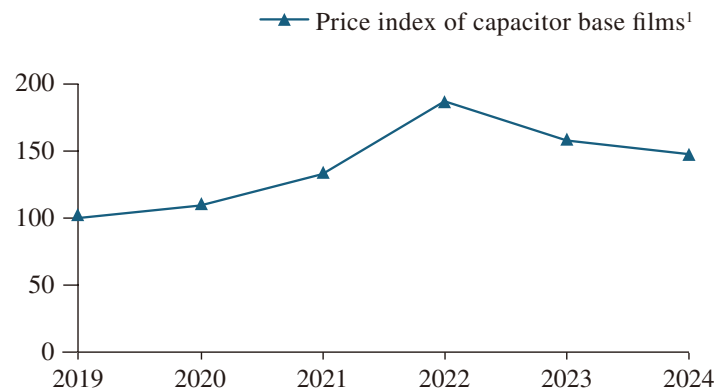
Annual average price major raw material, China, 2019-2024



Source: China Insights Consultancy

The price index of capacitor base film in China showed an upward trend from 2019 to 2022, but began to gradually decline after 2022. The fluctuation was primarily driven by (i) the fluctuation in the price of crude oil, a key raw material for the production of electrical grade polypropylene, as a result of the Russia-Ukraine conflict, and (ii) robust downstream demand, which reflects the growing application of capacitor films in various industries. The price of capacitor base film in China declined from 2022 to 2024, primarily due to the price reduction in the end-use markets of capacitor base films. Such decline has affected a number of players in the capacitor film industry. As prices in end-use markets of capacitor base films gradually stabilize, the price of capacitor base film in China is expected to remain stable in the future.

Price index of capacitor base films, China, 2019-2024



Note: The Price Index for capacitor base films uses 2019 as the base year (index = 100, average price = RMB22.9 thousand per ton)

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LAWS AND REGULATIONS ON COMMERCIAL ENTITIES

On December 29, 1993, the Standing Committee of the National People's Congress (the "SCNPC") issued the PRC Company Law (《中華人民共和國公司法》) (the "**Company Law**"). The currently effective version was adopted by the SCNPC on December 29, 2023 and implemented on July 1, 2024. All companies established in the PRC are subject to the Company Law. The Company Law regulates the establishment, operation, corporate structure, and management of corporate entities in China and classifies companies into limited liability companies and companies limited by shares.

General meeting

According to the Company Law, a general meeting of a company limited by shares shall be constituted by all the shareholders; the general meeting shall be the authority of the company and shall exercise duties and powers in accordance with the provisions of the Company Law.

An annual general meeting shall be convened once every year. An extraordinary general meeting shall be convened within two months in case of the certain events specified in the Company Law.

The Company Law has no specific provisions on the quorum of shareholders to attend the general meeting.

Under the Company Law, shareholders present at a general meeting have one vote for each share they hold, save that the company's shares held by the company are not entitled to any voting rights.

Under the Company Law, resolutions of the general meeting shall be passed by more than half of the voting rights held by shareholders (including those represented by proxy) attending the general meeting, with the exception of resolutions of the general meeting to amend the Articles of Association, increase or reduce the registered share capital, as well as the resolutions of the Company's merger, division, dissolution or change of corporate form, which in each case shall be passed by at least two-thirds of the voting rights held by the shareholders (including those represented by proxy) attending the general meeting.

Shareholders may entrust a representative to attend the general meeting, and the representative shall submit a power of attorney to the company and exercise the voting rights within the scope of the authorization.

Transfer of shares

Transfer of shares may be conducted after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes shall be made to the share register during a period of 20 days prior to convening a shareholders' general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions. Where laws, administrative regulations or the securities regulatory authorities of the State Council have other provisions on changes to the register of shareholders of a listed company, such provisions shall apply.

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Restrictions on transfer of shares

The directors, supervisors and senior management personnel of the company shall report to the company the shares held by them and their changes, and the shares transferred each year during their term of office shall not exceed 25% of the total shares of the company held by them respectively; the Company's shares held by them shall not be transferred within one year from the date of listing and trading of the Company's shares. The above-mentioned personnel shall not transfer their shares of the company within half a year after their resignation. The Articles of Association may make other restrictive provisions on the transfer of shares held by the directors, supervisors, and senior management personnel of the company.

RELEVANT REGULATIONS AND POLICIES FOR DOWNSTREAM INDUSTRIES

From the perspective of the actual uses of products, the company's products such as capacitor films, metallized films and composite copper foil base films are mainly used in fields including (i) NEV, (ii) new energy electricity system, (iii) industrial equipment and (iv) home appliances. As the state attaches increasing importance to energy conservation, emission reduction, environmental protection and strategic emerging industries, it has successively introduced relevant regulations and policies regarding such fields.

In January 2021, the MIIT issued the Action Plan for the Development of Basic Electronic Components Industry (2021–2023) (《基礎電子元器件產業發展行動計劃(2021–2023年)》), proposing to promote breakthroughs in basic electronic components, enhance the reliable supply of key materials, equipment and instruments in the industrial chain, and improve the modernization of the industrial supply chain, with a focus on promoting the application of electronic components such as automotive-grade sensors, capacitors (including super capacitors), resistors, frequency components, connectors and cable assemblies, micro-motors, control relays, and new chemical and physical batteries.

In September 2021, the Electronic Components Industry Association issued the 14th Five-Year Plan for China's Electronic Components Industry (《中國電子元件行業「十四五」規劃》), proposing to comprehensively improve the reliability of various capacitor products, accelerate the integration of aluminum electrolytic capacitors, film capacitors and other capacitor segments, encourage mergers and acquisitions to further increase industry concentration, and increase the international influence of local leading enterprises; encourage enterprises to increase R&D investment, and further promote the development of capacitors in the direction of miniaturization, chip-type and high reliability; strengthen synergistic innovation among upstream and downstream industrial chains, and encourage leading capacitor enterprises to independently design and produce key materials and equipment.

In June 2022, the Ministry of Science and Technology of the People's Republic of China (the "MOST"), the NDRC, the MIIT, the MOEE, the MOHURD, the MOT, the Chinese Academy of Sciences, the Chinese Academy of Engineering and the National Energy Administration jointly issued the Implementation Plan for Supporting Carbon Peak and Carbon Neutrality with Science and Technology (2022–2030) (《科技支撐碳達峰碳中和實施方案(2022–2030年)》), which listed energy storage technology as one of the supporting technologies for green and low-carbon energy transformation,

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and proposed to launch research and development of efficient energy storage technologies, including compressed air energy storage, flywheel storage, liquid-and solid-state lithium-ion battery energy storage, sodium-ion battery storage and fluid-flow battery storage.

In July 2023, the MOFCOM, the NDRC, the MIIT, the Ministry of Civil Affairs, the MOF, the Ministry of Human Resources and Social Security, the Ministry of Natural Resources, the Ministry of Housing and Urban-Rural Development of the PRC (the “**MOHURD**”), the Ministry of Agriculture and Rural Affairs, the PBOC, the SAMR, the National Financial Regulatory Administration, and the China Securities Regulatory Commission jointly issued the Notice on Several Measures to Promote Household Consumption (《關於促進家居消費若干措施的通知》). It encourages regions with the conditions to provide support for residents to purchase green household appliances, green furniture, green building materials and other green household products. It also encourages regions with the conditions to carry out the campaign of sending home appliances, furniture, and home decoration to the countryside, and to support rural residents to purchase green smart home products and carry out home renovations according to local conditions.

In August 2023, the Ministry of Industry and Information Technology of the People’s Republic of China (the “**MIIT**”), the MOF, the Ministry of Transport of the People’s Republic of China (the “**MOT**”), the Ministry of Commerce of the People’s Republic of China (the “**MOFCOM**”), the General Administration of Customs of the People’s Republic of China (the “**GAC**”), the National Energy Administration, and the National Administration of Financial Regulation jointly issued the Work Plan for Stabilizing Growth in the Automotive Industry (2023–2024) (《汽車行業穩增長工作方案(2023–2024年)》), which proposed to support the expansion of NEVs consumption, effectively implement the existing NEV preferential policies such as vehicle and vessel use tax and vehicle acquisition tax, properly carry out work regarding settlement and review of subsidy funds for NEVs, and actively expand the proportion of personal consumption of NEVs. It also proposed to organize and commence the pilot work of the pilot zone for comprehensive electrification of public sector vehicles, accelerate the promotion and application of NEVs in the sections of urban public transportation, taxi, sanitation, postal express, urban logistics and distribution, conduct research on and explore the promotion of regional pilot program on zero-emission of freight trucks, further enhance the level of electrification of public sector vehicles, organize and commence activities for promoting NEVs in rural areas, encourage enterprises to develop more advanced and applicable models, and fully explore the consumption potential of rural areas.

In May 2024, the State Council issued the Action Plan for Energy Conservation and Carbon Emission Reduction from 2024 to 2025 (《2024–2025年節能降碳行動方案》), emphasizing the acceleration of the construction of large-scale wind and photovoltaic bases focusing on deserts, Gobi, and wilderness areas. Offshore wind power shall be developed in a reasonable and orderly manner, the large-scale development and utilization of ocean energy shall be promoted, and the development and utilization of distributed new energy shall be advanced.

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LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”) promulgated on February 22, 1993 and amended on July 8, 2000, August 27, 2009 and December 29, 2018 by the SCNPC, producers and sellers shall establish a sound internal product quality control system, strictly adhere to a job responsibility system in relation to quality standards and quality liabilities, and implement corresponding examination and inspection measures. The forgery or imitation of quality marks such as certification marks is prohibited; falsifying the place of origin of product, and falsifying or imitating the name or address of another factory is prohibited; adulteration of, or mixing of improper elements with products under manufacturing or on sale, passing off the sham as the genuine or passing off the inferior as the superior is prohibited. Any manufacturer or seller who violates the Product Quality Law may be subject to (i) administrative penalties, including suspension of production or sale, ordered correction of illegal activities, confiscation of products subject to illegal production or sale, imposition of fines, confiscation of illegal gains and, in severe cases, revocation of business license; and (ii) criminal liabilities if the illegal activity constitutes a crime.

LAWS AND REGULATIONS ON PRODUCTION SAFETY

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) latest amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, an enterprise shall (i) provide production safety conditions as stipulated in the Production Safety Law of the PRC and other relevant laws, administrative regulations, national and industry standards, (ii) establish a comprehensive production safety accountability system and production safety rules, and (iii) develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

The person-in-charge of an enterprise shall be fully responsible for the safety of production of the enterprise. An enterprise having more than 100 employees shall establish a production safety management institution or be equipped with dedicated production safety management personnel. Personnel who is responsible for managing production safety shall inspect the safety of production regularly based on the characteristics of production of the enterprise and shall deal with any safety issue identified during the inspection in a timely manner. Any unsolved issue shall be reported to the person-in-charge in a timely manner and the person-in-charge shall solve such issue immediately. The inspection and measures taken shall be duly recorded. Enterprises and institutions shall provide their employees with training on production safety and shall truthfully inform their employees of any potential risks in relation to the workplace and duties, preventive measures and emergency measures. In addition, an enterprise shall provide its employees with personal protective equipment that meet the national or industry standards and supervise and train them to use such equipment.

According to 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》) promulgated by the former State Administration of Work Safety (currently known as the Ministry of Emergency Management) on December 14, 2010 and amended on April 2, 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed and put

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into use simultaneously with the main body of the project. The enterprises shall demonstrate and pre-assess the safety conditions of its construction projects, prepare a dedicated safety design report, submit to the relevant work safety administrative department for examination or filing, complete acceptance of safety facilities and prepare reports for inspection according to requirements. If an enterprise violates the relevant requirements, it may be ordered to make corrections within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and imposed a fine.

LAWS AND REGULATIONS ON FIRE PREVENTION

According to the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and last amended on April 29, 2021, the fire prevention design and construction of a construction project must conform to the national fire prevention technical standards for project construction. For construction projects that require fire prevention design in accordance with the national fire prevention technical standards for project construction, the fire prevention design review and acceptance system for construction projects shall be implemented. Upon completion of a construction project that is required to apply for fire control acceptance inspection by the competent department of housing and urban-rural development under the State Council, the construction entity shall apply to the competent department of housing and urban-rural development for fire control acceptance inspection. For construction projects other than those specified in the preceding paragraph, the construction entity shall report to the competent department of housing and urban-rural development for filing after the acceptance, and the competent department of housing and urban-rural development shall conduct spot checks. Construction projects which are subject to fire control acceptance inspection according to law shall not be put into use without fire control acceptance inspection or failing to pass fire control acceptance inspection. Other construction projects which fail to pass the legal spot checks shall cease to be used.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

According to 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**”) promulgated by the SCNPC on December 26, 1989 and last amended on April 24, 2014, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances generated in the course of such activities, such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation. The State implements a pollutant discharge permit management system in accordance with the law. According to the Environmental Protection Law and the Regulations on the Administration of Pollutant Discharge Licensing, which was promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises, business units and other producers and operators that are subject to pollutant discharge licensing management shall discharge pollutants according to the requirements of the pollutant discharge permits, and shall not discharge pollutants without obtaining the pollutant discharge permits. The competent environmental protection authorities impose various administrative penalties on individuals or enterprises in violation of the Environmental Protection Law.

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Pursuant to the Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998 and amended on July 16, 2017 and the Interim Measures for Environmental Protection Acceptance Examination Upon Completion of 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 November 20, 2017, the PRC implements a system to appraise the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection administrative department of the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance checks on the supporting environmental protection facilities and prepare an acceptance report. For construction projects that are constructed in phases or put into production or use in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases. The construction project can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection. Facilities shall not be put into production or use without conducting or passing the acceptance examination.

Prevention and control of pollution

Pursuant to the Regulations on the Administration of Pollutant Discharge Licensing (《排污許可管理條例》), which was promulgated by the State Council on January 24, 2021 and took effect on March 1, 2021, the enterprises, public institutions and other producers and operators (hereinafter referred to as the “**pollutant discharge entities**”) included in the classified management catalog of pollutant discharge permits for stationary sources of pollution shall apply for and obtain a pollutant discharge permit within the prescribed time limit; and those not included in the catalog are not required to do so for the time being.

Pursuant to the Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), which was promulgated by the Ministry of Ecology and Environment on December 20, 2019 and became effective on the same day, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the pollutant discharge registration form on the management information platform of state pollutant discharge permits, and register its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention and control measures adopted, and other information.

LAWS AND REGULATIONS ON IMPORT AND EXPORT OF GOODS

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and last amended on December 30, 2022 and the Notice by the Department of Enterprise Management and Audit-Based Control of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《企業管理和稽查司關於進出口貨物收發

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貨人備案有關事宜的通知》) issued by the General Administration of Customs of the PRC on January 3, 2023, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, unless otherwise stipulated, the declaration of imported or exported goods may be made by the consignees or the consignors, or the entrusted customs brokers. To undergo customs declaration formalities, the consignee or consignor of imported or exported goods and the customs brokers shall file with the Customs in accordance with the law.

According to the Provisions on the Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and executed on January 1, 2022, the consignee or consignor of imported or exported goods or a customs broker, as filed with the customs may undergo customs declaration within the customs territory of the PRC. Where a consignee or consignor of imported or exported goods or a customs broker applies for filing, it shall obtain the qualification of market entities.

LAWS AND REGULATIONS ON LAND, PLANNING AND PROJECT CONSTRUCTION

Land

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986 and latest amended on August 26, 2019, and the Regulations for the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) promulgated by the State Council on December 27, 1998 and latest revised on July 2, 2021, the land in the PRC is either State-owned or collectively owned. Except for land which is legally owned by the State or has been expropriated as State-owned according to law, all of the land is collectively owned. The State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory term of use and scope of planned uses.

Planning

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and latest amended on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planned area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the Central Government for a construction project planning permit.

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Project construction

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997 and amended on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the competent construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority under the State Council. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without conducting or passing the acceptance examination.

LAWS AND REGULATIONS ON PROPERTY LEASING

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

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the competent construction or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT ACCESS

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated by the National People's Congress ("NPC") on March 15, 2019 and implemented on January 1, 2020, establishes the management system for pre-access national treatment and negative list for foreign investment in the PRC. "**Pre-access national treatment**" means that foreign investors and their investments shall be treated no less favorably than domestic investors and their investments at the stage of investment access; "**negative list**" refers to the special administrative measures for access of foreign investment in specific fields as prescribed by the PRC. The PRC gives national treatment to foreign investment outside the negative list. In addition, the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations**"),

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which came into effect on January 1, 2020, further stipulates that the PRC shall, according to the needs of national economic and social development, formulate a catalogue of encouraged foreign-invested industries, and specify the specific industries, fields and regions in which foreign investors are encouraged and guided to invest.

The NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**2024 Negative List**”) on September 6, 2024, which has been implemented since November 1, 2024, to replace the previous encouraging catalog and negative list thereunder. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the negative list, while foreign investments must satisfy certain conditions stipulated in the negative list for investment in restricted industries. Industries not listed in the negative list are generally deemed “permitted” for foreign investments.

REGULATIONS ON OVERSEAS INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on March 16, 2009 and amended on September 6, 2014, the MOFCOM and the commerce departments at provincial levels shall conduct filing or confirmation management depending on different circumstances of overseas investments of enterprises. Overseas investments involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investments under other circumstances shall be subject to filing management.

Pursuant to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) which was issued by the NDRC on December 26, 2017 and became effective on March 1, 2018, an enterprise in the territory of the PRC (the “**Investor**”) carrying out overseas investments shall undergo formalities including the examination or filing for an overseas investment project (the “**project(s)**”), report the relevant information, and cooperate in supervisory inspection. Sensitive projects conducted by Investors directly or through overseas enterprises controlled by them shall be subject to confirmation management. Non-sensitive projects conducted by Investors directly, namely, non-sensitive projects involving Investors’ direct contribution of assets, equity or provision of financing or guarantees, shall be subject to filing management. The aforementioned sensitive projects include projects involving a sensitive country or region or a sensitive industry. The Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》) promulgated by the NDRC became effective on March 1, 2018, which listed out the sensitive industries in detail.

LAWS AND REGULATIONS ON OVERSEAS OFFERING AND LISTING

On February 17, 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and five relevant guidelines, which came into force on March 31, 2023. According to the Trial Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; if a domestic company fails to complete the filing procedure

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or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings and fines, and its controlling shareholders, de facto controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) direct overseas offering and listing by domestic companies refers to the overseas offering and listing of the companies limited by shares registered and established in the PRC; and (iii) any companies limited by shares registered and established in the PRC are required to file with the CSRC within three business days after their application document of overseas listing is submitted. Failure to complete the filing under the Trial Measures may subject a PRC domestic company to a rectification order issued by the CSRC, warnings, and a fine of RMB1 million to RMB10 million.

Besides, domestic companies seeking to overseas offering and listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, State-owned asset management, industry regulation, overseas investment, cybersecurity, data security, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors. A domestic company that conducts overseas offering and listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to fulfil its confidentiality responsibility, shall not divulge any state secret or the work secrets of state organs, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC if it is involved in the overseas provision of personal information and important data. In addition, the Trial Measures also list out the circumstances where overseas offering and listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by specific PRC laws and regulations; (ii) that constitutes a threat to or endangers national security; (iii) the PRC domestic company, or its controlling shareholder(s) and de facto controller(s), have committed relevant crimes such as corruption, bribery, misappropriation of property or undermining the order of the socialist market economy during the last three years; (iv) the domestic company is currently under investigations for alleged criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over the equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or de facto controller(s).

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which came into force on March 31, 2023. According to the Provision on Confidentiality, where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals

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including securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by securities companies and securities service institutions that provide corresponding services for domestic companies seeking overseas offering and listing shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

Regulations on Internet information security

On July 1, 2015, the SCNPC promulgated the National Security Law of the PRC (《中華人民共和國國家安全法》), which became effective on the same day, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investments, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), which became effective on June 1, 2017 and is applied to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfill the obligations to safeguard the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data, and network operators shall not collect the personal information irrelevant to the services provided, or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”), which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding the establishment of basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency response system. In addition, the Data Security Law clarifies the data security protection obligations of organizations and individuals carrying out data activities and implements data security protection responsibilities.

The Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室) (the “**CAC**”) issued the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) on September 24, 2024 and it will be implemented on January 1, 2025, which stipulates that, among others, data processors seeking for listing in Hong Kong that affects or may affect national security shall be subject to national security review in accordance with the relevant national regulations.

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

Regulations on privacy protection

Pursuant to the PRC Civil Code (《中華人民共和國民法典》), personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of the others.

Further, the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), which was issued by the SCNPC on August 29, 2015 and became effective on November 1, 2015, stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users’ information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) illegally sells or provides personal information to others or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of PRC (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”), which became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors shall truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) purpose of processing personal information, processing method, type of personal information processed, and retention period; (iii) methods and procedures for individuals to exercise their rights under the Personal Information Protection Law; and (iv) other matters that shall be notified as required by laws and administrative regulations. Based on the processing purposes and processing methods of personal information, types of personal information, impacts on personal rights and interests, and possible security risks, etc., personal information processors shall also take the following

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measures to ensure that personal information processing activities comply with laws and administrative regulations and to prevent unauthorized access and personal information leakage, tampering, and loss: (i) formulating internal management systems and operating procedures; (ii) implementing classified management of personal information; (iii) adopting corresponding security technical measures such as encryption and de-identification; (iv) reasonably determining the operating authority for personal information processing, and regularly conducting safety education and training for practitioners; (v) formulating and organizing the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfill the personal information protection obligations thereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of no more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined for not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, impose a fine of less than RMB50 million or less than 5% of the previous year's turnover, order the suspension of relevant business or suspend business for rectification and notify the relevant competent authority to revoke the relevant permits or business license; impose a fine of not less than RMB100,000 but not more than RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior management and person in charge of personal information protection of related companies within a certain period of time.

LAWS AND REGULATIONS ON LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) amended by the SCNPC on June 29, 2007 and took effect on January 1, 2008 and amended on December 28, 2012 and took effect on July 1, 2013, and the Implementing Regulations of the Labor Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and took effect on September 18, 2008, employers must strictly abide by state standards and provide relevant trainings to its employees, protect their labor rights and perform its labor obligations. Labor relationships between employers and employees must be executed in written form. Labor contracts shall be categorized into labor contracts with fixed term, labor contracts without fixed term and labor contracts to expire upon completion of certain tasks. The remuneration payable by employers to their employees shall not be less than local minimum wage. Employers must establish a system for labor safety and sanitation, and strictly comply with national standards and provide relevant education to their employees. Violations of the above labor and social protection laws may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

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According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and last amended on December 29, 2018 and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) amended by the State Council and effective on March 24, 2019, a domestic enterprise shall pay premium for pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance for its employees at an appropriate percentage based on the amounts stipulated by the laws. If the relevant payment is not paid in full and on time to the relevant local administrative agency, the employer may be ordered to make up the gap or pay a fine. Meanwhile, the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) and other laws and regulations contain specific clauses on different types of social insurance. Employers governed by such laws and regulations shall pay corresponding insurance premiums for their employees.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, employers shall make deposit registration for housing provident fund at the housing provident fund management center and set up housing provident fund accounts for its employees. Employers should pay the housing provident fund in full and on time. Employers failing to make payment of housing provident fund within the time limit or in full will be ordered by the housing provident fund management center to make the payment or make up the shortfall within the prescribed time limit; otherwise, the housing provident fund management center may apply for compulsory enforcement with the people's court.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases, which was deliberated and adopted by the Adjudication Committee of the Supreme People's Court on February 17, 2025, and came into force on September 1, 2025, where an employer and an employee agree, or an employee undertakes to the employer, that social insurance premiums need not be paid, the people's court shall determine such agreement or undertaking to be invalid. Where an employer fails to pay social insurance premiums in accordance with the law, and an employee claims to terminate the labor contract and demand the employer to pay economic compensation in accordance with the provisions of Item 3 of Article 38 of the Labor Contract Law, the people's court shall support such claim in accordance with the law. Under the circumstances specified in the preceding paragraph, if the employer has paid the social insurance premiums retroactively in accordance with the law and then claims that the employee shall return the compensation for social insurance premiums already paid, the people's court shall support such claim in accordance with the law.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982 and last amended on April 23, 2019, the Trademark Office of the administrative department for industry and commerce under the State Council shall be responsible for the registration and administration of trademarks in the PRC. The administrative department for industry and commerce under the State Council shall establish a Trademark Review and Adjudication Board to be

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responsible for handling trademark disputes. The registration of a trademark shall be valid for ten years from the date of approval. If there is a continued need for the use of trademark, a renewal shall be made in accordance with the requirements within twelve months before the expiry of the trademark registration. If the renewal is not made within the stipulated period, the valid period may be extended for six months. Each renewal of registration of trademark shall be valid for ten years from the date of the expiry of the previous trademark registration. If no renewal application has been filed before the expiry date, the registered trademark shall be deregistered. The administrative department for industry and commerce lawfully investigates any infringement of the exclusive right under a registered trademark. Any alleged criminal offense, shall be timely referred to a judicial authority and decided according to law.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and last amended on October 17, 2020, inventions refer to new technical solutions for a product, method or its improvement. Utility models refer to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use. Designs refer to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, shape and pattern of the whole or part of a product with esthetic feeling and industrial application value. The validity period of patent for inventions, utility models and designs is 20 years, 10 years and 15 years, respectively, all starting from the date of application.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020, citizens, legal persons or other organizations in the PRC shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

Domain names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective on November 1, 2017, domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions established in the PRC shall obtain permission from the MIIT or the communications administration bureau of the province, autonomous region or municipality directly under the Central Government. The applications for the establishment of domain name root servers and domain name root server operation institutions and domain name registration management institutions shall be submitted to the MIIT. The applications for the establishment of domain name registration service institutions shall be submitted to the communications administration bureau of the province, autonomous region or municipality directly under the Central Government. The permissions of domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions are valid for five years.

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LAWS AND REGULATIONS ON FOREIGN EXCHANGE

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administration Regulations**”), which was promulgated by the State Council on January 29, 1996 and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. The RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE or its designated banks is obtained. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that the PRC will not impose any restriction on international current payments and transfers.

On December 26, 2014, the SAFE issued the Notice of the SAFE 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》), pursuant to which a domestic company shall, within 15 business days from the closing date of its overseas listing issuance, register the overseas listing with the SAFE’s local branch at the place of its incorporation; and the proceeds from an overseas listing of a domestic company may be remitted to a dedicated domestic account or deposited in a dedicated overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the 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 SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. The tentative percentage of discretionary settlement of foreign exchange receipts under the capital account of domestic institutions is 100%, subject to the adjustment of the SAFE in due time based on international revenue and expenditure situations.

According to the SAFE Circular on Further Promoting Cross-border Trade and Investment Facilitation (《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》) which was promulgated on October 23, 2019 and amended by the SAFE Circular on Further Promoting and reforming Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated on December 4, 2023, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to law on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

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On December 26, 2014, the 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》). Pursuant to the notice, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a “special account for overseas listing of domestic company” at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance, and transfer of funds for the business concerned.

LAWS AND REGULATIONS ON TAXATION

Taxation of Security Holders

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, makes no predictions on changes in or adjustments to relevant laws or policies and does not constitute any comments or suggestions accordingly. The discussion does not intend to cover all possible tax consequences relating to the H Shares, nor does it take into account any particular specific circumstances. Accordingly, you should consult your own tax advisor regarding the tax consequences of the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, all of which are subject to changes or adjustments and may have retrospective effect. This discussion does not address any aspects of PRC or Hong Kong taxation other than income tax, capital gains and profit tax, appreciation tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

Tax on Dividends

Individual investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), which was latest amended on August 31, 2018 and its implementation rules, for individual income including interest, dividend and bonus, individual income tax with applicable proportional tax rate of 20% shall be paid. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. According to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) promulgated on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

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Enterprise investors

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the Company Law and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. When the PRC Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches 50% of the registered capital, the Company is released from the obligation of withholding statutory reserve fund. Where the statutory common reserve fund of the company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawal of the statutory common reserve fund in accordance with the above provisions. After making allocation to the statutory provident fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at the general meeting, also allocate funds from the after-tax profits to the discretionary provident fund. The residual after-tax profits after a company has made up its losses and accrued reserve can be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. The company shall not distribute any profits in respect of the shares held by it.

In accordance with the EIT Law and its implementation rules, a uniform enterprise income tax rate of 25% is imposed on all resident enterprises in China, including foreign-invested enterprises; a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-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》), which was issued by the STA on November 6, 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《國家稅務總局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覆》), which was issued by the STA on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

REGULATORY OVERVIEW

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《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 in to effect on December 6, 2019, added a criterion for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the statutory requirements of PRC tax law documents, such as the Notice of the STA on the Issues Concerning the Enforcement 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》).

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on Share Transfer

Individual investor

According to the IIT Law and its implementation rules, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the STA in March 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises shall continue to be exempted from individual income tax. On December 31, 2009, the MOF, the STA and the CSRC jointly issued the Circular on

REGULATORY OVERVIEW

Issues Concerning the Levying Individual Income Tax on the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《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》), this circular provides that any individual's income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levying Individual Income Tax on the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《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 by the abovementioned three departments on November 10, 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed on overseas stock exchange. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on June 10, 2021 and implemented on July 1, 2022, the PRC stamp duty applies to entities and individuals that conclude taxable documents and conduct securities transactions within the PRC and the entities and individuals that conclude taxable documents outside the PRC which are used within the PRC. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC-listed companies does not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

Estate Duty

The PRC currently does not impose any estate duty.

REGULATORY OVERVIEW

EIT

According to the EIT Law, which was promulgated on March 16, 2007 and amended from time to time, together with its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Enterprises, which are incorporated in the PRC or incorporated pursuant to the foreign laws with their “de facto management bodies” located in the PRC, are deemed as “resident enterprise” and subject to an enterprise income tax rate of 25% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC.

Value-Added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was last amended on October 28, 2011 and effective from November 1, 2011, enterprises and individuals engaging in selling goods or processing, repairing or replacement services, sales of services, intangible assets or real properties or importing goods within the territory of the PRC are taxpayers of the VAT.

According to the Notice of the Ministry of Finance and the State Taxation Administration 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》) effective on May 1, 2018, the VAT rates of 17% and 11% on sales and imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening 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》) promulgated on March 20, 2019 and effective from April 1, 2019, the VAT rates of 16% and 10% on sales and imported goods shall be adjusted to 13% and 9%, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR HISTORY

Overview

The history of our Company dates back to September 2006, when our Company was established as a limited liability company under the laws of the PRC with the name of Hebei Haiwei Electronic Material Co., Ltd. (河北海偉電子材料有限公司) by the family of Mr. Song Wenlan (宋文蘭). For details of the biographies of Mr. Song Wenlan, please refer to the section headed “Directors and Senior Management” in this prospectus. After reorganization of its shareholdings, in January 2023, our Company was converted into a joint stock limited company and renamed as Hebei Haiwei Electronic New Material Technology Co., Ltd. (河北海偉電子新材料科技股份有限公司). Subsequently, our Company received several rounds of Pre-IPO Investments.

Business Milestones

The table below sets out the key business milestones in the history of our Company:

Year	Milestones
2006	Our Company was established and commenced its exploration in capacitor film business.
2010	We started the R&D and construction of the first domestic capacitor film production line in China.
2011	Our Group started the operation of the first domestic capacitor film production line in China.
2014	The first domestic ultra-thin capacitor film production line in China commenced operation in our Group.
2018	We were recognized as “Hebei Industrial Enterprise A-class R&D Center” (河北省工業企業A級研發中心) by the Industry and Information Technology Department of Hebei Province (河北省工業和信息化廳).
2020	Our Ultra-Thin Polypropylene Membrane Technology Innovation Center (超薄聚丙烯膜創新中心) obtained the provincial certification of the Hebei Provincial Department of Science and Technology (河北省科學技術廳).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestones
2022	We were recognized as “Hebei Provincial ‘Specialized and Innovative’ Small and Medium-Sized Enterprise” (河北省級“專精特新”中小企業) by the Industry and Information Technology Department of Hebei Province (河北省工業和信息化廳). We acquired 51% equity interest in Ningguo Haiwei and Ningguo Haiwei became a non wholly-owned subsidiary of our Company and commenced production of metalized films.
2023	We completed three rounds of Pre-IPO Investments from the Pre-IPO Investors, including, among others, BYD, Yibin Lvneng and Sungrow Power, and raised RMB290.25 million in aggregate.
2024	We were recognized as “National Specialized and Innovative ‘Little Giant’ Enterprise” (國家級專精特新“小巨人”企業) by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部).
2025	Our “Innovative R&D and Industrialization of Complete Technology for Ultra-Thin Polypropylene Capacitor Film” (超薄聚丙烯電容膜成套技術創新研發與產業化) project was awarded the Hebei Provincial Science and Technology Award by the People’s Government of Hebei Province.

OUR OPERATING ENTITIES AND CORPORATE DEVELOPMENT

As of the Latest Practicable Date, we carried out our business primarily through our Company and Ningguo Haiwei, one of our subsidiaries, in the PRC. Ningguo Haiwei was established as a limited liability company in the PRC on May 26, 2010 with an initial registered capital of RMB1,000,000. It is principally engaged in manufacturing and selling of metallized films.

Early History of our Company

On September 6, 2006, our Company was established under the laws of the PRC as a limited liability company under the name of Hebei Haiwei Electronic Material Co., Ltd. (河北海偉電子材料有限公司) with an initial registered capital of RMB36,000,000. Upon establishment, Mr. Song Wenlan and Mr. Song Junqing, the father of Mr. Song Wenlan, held 28% and 72% of the then registered capital of our Company and served at that time as the Director and supervisor of our Company, respectively.

Between October 2006 and August 2021, to optimize the corporate structure, our Company underwent certain restructuring of shareholding structure of Mr. Song Wenlan and Mr. Song Junqing, upon completion of which our Company was held by Mr. Song Wenlan as to 63% and by Mr. Song Junqing as to 37%.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Capital Increase, Equity Transfer and Acquisition of Ningguo Haiwei in October 2022

On October 28, 2022, our Company entered into a capital increase agreement with Mr. Song Junqing, pursuant to which Mr. Song Junqing subscribed for RMB1,020,000 of our Company's registered capital at a consideration of RMB10,200,000. The consideration was settled by transferring 51% equity interest Mr. Song Junqing held in Ningguo Haiwei to our Company, and was determined after arm's length negotiations with reference to the historical financial performance and prospect of our Group and a valuation report of Ningguo Haiwei issued by an independent valuer dated October 15, 2022 in respect of the market value of the total shareholders' equity of Ningguo Haiwei as of August 31, 2022. The remaining equity interest in Ningguo Haiwei had been held as to 24.5% by Mr. Song Renxiang and 24.5% by Mr. Zhao Youbin since its establishment. Other than being substantial shareholders of Ningguo Haiwei, neither of Mr. Song Renxiang or Mr. Zhao Youbin has any relationship with any of our Company, our Controlling Shareholders, our Directors or senior management. On October 24, 2022, Haiwei Financial was established as a shareholding platform of Mr. Song Wenlan. In recognition of our Company's development strategy and prospect, on October 28, 2022, Haiwei Financial entered into a debt transfer agreement with Haiwei Petrochemical, pursuant to which Haiwei Petrochemical assigned trade receivables in the amount of RMB264,920,000, which solely arose from our procurement of electrical grade polypropylene from Haiwei Petrochemical from June 2021 to September 2022 in the ordinary course of business of our Company, originally owed by our Company to Haiwei Petrochemical, to Haiwei Financial, at a consideration of RMB264,920,000. The consideration was determined after arm's length negotiations with reference to the valuation report on the appraised value of the trade receivables from our Company as at October 28, 2022 complied by China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司). Upon completion of the assignment, the trade receivables in the amount of RMB264,920,000 became payable by our Company to Haiwei Financial. On October 28, 2022, our Company entered into a capital increase agreement with Haiwei Financial, Changrui Consulting and Jiake Consulting, pursuant to which Haiwei Financial, Changrui Consulting and Jiake Consulting subscribed for RMB26,492,000, RMB4,754,000 and RMB4,754,000 of our Company's registered capital at considerations of RMB264,920,000, RMB47,540,000 and RMB47,540,000, respectively. The considerations were determined after arm's length negotiations with reference to the historical financial performance and prospect of our Group. The above capital increases and acquisition of 51% equity interest in Ningguo Haiwei were fully settled and completed as of December 31, 2022, and the registered capital of our Company increased from RMB60,000,000 to RMB97,020,000. Haiwei Financial settled the consideration of RMB264,920,000 by offsetting it against an equivalent amount of trade receivables owed to it by our Company. Upon completion of such capital increases and equity transfer, Ningguo Haiwei became a non-wholly owned subsidiary of our Company. As none of the applicable percentage ratios as defined under the Listing Rules in respect of the abovementioned acquisition exceeds 25%, the pre-acquisition financial information of Ningguo Haiwei is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

On October 31, 2022, in connection with the family succession plan of the family of Mr. Song Wenlan, Mr. Song Junqing entered into an equity transfer agreement with Mr. Song Wenlan, pursuant to which Mr. Song Junqing transferred all of his direct equity interests in our Company amounting to RMB23,220,000 of our Company's registered capital to Mr. Song Wenlan at a consideration of RMB46,440,000. The consideration was determined after arm's length negotiations with reference to the initial investment cost of Mr. Song Junqing. The equity transfer was completed on October 31, 2022, and the consideration was settled on January 24, 2025 according to the financial arrangement between Mr. Song Wenlan and Mr. Song Junqing. Upon completion of such equity transfer, the shareholding structure of our Company was as follows:

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Shareholder	Registered capital subscribed for (RMB)	Percentage of shareholding
Mr. Song Wenlan	61,020,000	62.89%
Haiwei Financial ⁽¹⁾	26,492,000	27.31%
Changrui Consulting ⁽²⁾	4,754,000	4.90%
Jiake Consulting ⁽³⁾	4,754,000	4.90%
Total	97,020,000	100.00 %

Notes:

- (1) Haiwei Financial was held as to 99.0% by Mr. Song Wenlan and 1.0% by Mr. Song Junqing at the time of its subscription of our Company's registered capital.
- (2) Changrui Consulting was held as to 99.9% by Haiwei Financial and 0.1% by Mr. Song Wenlan at the time of its subscription of our Company's registered capital.
- (3) Jiake Consulting was held as to 99.9% by Haiwei Financial and 0.1% by Mr. Song Wenlan at the time of its subscription of our Company's registered capital.

Following the completion of the transfer of his entire equity interests in our Company, Mr. Song Junqing resigned as our supervisor in December 2022 as part of the family succession plan of the family of Mr. Song Wenlan.

During the Track Record Period, our Group had following transactions with companies controlled by the other family members of Mr. Song Wenlan.

Parties	Relationship	Nature of transactions	Year ended December 31,				Five months ended May 31,
			2022	2023	2024	2025	
			RMB'000	RMB'000	RMB'000	RMB'000	
Haiwei Petrochemical	Controlled by the father of Mr. Song Wenlan	Purchase of goods	159,732	10,663	806	–	
		Interest expenses ⁽¹⁾	18,962	–	–	–	
Hebei Haiwei Group Soft Packaging Co., Ltd (河北海偉集團軟包裝有限公司)	Controlled by the father of Mr. Song Wenlan	Purchase of goods	621	–	–	–	
		Lease expenses	26	18	9	11	
Hebei Lanhang Soft Packaging Materials Co., Ltd (河北蘭航軟包裝材料有限公司)	Controlled by the cousin of Mr. Song Wenlan	Purchase of goods	–	906	408	–	

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

(1) For details, see Note 30(b) to the Accountants' Report in Appendix I to this prospectus.

Parties	Relationship	Nature of transactions	At December 31			At May 31,
			2022	2023	2024	2025
			RMB'000	RMB'000	RMB'000	RMB'000
Haiwei Petrochemical	Controlled by the father of Mr. Song Wenlan	<i>Guarantees in favor of Haiwei Petrochemical:</i>				
		Guarantees for borrowings from China CITIC Bank Corporation Limited Shijiazhuang Branch	659,000	–	–	–
		Guarantees for borrowings from China Construction Bank Corporation Jing County Branch	698,000	–	–	–
		Guarantees for borrowings from Bank of Hebei Company Limited Shijiazhuang Branch	130,000	–	–	–
		Guarantees for borrowings from Shanghai Pudong Development Bank Co. Ltd. Shijiazhuang Branch	75,000	75,000	–	–
		<i>Total:</i>	<u>1,562,000</u>	<u>75,000</u>	<u>–</u>	<u>–</u>
Haiwei Transportation	Controlled by the father of Mr. Song Wenlan	<i>Guarantees in favor of Haiwei Transportation:</i>				
		Guarantees for borrowings from China Minsheng Bank Corp., Ltd. Shijiazhuang Branch	198,000	198,000	198,000	198,000
		Guarantees for borrowings from Hua Xia Bank Co., Limited Shijiazhuang Branch	290,000	290,000	–	–
		<i>Total:</i>	<u>488,000</u>	<u>488,000</u>	<u>198,000</u>	<u>198,000</u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

In addition, certain bank borrowings of our Group were guaranteed by Jing County Chunyuan Thermal Power Co., Ltd. (景縣春源熱力有限公司), a company controlled by the brother-in-law of Mr. Song Wenlan. Such guarantee was terminated in June 2025.

Parties	Relationship	Nature of transactions	At December 31			At May 31,
			2022	2023	2024	2025
			RMB'000	RMB'000	RMB'000	RMB'000
Jing County Chunyuan Thermal Power Co., Ltd.	Controlled by the brother-in-law of Mr. Song Wenlan	Guarantees in favor of our Group's bank borrowings ⁽¹⁾	15,000	15,000	15,000	15,000

Note:

(1) For details, see Note 24 to the Accountants' Report in Appendix I to this prospectus.

Conversion into a Joint Stock Limited Company in January 2023

On January 11, 2023, our Company (then known as Hebei Haiwei Group Electronic Material Co., Ltd. (河北海偉集團電子材料有限公司)) was converted into a joint stock limited company and renamed as Hebei Haiwei Electronic New Material Technology Co., Ltd. (河北海偉電子新材料科技股份有限公司) with a registered capital of RMB97,020,000 divided into 97,020,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to our Company's then net assets underlying their respective equity interests in our Company immediately before the conversion. Mr. Song Junqing was elected as our non-executive Director when our Company was converted into a joint stock limited company. Subsequently, in May 2023, following the completion of the Series A+ round of pre-IPO financing, Mr. Song Junqing resigned as our non-executive Director, while Ms. Zhong Ying was appointed as the non-executive Director in succession to Mr. Song Junqing. For details of the biography of Ms. Zhong Ying, see "Directors and Senior Management – Directors – Non-Executive Director" in this prospectus.

Series A Financing

On February 14, 2023, our Company, among others, entered into an investment agreement with (i) CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司, "**CICC Pucheng**"), (ii) Yibin Lvneng Equity Investment Partnership (Limited Partnership) (宜賓緣能股權投資合夥企業(有限合夥)), "**Yibin Lvneng**"), (iii) Ningbo Meishan Bonded Port Area Thriving Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區超興創業投資合夥企業(有限合夥)), "**Thriving Capital**"), (iv) Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司, "**Sungrow Power**"), and (v) Shanghai Dingbo Enterprise Consulting Partnership (Limited Partnership) (上海鼎伯企業諮詢合夥企業(有限合夥)), "**Shanghai Dingbo**") (together, the "**Series A Investors**"), pursuant to which the Series A Investors subscribed for 12,127,500 Shares in the following manner, at a total consideration of RMB100,000,000

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(the “**Series A Financing**”), which was determined after arm’s length negotiations with reference to the pre-money valuation of our Company agreed by the parties to the investment agreement after taking into consideration the timing of the investments and the status of our business and operating entities:

Name of Series A Investors ⁽¹⁾	Number of Shares subscribed for and percentage of shareholding on enlarged basis ⁽²⁾	Consideration	Date on which the consideration was fully settled
		(RMB)	
CICC Pucheng	1,212,750 (1.11%)	10,000,000	February 16, 2023
Yibin Lvneng	5,457,375 (5.00%)	45,000,000	February 23, 2023
Thriving Capital	606,375 (0.56%)	5,000,000	February 23, 2023
Sungrow Power	3,638,250 (3.33%)	30,000,000	February 27, 2023
Shanghai Dingbo	1,212,750 (1.11%)	10,000,000	February 23, 2023

Notes:

- (1) Please refer to the subsection headed “—Pre-IPO Investments—Information on Our Pre-IPO Investors” in this section for details of the Series A Investors.
- (2) Please refer to the subsection headed “—Pre-IPO Investments” in this section for the shareholding details of the Series A Investors as of the Latest Practicable Date.

Immediately upon completion of the Series A Financing, the share capital of our Company increased from RMB97,020,000 to RMB109,147,500.

Series A+ Financing

On March 23, 2023, our Company, among others, entered into a series of investment agreements with (i) BYD, (ii) Shenzhen Chuangqi Kaiying Business Consulting Partnership (Limited Partnership) (深圳市創啟開盈商務諮詢合夥企業(有限合夥)), currently known as Jiaxing Chuangqi Kaiying Venture Capital Partnership (Limited Partnership) (嘉興市創啟開盈創業投資合夥企業(有限合夥)), “**Chuangqi Kaiying**”), and (iii) Guangzhou Hanxin Venture Capital Partnership (Limited Partnership) (廣州瀚信創業投資合夥企業(有限合夥)), “**Guangzhou Hanxin**”) (together, the “**Series A+ Investors**”), pursuant to which the Series A+ Investors subscribed for 7,913,213 Shares of our Company in the following manner, at a total consideration of RMB65,250,000 (the “**Series A+ Financing**”), which was determined after

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

arm's length negotiations with reference to the pre-money valuation of our Company agreed by the parties to each of the investment agreements after taking into consideration the timing of the investments and the status of our business and operating entities:

Name of Series A+ Investors ⁽¹⁾	Number of Shares subscribed for and percentage of shareholding on enlarged basis ⁽²⁾	Consideration (RMB)	Date on which the consideration was fully settled
BYD	6,063,766 (5.18%)	50,000,000	April 10, 2023
Chuangqi Kaiying	30,318 (0.03%)	250,000	April 28, 2023
Guangzhou Hanxin	1,819,129 (1.55%)	15,000,000	April 13, 2023

Notes:

- (1) Please refer to the subsection headed “—Pre-IPO Investments—Information on Our Pre-IPO Investors” in this section for details of the Series A+ Investors.
- (2) Please refer to the subsection headed “—Pre-IPO Investments” in this section for the shareholding details of the Series A+ Investors as of the Latest Practicable Date.

Upon completion of the Series A+ Financing, the share capital of our Company increased from RMB109,147,500 to RMB117,060,713.

Series B Financing

On September 8, 2023, our Company, among others, entered into an investment agreement with (i) Hebei Industry Investment Zhanxin Industry Development Center (Limited Partnership) (河北產投戰新產業發展中心(有限合夥), “**Hebei Zhanxin**”), (ii) Yichang Industrial Investment Changzheng Green Industry Fund Partnership (Limited Partnership) (宜昌產投長證綠色產業基金合夥企業(有限合夥), “**Yichang Fund**”), (iii) Chutian Changxing (Wuhan) Enterprise Management Center (Limited Partnership) (楚天長興(武漢)企業管理中心(有限合夥), “**Chutian Changxing**”), (iv) Anhui New Energy and Energy Saving and Environmental Protection Industry Fund Partnership (Limited Partnership) (安徽省新能源和節能環保產業基金合夥企業(有限合夥), “**Anhui Fund**”), (v) Qingdao Taifu Hongying No. 6 Private Equity Investment Fund Partnership (Limited Partnership) (青島泰富洪盈陸號私募股權投資基金合夥企業(有限合夥), “**Taifu Hongying**”), (vi) Hebei Henghu Equity Investment Fund Center (Limited Partnership) (河北衡湖股權投資基金中心(有限合夥), “**Hebei Henghu**”), and (vii) Huamin Caixin Phase I (Qingdao) Strategic Emerging Industry Private Equity Investment Fund Partnership (Limited Partnership) (華民財欣一期(青島)戰略新興產業私募股權投資基金合夥企業(有限合夥), “**Huamin Caixin**”) (together, the “**Series B Investors**”), pursuant to which the Series B Investors subscribed for 6,651,174 Shares of our Company in the following manner, at a total consideration of RMB125,000,000

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(the “**Series B Financing**”), which was determined after arm’s length negotiations with reference to the pre-money valuation of our Company agreed by the parties to the investment agreement after taking into consideration the timing of the investments and the status of our business and operating entities:

Name of Series B Investors ⁽¹⁾	Number of Shares subscribed for and percentage of shareholding on enlarged basis ⁽²⁾	Consideration (RMB)	Date on which the consideration was fully settled
Hebei Zhanxin	1,064,188 (0.86%)	20,000,000	September 28, 2023
Yichang Fund	2,107,092 (1.70%)	39,600,000	September 27, 2023
Chutian Changxing	21,283 (0.02%)	400,000	September 27, 2023
Anhui Fund	532,094 (0.43%)	10,000,000	September 27, 2023
Taifu Hongying	984,374 (0.80%)	18,500,000	September 28, 2023
Hebei Henghu	1,410,049 (1.14%)	26,500,000	October 10, 2023
Huamin Caixin	532,094 (0.43%)	10,000,000	September 27, 2023

Notes:

- (1) Please refer to the subsection headed “—Pre-IPO Investments—Information on Our Pre-IPO Investors” in this section for details of the Series B Investors.
- (2) Please refer to the subsection headed “—Pre-IPO Investments” in this section for the shareholding details of the Series B Financing as of the Latest Practicable Date.

Upon completion of the Series B Financing, the share capital of our Company increased from RMB117,060,713 to RMB123,711,887.

Share Transfers in 2024 and 2025

On June 30, 2024, Haiwei Financial and Huamin Caixin entered into a share transfer agreement, as supplemented on November 13, 2024, pursuant to which Huamin Caixin transferred all its 532,094 Shares of our Company to Haiwei Financial at a consideration of RMB10,916,164, which was determined after arm’s length negotiations taking into account Huamin Caixin’s initial investment cost and interest thereon during its shareholding period. The consideration was fully settled on November 18, 2024.

On December 20, 2024, Shanghai Dingbo entered into a share transfer agreement with Dezhou Jianyi Investment Consulting Co., Ltd (德州建一投資諮詢有限公司, “**Jianyi Investment**”), pursuant to which Shanghai Dingbo transferred all its 1,212,750 Shares of our Company to Jianyi Investment at a consideration of RMB11,470,684.93, which was determined after arm’s length negotiations taking into account Shanghai Dingbo’s initial investment cost and interest thereon during its shareholding period. The consideration was fully settled on December 24, 2024.

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On January 15, 2025, Haiwei Financial entered into a share transfer agreement with, among others, Qingdao Taifu Huixin No. 8 Private Equity Investment Fund Partnership (Limited Partnership) (青島泰富匯鑫捌號私募股權投資基金合夥企業(有限合夥), “**Taifu Huixin**”), pursuant to which Haiwei Financial transferred its 2,144,340 Shares of our Company to Taifu Huixin at a consideration of RMB26,000,000, which was determined after arm’s length negotiations with reference to the historical financial performance and prospect of our Group. The consideration was fully settled on January 21, 2025.

Upon completion of the above Pre-IPO Investments and share transfers, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares	Percentage of shareholding
Mr. Song Wenlan	61,020,000	49.32%
Haiwei Financial	24,879,754	20.11%
Changrui Consulting	4,754,000	3.84%
Jiake Consulting	4,754,000	3.84%
BYD	6,063,766	4.90%
Yibin Lvneng	5,457,375	4.41%
Sungrow Power	3,638,250	2.94%
Taifu Huixin	2,144,340	1.73%
Yichang Fund	2,107,092	1.70%
Guangzhou Hanxin	1,819,129	1.47%
Hebei Henghu	1,410,049	1.14%
CICC Pucheng	1,212,750	0.98%
Jianyi Investment	1,212,750	0.98%
Hebei Zhanxin	1,064,188	0.86%
Taifu Hongying	984,374	0.80%
Thriving Capital	606,375	0.49%
Anhui Fund	532,094	0.43%
Chuangqi Kaiying	30,318	0.02%
Chutian Changxing	21,283	0.02%
Total	123,711,887	100.00%

PRC Legal Advisor’s Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the equity transfers, capital increases and share transfers set out above in all material respects, and such equity transfers, capital increases and share transfers were conducted in compliance with the applicable PRC laws and regulations in all material respects.

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MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

PRE-IPO INVESTMENTS

Overview

We received three rounds of Pre-IPO Investments from the Pre-IPO Investors through subscriptions for increased share capital of our Company since our establishment, which are summarized below. For further details, see “—Our Operating Entities and Corporate Development” in this section.

Pre-IPO Investors	Share capital subscribed for			Consideration paid	Number of	Shareholding
	Series A	Series A+	Series B		Shares held as of the Latest Practicable Date	percentage as of the Latest Practicable Date
		(RMB)		(RMB)		
CICC Pucheng	1,212,750	—	—	10,000,000	1,212,750	0.98%
Yibin Lvneng	5,457,375	—	—	45,000,000	5,457,375	4.41%
Thriving Capital	606,375	—	—	5,000,000	606,375	0.49%
Sungrow Power	3,638,250	—	—	30,000,000	3,638,250	2.94%
Shanghai Dingbo ⁽¹⁾	1,212,750	—	—	10,000,000	—	—
BYD	—	6,063,766	—	50,000,000	6,063,766	4.90%
Chuangqi Kaiying	—	30,318	—	250,000	30,318	0.02%
Guangzhou Hanxin	—	1,819,129	—	15,000,000	1,819,129	1.47%
Hebei Zhanxin	—	—	1,064,188	20,000,000	1,064,188	0.86%
Yichang Fund	—	—	2,107,092	39,600,000	2,107,092	1.70%
Chutian Changxing	—	—	21,283	400,000	21,283	0.02%
Anhui Fund	—	—	532,094	10,000,000	532,094	0.43%
Taifu Hongying	—	—	984,374	18,500,000	984,374	0.80%
Hebei Henghu	—	—	1,410,049	26,500,000	1,410,049	1.14%
Huamin Caixin ⁽²⁾	—	—	532,094	10,000,000	—	—
Jianyi Investment ⁽¹⁾	—	—	—	11,461,917.81	1,212,750	0.98%
Taifu Huixin ⁽³⁾	—	—	—	26,000,000	2,144,340	1.73%

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Notes:

- (1) On December 24, 2024, Shanghai Dingbo transferred all its 1,212,750 Shares of our Company to Jianyi Investment at a consideration of RMB11,470,684.93. See “—Our Operating Entities and Corporate Development—Share Transfers in 2024 and 2025” in this section for further details.
- (2) On November 18, 2024, Huamin Caixin transferred all its 532,094 Shares of our Company to Haiwei Financial at a consideration of RMB10,916,164. See “—Our Operating Entities and Corporate Development—Share Transfers in 2024 and 2025” in this section for further details.
- (3) On January 21, 2025, Haiwei Financial transferred its 2,144,340 Shares of our Company to Taifu Huixin at a consideration of RMB26,000,000. See “—Our Operating Entities and Corporate Development—Share Transfers in 2024 and 2025” in this section for further details.

Principal Terms of the Pre-IPO Investments and Pre-IPO Investors’ Rights

The following table⁽¹⁾ summarizes the key terms of the Pre-IPO Investments to our Company made by the Pre-IPO Investors:

	Series A	Series A+	Series B
Date of investment agreement(s)	February 14, 2023	March 23, 2023	September 8, 2023
Date of completion⁽²⁾	February 27, 2023	April 28, 2023	October 10, 2023
Amount of consideration (RMB)	100,000,000	65,250,000	125,000,000
Pre-money valuation of our Company (RMB)⁽³⁾	800,000,000		2,200,000,000
Post-money valuation of our Company (RMB)⁽⁴⁾	965,250,000		2,325,000,000
Cost per Share paid to our Company (RMB)	8.25		18.79
Discount (Premium) to the Offer Price⁽⁵⁾	36.62%		(44.34%)
Basis of the consideration	See notes (6) and (7) below for details of the basis of determination of the consideration of the Pre-IPO Investments.		
Use of proceeds from the Pre-IPO Investments	We have utilized all the proceeds from the Pre-IPO Investments for the purchase of raw materials as of the Latest Practicable Date.		
Lock-up period	Pursuant to the applicable PRC law, within the 12 months from the Listing Date, all current Shareholders (including the Pre-IPO Investors) could not dispose of any of the Shares they currently hold.		

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	Series A	Series A+	Series B
Strategic benefits of the Pre-IPO Investors brought to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that in addition to providing working capital for our Group’s business expansion, our Group could also benefit from the knowledge and experience, as well as the international and global presence of our Pre-IPO Investors. Our Pre-IPO Investors include well-known companies in the new energy industry, which can help us enhance our business synergies, and professional strategic investors, which can provide professional advice on our Group’s development and improve our corporate governance, financial reporting and internal controls. Our Directors were also of the view that our Company could benefit from the Pre-IPO Investments as the Pre-IPO Investors’ investments demonstrated their confidence in the operations and development of our Group and served as an endorsement of our Group’s performance, strength and prospects.		

Notes:

- (1) The share transfer in November 2024 is not included in the above table as the consideration of the transfer in the amount of RMB10,916,164 was paid to Huamin Caixin (instead of our Company) by Haiwei Financial, with the consideration fully settled on November 18, 2024. The cost per Share of such share transfer is approximately RMB20.52. Based on the Offer Price of HK\$14.28, the premium to the Offer Price is approximately 57.63%.

The share transfer in December 2024 is not included in the above table as the consideration of the transfer in the amount of RMB11,470,684.93 was paid to Shanghai Dingbo (instead of our Company) by Jianyi Investment, with the consideration fully settled on December 24, 2024. The cost per Share of such share transfer is approximately RMB9.46. Based on the Offer Price of HK\$14.28, the discount to the Offer Price is approximately 27.33%.

The share transfer in January 2025 is not included in the above table as the consideration of the transfer in the amount of RMB26,000,000 was paid to Haiwei Financial (instead of our Company) by Taifu Huixin, with the consideration fully settled on January 21, 2025. The cost per Share of such share transfer is approximately RMB12.12. Based on the Offer Price of HK\$14.28, the discount to the Offer Price is approximately 6.90%.

For details of the above share transfers, see “—Our Operating Entities and Corporate Development—Share Transfers in 2024 and 2025” in this section.

- (2) Date of completion represents the date on which the consideration for each tranche had been fully settled.
- (3) The pre-money valuation was determined by the relevant Pre-IPO Investors through arm’s length negotiations between the parties based on the valuation of our Company at the time of the investment, taking into account the timing of the investment, the background of our founding team, industry prospects and market size, and the outlook and growth potential of our Group.

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- (4) The post-money valuation is the value of our Company after the completion of each round of Pre-IPO Investments, which is equal to the sum of the pre-money valuation and the amount of consideration for the relevant Pre-IPO Investment.
- (5) Calculated based on the Offer Price of HK\$14.28 per Share.
- (6) The consideration for the Pre-IPO Investments was determined after arm's length negotiations with reference to an agreed pre-money valuation of our Company after taking into consideration the timing of the investments and the status of our business and operating entities.
- (7) The increase of pre-money valuation in Series B Financing was primarily due to the business development of our Group as reflected by its then financial performance, business growth expectation, enhanced investor background and an increased market demand for our products.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registration or filings with the relevant local branch of the SAMR in respect of the shareholding changes and the Pre-IPO Investments set out above, and the Pre-IPO Investments were conducted in compliance with the applicable PRC laws and regulations in all material aspects.

Special Rights of the Pre-IPO Investors

Pursuant to the Shareholders' agreement entered into among the then Shareholders of our Company on September 8, 2023 (the "**Shareholders Agreement**"), which superseded all the previous agreements among the Shareholders of our Company, the Pre-IPO Investors were granted certain customary special rights in relation to our Company, including, among others, redemption rights, pre-emptive rights, anti-dilution rights, rights of first refusal and co-sale, liquidation rights, Director appointment rights and information rights. Pursuant to the Shareholders Agreement, Haiwei Financial, Changrui Consulting, Jiake Consulting, Mr. Song and Mr. Song Junqing, in the capacity as the direct and indirect Shareholders of our Company, are obliged to fulfill the aforementioned redemption rights to the Pre-IPO Investors, and our Company did not provide any guarantee relating to such redemption rights. There are no other side agreements where our Company has any obligations to fulfill the aforementioned redemption rights. Pursuant to the supplemental agreement entered into among the relevant Pre-IPO Investors and our Company dated February 20, 2025 and in compliance with Chapter 4.2 of the Guide, all special rights of the Pre-IPO Investors have been terminated prior to the first filing of the Listing application of our Company to the Stock Exchange (the "**First Filing**"). Considering that our Company has no obligation to fulfill the aforementioned redemption rights, no redemption liability was recorded during the Track Record Period. For details, see Note 27 to the Accountants' Report in Appendix I to this prospectus.

Sole Sponsor's Confirmation

The Sole Sponsor confirms that the Pre-IPO Investments by the Pre-IPO Investors are in compliance with Chapter 4.2 of the Guide published by the Stock Exchange.

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Information on Our Pre-IPO Investors

The background information of the Pre-IPO Investors that were our Shareholders as of the date of this prospectus is set out below.

CICC Pucheng

CICC Pucheng is wholly owned by China International Capital Corporation Limited, a PRC established joint stock company whose shares are listed on the Shanghai Stock Exchange (stock code: 601995.SH) and the Main Board of the Stock Exchange (stock code: 3908.HK). CICC Pucheng is an established investment company focusing on various industries including technology, finance and healthcare. To the best knowledge of the Company, CICC Pucheng is an Independent Third Party.

Yibin Lvneng

Yibin Lvneng is a limited partnership established in the PRC which mainly engaged in the investment in emerging companies in the green energy industry. As of the Latest Practicable Date, Yibin Lvneng was held as to 99.98% by eight limited partners who are Independent Third Parties, namely, Yibin Development Venture Capital Co., Ltd. (宜賓發展創投有限公司, “**Yibin Development**”), Beijing Huading New Power Equity Investment Fund (Limited Partnership) (北京華鼎新動力股權投資基金(有限合伙)), CNCB Growth (Shenzhen) Equity Investment Fund (Limited Partnership) (信銀成長(深圳)股權投資基金(有限合伙)), Liyang Municipal Government Investment Fund (Limited Partnership) (溧陽市政府投資基金(有限合伙)), Ningde Runxin Equity Investment Partnership (Limited Partnership) (寧德潤信股權投資合夥企業(有限合伙)), Jiaying Nanhu Financial Holding Investment Co., Ltd. (嘉興市南湖金控投資有限公司), Jiaying Science and Technology City High Tech Industry Investment Co., Ltd. (嘉興科技城高新技術產業投資有限公司) and Qingdao Jiayu Hongde No. 2 Private Equity Investment Fund Partnership (Limited Partnership) (青島佳裕宏德貳號私募股權投資基金合夥企業(有限合伙)), and 0.02% by its general partner Chendao Capital LLP (寧波梅山保稅港區晨道投資合夥企業(有限合伙)), “**Chendao Capital**”). To the best knowledge of the Company, other than Yibin Development holding 46.50% of the partnership interest in Yibin Lvneng, no other limited partners of Yibin Lvneng held more than one-third of partnership interest therein. Yibin Development was ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Yibin Municipality (宜賓市人民政府國有資產監督管理委員會). Chendao Capital was held as to 99% by its limited partner Mr. Guan Chaoyu (關朝余) and 1% by its general partner Ningbo Yitian Investment Co., Ltd. (寧波梅山保稅港區倚天投資有限公司, “**Ningbo Yitian**”), which was in turn ultimately controlled by Mr. Guan Chaoyu. To the best knowledge of the Company, each of Chendao Capital, Yibin Development, Ningbo Yitian and Mr. Guan Chaoyu is an Independent Third Party.

Thriving Capital

Thriving Capital is a limited partnership established in the PRC which mainly engaged in the investment in companies operating in the new energy, new material, advanced manufacturing and other industries. As of the Latest Practicable Date, Thriving Capital was held as to 99% by its limited partner Wu Cen (吳岑) and 1% by its general partner Huang Kun (黃錕). To the best knowledge of the Company, each of Wu Cen and Huang Kun is an Independent Third Party.

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Sungrow Power

Sungrow Power, the shares of which are listed on the ChiNext Market of the Shenzhen Stock Exchange (深圳證券交易所創業板) (stock code: 300274.SZ), is a company specializing in the research and development, manufacturing, sales and service of new energy power supply equipment in China. Mr. Cao Renxian (曹仁賢) was the largest shareholder of Sungrow Power, directly holding approximately 30.46% of the shares of Sungrow Power as of March 31, 2025. To the best knowledge of the Company, Mr. Cao Renxian is an Independent Third Party.

BYD

BYD is a joint stock limited company established in the PRC, the shares of which are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 002594.SZ) and the Main Board of the Stock Exchange (stock code: 1211.HK (HKD Counter); 81211.HK (RMB Counter)). BYD is principally engaged in automobile business which mainly includes new energy vehicles, handset components and assembly services, rechargeable batteries and photovoltaics business and urban rail transportation business. The largest shareholder of BYD is Mr. Wang Chuanfu (王傳福) directly and indirectly holding approximately 17.06% of the shares of BYD as of May 31, 2025. To the best knowledge of the Company, Mr. Wang Chuanfu is an Independent Third Party.

Chuangqi Kaiying

Chuangqi Kaiying is a limited partnership established in the PRC which mainly engaged in investment activities in China. As of the Latest Practicable Date, Chuangqi Kaiying was held as to 96.67% by 10 limited partners who are Independent Third Parties, namely, Xie Jingjing (謝菁菁), Fan Zhengyang (范正洋), Shi Yachao (石亞超), Yang Jing (楊靜), Zhu Qianyun (朱倩芸), Guo Weinan (郭偉男), Liu Fengwei (劉逢煒), Su Mengshi (蘇夢詩), Zhang Yan (張燕) and Dai Can (戴燦), and 3.33% by its general partner Jiaxing Chuangqi Kaiying Enterprise Management Co., Ltd. (嘉興市創啟開盈企業管理有限公司). To the best knowledge of our Company, none of the limited partners of Chuangqi Kaiying held more than one-third of partnership interest therein. Jiaxing Chuangqi Kaiying Enterprise Management Co., Ltd. was held as to 50% by Li Min (李敏) and 50% by Li Lu (李路). To the best knowledge of the Company, each of Jiaxing Chuangqi Kaiying Enterprise Management Co., Ltd., Li Min and Li Lu is an Independent Third Party.

Guangzhou Hanxin

Guangzhou Hanxin is a limited partnership established in the PRC. As of the Latest Practicable Date, Guangzhou Hanxin was held as to 77.27% by its limited partner Gao Feng (高峰), 13.18% by two limited partners who are Independent Third Parties, namely Guangzhou Nansha Qisheng Venture Capital Partnership (Limited Partnership) (廣州南沙啓晟創業投資合夥企業(有限合夥)) and Jiangsu Trina Capital Management Co., Ltd. (江蘇天合資本管理有限公司), and 9.55% by its general partner Guangzhou Hanhui Venture Capital Management Co., Ltd. (廣州市瀚暉創業投資管理有限公司, “Guangzhou

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Hanhui). Guangzhou Hanhui was held as to 33.25% by Chen Yi (陳怡) and 33.25% by Lai Chuankun (賴傳錕). The remaining equity interest of Guangzhou Hanhui was held by four individual shareholders, each an Independent Third Party and holding less than 20% thereof. To the best knowledge of the Company, each of Gao Feng, Guangzhou Hanhui, Chen Yi and Lai Chuankun is an Independent Third Party.

Hebei Zhanxin

Hebei Zhanxin is a limited partnership established in the PRC which mainly engaged in the investment in emerging companies in Hebei Province. As of the Latest Practicable Date, Hebei Zhanxin was held as to 99% by its limited partner Hebei Characteristic Industry Development Fund (Limited Partnership) (河北省特色產業發展基金(有限合夥), “**Hebei Characteristic Fund**”) and 1% by its general partner Beijing Qijian Private Equity Fund Management Co., Ltd. (北京騏健私募基金管理有限公司, “**Beijing Qijian**”). Hebei Characteristic Fund was held as to 15.05% by its general partner Hebei Industrial Investment Guidance Fund Management Co., Ltd. (河北產業投資引導基金管理有限公司, “**Hebei Guidance Fund**”), 0.05% by its general partner Beijing Qijian and 84.9% by six limited partners who are Independent Third Parties. To the best knowledge of the Company, none of the limited partners of Hebei Characteristic Fund held more than one-third of partnership interest therein. Hebei Guidance Fund and Beijing Qijian were ultimately controlled by Hebei Provincial Department of Finance (河北省財政廳). To the best knowledge of the Company, each of Hebei Characteristic Fund, Beijing Qijian and Hebei Guidance Fund is an Independent Third Party.

Yichang Fund

Yichang Fund is a limited partnership established in the PRC which mainly engaged in the investment activities in China. As of the Latest Practicable Date, Yichang Fund was held as to 49% by a limited partner Yichang Industrial Investment Holding Group Co., Ltd. (宜昌產投控股集團有限公司, “**Yichang Industrial Investment**”), 30% by a limited partner Changjiang Securities Innovation Investment (Hubei) Co., Ltd. (長江證券創新投資(湖北)有限公司, “**Changjiang Innovation**”), 20% by its general partner Changjiang Growth Capital Investment Co., Ltd. (長江成長資本投資有限公司, “**Changjiang Growth**”) and 1% by its general partner Hubei Tongfu Venture Capital Management Co., Ltd. (湖北同富創業投資管理有限公司, “**Hubei Tongfu**”). Each of Yichang Industrial Investment and Hubei Tongfu was wholly owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Yichang Municipality (宜昌市人民政府國有資產監督管理委員會). Each of Changjiang Innovation and Changjiang Growth was directly wholly owned by Changjiang Securities Company Limited (長江證券股份有限公司, stock code: 000783.SZ, “**Changjiang Securities**”), which is primarily engaged in financial and securities business in China. To the best knowledge of the Company, each of Yichang Industrial Investment, Hubei Tongfu, Changjiang Innovation, Changjiang Growth and Changjiang Securities is an Independent Third Party.

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Chutian Changxing

Chutian Changxing is a limited partnership established in the PRC which mainly engaged in the investment in emerging companies in China. As of the Latest Practicable Date, Chutian Changxing was held as to 92.69% by 19 limited partners who are Independent Third Parties, namely, Chen Hongfeng (陳洪峰), Shen Jiyin (沈繼銀), Zhang Yaoyang (張耀揚), Chen Yong (陳勇), Ma Yanqi (馬彥琪), Kang Shuang (康爽), Peng Xingbo (彭星波), Tang Li (唐莉), Ma Xianwen (馬先文), Dong Yong (董勇), Lyu Hongyan (呂紅艷), Huang Kun (黃焜), Zhang Wenfeng (張文鋒), Guo Wenbo (郭文博), Wu Kang (吳康), Zhang Nan (張楠), Li Wei (李偉), Liu Fangshu (劉方舒) and Zhang Xiaowen (張曉文), and 7.31% by its general partner Cao Hongfeng (曹宏鋒) who is an Independent Third Party. To the best knowledge of the Company, none of the limited partners of Chutian Changxing held more than one-third of partnership interest therein.

Anhui Fund

Anhui Fund is a limited partnership established in the PRC which mainly engaged in the capital contribution to its sub-funds and the investment in companies within the new energy and environmental protection industries in China. As of the Latest Practicable Date, Anhui Fund was held as to 79.99% by six limited partners who are Independent Third Parties, namely, Anhui Caijin Investment Co., Ltd. (安徽省財金投資有限公司, “**Anhui Caijin**”), Anhui Wanneng Capital Investment Co., Ltd. (安徽省皖能資本投資有限公司), Hefei High Quality Development Guidance Fund Co., Ltd. (合肥市高質量發展引導基金有限公司), Anhui Ecological Environment Industry Group Co., Ltd. (安徽省生態環境產業集團有限公司), Hefei Shushan District Urban Construction Investment Co., Ltd. (合肥市蜀山區城市建設投資有限責任公司) and Changjiang Innovation, 20% by its general partner Changjiang Growth and 0.01% by its general partner Anhui Fenghe Private Equity Fund Management Co., Ltd. (安徽省豐禾私募基金管理有限公司, “**Anhui Fenghe**”) who is an Independent Third Party. To the best knowledge of the Company, other than Anhui Caijin holding 35% of the partnership interest in Anhui Fund, no other limited partners of Anhui Fund held more than one-third of partnership interest therein. Anhui Caijin was indirectly wholly owned by Anhui Provincial Department of Finance (安徽省財政廳). For details of Changjiang Growth, please see “—Yichang Fund” above. Anhui Fenghe was indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Anhui Province (安徽省人民政府國有資產監督管理委員會).

Taifu Hongying

Taifu Hongying is a limited partnership established in the PRC. As of the Latest Practicable Date, Taifu Hongying was held as to 99.95% by 11 limited partners who are Independent Third Parties, namely, Sun Jinlan (孫金蘭), Zhang Hongzhong (張洪忠), Li Nifan (李旎凡), Cui Liyi (崔禮益), Zhejiang Peace New Materials Co., Ltd. (浙江和平新材料股份有限公司, “**Zhejiang Peace**”), Hu Tao (胡桃), Shuai Yaodong (帥耀東), Zhang Guoying (張國英), Feng Jie (馮傑), Fan Jiangang (樊建剛) and Bao Xiaojian (包曉健), and 0.05% by its general partner Qingdao Xincheng Hongtai Venture Capital Management Co., Ltd. (青島鑫宸洪泰創業投資管理有限公司, “**Xincheng Hongtai**”). To the best knowledge of the Company, none of the limited partners of Taifu Hongying held more than one-third of partnership interest therein. Xincheng Hongtai was ultimately controlled by Mr. Sheng Xitai (盛希泰). To the best knowledge of the Company, each of Xincheng Hongtai and Mr. Sheng Xitai is an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Taifu Huixin

Taifu Huixin is a limited partnership established in the PRC. As of the Latest Practicable Date, Taifu Huixin was held as to 99.96% by 17 limited partners who are Independent Third Parties, namely, Gongqingcheng Shuntai Venture Capital Partnership (Limited Partnership) (共青城順泰創業投資合夥企業(有限合夥)), Feng Jie (馮傑), Wang Weijie (王偉傑), Zhejiang Peace, Chen Ying (陳穎), Cui Liyi (崔禮益), Ning Minghua (寧明華), Wang Chao (王超), Zhou Jian (周健), Chi Wu (池武), Dong Yunzhu (董允珠), Li Nifan (李旒凡), Sun Hao (孫浩), Jiang Nan (姜楠), Li Ming (李銘), Yang Dongsheng (楊東升) and Huang Yaling (黃亞玲), and 0.04% by its general partner Xincheng Hongtai. To the best knowledge of the Company, none of the limited partners of Taifu Huixin held more than one-third of partnership interest therein. For details of Xincheng Hongtai, please see “—Taifu Hongying” above.

Hebei Henghu

Hebei Henghu is a limited partnership established in the PRC which mainly engaged in the investment in emerging companies in China. As of the Latest Practicable Date, Hebei Henghu was held as to 99% by four limited partners who are Independent Third Parties, namely, She County Guosheng Equity Investment Fund Center (Limited Partnership) (涉縣國盛股權投資基金中心(有限合夥)), “**Guosheng Fund**”), Hebei Jicai Industry Guidance Equity Investment Fund Co., Ltd. (河北省冀財產業引導股權投資基金有限公司), Hengshui Hengshang Innovation Development Co., Ltd. (衡水市衡商創新發展有限公司) and Zaorun Hebei Technology Service Co., Ltd. (棗潤河北科技服務有限公司), and 1% by its general partner Circumference Equity Investment Fund Management Co., Ltd. (圓周股權投資基金管理有限公司, “**Circumference Fund**”). To the best knowledge of the Company, other than Guosheng Fund holding 40% of the partnership interest in Hebei Henghu, no other limited partners of Hebei Henghu held more than one-third of partnership interest therein. Guosheng Fund was held as to 89.01% by its limited partner She County Longsheng State-owned Assets Operation Co., Ltd. (涉縣隆盛國有資產運營有限公司), a wholly-owned subsidiary of She County State-owned Assets Management Commission (涉縣國有資產管理委員會), 10% by a limited partner who is an Independent Third Party and 0.99% by its general partner Circumference Fund. Circumference Fund was ultimately controlled by Gong Mingqiang (宮明強). To the best knowledge of the Company, each of Circumference Fund, Guosheng Fund, She County Longsheng State-owned Assets Operation Co., Ltd. and Gong Mingqiang is an Independent Third Party.

Jianyi Investment

Jianyi Investment is a limited liability company established in the PRC. As of the Latest Practicable Date, Jianyi Investment was directly wholly owned by Rong Jianyi (榮建一), an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CAPITALIZATION OF OUR COMPANY

The table below sets forth the shareholding structure of our Company as of the Latest Practicable Date and the Listing Date (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised):

Shareholders	As of the Latest Practicable Date		As of the Listing Date		
	Number of Shares	Approximate shareholding percentage	Number of Unlisted Shares	Number of H Shares ⁽¹⁾	Approximate shareholding percentage
Mr. Song Wenlan	61,020,000	49.32%	61,020,000	–	39.48%
Haiwei Financial	24,879,754	20.11%	24,879,754	–	16.10%
BYD	6,063,766	4.90%	–	6,063,766	3.92%
Yibin Lvneng	5,457,375	4.41%	–	5,457,375	3.53%
Changrui Consulting	4,754,000	3.84%	–	4,754,000	3.08%
Jiake Consulting	4,754,000	3.84%	4,754,000	–	3.08%
Sungrow Power	3,638,250	2.94%	–	3,638,250	2.35%
Taifu Huixin	2,144,340	1.73%	1,072,170	1,072,170	1.39%
Yichang Fund	2,107,092	1.70%	–	2,107,092	1.36%
Guangzhou Hanxin	1,819,129	1.47%	–	1,819,129	1.18%
Hebei Henghu	1,410,049	1.14%	1,410,049	–	0.91%
CICC Pucheng	1,212,750	0.98%	–	1,212,750	0.78%
Jianyi Investment	1,212,750	0.98%	–	1,212,750	0.78%
Hebei Zhanxin	1,064,188	0.86%	1,064,188	–	0.69%
Taifu Hongying	984,374	0.80%	492,187	492,187	0.64%
Thriving Capital	606,375	0.49%	–	606,375	0.39%
Anhui Fund	532,094	0.43%	–	532,094	0.34%
Chuangqi Kaiying	30,318	0.02%	–	30,318	0.02%
Chutian Changxing	21,283	0.02%	–	21,283	0.01%
Subtotal	123,711,887	100.00%	94,692,348	29,019,539	80.05%
Other public Shareholders	–	–	–	30,831,400	19.95%
Total	123,711,887	100.00%	94,692,348	59,850,939	100.00%

Note:

(1) The 29,019,539 Unlisted Shares held by our existing Shareholders will be converted to H Shares upon Listing.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

FULL CIRCULATION

Our Company has applied for H Share full circulation to convert an aggregate of 29,019,539 Unlisted Shares held by our existing Shareholders, representing approximately 23.46% of the total issued Shares of our Company as of the Latest Practicable Date and approximately 18.78% of the total issued Shares of our Company upon completion of the Conversion of Unlisted Shares into H Shares and the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised). For details, please refer to the section headed “Share Capital—Upon Completion of the Global Offering” in this prospectus.

PUBLIC FLOAT

Based on the Offer Price of HK\$14.28, the expected market capitalization of our Company immediately upon the Listing will be approximately HK\$2,206.9 million (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

Pursuant to Rule 19A.13A(1) of the Listing Rules, the minimum percentage of the H Shares to be held by the public at Listing shall be 25%.

The 94,692,348 Shares held by our Shareholders as of the Latest Practicable Date, including 90,653,754 Shares held by our Controlling Shareholders (being Mr. Song Wenlan, Haiwei Financial, Changrui Consulting and Jiake Consulting) and 4,038,594 Shares held by certain Pre-IPO Investors, representing approximately 76.54% of our total issued share capital as of the Latest Practicable Date, or approximately 61.27% of our total issued share capital upon Listing (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised) will not be counted towards public float for the purpose of Rule 19A.13A(1) of the Listing Rules after Listing as these Shares are Unlisted Shares which will not be converted into H Shares and listed following the completion of the Global Offering. Please refer to the subsection headed “Capitalization of Our Company” in this section for more details of the shareholding of such Unlisted Shares.

The 4,754,000 H Shares held by our Controlling Shareholders (being Mr. Song Wenlan, Haiwei Financial, Changrui Consulting and Jiake Consulting), representing approximately 3.84% of our total issued share capital as of the Latest Practicable Date, or approximately 3.08% of our total issued share capital upon Listing (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised) are Unlisted Shares which will be converted into H Shares and listed upon completion of the Global Offering. As each of our Controlling Shareholders will be a core connected person of our Company upon Listing, the H Shares held by our Controlling Shareholder will not be counted towards the public float for the purpose of Rule 19A.13A(1) of the Listing Rules after Listing.

Immediately upon completion of the Global Offering, assuming that (i) 30,831,400 H Shares are allotted and issued in the Global Offering; (ii) the Offer Size Adjustment Option and the Over-allotment Option are not exercised; (iii) 29,019,539 Unlisted Shares are converted into H Shares; and (iv) 154,543,287 Shares are issued and outstanding in the share capital of our Company upon completion of the Global Offering, 55,096,939 Shares will be counted towards the public float for the purpose of Rule 19A.13A(1) of the Listing Rules, representing approximately 35.65% of our total issued share capital, which is higher than the prescribed percentage of H Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

FREE FLOAT

Rule 19A.13C(1) of the Listing Rules provides that, where a new applicant is a PRC issuer with with no 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 10% of the total number of issued shares in the class to which H shares belong at the time of Listing (excluding treasury shares), with an expected market value at the time of Listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of Listing of not less than HK\$600,000,000.

Immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised, the total number of Shares of our Company will be 154,543,287 (including 30,831,400 Offer Shares). Taking into account 15,129,000 Offer Shares that will be subscribed by the Cornerstone Investor who will be subject to lock-up requirement pursuant to the Cornerstone Investment Agreement, we expect 15,702,400 Shares, representing 10.16% of the total number of our issued shares, with an expected market capitalization of approximately HK\$224,230,270 (assuming an Offer Price of HK\$14.28 per Offer Share), being held by the public and not subject to any disposal restrictions at the time of Listing, which is higher than the prescribed percentage of free float of at least 10% and expected market capitalization of not less than HK\$50,000,000 under rule 19A.13C(1) of the Listing Rules. Therefore, our Company believes that there will be a free and open market for our Shares immediately upon the completion of the Global Offering in compliance with the free float requirements under Rule 19A.13C(1) of the Listing Rules.

GUIDANCE RECEIVED FOR POTENTIAL INITIAL PUBLIC OFFERING IN THE A-SHARE MARKET

On March 23, 2023, our Company entered into a guidance agreement for the initial public offering in the A-share market on the Shenzhen Stock Exchange (the “**Guidance Agreement**”) for the purposes of exploring the opportunity of establishing a capital market platform and receiving guidance from China International Capital Corporation Limited (中國國際金融股份有限公司), a qualified sponsor of A-share listing (the “**A-share Listing Guidance**”). Along with the development of our business, and considering that the Stock Exchange is an internationally recognized and reputable stock exchange, we subsequently decided to seek to list our H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our business, to provide an overseas fundraising platform for our Company, to further strengthen our brand influence and market awareness, to increase our international presence to further enhance our competitiveness, and to improve the internal governance structure and establish a modern enterprise management system. Therefore, we voluntarily terminated the Guidance Agreement on January 15, 2025.

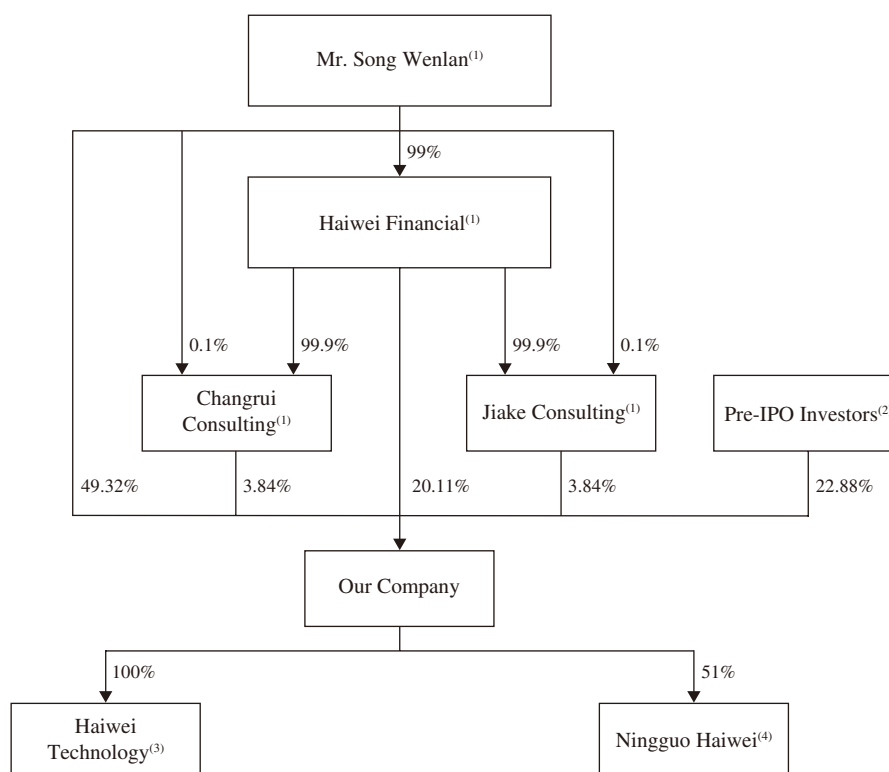
Since the execution of the Guidance Agreement and up to the Latest Practicable Date, our Company had not submitted any preliminary tutoring filing or A-share listing application to the CSRC or any stock exchange in the PRC, and had not received any comments or inquiries by the CSRC (including its local offices) or any stock exchange in the PRC in connection with the Guidance Agreement or the A-share Listing Guidance.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

To the best of our Directors' knowledge and belief, our Directors are not aware of any material matter in relation to the A-share Listing Guidance that needs to be brought to the attention of the Stock Exchange. Based on the due diligence works conducted by the Sole Sponsor, the Sole Sponsor is not aware of any material matter in relation to the A-share Listing Guidance that needs to be brought to the attention of the Stock Exchange.

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our corporate structure immediately before the completion of the Global Offering:



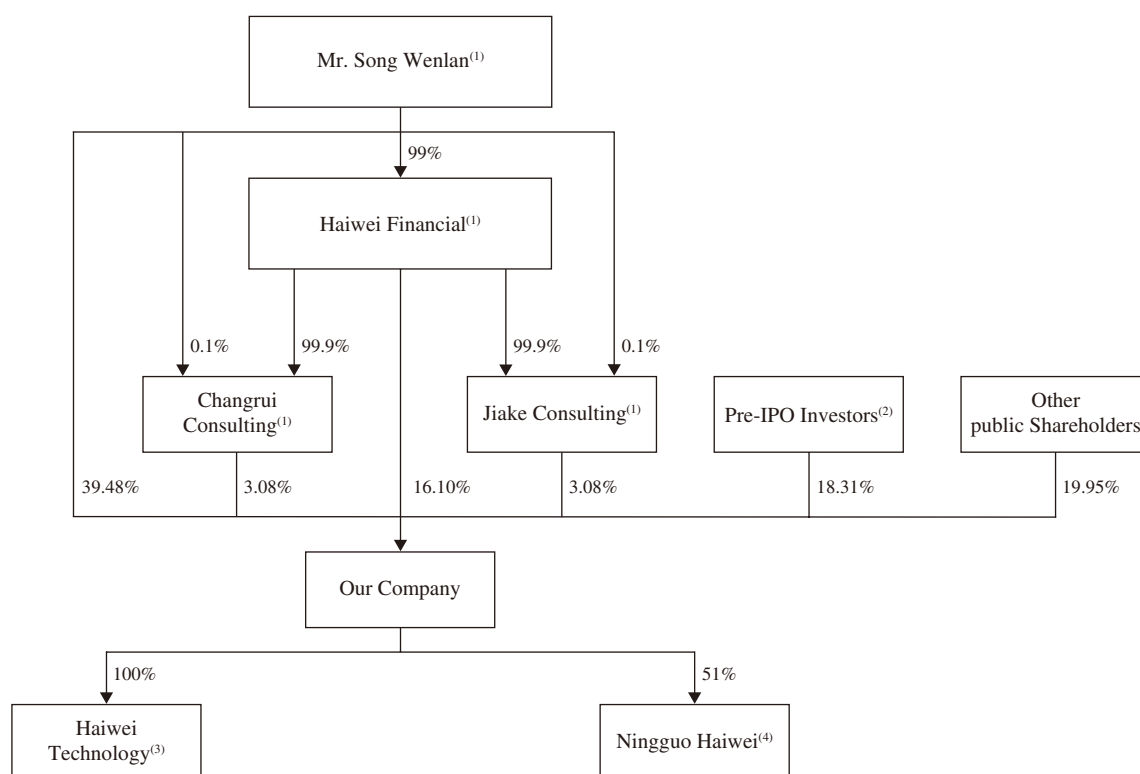
Notes:

- (1) As of the Latest Practicable Date, (i) Haiwei Financial was owned as to 99% by Mr. Song Wenlan and 1% by Mr. Song Junqing, the father of Mr. Song Wenlan; (ii) Changrui Consulting owned as to 0.1% by Mr. Song Wenlan as a limited partner and 99.9% by Haiwei Financial as the general partner; and (iii) Jiake Consulting owned as to 0.1% by Mr. Song Wenlan as a limited partner and 99.9% by Haiwei Financial as the general partner.
- (2) Please see “—Pre-IPO Investments” in this section for further details.
- (3) As of the Latest Practicable Date, Haiwei Technology was inactive and planned to engage mainly in research and development in the future.
- (4) As of the Latest Practicable Date, Ningguo Haiwei was owned as to 51% by our Company, 24.5% by Mr. Song Renxiang and 24.5% by Mr. Zhao Youbin. Both Mr. Song Renxiang and Mr. Zhao Youbin are substantial shareholders of our subsidiary and constitute our connected persons at subsidiary level. Other than being substantial shareholders of Ningguo Haiwei, neither of Mr. Song Renxiang or Mr. Zhao Youbin has any relationship with any of our Company, our Controlling Shareholders, our Directors or senior management.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our corporate structure immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised):



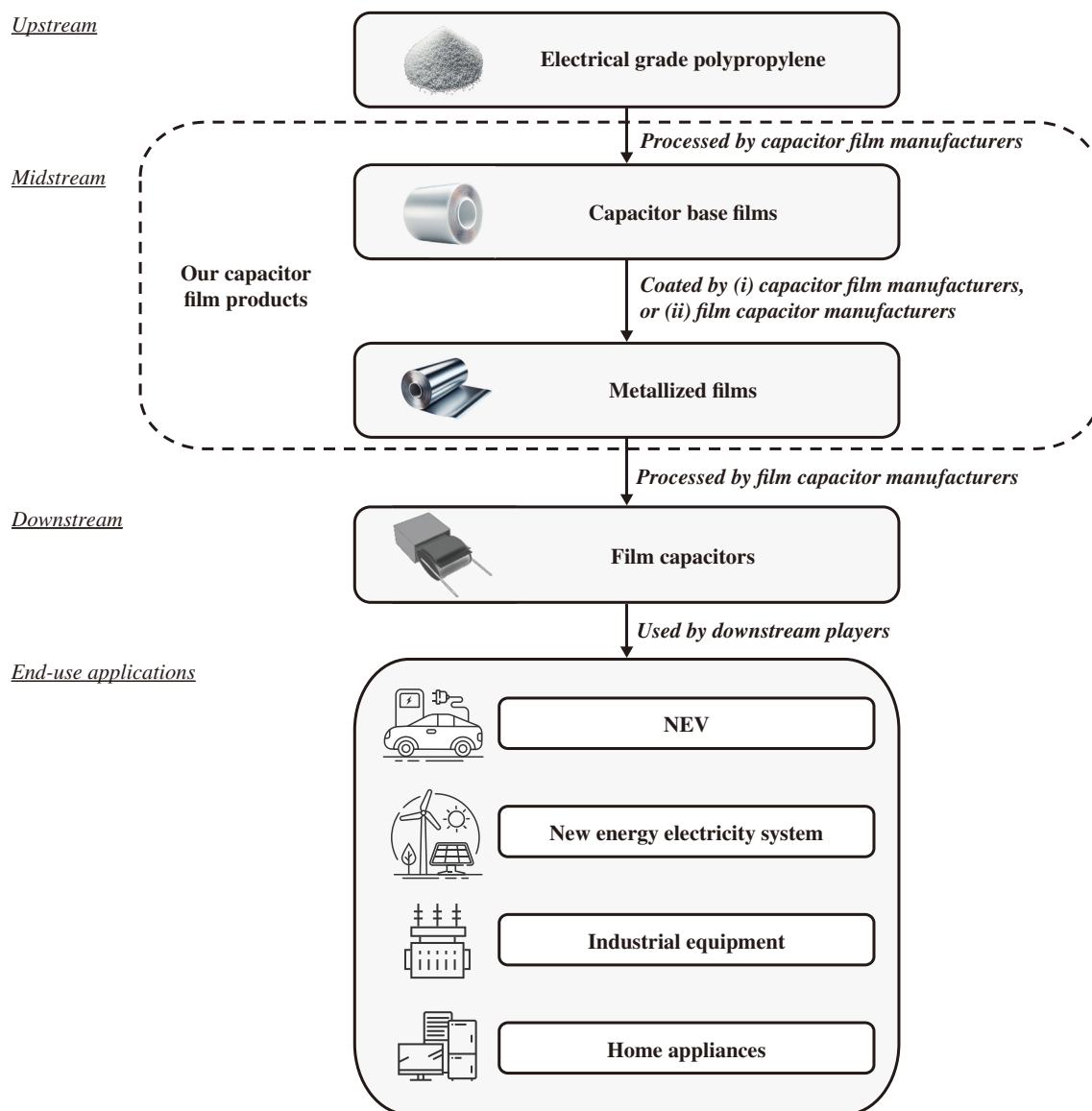
Notes (1)–(4): See “—Corporate Structure Immediately Before the Completion of the Global Offering” in this section.

OVERVIEW

Who We Are

We are the second largest capacitor film manufacturer in China in terms of capacitor base film sales volume in 2024, according to CIC. Our capacitor film products include (i) capacitor base films and (ii) metallized films. These products are key components of film capacitors, a type of capacitor known for its outstanding voltage resistance, high-frequency stability and long lifespan. Film capacitors have a wide range of end-use application scenarios, including (i) NEV, (ii) new energy electricity system, (iii) industrial equipment and (iv) home appliances.

The following diagram illustrates the industrial chain of capacitor films and our role within it:



We are at the midstream segment of the industrial chain. Our customers primarily include (i) film capacitor manufacturers, and (ii) BYD, a well-known leading NEV company in China, which has started to manufacture its own film capacitors.

The following sets forth the details of our two key products:

- **Capacitor base films.** Capacitor base films function as the dielectrics of film capacitors and determine the performance of film capacitors. Capacitor base films are the largest component of our revenue, representing 91.9%, 71.8%, 72.8%, 71.7% and 78.5% of our total revenue in 2022, 2023, 2024 and the five months ended May 31, 2024 and 2025.
- **Metallized films.** Prior to being used in film capacitors, capacitor base films need to be coated with an metal layer on one side of the film, transforming them into metallized films. This metal layer functions as the electrodes of film capacitors. While our customers typically produce metallized films in-house using capacitor base films provided by us, they may procure metallized films from us directly due to the limitation of their production capacity. We began providing metallized films in 2023, primarily to diversify our product portfolio. See “—Our Products—Capacitor Films—Metallized films—Our strategies of providing metallized films.”

Key Drivers for Our Business Growth

We have specialized in the capacitor film industry for over 15 years. Our strategic focus enables us to accurately identify the industry’s development trends, address key pain points and deeply understand customer needs across diverse application scenarios. This allows us to provide customers with more targeted products to capture market opportunities:

- **The market of our products is growing.** On the demand side, the rapid growth of the NEV and the new energy electricity system industry present significant opportunities for us. With China’s “dual-carbon” goals and the implementation of carbon-neutral measures globally, the industry of NEV and the industry of new energy electricity system are expected to experience a steady and sustainable growth.

According to CIC, in the capacitor film industry, the market size of capacitor base films is widely used to represent the market size of capacitor film products. It is because most of the products from capacitor film manufacturers are delivered in the form of capacitor base films. According to CIC, China’s capacitor base film market size in terms of sales volume grew from 46.2 thousand tons in 2019 to 113.4 thousand tons in 2024, representing a CAGR of 19.7%, and is expected to reach 224.1 thousand tons in 2029, representing a CAGR of 14.1% from 2025 to 2029. In particular:

- The market size for capacitor base films used in NEV in terms of sales volume is expected to grow from 47.8 thousand tons in 2025 to 87.3 thousand tons in 2029, representing a CAGR of 16.2% from 2025 to 2029.

- The market size for capacitor base films used in new energy electricity system in China in terms of sales volume is expected to grow from 34.2 thousand tons in 2025 to 79.8 thousand tons in 2029, representing a CAGR of 23.6% from 2025 to 2029.
- ***Our R&D capabilities enable us to quickly capture market opportunities.*** On the supply side, our capabilities for production lines and product development position us to meet rapidly increasing customer demand:
 - *Self-design and development of production lines.* According to CIC, among major capacitor film manufacturers in China, we are the only company with the capability to independently design and develop capacitor base films' production lines. As of the Latest Practicable Date, all of our existing five production lines for capacitor base films were independently designed, developed and assembled by us. Our ability to design and develop production lines for capacitor base films enables us to overcome industry bottlenecks, laying a solid foundation for production capacity enhancement and cost control. Specifically:
 - The delivery time for our independently designed and developed production lines for capacitor base films is approximately eight months, which is significantly shorter than the industry average of three to five years for imported production lines, according to CIC; and
 - The investment cost of our newly-constructed production lines for capacitor base films is expected to be approximately RMB120.0 million, which is significantly lower than the industry average in China, according to CIC.
 - *Manufacturing techniques and product quality.* Leveraging our industry expertise, we offer capacitor film products tailored to diverse customer needs by flexibly adjusting the parameters of the production lines. As of the Latest Practicable Date, our capacitor film products featured thickness range from 2.7 μm to 13.8 μm , covering a wide range of end-application scenarios.

To capture future market opportunities, we are researching and developing the manufacturing techniques of capacitor base films with relatively thinner thickness, particularly those with thickness below 2.5 μm , as part of our technical reserves. This initiative is in response to the industry trend of capacitor base films becoming thinner, which is driven by the need to further reduce the size of film capacitors, according to CIC. We have strengthened the quality of these films by optimizing our manufacturing techniques. Specifically, we have enhanced environmental temperature controls in the longitudinal stretching process, thus improving the tensile strength and voltage endurance of such capacitor base films. We have also improved the pull roll stand in the traction process during production, reducing the likelihood of film breakage.

In addition to capacitor films, we are engaged in the R&D of composite copper foil base films. Composite copper foils are a major type of composite current collectors, which are a crucial component in batteries. Composite copper foils are designed to collect the current of the batteries, enabling the stable and efficient output of energy. Composite copper foils have significant advantages in safety, raw material cost and battery energy density. Similar to the structure of capacitor films, composite copper foils consist of (i) composite copper foil base films and (ii) a metal layer coated on both sides of the composite copper foil base films. Our production lines for capacitor base films can manufacture composite copper foil base films with generally equivalent production capacity. Therefore, our advantage in production capacity of capacitor base films would support our expansion of composite copper foil base film business in due course. Driven by the growth of the NEV industry and the new energy electricity systems industry, the composite copper foil market is expected to exhibit rapid growth. According to CIC, the market size for composite copper foils in China in terms of revenue is expected to grow from RMB11.09 billion in 2025 to RMB49.47 billion in 2029, representing a CAGR of 45.3%.

Our Financial Performance

Our revenue was RMB327.1 million and RMB329.5 million in 2022 and 2023, respectively. Our revenue increased by 28.0% from RMB329.5 million in 2023 to 421.7 million in 2024. Our revenue decreased by 3.2% from RMB162.2 million in the five months ended May 31, 2024 to RMB157.1 million in the five months ended May 31, 2025. In addition, our net profit was RMB102.0 million and RMB69.8 million in 2022 and 2023, respectively. Our net profit increased by 17.5% from RMB69.8 million in 2023 to RMB82.0 million in 2024. Our net profit decreased by 4.6% from RMB32.9 million in the five months ended May 31, 2024 to RMB31.4 million in the five months ended May 31, 2025.

OUR STRENGTHS

Diversified product portfolio and wide range of end-use application scenarios

We focus on the capacitor film market in China. Leveraging our industry experience and technological capabilities, we have established a leading position in the capacitor film industry in China. According to CIC, we were the second largest capacitor film manufacturer in China in 2024 in terms of capacitor base film sales volume.

We offer a diverse product portfolio, covering a wide range of end-use application scenarios. With over 15 years of experience in the capacitor film industry, we have accumulated profound expertise in production and R&D. As of the Latest Practicable Date, our capacitor film products featured thickness ranging from 2.7 μm to 13.8 μm . Our products are used in a wide range of end-use application scenarios, covering (i) NEV, (ii) new energy electricity system, (iii) industrial equipment and (iv) home appliances.

The sales volume of our capacitor base films was 8,615 tons and 7,811 tons in 2022 and 2023, respectively, increased by 34.2% from 7,811 tons in 2023 to 10,482 tons in 2024, and increased by 4.8% from 3,979 tons in the five months ended May 31, 2024 to 4,171 tons in the five months ended May 31, 2025. In addition, we started to sell metallized films in 2023. The sales volume of our metallized films increased by 15.4% from 1,150 tons in 2023 to 1,327 tons in 2024, and decreased by 38.7% from 522 tons in the five months ended May 31, 2024 to 320 tons in the five months ended May 31, 2025.

Distinctive capability for self-design and development of production lines

The production lines for capacitor base film represent a critical bottleneck for the business expansion of China's capacitor film manufacturers:

- ***Lengthy delivery time.*** China's capacitor film manufacturers generally rely on overseas suppliers in Germany and France to import entire production lines for capacitor base films, primarily due to the intricate manufacturing techniques and processes involved in the production of capacitor films. According to CIC, as of December 31, 2024, all other major Chinese manufacturers of capacitor base films relied on imported production lines. For China's capacitor film manufacturers, the average delivery time for capacitor base films' production lines is approximately three to five years, according to CIC.
- ***High investment cost.*** The investment cost of production lines for China's capacitor film manufacturers is generally high, primarily due to the stringent demands for accuracy, stability and reliability of production lines in the capacitor film industries. According to CIC, the investment cost for each imported production line for capacitor base films reaches approximately RMB200.0 million to RMB300.0 million and hence, the depreciation cost of the fixed-asset for Chinese capacitor film manufacturers typically accounts for approximately 15% to 20% of cost of sales.

Our ability to design and develop production lines for capacitor base films is one of our core strengths. According to CIC, among major capacitor film manufacturers in China, we are the only company with the capability to independently design and develop capacitor base films' production lines. Our ability to design and develop production lines for capacitor base films includes (i) designing critical components of the manufacturing equipment to enhance its performance and effectiveness; and (ii) optimizing the production parameters of core equipment, including size, operation speed and function, to help ensure seamless coordination across each production step, thus enhancing the overall efficiency. As of the Latest Practicable Date, all of our existing five production lines for capacitor base films were independently designed, developed and assembled by us.

The self-design and development of capacitor base films' production lines have significantly enhanced our competitive advantages. Specifically:

- ***Shorter delivery time facilitating production capacity expansion.*** The delivery time for our independently designed and developed production lines is approximately eight months, which is significantly shorter than the industry average for imported production lines, according to CIC. This has substantially accelerated our production capacity expansion and enhanced market responsiveness, positioning us to better capitalize on industry growth opportunities. Moreover, by independently designing and developing our production lines, we have strengthened the autonomy of our manufacturing equipment's supply chain and enhance the stability and continuity of our production processes.

- ***Lower investment cost.*** The self-design and development of production lines for capacitor base films enables us to procure manufacturing equipment on the production lines from domestic suppliers, thus significantly reducing the investment cost of our production lines. The investment cost of our newly-constructed production lines for capacitor base films is expected to be approximately RMB120.0 million, which is significantly lower than the industry average in China, according to CIC. Such lower investment cost is a factor in reducing our cost of sales. Our gross profit margin for capacitor base films was 48.6%, 36.1%, 29.7%, 34.3% and 41.2% in 2022, 2023, 2024 and in the five months ended May 31, 2024 and 2025, respectively, which was higher than the industry average gross profit margin of approximately 25% during the same years, according to CIC.
- ***Optimized production lines enhancing product quality.*** Production lines for capacitor base films in China are typically delivered in their entirety by overseas suppliers. As such, China's capacitor film manufacturers generally rely heavily on overseas suppliers for repair and optimization of such production lines. Leveraging our technical capabilities, we have optimized certain core manufacturing equipment during our design and development of production lines, thereby improving product quality. For example, we have developed new components and refined original components in core manufacturing equipment used in main production steps, such as casting, biaxial stretching and traction. These advancements have improved critical performance metrics of our capacitor base film products, including tensile strength and uniformity.

Shareholder support and visionary, experienced management team

Synergies with shareholders from diverse backgrounds. We benefit from a diversified shareholder base in the downstream of our industrial chain, including industry-leading companies in their respective industries, such as BYD, Yibin Lvneng Equity Investment Partnership (Limited Partnership) (宜賓綠能股權投資合夥企業(有限合夥)) and Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司, “**Sungrow Power**”), as well as renowned industrial investors. See “History, Development and Corporate Structure” for details. Such shareholder network provides support for our R&D efforts and the applications of our products in the NEV industry and the new energy electricity system industry, and also supports the expansion of our market channels, strengthens our brand advantages, and boosts our market visibility and competitive edge.

Visionary and experienced management team. Our stable management team and well-structured incentive mechanism work together to drive the sustainable and steady growth of our business, allowing us to maintain a leading position in the capacitor film industry. Our senior management team possesses rich industry experience, strong execution capabilities and a pioneering entrepreneurial spirit. Mr. Song Wenlan, our executive Director and chairman of our Board, has approximately 20 years of experience in the capacitor film industry and has published multiple research articles in this field. Our core business management team has accumulated deep professional expertise and rich practical experience in the capacitor film industry, with an average of more than 15 years of industry experience. This wealth of expertise lays a solid foundation for our sustainable development.

Strong R&D capabilities for products

R&D institution, team and achievements. The competitiveness of our production and products stems from our strong R&D capabilities. We have established a comprehensive R&D system and our team is dedicated to production line and product development. We operate a provincially recognized R&D platform in Hebei Province, China, which focuses on manufacturing techniques related to ultra-thin base films.

We have built a R&D team consisting of technical professionals with extensive experience in production line and product development in the industry. Many of the core R&D team members have been with our Company for over ten consecutive years, accumulating deep expertise in production processes. As of May 31, 2025, our R&D team consisted of 22 technical professionals.

As of May 31, 2025, we had been granted 58 patents and had 12 patent applications, covering key technology fields from our products to production lines. As of May 31, 2025, among our granted patents, 24 are related to capacitor films, 5 are related to composite copper foil base films, and 29 are related to production lines. As of May 31, 2025, among the patent applications, 6 are related to capacitor films, 3 are related to composite copper foil base films, and 3 are related to production lines. In addition, in 2024, we participated in the formulation of the industry group standard for composite copper foils for lithium-ion batteries.

R&D investment and innovative technology. We place importance on R&D and have made substantial investment in this area. In 2022, 2023, 2024 and the five months ended May 31, 2024 and 2025, our R&D expenses were RMB11.2 million, RMB14.4 million, and RMB16.8 million, RMB5.1 million and RMB7.3 million, respectively. Such investment in R&D provides support for our efforts in production line and product development.

We actively pursue industry innovation by improving raw materials and production processes. For example:

- *Capacitor base films below 2.5 μm .* According to CIC, while currently capacitor base films with thickness ranging from 4.0 μm to 6.9 μm exhibit the strongest market demand among all capacitor base films, capacitor base films are trending toward being thinner, which helps further reduce the size of film capacitors. To stay ahead of this trend, we are actively researching and developing the manufacturing techniques of capacitor base films with thickness below 2.5 μm , as part of our technical reserves. For example, we have upgraded the pull roll stand used in the traction process to minimize the risk of film breakage during production. We have enhanced environmental temperature control in the longitudinal stretching process, improving the tensile strengths of such capacitor base films.

- *Composite copper foil base film.* Through a joint R&D program with an A-share listed company specialized in the research, development and production of composite current collectors, we have improved the properties of our composite copper foil base film products. These improvements include enhancing their thermal shrinkage resistance and voltage endurance, enabling the films to operate efficiently in high-temperature and high-voltage environments. In addition, we have implemented an asynchronous stretching process during the manufacturing process, ensuring the consistency and precision of the product's thickness.

Broad customer base covering industry-leading customers

Our customers primarily include (i) film capacitor manufacturers and (ii) BYD. During the Track Record Period, we provided our products to a total of 217 customers.

Engaged in in-depth cooperation with industry-leading companies. Our major customers include Xiamen Faratronic Co., Ltd. (廈門法拉電子股份有限公司, “**Faratronic**”) and BYD, among others. Through these customers, we have become one of the core participants in the supply chains of various industries including (i) NEV, (ii) new energy electricity system, (iii) industrial equipment and (iv) home appliances. Our in-depth cooperation with industry-leading customers has enhanced our brand influence and market share, and also helps us accumulate manufacturing experience, thus further consolidating our leading position in the industry.

Maintaining close connection with customers. We have maintained long-term and stable relationships with our major customers. As the key component of film capacitors, capacitor films are the cornerstone of the overall performance and safety of film capacitors. As such, customers typically have high requirements for quality consistency, supplier stability and supply capacity. Our close ties with customers reflect the market's recognition of our products and services, and also lay a solid foundation for our sustainable growth.

OUR STRATEGIES

Enhance our production capacity to meet increasing market demand

There has been a significant supply-demand gap of capacitor films recently, and the gap is expected to persist, according to CIC. Such supply-demand gap provides us with stronger bargaining power and helps us become profitable. Strong growth of the film capacitor market in China was the major driver for our growth during the Track Record Period, and is expected to continue to drive our growth in the future. The market size of film capacitors in China in terms of revenue grew from approximately RMB4.5 billion in 2019 to approximately RMB13.2 billion in 2024, representing a CAGR of 24.2%, and is expected to reach RMB27.7 billion in 2029, representing a CAGR of 15.4% from 2025 to 2029.

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The market size of capacitor base films in China increases in tandem with the growth of the film capacitor market in China. According to CIC, the market size of capacitor base films in China in terms of revenue grew from approximately RMB1.2 billion in 2019 to approximately RMB3.6 billion in 2024, representing a CAGR of 24.2%, and is expected to reach approximately RMB7.6 billion in 2029, representing a CAGR of 15.5% from 2025 to 2029.

Leveraging our distinctive ability to independently design and develop production lines for capacitor base films, we plan to enhance our production capacity by building additional production lines to meet growing market demand. Our plan to expand production capacity is based on (i) policy support for the capacitor film industry in China, (ii) estimation of future growth in market demand and (iii) our existing production capacity and the need to achieve competitive advantage in scale.

As of the Last Practicable Date, we possessed (i) five production lines for manufacturing capacitor base films and (ii) three production lines for manufacturing metallized films. Our production lines for capacitor base films can manufacture composite copper foil base films with generally equivalent production capacity. We plan to:

- ***Enhance production capacity in stages.*** By 2027, we expect to launch four production lines for capacitor base films in addition to our currently existing production lines. With the addition of new production lines, we expect that, in 2027, our annual production capacity of capacitor base films will increased by 16,000 tons, representing a 134.4% increase from the annualized production capacity of 11,904 tons in 2024. We plan to fund the construction of two of these production lines with the proceeds from the Global Offering and the remaining two with our self-owned funds. See “—Manufacturing—Planned Manufacturing Facilities” for details.

We expect that the addition of new capacity will bring us significant economies of scale and cost advantages. According to CIC, by independently developing production lines and optimizing process designs, we expect to reduce construction costs by approximately 50.0% compared to the industry average during our construction of new production lines. We believe that the steady addition of production capacity will enable us to better meet growing market needs, thereby further strengthening our leading position in the capacitor film industry.

- ***Upgrade existing production lines.*** We plan to upgrade the key segments of our existing production lines to further enhance their utilization rate and production efficiency and optimize our product quality. For example, (i) in the casting process, we will further improve the stability of domestically produced die heads; (ii) in the biaxial stretching process, we will strengthen the long-cycle production stability of relevant manufacturing equipment to ensure the stable and efficient switching of stretching intensity for films of different thicknesses; and (iii) in the winding process, we will optimize the winding process for ultra-thin base films to reduce likelihood of film wrinkling, enhancing the quality of wound films.

Integrate resources across the industry chains to enhance synergy effect

Testing domestically procured raw materials. Currently, in line with the industry practice in China, we procure our key raw material, electrical grade polypropylene, from overseas suppliers. See “—Raw Materials and Suppliers—Raw Materials—Electrical grade polypropylene.” We plan to conduct production trials using domestically procured electrical grade polypropylene in the future. If the trials prove successful, this initiative will help us (i) enrich our raw material supply channels and (ii) significantly lower our production costs. As of the Latest Practicable Date, we had located three large-size domestic manufacturers of electrical grade polypropylene and were in the process of discussing potential cooperation with them.

Developing new products to meet diverse downstream application scenarios. We intend to strengthen collaboration with our customers to develop and produce products that better align with the requirements of end-use application scenarios, including, but not limited to:

- ***NEV application scenarios.*** We plan to offer products with thinner thickness and enhanced thermal shrinkage resistance to address the needs of NEV companies for smaller-size film capacitors and batteries; and
- ***New energy electricity system application scenarios.*** For film capacitors used in charging stations, we plan to offer products that feature faster charging and discharging speeds, lower energy loss and higher endurance under high-voltage conditions. For film capacitors used in energy storage, we also plan to offer products with longer lifespans and greater environmental adaptability.

Enhance customer relationship for our metallized film business. For metallized film business, we will strengthen marketing activities and deepen relationships with strategic accounts like BYD, to expand our sales on metalized films. Concurrently, we will collaborate with end-customers on co-developing innovative applications in emerging sectors, to expand our demand of metalized films through diverse end-user applications. In addition, we will enhance business synergy with our customers, especially with those integrated needs for both capacitor base films and metallized films. By offering comprehensive solutions, we will actively stimulate and support the growth of both capacitor base films and metallized film business.

Strengthen R&D capabilities and attract top talent

Furthering the R&D of ultra-thin base films and composite copper foil base films. To maintain and deepen our technical advantage, we will further strengthen our technical barriers in the ultra-thin base films, and continually optimize production parameters, such as temperature, speed, humidity, tension and pressure, to enhance voltage endurance, thermal shrinkage resistance and consistency of our products. We will focus on improving ultra-thin base films' manufacturing techniques, aiming to further reduce film thickness to 2.0 μm . Meanwhile, we intend to actively develop new technologies and products. We intend to increase the production capacity and production volume of our new products, including composite copper foil base films, thereby expanding our product portfolio and further extending our end-use application scenarios in the NEV industry and the new energy electricity system industry.

Furthering the self-design and domestic manufacturing of production lines. We plan to maintain our advantage of self-design and development of capacitor base films' production lines, and further enhance such advantages in our newly constructed production lines and increase the proportion of manufacturing equipment procured from domestic suppliers. Such capability will enable us to (i) reduce investment costs and accelerate our expansion; (ii) lower production costs and further enhance our gross profit margin; and (iii) flexibly adjust production parameters to enhance product quality and production efficiency.

Expanding and cultivating our talent pool. We believe that loyal, stable and experienced employees are key to our long-term success. We plan to further strengthen employee training to cultivate our high-quality technical and R&D talent. Meanwhile, we aim to further attract outstanding external talent. By focusing on cultivating core R&D personnel, we aim to establish a multi-level R&D team covering various fields, including production lines, manufacturing techniques, testing and applications, to strengthen independent technology development, achieve technical iteration, and expand end-use application scenarios.

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OUR PRODUCTS

Overview

We have two capacitor film products: (i) capacitor base films and (ii) metallized films. The following table sets forth our revenue by product type during the Track Record Period:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	<i>(unaudited)</i>									
Capacitor films										
Capacitor base films										
Ultra-thin base films ⁽¹⁾	52,983	16.2	23,992	7.3	26,930	6.4	11,235	6.9	13,392	8.5
Thin base films ⁽²⁾	207,644	63.5	176,506	53.6	240,152	56.9	88,286	54.4	92,641	59.0
Medium-thick base films ⁽³⁾	40,003	12.2	36,030	10.9	40,112	9.5	16,875	10.4	17,359	11.0
Subtotal	300,630	91.9	236,528	71.8	307,194	72.8	116,396	71.7	123,392	78.5
Metallized films	–	–	70,983	21.5	85,218	20.2	36,277	22.4	21,464	13.7
Other Products⁽⁴⁾	26,446	8.1	22,034	6.7	29,283	7.0	9,565	5.9	12,263	7.8
Including: recycled granules	23,032	7.0	20,646	6.3	28,228	6.8	8,994	5.5	12,066	7.7
Total	327,076	100.0	329,545	100.0	421,695	100.0	162,238	100.0	157,119	100.0

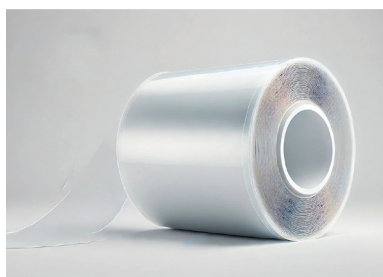
Notes:

- (1) Referring to capacitor base films with thickness ranging from 2.0 μm to 3.9 μm .
- (2) Referring to capacitor base films with thickness ranging from 4.0 μm to 6.9 μm .
- (3) Referring to capacitor base films with thickness ranging from 7.0 μm to 14.9 μm .
- (4) In addition to recycled granules, other products primarily include electronic anti-theft tag films and composite copper foil base films.

Capacitor Films

Capacitor base films

The following picture illustrates our capacitor base film products:



The application of capacitor base films across different application scenarios primarily varies in accordance with their thickness. Our product portfolio of capacitor base films is comprehensive, with thickness ranging from 2.7 μm to 13.8 μm , thereby covering all major areas of end-use applications, including NEV, new energy electricity system, industrial equipment and home appliances.

We divide our capacitor base film products into three categories based on their thickness, including (i) ultra-thin base films with thickness ranging from 2.0 μm to 3.9 μm , (ii) thin base films with thickness ranging from 4.0 μm to 6.9 μm and (iii) medium-thick base films with thickness ranging from 7.0 μm to 14.9 μm . According to CIC, such division is in line with the industry practice. The table below sets forth a summary of our capacitor base film products by product category:

Product Type	Parameters	End-use Applications
Ultra-thin base films (with thickness ranging from 2.0 μm to 3.9 μm)	• Voltage endurance: Average: 450 V/μm; minimum: 400 V/μm • Thermal shrinkage resistance: $\leq 5\%$ • Surface roughness: 0.06 μm to 0.08 μm • Tensile strength: Longitudinal tensile strength: 160 MPa; transverse tensile strength: 280 MPa	(i) NEV, primarily including motor inverter, on-board chargers and direct current to direct current converter. ⁽¹⁾

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Product Type	Parameters	End-use Applications
Thin base films (with thickness ranging from 4.0 μm to 6.9 μm)	- Voltage endurance: Average: 500 V/μm; minimum: 420 V/μm - Thermal shrinkage resistance: 4.5% - Surface roughness: 0.08 μm to 0.10 μm - Tensile strength: Longitudinal tensile strength: 150 MPa; transverse tensile strength: 260 MPa	(i) NEV, primarily including motor inverters, on-board chargers and direct current to direct current converters.⁽²⁾ (ii) New energy electricity system, primarily including (a) solar power, which consists of inverters, input and output filters and high-voltage static var generator equipment; (b) wind power, which includes direct current support, input and output filters, electromagnetic interference filters and flexible direct current transmission system; (c) energy storage, which comprises power conversion system, inverters and welders; (d) charging station, which incorporates charging modules; and (e) electric grid, which includes smart meters. (iii) Industrial equipment, primarily including high-voltage frequency converters, uninterruptible power supply and electromagnetic interference filters. (iv) Home appliances, primarily including drive motors, filters and induction motors.
Medium-thick base films (with thickness ranging from 7.0 μm to 14.9 μm)	- Voltage endurance: Average: 550 V/μm; minimum: 450 V/μm - Thermal shrinkage resistance: $\leq 4.5\%$ - Surface roughness: 0.09 μm to 0.12 μm - Tensile strength: Longitudinal tensile strength: 130 MPa; transverse tensile strength: 240 MPa	(i) Industrial equipment, primarily including high-voltage frequency converters, uninterruptible power supply, electromagnetic interference filters. (ii) Home appliances, primarily including drive motors, filters and induction motors.

Note:

- (1) In the NEV application scenario, ultra-thin base films are primarily used in electrical components that requires small size but with higher voltage endurance. Specifically, ultra-thin base films are mainly used in motor converters, while thin base films are main used in direct current to direct current converters.

Our strategic focus on thin base films

During the Track Record Period and up to the Latest Practicable Date, we prioritized the production of thin base films with thickness ranging from 4.0 μm to 6.9 μm . In 2022, 2023, 2024 and the five months ended May 31, 2024 and 2025, our revenue from thin base films was RMB207.6 million, RMB176.5 million, RMB240.2 million, RMB88.3 million and RMB92.6 million, representing approximately 63.5%, 53.6%, 56.9%, 54.4% and 59.0% of our total revenue from capacitor base films. This focus is primarily driven by the following factors:

- *Stronger market demand.* According to CIC, thin base films exhibit stronger market demand compared to ultra-thin and medium-thick base films. This is mainly due to thin base films' broader range of end-use application scenarios, spanning (i) NEV, (ii) new energy electricity systems, (iii) industrial equipment and (iv) home appliances; and
- *Higher production volume.* The production lines for capacitor base films can achieve a higher production volume of thicker films within a given timeframe as compared to ultra-thin base films. This is because, given that the production speed of capacitor base films with varying thicknesses is generally equivalent, thicker capacitor base films tend to yield higher production volume in a given timeframe. Consequently, allocating more production capacity to the production of thin base films enables us to achieve higher production volume, compared to allocating capacity to the production of ultra-thin base films.

During the Track Record Period, the positive effect on our revenue generated from such higher production volume of thin base films was greater than the potential effect on revenue if we were to prioritize the production of ultra-thin base films, notwithstanding that the average selling price of thin base films was lower than that of ultra-thin base films.

To capture future market opportunities, we are researching and developing the manufacturing techniques of capacitor base films with relatively thinner thickness, particularly those with thickness below 2.5 μm , as part of our technical reserves. See “—Research and Development” for details. This initiative is in response to the industry trend of capacitor base films becoming thinner, which is driven by the need to further reduce the size of film capacitors, according to CIC.

Our prioritization within ultra-thin base films

While our customers of metallized films mainly demand metallized films manufactured using ultra-thin base films with thickness below approximately 3.3 μm , our customers of capacitor base films mainly demand ultra-thin base films with thickness above approximately 3.6 μm .

We generally prioritize ultrathin base films with thickness above approximately 3.6 μm , primarily because:

- Within ultra-thin base films, our production lines can achieve a higher production volume of ultra-thin base films with higher thickness within a given timeframe as compared to ultrathin base films with lower thickness. For the reasons for higher production volume of capacitor base films with higher thickness within a given timeframe, see “—Our strategic focus on thin base films.” As such, allocating more production capacity to the production of ultra-thin base films with thickness above approximately 3.6 μm enables us to achieve higher production volume; and
- The customer orders of metallized films, in particular those manufactured using ultra-thin base films below approximately 3.3 μm , are relatively scattered and with relatively small volume for each order. Accordingly, allocating more production capacity to the production of ultra-thin base films above approximately 3.6 μm enables us to achieve greater economies of scale.

Features of our capacitor base film products

Our capacitor base film products primarily have the following features:

- *Voltage endurance.* Our capacitor base film products are manufactured using biaxially oriented electrical grade polypropylene, which typically possesses a dense material structure. Given this nature, our capacitor base film products can endure high voltages. With high voltage endurance, our capacitor base films can effectively disperse electric field stress, mitigating the risk of dielectric breakdown and ensuring reliable performance under high-voltage conditions. In addition, the high voltage endurance of our capacitor base films enhances their insulation resistance, thereby minimizing current leakage. This contributes to efficient energy storage in capacitors while reducing energy loss, ensuring consistent and reliable operation across diverse applications.

According to CIC, the voltage endurance of our capacitor base film products is among major industry players in the industry in China. Specifically, the average voltage endurance of our ultra-thin base films, thin base films and medium-thick base films is approximately 450 V/ μm , 500 V/ μm and 550 V/ μm , respectively. By comparison, the mean voltage endurance of ultra-thin base films specified under China’s national industry standard, GB-T 13542.3-2006 (the “**National Industry Standard**”), is approximately 120 V/ μm , the mean voltage endurance of thin base films ranges from approximately 150 V/ μm to 190 V/ μm , and that of medium-thick base films ranges from approximately 230 V/ μm to 320 V/ μm , according to CIC.

- *Thermal shrinkage resistance.* Our capacitor base film products demonstrate minimal thermal shrinkage, ensuring dimensional stability under high-temperature operating conditions. This property minimizes deformation, allowing the film to maintain its electrical performance and mechanical strength in demanding environments. Low thermal shrinkage reduces the risk of internal stress caused by temperature fluctuations during manufacturing and operation, supporting consistent performance and enhancing the reliability and lifespan of capacitors.

According to CIC, the thermal shrinkage resistance of our capacitor base film products is above the industry average in China. Specifically, the thermal shrinkage resistance of our capacitor base film products typically reaches a thermal shrinkage resistance of 4.5%, as compared to the industry average of approximately 5.0% in China, according to CIC.

- *Surface roughness.* Our capacitor base film undergoes the precise biaxial stretching and traction process to optimize surface roughness. Optimal surface roughness helps strengthen adhesion between the film and its metal coating, ensuring a stable and durable bond. Stronger adhesion helps reduce the risk of delamination, blistering or other similar issues during the operation of capacitors, thus enhancing product reliability and durability.

According to CIC, the surface roughness of our capacitor base film products is among major industry players in China. Specifically, the surface roughness of our capacitor base film products typically range from 0.06 μm to 0.12 μm , which is significantly lower than the surface roughness range of 0.2 μm to 0.6 μm specified under the National Industry Standard, according to CIC.

- *Tensile strength.* Our capacitor base film products exhibit high tensile strength. This enhances the films' dielectric strength by improving the stability of the films, effectively mitigating the risk of short-circuit failure. Furthermore, it helps capacitors maintain consistent voltage resistance and insulation performance under varying environmental and operating conditions.

According to CIC, the tensile strength of our capacitor base film products is among major industry players in China. Specifically, the average longitudinal tensile strength of our ultra-thin base films, thin base films and medium-thick base films is approximately 160 MPa, 150 MPa and 130 MPa, respectively, while the average transverse tensile strength is approximately 280 MPa, 260 MPa and 240 MPa, respectively. By comparison, the tensile strength in either longitudinal or transverse orientation specified under the National Industry Standard is set at a minimum of 140 MPa, according to CIC.

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Metallized films

The following picture illustrates our metallized film products:



We manufacture metallized films by coating a layer of metal, typically aluminum and zinc, onto one side of the capacitor base films. The applications of metallized films are primarily determined by the thickness of their respective capacitor base films. During the Track Record Period, the majority of metallized films we sold were manufactured using ultra-thin base films and thin base films, primarily because our customers for metallized films primarily demand metallized films manufactured using these two categories of capacitor base films.

We mainly manufacture metallized films using thin base films and have engaged a third party, Haowei Electronic, to provide us metallized films manufactured using ultra-thin base films. This is because our production capacity is limited in terms of using ultra-thin base films to manufacture metallized films. See “—Sources of metallized films we sold.” The table below sets forth the revenue and gross profit margin of metallized films manufactured using ultra-thin base films and thin-base films, respectively, for the periods indicated:

	For the year ended December 31,				For the five months ended May 31,			
	2023		2024		2024		2025	
	Gross Profit		Gross Profit		Gross Profit		Gross Profit	
	Revenue	Margin	Revenue	Margin	Revenue	Margin	Revenue	Margin
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Metallized films manufactured using ultra-thin base films	43,721	20.3	53,217	6.7	24,522	8.3	13,275	15.9
Metallized films manufactured using thin base films	26,943	29.1	31,842	23.4	11,696	25.2	8,078	29.8

The gross profit margin of metallized films manufactured using ultra-thin base films decreased from 20.3% in 2023 to 6.7% in 2024, primarily due to an increase in unit cost of sales which was attributable to an increase in raw material costs. Such increase in raw material costs was primarily due to an increase in our purchase amount of capacitor base films and metallized films for our metallized films business. See “—sources of metallized films we provided.”

The gross profit margin of metallized films manufactured using ultra-thin base films increased from 8.3% in the five months ended May 31, 2024 to 15.9% in the five months ended May 31, 2025, primarily due to a decrease in our purchase of metallized films from Haowei Electronics. See “Business—Raw Materials and Suppliers—Raw Materials” and “Business—Our Products—Capacitor Films—Metallized films—Sources of metallized films we sold” for details.

Our strategies of providing metallized films

We began to provide metallized films in 2023, following our acquisition of 51% equity interest in Ningguo Haiwei on December 31, 2022, which primarily produces and sells metallized films.

Our customers typically produce metallized films in-house using capacitor base films provided by us. According to CIC, this practice is primarily due to (i) the need of film capacitor manufacturers to ensure the stable supply and quality of metallized films, and (ii) the relatively low investment cost required for the manufacturing equipment used in the production of metallized films.

However, film capacitor manufacturers may procure metallized films from external suppliers, primarily because film capacitor manufacturers may face limitations in their production capacity of metallized films from time to time. As such, film capacitor manufacturers will purchase metallized films from external suppliers to meet demand when their in-house production capacity of metallized films is insufficient.

Leveraging the market demand for metallized films, we have decided to provide metallized films to our customers due to the following reasons:

- *To diversify our product portfolio and achieve vertical integration.* The provision of metallized films would further diversify our product portfolio, thus helping us attract new customers who seek metallized films. As a result, we can tap into new revenue streams by providing metallized films. The provision of metallized films manufactured using our capacitor base films would also enable us to achieve vertical integration of our business.
- *To strengthen connections with our key customers.* The key customers of our metallized films include large-scale industry-leading companies. We believe that building stronger connections with such companies will strengthen our long-term partnership and collaboration and open up additional market opportunities for us in the future.

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- *To expand customer network in East China.* While our Company is headquartered in Hebei Province in North China, Ningguo Haiwei is located in Anhui Province, China. The acquisition of Ningguo Haiwei and the provision of metallized films will help enhance our relationships with customers in Anhui and the broader East China region, fostering opportunities for new business collaborations in this region.

Sources of metallized films we sold

During the Track Record Period, there were two sources of metallized films we sold:

- (i) *Metallized films manufactured by us.* We prioritize performing the coating process for metallized films ourselves, primarily to (i) ensure the quality of our metallized films, and (ii) utilize our production lines for metallized films. In the five months ended May 31, 2025, among the metallized films we sold, we performed coating process for 226.2 tons of metallized films ourselves.
- (ii) *Metallized films provided by Haowei Electronic.* We engaged a third party, Haowei Electronic, to provide metallized films to us, primarily due to :
 - (i) The strong customer demand for our metallized films. For example, in 2023, 2024, and the five months ended May 31, 2025, we sold approximately 1,150 tons, 1,327 tons and 320 tons of metallized films, reflecting the high customer demand. However, in 2023, 2024, and the five months ended May 31, 2025, we produced metallized films was 931 tons, 1,052 tons and 243 tons, respectively, due to our production capacity constraints.
 - (ii) The need to satisfy certain customers' demand for metallized films manufactured with ultra-thin base films. For example, in 2023, 2024, and the five months ended May 31, 2025, we sold approximately 379 tons, 551 tons and 150 tons of metallized films manufactured using ultra-thin base films, reflecting the high customer demand. However, in 2023, 2024, and the five months ended May 31, 2025, we produced 150 tons, 249 tons and 69 tons of metallized films manufactured using ultra-thin base films, respectively, primarily due to (i) our production capacity constraints in capacitor base films and (ii) our strategic focus on thin base films, instead of ultra-thin base films, within the capacitor base film business.

See “—Manufacture—Manufacturing Existing Facilities—Technical upgrades and inspections of production lines” and “—Capacitor base films—Our strategic focus on thin base films” for details.

In the five months ended May 31, 2025, among the metallized films we sold, 93.6 tons of metallized films were provided by Haowei Electronic.

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During the Track Record Period, there were two kinds of metallized films provided by Haowei Electronic, including (i) metallized films for which Haowei Electronic performed coating services on capacitor base films provided by us and (ii) metallized films we purchased from Haowei Electronic. During the Track Record Period, the majority of capacitor base films we provided to Haowei Electronic for coating services were ultra-thin base films.

The below set forth a breakdown of the revenue and gross profit margin of metallized films by sources for the periods indicated:

	For the year ended December 31,				For the five months ended May 31,			
	2023		2024		2024		2025	
	Gross Profit		Gross Profit		Gross Profit		Gross Profit	
	Revenue	Margin	Revenue	Margin	Revenue	Margin	Revenue	Margin
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	<i>(unaudited)</i>							
Metallized films manufactured by us								
– Metallized films using capacitor base films produced by us	35,814	30.5	37,301	22.2	14,821	24.5	9,829	29.9
– Metallized films using capacitor base films produced by third-parties	8,160	9.4	10,608	2.2	4,254	2.8	2,297	7.6
Subtotal	43,974	39.9	47,909	24.4	19,105	19.7	12,126	25.7
Metallized films provided by Haowei Electronics								
– Metallized films for which Haowei Electronic performed coating services on capacitor base films provided by us	18,204	22.7	21,777	10.4	10,322	10.7	5,789	19.3
– Metallized films we purchased from Haowei Electronic	8,805	11.1	15,532	1.6	6,880	2.0	3,549	8.7
Subtotal	27,009	33.8	37,309	12.0	17,202	7.2	9,338	15.3
Total	70,983	23.7	85,218	12.9	36,277	13.8	21,464	21.2

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The gross profit margin of our metallized films whose production relies on third parties increased from the five months ended May 31, 2024 to the five months ended May 31, 2025. In particular:

- The gross profit margin of metallized films manufactured using capacitor base films produced by third parties increased from 2.8% in the five months ended May 31, 2024 to 7.6% in the five months ended May 31, 2025.
- The gross profit margin of metallized films manufactured we purchased from Haowei Electronics increased from 2.0% in the five months ended May 31, 2024 to 8.7% in the five months ended May 31, 2025.

The gross profit margin of the above two types of metallized films increased, primarily because we leveraged our bargaining power to pass on pricing pressure to suppliers, in particular, Haowei Electronics, enabling us to secure further cost advantages. We possess such bargaining power, primarily because:

- We procured relatively large amount of raw material from Haowei Electronics for our metallized films business. For Haowei Electronics, we were one of its major customers as we estimate that our procurement amount represented a large portion of its total revenue; and
- We demonstrated to our suppliers that a reduce in their sales price would enable us to enhance the competitiveness of our product pricing. That could drive an increase in our sales volume and in turn lead to an increase in our procurement amount from these suppliers.

We are in the process of reducing, and plan to further reduce, the reliance on third parties for the production of metalized films.

- *Metallized films manufactured using capacitor base films produced by third parties.* The revenue contribution from such metallized films increased from 11.5% of total revenue from metallized film in 2023 to 12.4% of total revenue from metallized films in 2024. However, this proportion decreased from 11.7% in the five months ended May 31, 2024, to 10.7% in the five months ended May 31, 2025;
- *Metallized films for which Haowei Electronic performed coating services on capacitor base films provided by us.* The revenue contribution from such metallized films remained relatively stable at approximately 25.6% in 2023 and 2024, respectively. This proportion decreased from 28.5% in the five months ended May 31, 2024, to 27.0% in the five months ended May 31, 2025; and
- *Metallized films we purchased from Haowei Electronics.* The revenue contribution from such metallized films increased from 12.4% of total revenue from metallized film in 2023 to 18.2% of total revenue from metallized films in 2024. However, this proportion decreased from 19.0% in the five months ended May 31, 2024, to 16.5% in the five months ended May 31, 2025.

We plan to further reduce the reliance on third parties for the production of metalized films, in particular, (i) metallized films manufactured using capacitor base films produced by third parties and (ii) metallized films we purchased from Haowei Electronics.

We believe that we will be able to reduce the reliance on third parties for the production of metalized films, primarily because we plan to further enhance our production capacity for capacitor base films by building new production lines. See “—Manufacturing—Planned Manufacturing Facilities” for details. We expect that the launch of our new production lines for capacitor base films would enable us to allocate more production capacity for ultra-thin base films with thickness needed by our customers of metallized films.

Other Products

Recycled granules

Recycled granules are produced during the capacitor base film manufacturing process by reclaiming waste films, which are crushed and reintroduced into the production line through extrusion to form polypropylene granules. These recycled particles are primarily used in applications such as packaging and injection molding. Recycled particles are colorless and transparent, they may contain internal bubbles and have a less smooth surface compared to new granules. We utilize a fully automated recycling system to process and package recycled particles, aiming to reduce material waste and promote environmental sustainability.

Electronic anti-theft tag films

Our electronic anti-theft tag films are the specialized film products manufactured with electrical grade polypropylene using proprietary processes, designed for use in the production of electronic anti-theft tags. These tags are primarily applied in areas such as supermarkets, logistics and warehousing. Our production line employs a unique process featuring low chill roll temperatures, high draw ratios, and low-speed operation. This results in films with low surface roughness, high rigidity, and exceptional properties such as easy adhesion and easy winding, significantly facilitating the subsequent production of electronic tags.

Composite copper foil base films

Composite copper foils are a major type of composite current collectors, which are a crucial component in batteries. Composite copper foils are designed to collect the current of the batteries, enabling the stable and efficient output of energy. Composite copper foils have significant advantages in safety, raw material cost and battery energy density. Composite copper foil films consist of a copper-coated composite base film. They utilize advanced material compounding techniques, combining copper foil as the conductive layer with the base films. This design enhances conductivity, mechanical strength, and heat resistance while maintaining excellent flexibility and lightweight characteristics, making it particularly suitable for high-performance electronic devices.

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Composite copper foils are poised to become the core technology for the battery anodes and cathodes. According to CIC, while the composite copper foil market is still developing and currently there are few established providers in China and globally, it is expected to grow rapidly in the future. According to CIC, China's composite copper foil market size was RMB11.09 billion in 2025, and is expected to grow to RMB49.47 in 2029, representing a CAGR of 45.3% from 2025 to 2029.

Our competitive edges in the production and sales of composite copper foil base films primarily include:

- (i) Our production lines for capacitor base films can manufacture composite copper foil base films with generally equivalent production capacity. Therefore, our advantage in production capacity of capacitor base films would support our expansion of composite copper foil base film business in due course. See “—Our Strengths—Distinctive capability for self-design and development of production lines.”
- (ii) We benefit from our shareholders who are leading companies and renowned investors in the lithium-ion battery industries or other new energy industries, including Chendao Capital LLP (寧波梅山保稅港區晨道投資合夥企業(有限合夥)), BYD and Sungrow Power. Such shareholder network supports the expansion of our customer base in the composite copper foil industry and strengthens our brand advantages.
- (iii) All equipment we use for manufacturing composite copper foil base films is independently designed and developed, allowing us the flexibility to modify it in accordance with market demands.

We are actively advancing the research and development of composite copper foil base films through a joint R&D program with an A-share listed company specialized in the research, development and production of composite current collectors. Our composite copper foil base films leverage proprietary technology, incorporating an advanced process with high draw ratios, high-speed production, and double-sided corona treatment. Such process enhances the composite copper foil base films' tensile strength, wrinkle resistance and adhesion properties.

MANUFACTURING

Existing Manufacturing Facilities

Our principal manufacturing facilities are located in Hebei Province, China, with an aggregate GFA of approximately 79,000 sq.m., which are primarily used for the production of capacitor base films. We produce metallized films in our facilities in Anhui Province, China, with an aggregate GFA of approximately 1,600 sq.m..

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Production capacity and utilization

As of the Latest Practicable Date, we possessed (i) five production lines for manufacturing capacitor base films and (ii) three production lines for manufacturing metallized films. The table below sets forth our production capacity, standardized production volume, actual production volume and utilization rate for the periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
Capacitor base films					
Production capacity (ton) ⁽¹⁾	13,800	12,342	15,550	5,750	6,917
Standardized production volume (ton) ⁽²⁾	13,776	10,901	15,361	5,530	6,794
Actual production volume (ton)	9,596	8,065	11,904	4,316	5,128
Utilization rate (%)⁽³⁾	99.8%	88.3%	98.8%	96.2%	98.2%
Metallized films					
Production capacity (ton) ⁽¹⁾	N/A	1,260	1,260	525	420
Standardized production volume (ton) ⁽²⁾	N/A	1,132	1,201	467	349
Actual production volume (ton)	N/A	931	1,052	417	243
Utilization rate (%)⁽³⁾	N/A	89.9%	95.3%	89.0%	83.1%

Notes:

- (1) Production capacity is based on the total production rate of our launched production lines operating 24 hours a day for 28 days a month. The calculation of production capacity includes production lines which were paused for inspection, and excludes (i) production lines which were suspended for technical upgrades and (ii) newly launched production lines which were undergoing a production ramp-up period. The calculation of production capacity is standardized by converting to the equivalent production volume of 7.0 μm capacitor base films. According to CIC, such calculating method is in line with industry practice. According to CIC, the calculating method is widely adopted in the capacitor film industry in China, primarily because 7.0 μm is recognized as a representative industry benchmark that facilitates standardization, enhances data comparability across different film thicknesses, and supports consistent capacity reporting.
- (2) Given that the calculation of our production capacity is standardized by converting to the equivalent production volume of 7.0 μm capacitor base films, our calculation of production volume for utilization rate purpose is also standardized using the same conversion method. This approach ensures consistency in calculating the utilization rate. According to CIC, such conversion of calculating standardized production volume for the purpose of calculating utilization rate is in line with industry practice.
- (3) Utilization rate equals standardized production volume divided by production capacity.

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The fluctuations of our overall utilization rates during the Track Record Period were mainly attributable to the upgrades and expansion of our production lines. Specifically:

Capacitor base films

- The utilization rate of capacitor base films decreased from 99.8% in 2022 to 88.3% in 2023, primarily due to (i) the relatively lower decrease in production capacity, as compared to (ii) the relatively higher decrease in standardized production volume. Specifically:
 - Our production capacity decreased by 10.6% from 13,800 tons in 2022 to 12,342 tons in 2023, primarily because we suspended the operation of our aging first production line for capacitor base films to carry out technical upgrades from March 2023 to June 2024. The effect on production capacity from the suspension was partially offset by the launch of our fifth production line for capacitor base films which commenced operation in June 2023 and completed its production ramp-up period in August 2023.
 - Our standardized production volume decreased by 20.9% from 13,776 tons in 2022 to 10,901 tons in 2023. Such relatively higher decrease in standardized production volume as compared to the decrease in production capacity, was primarily because, (i) in March 2023, we paused the operation of three production lines for capacitor base films to carry out inspection for approximately 20 days; and (ii) as we suspended the operation of our first production line, we switched more frequently on our production lines between a wide range of film thickness and generated a larger volume of waste films. See “—Features of our production lines for capacitor base films.” We carried out inspection for the three production lines primarily to examine their functionality and optimize production efficiency and stabilities by replacing some aging components. See “—Technical upgrades and inspections of production lines” for details.
- The utilization rate of capacitor base films increased from 88.3% in 2023 to 98.8% in 2024, primarily due to (i) the relatively lower increase in production capacity, as compared to (ii) the relatively higher increase in standardized production volume. Specifically:
 - Our production capacity increased by 26.0% from 12,342 tons in 2023 to 15,550 tons in 2024, primarily because (i) we relaunched our first production line for capacitor base films in June 2024 after suspending its operation to carry out technical upgrades from March 2023 to June 2024; and (ii) we launched our fifth production line for capacitor base films which commenced operation in June 2023 and completed its production ramp-up period in August 2023.

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- Our standardized production volume increased by 40.9% from 10,901 tons in 2023 to 15,361 tons in 2024. Such relatively higher increase in standardized production volume as compared to the increase in the production capacity, was primarily because (i) in March 2023, we suspended three production lines for capacitor base films to carry out inspection for approximately 20 days; and (ii) as we launched our fifth production line in June 2023 and relaunched our first production line in June 2024, we switched less frequently on our production lines between a wide range of film thickness, which led to higher efficiency. See “—Features of our production lines for capacitor base films.”
- The utilization rate of capacitor base films increased from 96.2% in the five months ended May 31, 2024 to 98.2% in the five months ended May 31, 2025, primarily due to (i) the relatively lower increase in production capacity, as compared to (ii) the relatively higher increase in standardized production volume. Specifically:
 - Our production capacity increased by 20.3% from 5,750 tons in the five months ended May 31, 2024 to 6,917 tons in the five months ended May 31, 2025, primarily because we relaunched our first production line for capacitor base films in June 2024 after suspending its operation to carry out technical upgrades from March 2023 to June 2024.
 - Our standardized production volume increased by 22.9% from 5,530 tons in the five months ended May 31, 2024 to 6,794 tons in the five months ended May 31, 2025. Such relatively higher increase in standardized production volume as compared to the increase in the production capacity, was primarily because, as we relaunched our first production line in June 2024, we switched less frequently on our production lines between a wide range of film thickness, which led to higher efficiency. See “—Features of our production lines for capacitor base films.”

Metallized films

- The utilization rate of metallized films increased from 89.9% in 2023 to 95.3% in 2024, primarily due to an increase in standardized production volume as a result of stronger market demand. The utilization rate of metallized films achieved in 2024 was primarily because we added production time on an ad hoc basis beyond the standard 28 days per month to meet production demand.
- The utilization rate of metallized films decreased from 89.0% in the five months ended May 31, 2024 to 83.1% in the five months ended May 31, 2025, primarily due to (i) the relatively lower decrease in production capacity, as compared to (ii) the relatively higher decrease in standardized production volume. Specifically:

- Our production capacity decreased by 20.0% from 525 tons in the five months ended May 31, 2024 to 420 tons in the five months ended May 31, 2025, primarily because we suspended the operation of three of our production lines for metallized films for one month to carry out technical upgrades in March 2025. We conducted the technical upgrades were primarily to enhance the functionalities and stabilities of the production lines by replacing their core components given that these production lines had been operating for over ten years. See “—Technical upgrades and inspections of production lines” for details.
- Our standardized production volume decreased by 25.3% from 467 tons in the five months ended May 31, 2024 to 349 tons in the five months ended May 31, 2025. Such relatively higher decrease in standardized production volume as compared to the decrease in production capacity was primarily because of a decrease in demand for metallized films as film capacitor manufacturers increasingly produced metallized films in-house using capacitor base purchased externally, which was in line with industry trend, according to CIC.

Features of our production lines for capacitor base films

- Each of our production lines for capacitor base films can produce capacitor base films with any thickness we currently provide, which range from 2.7 μm to 13.8 μm , tailored for the specific requirements for thickness of our customers.
- We generally allocate capacitor base films with similar thickness to a single production line. This is primarily because if a production line frequently switches between a wide range of film thickness, it tends to a decrease in our production efficiency.
- The newly launched production lines for capacitor base films typically undergo a production ramp-up period for two to three months. During this period, the production volume of capacitor base films is relatively low, primarily because (i) the production lines typically generate a relatively large amount of waste films during the production ramp-up period, and (ii) we may suspend the operation of the newly launched production line for a certain period of time to conduct testing and adjustment during the production ramp-up period.

Technical upgrades and inspections of production lines

We may carry out inspections and technical upgrades to our production lines:

- **Technical upgrades.** We carry out technical upgrades to our production lines which had operated for over ten years. We conduct technical upgrades primarily to enhance the functionalities and stabilities of the production lines by replacing core components. During the technical upgrades, we typically pause the operation of the relevant production line. We generally carry out technical upgrades of our production lines every ten years or longer, with the duration of each technical upgrade varying based on its scale. We conducted technical upgrades to our aging first production line for capacitor base films from March 2023 to June 2024 and three production lines for metallized films for one month in March 2025. Our production volume was affected during such technical upgrades. See “—Existing Manufacturing Facilities—Production capacity and utilization” for details. While the technical upgrades may last for months and affected our production volume, we do not expect to carry out further technical upgrades in the next five years.
- **Inspections.** We carry out inspections on our production lines primarily to examine functionality of the production lines and optimize production efficiency and stabilities by replacing some aging components. During the inspections, we typically pause the operation of the relevant production line. We generally carry out inspections of our production lines every seven to eight years, with each inspection typically lasting approximately 20 days to one month. In March 2023, we carried out inspection on three production lines for capacitor base films for approximately 20 days. We do not expect to carry out further inspection in the next five years. We do not expect the inspections of production lines to have material adverse impact on our financial performance in the long term due to (i) the relatively long intervals between inspections and (ii) the relatively short duration.

Planned Manufacturing Facilities

Our ability to design and develop production lines for capacitor base films expedites our production expansion. Leveraging our in-house design and development capacity, we plan to further enhance the production capacity of our products by building new production lines.

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The table below sets forth certain details of our production expansion plans by 2027, which remain subject to adjustment based on our evolving business needs:

Production lines	Primary products	Additional planned annual production capacity ⁽²⁾	Location	GFA of factory buildings of the facility	Expected timeline of commencing operation
		<i>ton</i>		<i>sq.m.</i>	
Production line I ⁽¹⁾	Capacitor base films	4,000	New manufacturing facility in Southern China	15,000	The second half of 2026
Production line II ⁽¹⁾	Capacitor base films	4,000	New manufacturing facility in Southern China	15,000	The second half of 2027
Production line III ⁽³⁾	Capacitor base films	4,000	New manufacturing facility in Hebei Province	15,000	The second half of 2026
Production line IV ⁽³⁾	Capacitor base films	4,000	New manufacturing facility in Hebei Province	15,000	The second half of 2027

Note:

- (1) See “Future Plans and Use of Proceeds” for details.
- (2) The calculation of production capacity is standardized by converting to the equivalent production volume of 7.0 μm capacitor base films.
- (3) We plan to fund the construction of such production line with our self-owned funds. We expect the capital expenditure of each production line to be approximately RMB120.0 million.

With the addition of new production lines, we expect our annual production capacity of capacitor base films to increase by 16,000 tons by 2027, representing a 134.4% increase from the annualized production capacity of 11,904 tons in 2024.

In addition, given that the manufacturing equipment and process for producing capacitor base films and composite copper foil base films are largely identical, our production lines for capacitor base films are also capable of manufacturing composite copper foil base films with generally equivalent production capacity. As such, we believe our advantage in production capacity of capacitor base films would support the development of our composite copper foil base film business to meet the potential increase in future market demand.

Manufacturing Process

Capacitor base films

Our capacitor base films are manufactured under rigorously controlled environmental conditions within our facilities. Each production line of our capacitor base films primarily involves the following production steps and manufacturing equipment:

Major production steps	Details	Core manufacturing equipment
1 <i>Raw material feeding</i>	The feeding process absorbs the raw materials and transfers them by vacuum suction to the extruder for further processing. This process ensures a consistent supply of high-purity raw materials by removing metal contaminants therein.	• Feeding system
2 <i>Extrusion and casting</i>	The raw materials are melted, metered and filtered before being extruded onto a chill roll, where the raw materials will be cast in sheets with uniform thickness. This process ensures precise thickness control, providing the basis for the base film's dielectric properties.	• Extruder • Die head
3 <i>Biaxial stretching</i>	The cast sheets of raw materials are stretched in the longitudinal and transverse directions under controlled conditions to refine their dimensions. This process enhances the base films' tensile strength, dimensional stability and dielectric properties, making them suitable for high-performance applications.	• Longitudinal stretching machine • Transverse stretching machine
4 <i>Traction</i>	The stretched films pass through a thickness gauge which meters and adjusts the thickness of the base films. Subsequently, the films undergo corona treatment to enhance the adhesion of the metallized layer. This process primarily further ensures the precise control of film thickness and prepare them for metallized coating.	• Pull roll stand • Thickness gauge • Corona treatment system

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Major production steps	Details	Core manufacturing equipment
5 <i>Winding and conditioning</i>	The films are carefully wound onto rolls using the automated winding system. They undergo a thorough inspection process to ensure quality and consistency and then left to remain under controlled conditions. This process ensures that the films are tightly wound and stabilized, enhancing their mechanical and electrical properties while ensuring consistency and reliability.	• Winding machine
6 <i>Slitting and inspection</i>	The films are passed through the slitting machine, where they are precisely cut to the required widths. This process ensures consistent dimensions for each roll while minimizing waste. The slit films undergo comprehensive quality tests, including thickness, voltage endurance, and surface roughness, to verify their performance. Graded films are then packaged, wrapped and prepared for shipment to customers.	• Slitting machine

Thinner capacitor base films are more technologically advanced than thicker capacitor base films in terms of manufacturing difficulties, primarily because:

- Maintaining the structural integrity of thinner capacitor base films during the manufacturing process demands advanced technological capabilities. Given that thinner capacitor base films are more prone to damage during the manufacturing process compared to thicker films; and
- Maintaining a consistent surface roughness in thinner films is more complex, as this requires the deployment of sophisticated manufacturing techniques and technological investments.

Metallized films

Our metallized films are produced on coating machines with strictly controlled temperatures. We place the capacitor base films in a vacuum chamber for production process. Metals such as aluminum and zinc are vaporized and evenly deposited onto the surface of the capacitor base films. The following diagram illustrates the key production steps and manufacturing equipment for our metallized films.

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Major production steps	Details	Core manufacturing equipment
1 <i>Base film loading and chamber vacuuming</i>	We load base films onto an unwinding station, and then use vacuum pumps to create the optimal conditions for coating.	• Overhead crane • Vacuum pump
2 <i>Heating and cooling</i>	We heat aluminum and zinc to evaporate them evenly, and then lower down the temperature to ensure the proper condensation and adhesion of the coating layer.	• Evaporation boat • Furnace • Cooling roller compressor
3 <i>Shielding</i>	We adjust the oil pipes and the heating temperature of shielding oil to ensure precise shielding during the coating process.	• Oil pipe • Film measurement system
4 <i>Coating and monitoring</i>	The aluminum and zinc vapor is deposited onto the surface of the base film. We have also adopted a monitoring system to measure and control parameters such as the coating's resistance and thickness.	• Sheet resistance measurement instrument
5 <i>Conditioning and slitting</i>	The metallized film rolls are placed in a temperature-controlled conditioning rack to strengthen the adhesion of the coating layer. Subsequently, they are precisely cut by a slitting machine into specified widths to meet the requirements. Metallized film rolls then undergo rigorous quality checks, including sheet resistance, width and adhesion strength, before being vacuum-packed.	• Thermostatic heater • Slitting machine

Self-design and Development of Production Lines

Our ability to design and develop production lines for capacitor base films is one of our core strengths. We began our effort to design and develop production lines for capacitor base films in 2010. As of the Latest Practicable Date, all of our existing five production lines for capacitor base films were independently designed, developed and assembled by us, and substantially all of the manufacturing equipment on these production lines was procured from domestic suppliers.

Our ability to design and develop production lines for capacitor base films primarily includes (i) designing critical components of the manufacturing equipment to enhance its performance and effectiveness; and (ii) optimizing the production parameters of core equipment, including size, operation speed and function, to help ensure seamless coordination across each production step, thus enhancing the overall efficiency.

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The diagram below sets forth (i) our core manufacturing equipment on the production lines for capacitor base films, and (ii) the key technologies relating to our design and development of production lines:

Core manufacturing equipment	Usage and characteristics of the equipment	Our key design and development activities
Extruder	Melting and filtering raw materials while maintaining precise flow control, ensuring consistent film quality.	We designed a high-precision gear melt pump for the extruder, which reaches a precision of 0.0001 kg per rotation to enhance the stability of raw material transferring.
Die head	Distributing molten material uniformly and ensuring uniform sheet thickness by managing the temperature fluctuations.	We designed a static mixer for the die head to reduce melt pulsation and ensure uniform temperature distribution.
Longitudinal stretching machine	Stretching the films longitudinally, which refines its dimensions and enhances its tensile strength.	We designed a roller with larger size and included heating roller oil pumps with rotary joints, improving thermal efficiency.
Transverse stretching machine	Stretching the film laterally to achieve biaxial orientation, which improves dimensional stability and dielectric properties.	We refined the machine by adding anti-slip layers, helping ensure a secure grip of films during manufacturing process.
Pull roll stand	Guiding the films during the traction process, ensuring enhanced surface adhesion and maintaining film integrity.	We designed air knives for corona treatment system and incorporated a redesigned transmission mechanism to achieve uniform speed and stable operation.
Winding machine	Winding the films into rolls with precise tension control to maintain uniformity and prevent defects.	We designed a fully automated transport control system, enabling the automatic lifting and unloading of film rolls.
Slitting machine	Slitting the film rolls into final widths according to specifications while ensuring safety and accuracy.	We designed safety barriers to protect both products and personnel during operation.

Once we complete the design and development of our production lines for capacitor base films, we engage third-party manufacturers to build the manufacturing equipment based on our design. We provide the manufacturing parameters, manufacturing process requirements and project timetable to the manufacturers, and specify to the manufacturers our quality and technical standards as well as acceptance standards to ensure that the equipment meets our production requirements. Once receiving the manufacturing equipment, we will carry out assembly to form complete production lines.

RESEARCH AND DEVELOPMENT

We focus on developing innovative technologies to (i) design and develop our production line and (ii) improve the quality of our products. We believe that our success has depended and will continue to depend to a large extent on our ability to design and develop our production line and improve our products.

We are actively researching and developing products, including ultra-thin base films and composite copper foil base films. For ultra-thin base films, our R&D focuses on ultra-thin capacitor base films with thickness below 2.5 μm , which are widely applied in consumer electronics, automotive electronics, aerospace, and industrial systems. For example, we have upgraded the pull roll stand used in the traction process to minimize the risk of film breakage and ensure stable production operations. We have also implemented environmental temperature control measures in the biaxial stretching process, which help improve the tensile strength and overall performance of such ultra-thin capacitor base films. In addition, through a joint R&D program with an A-share listed company specialized in the research, development and production of composite current collectors, we have improved the properties of our composite copper foil base film products, to better adopted into lithium-ion batteries, flexible electronics, high-frequency/high-speed circuits, printed circuit boards, aerospace, medical electronics, and energy industries. These improvements include enhancing their thermal shrinkage resistance and voltage endurance, enabling the films to operate efficiently in high-temperature and high-voltage environments. In addition, we have implemented an asynchronous stretching process during the manufacturing process, ensuring the consistency and precision of the product's thickness.

By leveraging our achievements on intellectual property, we are able to further improve material efficiency, the scrap rate and rework requirements during production were relatively reduced, leading to a higher yield ratio, and achieve high speed production through process optimization and automation. By optimizing product parameters, the performance of capacitor films and metalized films have been significantly improved, including (i) the average dielectric strength has been improved by 20v/ μm , which could withstand higher operating voltages, increase energy storage density, reduce dielectric losses, and enhance the reliability and stability of equipment. Additionally, it helps reduce the size and weight of capacitors, expands application scenarios, improves aging resistance, and simplifies circuit design; (ii) the longitudinal thermal shrinkage rate has been reduced by 1%, and the longitudinal thermal shrinkage rate is below 3%, which could enhance dimensional stability to minimize deformation and cracking risks, improve reliability in use, and extend the temperature range for applications; (iii) the longitudinal tensile strength exceeds 210 MPa, while the transverse tensile strength exceeds 300 MPa, such improvements help us significantly improve processing performance, minimize the risk of deformation or rupture during stretching, winding, and other critical operations. Its enhanced structural stability enables it to withstand greater mechanical stress, thereby extending product lifespan in complex and demanding environments,

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to a broader range of applications; and (iv) our capacitor films and metallized films exhibit excellent thickness uniformity, with an average deviation of less than $\pm 2\%$. Such improvements allow us to improve consistency in electrical performance to reduce the risk of partial discharge caused by thickness variations, facilitates production control, and supports operation under higher voltages.

Our product development process adheres to our internal standards. It begins with gathering primary customer feedback from our sales managers, followed by a thorough requirement analysis. The product development tasks are then distributed among our R&D team. During the development phase, our R&D team conducts preliminary tests of the quality of the new products. Post-development, we perform standard tests in accordance with the National Industry Standard. Once testing is completed, the product and the corresponding standard operating procedures files are transferred to the production lines for manufacturing.

As of May 31, 2025, we had an in-house R&D team of 22 members. The core members of our R&D team have an average of over ten years of experience in capacitor film technology development. See “Statutory and General Information—B. Further Information about our Business—2. Intellectual Property Rights” in Appendix IV to this prospectus for details of our intellectual property portfolio. In addition, we operate a provincially recognized R&D platform in Hebei Province, China, which focuses on manufacturing techniques related to ultra-thin base films.

In 2022, 2023, 2024 and the five months ended May 31, 2024 and 2025, our R&D expenses were RMB11.2 million, RMB14.4 million, RMB16.8 million, RMB5.1 million and RMB7.3 million, respectively. See “Financial Information—Review of Historical Results of Operations—Research and Development Expenses” for details.

QUALITY CONTROL

Our Quality Control Department

We have established a comprehensive quality management system that ensures rigorous control from the raw material supply chain to product manufacturing. We rigorously adhere to product safety and quality control standards, implementing corresponding control measures across each stage of our production process to ensure that all products comply with applicable national and international safety standards. Our quality control team members have an average of seven years of quality control and work experience, while our quality control director has approximately 20 years of quality control and work experience.

Our Quality Accreditations and Assurance

Our commitment to high quality and reliability helps strengthen the recognition and trust among our customers. Our film products comply with GB/T 13542.3-2006. We have obtained multiple certifications primarily including:

- IATF 16949 certification for our quality management system certified by Shanghai NQA Certification Co., Ltd.;
- GB/T 19001-2016/ISO 9001:2015 for our quality management system certificated by Xingyuan Certification Center Co., Ltd.; and
- GB/T 24001-2016/ISO 14001:2015 for our environmental management system certificated by Xingyuan Certification Center Co., Ltd..

In order to monitor production quality and to ensure that our products meet all the stringent benchmarks and specifications of our customers and ourselves, we take a comprehensive approach to quality control, establishing a quality management system that complies with relevant national and international standards, covering procurement, production, finished products and logistics.

Quality control in procurement

We procure raw materials from suppliers who have passed quality and reliability assessments and meet both our standards and those of our customers. We occasionally conduct onsite inspections of our suppliers' raw material facilities and make regular evaluations on our suppliers. Upon receiving the raw materials, we perform sample testing on raw materials. Our quality control system is designed to identify and address any defective or substandard materials at an early stage in the production process. For more details, see “—Raw Materials and Suppliers.”

Quality control in production

We adhere to our internal customer quality specification standards and relevant industry standards in our production process. Our quality control team conducts inspections of our capacitor film products at key control points.

We implement a comprehensive quality control process to ensure the reliability and performance of our capacitor film products. This process includes rigorous inspections and industry-standard testing methods:

Voltage endurance testing

Our capacitor base films undergo thorough voltage endurance testing using two methods:

- *Electrode plate method.* We place the capacitor base films onto an electrode plate, a conductive surface used for electrical testing, where their voltage endurance is measured under controlled conditions. This process ensures precise and reliable results by minimizing external variables and maintaining consistency across measurements.
- *Simulation method.* We cut the capacitor base films into segments, wound them into capacitor rolls and then subject them to testing within a specialized device designed to simulate real-world operational conditions. This process rigorously evaluates the capacitor base films' voltage endurance by creating a simulated real-world setting.

Thermal shrinkage resistance testing

We use the high-precision intelligent constant-temperature drying oven to test the thermal shrinkage resistance of our capacitor base films. The drying oven features a temperature measurement range of $\pm 0.1^{\circ}\text{C}$ and is equipped with an internal fan circulation system to ensure consistent temperature control. In addition, we have enhanced our testing methodology by extending the drying time from the national standard of 120°C for 10 minutes to 120°C for 15 minutes. This improvement enables more accurate monitoring of the stability of our capacitor base films' thermal shrinkage resistance.

Surface roughness testing

We employ surface roughness tester to evaluate the smoothness of our capacitor base films by measuring three key parameters: (i) Ra (Average roughness), which represents the average height of microscopic peaks and valleys on the surface; (ii) Rz (Mean roughness depth), which measures the difference between the highest peak and the lowest valley within a measured segment; and (iii) Rmax (Maximum roughness), which indicates the largest single peak-to-valley distance detected on the surface. In addition, we use a metallurgical microscope to examine the roughening structure and the depth of the roughening rings on the capacitor base films' surface. Using both the measurement data obtained from the surface roughness tester and microscopic observations, our production line adjusts the process to ensure our films achieve an optimal roughened surface that is suitable for subsequent production stages and delivers excellent electrical performance.

Tensile strength testing

We utilize specialized tension testing equipment to verify the tensile strength and stretch ratio of our base films. These tests ensure the films maintain mechanical stability and meet performance requirements prior to delivery.

Quality control in finished products, warehousing, and logistics

Before delivering capacitor film products to our customers, our quality control team conducts sample checks on each batch of finished products. We also inspect the packages to ensure they provides sufficient protection during transportation. We regularly inspect out warehouse, and have implemented safety measures to minimize risks including fire hazards, water damage, and other potential threats to our finished products.

RAW MATERIALS AND SUPPLIERS

Raw Materials

Our key raw materials primarily include (a) electrical grade polypropylene for the manufacturing of capacitor base films, (b) capacitor base films we procured from third parties for the metallized films we sold, (c) metallized films we purchased from Haowei Electronic and (d) other materials, such as aluminum and zinc, for the manufacturing of metallized films.

Electrical grade polypropylene

The key raw material of our capacitor base films is electrical grade polypropylene. During the Track Record Period, electrical grade polypropylene represented over 70% of raw material costs, respectively. Capacitor film manufacturers in China primarily rely on overseas suppliers for electrical grade polypropylene, primarily because the electrical grade polypropylene industry in China is still growing, with only a few domestic suppliers available. We procure electrical grade polypropylene from overseas suppliers in the United Arab Emirates and Korea, which is in line with the industry practice in China, according to CIC.

The price of electrical grade polypropylene fluctuated in recent years. According to CIC, the annual average price of electrical grade polypropylene increased from RMB11.2 thousand per ton in 2021 to RMB15.2 thousand per ton in 2022, and then decreased to RMB12.4 thousand per ton in 2023, and slightly increased to RMB12.8 thousand per ton in 2024. According to CIC, the fluctuation was primarily driven by the fluctuation in the price of crude oil, a key raw material for the production of electrical grade polypropylene. Crude oil price experienced a significant increase in 2022 due to the Russia-Ukraine conflict, and then declined and remained relatively stable in 2023 and 2024. See “Industry Overview—Price Analysis.”

Our Directors are of the view that the Russia-Ukraine conflict did not and is not expected to materially affect our operation, primarily because (i) we were able to adjust the price of our capacitor film products in 2022 to offset the impact of the increase in the price of electrical grade polypropylene due to the high market demand for our capacitor film products; and (ii) the price of electrical grade polypropylene has been stabilized. See “Financial Information—Review of Historical Results of Operations—Gross Profit and Gross Profit Margin” for details.

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We only import electrical grade polypropylene from overseas suppliers. To our best knowledge, we are not aware of any export control measures on electrical grade polypropylene during the Track Record Period and up to the Latest Practicable Date imposed by countries and regions from which we import electrical grade polypropylene which will materially affect the price and supply of electrical grade polypropylene. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the PRC government did not impose tariff or other trade restriction measures on electrical grade polypropylene imported from other countries and regions which will materially affect the price and supply of electrical grade polypropylene. During the Track Record Period and up to the Latest Practicable Date, we did not make procurement from overseas suppliers other than electrical grade polypropylene.

In contrast, the current tension in international trade and rising political tension, particularly those between the U.S. and China, may affect the business operations and results of NEV companies, some of which are our customers or end customers. For example, the U.S. government had increased tariffs under Section 301 of the Trade Act of 1974 on \$18 billion of imports from China. The tariff rate on imported Chinese EVs is set to increase from 25% to 100% in 2024. In addition, the Trump administration has implemented a 10 percent tariffs on all imports from China, which took effect on February 4, 2025, and an additional 10% tariff taking effect on March 4. However, all of our revenue is derived from the sales of our products in China. As such, we do not expect the recent tariff policies to have any direct material adverse impact on us.

Additionally, we do not expect the recent tariff policies to have any indirect material adverse impact on us. Our capacitor film products have diverse end-use applications encompassing new energy electricity system, industrial equipment and home appliances other than NEV that were not indirectly impact by the increased U.S. tariffs. According to CIC, the proportion of export to U.S. of the new energy electricity system, the industrial equipment and the home appliances from China only accounted for 0.7%, 13.6% and 16.3%, respectively, of total export in terms of trade value in 2024. As of the Latest Practicable Date, we were not aware of any requests from our customers on price adjustment or delivery suspension due to Sino-U.S. tariff policies. Based on the above, our Directors believe that the increased tariffs on Chinese EVs and other imports from China will not have any material indirect impact on the sales of our capacitor film products. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' view as stated above.

Our total purchase amount of electrical grade polypropylene in 2022 was RMB159.7 million, which was relatively higher compared to our total purchase amount of electrical grade polypropylene in 2023. This was primarily because, as the price of electrical grade polypropylene decreased at the end of 2022, we procured electrical grade polypropylene in advance to secure our raw material supplies. In comparison, in 2023, as the price of electrical grade polypropylene decreased and became relatively stable, we prioritized the utilization of our raw materials in stock and were more prudent at procuring raw materials.

Capacitor base films and metallized films

During the Track Record Period, we procured capacitor base films from third parties and purchased metallized films from Haowei Electronic for our metallized film business. For capacitor base films we procured from third parties, see “—Our Suppliers—Major suppliers” for details. For metallized films we purchased from Haowei Electronic, see “—Our Products—Capacitor Films—Metallized films—Sources of metallized films we sold” for details.

Management of raw material supply chain

To minimize potential interruptions to our raw material supply chain, especially electrical grade polypropylene, we have implemented measures including (i) monitoring raw material inventory based on our analysis of the demand and supply of products in the market; (ii) maintaining reasonable level of inventory of main raw materials, including procuring raw materials in advance in the event of price fluctuations; and (iii) maintaining long-term and stable partnership with major raw material suppliers, in particular the suppliers of electrical grade polypropylene. In addition, we plan to conduct production trials using domestically procured electrical grade polypropylene in the future. See “—Our Strategies—Integrate resources across the industry chains to enhance synergy effect” for details.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Our Suppliers

During the Track Record Period, our suppliers primarily included (i) suppliers of raw materials and (ii) suppliers of manufacturing equipment.

We typically engage reputable suppliers to ensure the quality of our products. We consider a comprehensive set of factors when selecting suppliers, which mainly include rigorous incoming material inspections, robust quality assurance throughout the production process, consistent product quality standards and proven track record and reputation. We evaluate performance through means including on-site inspections and documentation reviews. Approved suppliers are included in the qualified supplier list maintained by our procurement team. We assess the performance of suppliers from time to time and update the list of qualified suppliers regularly. Non-compliance or significant quality issues will trigger immediate reassessment, which may result in warnings, supply restrictions, or removal from the qualified supplier list.

Upon receipt of supplies, we conduct inspections and examinations. Based on the results of these inspections, we retain the right to reject or return any supplies that do not meet our quality standards.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of agreements by suppliers that resulted in suspension or interruption of our production operations.

Suppliers of raw materials

During the Track Record Period, our raw material suppliers primarily included suppliers of electrical grade polypropylene which were mainly headquartered in the United Arab Emirates and South Korea. We enter into purchase agreements with our suppliers of electrical grade polypropylene on an order-by-order basis. The principal terms of such purchase agreements include:

- *Purchase order* We specify the quantity and product specifications of the electrical grade polypropylene we need in the agreements.
- *Pricing* The unit prices and aggregate purchase price of the electrical grade polypropylene are specified in the agreements, reflecting the negotiations between our suppliers and us. Any changes to the prices shall require mutual consent and be confirmed in writing.
- *Payment method* We primarily make advance payments through bank transfers.
- *Delivery term* The expected delivery location and date as specified in the agreements.
- *Product warranty* The supplier is responsible for the quality of the goods, with liability capped at the total price of the goods. We are obligated to inspect the goods and, in the event of any defects, provide evidence of such defects within 30 days after the goods arrive at the port of destination.

Suppliers of manufacturing equipment

During the Track Record Period, our manufacturing equipment suppliers were mainly located in China. The manufacturing equipment we procured from our major suppliers primarily included manufacturing equipment used for the production lines for capacitor films, including (i) extruders, (ii) die heads, (iii) longitudinal stretching machines, (iv) transverse stretching machines, (v) pull roll stand, (vi) winding machines and (vii) slitting machines. For usage of such manufacturing equipment, see “Manufacturing—Self-design and Development of Production Lines”. We typically enter into individual purchase agreements with manufacturing equipment providers. The key terms of such agreements include:

- *Purchase order* We specify the quantity and specifications of the manufacturing equipment and related production lines we need.
- *Pricing* The price is specified in the agreements.

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- *Payment method* We generally make payments through four installments and set up the respective percentage of payment generally ranging from 5% to 50% for each installment:
 - *First initial payment*: upon signing the agreement;
 - *Second payment*: after a specified period following the signing of the agreement;
 - *Third payment*: before shipment; and
 - *Fourth payment*: upon acceptance of the equipment.
- *Delivery term* The suppliers are responsible for delivering the equipment to our factory.
- *Product warranty* The suppliers are responsible for the quality of the equipment, with a standard warranty period of one year. If the equipment is damaged due to our reasons, suppliers shall provide repairs or replacements at our expense.

Major suppliers

In 2022, 2023, 2024 and the five months ended May 31, 2025, purchases from our five largest suppliers in each year or period of the Track Record Period amounted to RMB195.9 million, RMB165.1 million, RMB290.7 million and RMB167.5 million, respectively, representing 90.4%, 78.6%, 89.9% and 74.4% of our total purchases for the respective years or periods, respectively. In addition, purchases from our largest supplier in each year or period of the Track Record Period accounted for 73.3%, 45.3%, 46.5% and 48.2% of our total purchases in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively.

Save as in 2022 when we procured polypropylene through our connected person, Haiwei Petrochemical Co., Ltd. (海偉石化有限公司, “**Haiwei Petrochemical**”), all of our five largest suppliers were Independent Third Parties during the Track Record Period. For our transaction with Haiwei Petrochemical during the Track Record Period, see “—Overlapping Suppliers and Customers.”

None of our Directors and their respective associates or our Shareholders who owned more than 5% of our total issued Shares as of the Latest Practicable Date had any interest in any of our five largest suppliers during the Track Record Period.

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The following table sets forth the details of our five largest suppliers in each period during the Track Record Period:

For year ended December 31, 2022

Rank	Supplier	Background	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Payment method	Year of commencement of business relationship
			(RMB'000)					
1	Haiwei Petrochemical	A limited liability company primarily engaged in the production and distribution of petrochemical products for various industrial applications, established in Jing County, Hebei in 2013 with a registered capital of RMB2.7 billion	159,732	73.7%	Electrical grade polypropylene	Not specified	Bank acceptance bills or wire transfer	2014
2	State Grid Hebei Electric Power Co., Ltd. Jingxian Power Supply Branch (國網河北省電力有限公司景縣供電分公司)	Branch of a state-owned limited liability company primarily engaged in power distribution and supply, established in Jing County, Hebei in 2015	21,341	9.8%	Electric power	Monthly payment	Bank transfer	2009
3	Guangdong Chengsen Machinery Equipment Co., Ltd. (廣東程森機械設備有限公司)	A limited liability company primarily engaged in the design, manufacturing, and sales of industrial machinery and equipment, established in Guangdong in 2017 with a registered capital of RMB10 million	8,870	4.1%	Manufacturing equipment	By installments	Bank acceptance bills or wire transfer	2022
4	Zhejiang Huachuang Electromechanical Technology Co., Ltd. (浙江華創機電科技有限公司)	A limited liability company primarily engaged in the research, development and production of electromechanical equipment and components, established in 2012 with a registered capital of RMB50 million	3,880	1.8%	Manufacturing equipment	By installments	Bank acceptance bills or wire transfer	2022
5	Zhongde Roll Manufacturing (Suzhou) Co., Ltd. (中德制輥(蘇州)有限公司)	A Sino-German joint venture limited liability company primarily engaged in the manufacturing of industrial rollers used in manufacturing industries, established in Jiangsu in 2004 with a registered capital of USD16 million	2,100	1.0%	Manufacturing equipment	By installments	Bank acceptance bills or wire transfer	2022

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For year ended December 31, 2023

Rank	Supplier	Background	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Payment method	Year of commencement of business relationship
(RMB'000)								
1	Supplier A	A publicly listed joint-stock company established in South Korea in 1971, listed on the Korea Exchange, primarily engaged in the production of petrochemical products such as polypropylene and ethylene	95,204	45.3%	Electrical grade polypropylene	Prepayment	Letter of credit or bank transfer	2009
2	State Grid Hebei Electric Power Co., Ltd. Jingxian Power Supply Branch (國網河北省電力有限公司景縣供電分公司)	Branch of a state-owned limited liability company primarily engaged in power distribution and supply, established in Jing County, Hebei in 2015	20,930	10.0%	Electric power	Monthly payment	Wire transfer	2009
3	Haowei Electronic	A limited liability company primarily engaged in the production of electronic components and providing technology solutions for industrial applications, established in Anhui in 2021 with a registered capital of RMB7 million and its ultimate beneficial owner being Sun Juanjuan. It had 24 employees as of 2023.	19,483	9.3%	Coating services and metallized films ⁽¹⁾	Within 30 days	Acceptance bills	2023
4	Supplier B	A publicly listed joint-stock company listed on the Shanghai Stock Exchange, primarily engaged in the production of electronic materials and components, established in Anhui in 1996 with a registered capital of around RMB631 million	17,422	8.3%	Capacitor base films ⁽²⁾	Payment upon delivery of goods	Acceptance bills	2023
5	Supplier C	A limited company established in Singapore in 1998 with its parent company headquartered in the United Arab Emirates, primarily engaged in sales and marketing for its parent company and providing value-creating polymer solutions for the agriculture, infrastructure, energy, advanced packaging, automotive, and healthcare industries	12,055	5.7%	Electrical grade polypropylene	Prepayment	Letter of credit or bank transfer	2012

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For year ended December 31, 2024

Rank	Supplier	Background	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Payment method	Year of commencement of business relationship
(RMB'000)								
1	Supplier A	A publicly listed joint-stock company established in South Korea in 1971, listed on the Korea Exchange, primarily engaged in the production of petrochemical products such as polypropylene and ethylene	155,462	46.5%	Electrical grade polypropylene	Prepayment	Letter of credit or bank transfer	2009
2	Guangdong Chengsen Machinery Equipment Co., Ltd. (廣東程森機械設備有限公司)	A limited liability company primarily engaged in the design, manufacturing, and sales of industrial machinery and equipment, established in Guangdong in 2017 with a registered capital of RMB10 million	54,963	16.4%	Manufacturing equipment	By installments	Bank acceptance bills or wire transfer	2022
3	Haowei Electronic	A limited liability company primarily engaged in the production of electronic components and providing technology solutions for industrial applications, established in Anhui in 2021 with a registered capital of RMB7 million and its ultimate beneficial owner being Sun Juanjuan. It had 24 employees as of 2023.	41,240	12.3%	Coating services and metallized films ⁽¹⁾	Within 30 days	Acceptance bills	2023
4	State Grid Hebei Electric Power Co., Ltd. Jingxian Power Supply Branch (國網河北省電力有限公司景縣供電分公司)	Branch of a state-owned limited liability company primarily engaged in power distribution and supply, established in Jing County, Hebei in 2015	22,620	6.8%	Electric power	Monthly payment	Wire transfer	2009
5	Supplier C	A limited company established in Singapore in 1998 with its parent company headquartered in the United Arab Emirates, primarily engaged in sales and marketing for its parent company and providing value-creating polymersolutions for the agriculture, infrastructure, energy, advanced packaging, automotive, and healthcare industries	16,446	7.8%	Electrical grade polypropylene	Prepayment	Letter of credit or bank transfer	2012

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For the five months ended May 31, 2025

Rank	Supplier	Background	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Payment method	Year of commencement of business relationship
(RMB'000)								
1	Supplier A	A publicly listed joint-stock company established in South Korea in 1971, listed on the Korea Exchange, primarily engaged in the production of petrochemical products such as polypropylene and ethylene.	80,792	48.2%	Electrical grade polypropylene	Prepayment	Letter of credit or bank transfer	2009
2	Haowei Electronic	A limited liability company primarily engaged in the production of electronic components and providing technology solutions for industrial applications, established in Anhui in 2021 with a registered capital of RMB7 million and its ultimate beneficial owner being Sun Juanjuan.	16,177	9.7%	Coating services and metallized films ⁽¹⁾	Within 30 days	Acceptance bills	2023
3	Guangdong Chengsen Machinery Equipment Co., Ltd. (廣東程森機械設備有限公司)	AA limited liability company primarily engaged in the design, manufacturing, and sales of industrial machinery and equipment, established in Guangdong in 2017 with a registered capital of RMB10 million.	10,621	6.3%	Manufacturing equipment	By installments	Bank acceptance bills or wire transfer	2022
4	State Grid Hebei Electric Power Co., Ltd. Jingxian Power Supply Branch (國網河北省電力有限公司景縣供電分公司)	Branch of a state-owned limited liability company primarily engaged in power distribution and supply, established in Jing County, Hebei in 2015.	10,168	6.1%	Electric power	Monthly payment	Wire transfer	2009
5	Supplier C	A limited company established in Singapore in 1998 with its parent company headquartered in the United Arab Emirates, primarily engaged in sales and marketing for its parent company and providing value-creating polymersolutions for the agriculture, infrastructure, energy, advanced packaging, automotive, and healthcare industries.	6,822	4.1%	Electrical grade polypropylene	Prepayment	Letter of credit or bank transfer	2012

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Note:

- (1) For details about the coating services and metallized films provided by Haowei Electronic, see “—Our Products—Capacitor Films—Metallized films—Sources of metallized films we sold.”
- (2) In the five months ended May 31, 2025, we procured ultra-thin base films from Supplier B as the capacitor base films for the metallized films that we sold. This was primarily due to our relatively low production volume for ultra-thin base films. Specifically, our customers for metallized films primarily demand metallized films produced using ultra-thin base films, while we prioritized the production of thin base films during the Track Record Period and up to the Latest Practicable Date. See “—Our Products—Capacitor Films—Capacitor base films—Our strategic focus on thin base films.”

CUSTOMERS, SALES AND MARKETING

Major Customers

During the Track Record Period, all of our revenue was derived from our sales in the PRC. During the Track Record Period, our customers primarily included (i) film capacitor manufacturers and (ii) BYD. We acquired BYD as a customer through our acquisition of 51% equity interest in Ningguo Haiwei on December 31, 2022, as BYD has been purchasing metallized films from Ningguo Haiwei. During the Track Record Period, except for BYD, none of our major customers was a NEV manufacturer.

In 2022, 2023, 2024 and the five months ended May 31, 2025, our five largest customers in each period of the Track Record Period together generated RMB119.2 million, RMB115.1 million, RMB158.4 million and RMB157.1 million of revenues, respectively, accounting for 36.4%, 34.9%, 37.6% and 42.1% of our total revenue for the respective periods, respectively. In addition, revenues generated from our largest customer in each period of the Track Record Period accounted for 17.3%, 12.2%, 12.6% and 12.0% of our total revenues in 2022, 2023, 2024 and the five months ended May 31, 2025, respectively.

In 2022, we sold capacitor base films to our connected person, Ningguo Haiwei. We completed the acquisition of 51% equity interest in Ningguo Haiwei on December 31, 2022, after which Ningguo Haiwei became our non-wholly owned subsidiary. See “History, Development and Corporate Structure—Our Operating Entities and Corporate Development—Capital Increase, Equity Transfer and Acquisition of Ningguo Haiwei in October 2022” for details. Save as disclosed above, all of our five largest customers were Independent Third Parties during the Track Record Period.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. None of our Directors and their respective associates, or Shareholders who owned 5% or more of the total issued Shares as of the Latest Practicable Date had any interest in any of our five largest customers during the Track Record Period.

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The following table sets forth the details of our five largest customers in each period during the Track Record Period:

For year ended December 31, 2022

Rank	Customer	Background	Sales Amount	Percentage of total revenue	Type of product/ services purchased	Credit terms	Payment method	Year of commencement of business relationship
(RMB'000)								
1	Ningguo Haiwei	A limited liability company primarily engaged in the production of electronic components and devices, established in Anhui in 2010 with a registered capital of RMB5 million	56,636	17.3%	Capacitor base films	Within 35 days	Acceptance bills	2010
2	Anhui Saifu Electronics Co., Ltd. (安徽賽福電子有限公司)	A limited liability company primarily engaged in the design and manufacturing of electronic components for electrical and industrial applications, established in Anhui in 2007 with a registered capital of RMB30 million	21,050	6.4%	Capacitor base films	Prepayment	Acceptance bills	2014
3	Anhui Feida Electric Technology Co., Ltd. (安徽飛達電氣科技有限公司)	A limited liability company primarily engaged in the provision of electrical equipment and innovative solutions, established in Anhui in 2008 with a registered capital of RMB255 million	15,768	4.8%	Capacitor base films	Within 35 days	Acceptance bills	2016
4	Ningguo Yuhua Electric Appliance Co., Ltd. (寧國市裕華電器有限公司)	A limited liability company primarily engaged in the production of a wide range of electrical components used in industrial and commercial applications, established in Anhui in 2005 with a registered capital of around RMB14.7 million	13,286	4.1%	Capacitor base films	Within 35 days	Acceptance bills	2013
5	Anhui Yuanguang Electric Co., Ltd. (安徽源光電器有限公司)	A limited liability company primarily engaged in the production of electrical devices and components for multiple industries, established in Anhui in 2003 with a registered capital of RMB65 million	12,439	3.8%	Capacitor base films	Within 35 days	Acceptance bills	2011

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For year ended December 31, 2023

Rank	Customer	Background	Sales Amount	Percentage of total revenue	Type of product/ services purchased	Credit terms	Payment method	Year of commencement of business relationship
(RMB'000)								
1	Shenzhen BYD Supply Chain Management Co., Ltd. (深圳市比亞迪供應鏈管理有限公司) ⁽¹⁾	A wholly-owned subsidiary of BYD, primarily engaged in the management of supply chain logistics and procurement of automotive and electronic products for BYD, established in Shenzhen in 2013 with a registered capital of RMB3.5 billion	40,336	12.2%	Metallized films	Within 60 days	Acceptance bills	2023
2	Anhui Saifu Electronics Co., Ltd. (安徽賽福電子有限公司)	A limited liability company primarily engaged in the design and manufacturing of electronic components for electrical and industrial applications, established in Anhui in 2007 with a registered capital of RMB30 million	33,839	10.3%	Capacitor base films	Prepayment	Acceptance bills	2014
3	Ningguo Yuhua Electric Appliance Co., Ltd. (寧國市裕華電器有限公司)	A limited liability company primarily engaged in the production of a wide range of electrical components used in industrial and commercial applications, established in Anhui in 2005 with a registered capital of around RMB14.7 million	16,455	5.0%	Capacitor base films	Within 35 days	Acceptance bills	2013
4	Liaoning Yijin Electronics Co., Ltd. (遼寧億金電子有限公司)	A limited liability company primarily engaged in the manufacturing of electronic components and devices for multiple industrial applications, established in Liaoning in 2006 with a registered capital of around RMB20 million	12,475	3.8%	Capacitor base films	Within 30 days	Acceptance bills	2009
5	Anhui Feida Electric Technology Co., Ltd. (安徽飛達電氣科技有限公司)	A limited liability company primarily engaged in the provision of electrical equipment and innovative solutions, established in Anhui in 2008 with a registered capital of RMB255 million	12,027	3.6%	Capacitor base films	Within 35 days	Acceptance bills	2016

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For year ended December 31, 2024

Rank	Customer	Background	Sales Amount	Percentage of total revenue	Type of product/ services purchased	Credit terms	Payment method	Year of commencement of business relationship
(RMB'000)								
1	Shenzhen BYD Supply Chain Management Co., Ltd. (深圳市比亞迪供應鏈管理有限公司) ⁽¹⁾	A wholly-owned subsidiary of BYD, primarily engaged in the management of supply chain logistics and procurement of automotive and electronic products for BYD, established in Shenzhen in 2013 with a registered capital of RMB3.5 billion	53,123	12.6%	Metallized films	Within 60 days	Acceptance bills	2023
2	Anhui Saifu Electronics Co., Ltd. (安徽賽福電子有限公司)	A limited liability company primarily engaged in the design and manufacturing of electronic components for electrical and industrial applications, established in Anhui in 2007 with a registered capital of RMB30 million	41,851	9.9%	Capacitor base films	Within 30 days	Acceptance bills	2014
3	Faratronic	A limited liability company listed on the Shanghai Stock Exchange (SSE: 600563), primarily engaged in the production of film capacitors serving industrial, automotive, and consumer electronics industries worldwide, established in Xiamen in 1998 with a registered capital of RMB225 million	27,723	6.6%	Capacitor base films	Within 60 days	Acceptance bills	2022
4	Ningguo Yuhua Electric Appliance Co., Ltd. (寧國市裕華電器有限公司)	A limited liability company primarily engaged in the production of a wide range of electrical components used in industrial and commercial applications, established in Anhui in 2005 with a registered capital of around RMB14.7 million	20,960	5.0%	Capacitor base films	Within 30 days	Acceptance bills	2013
5	Liaoning Yijin Electronic Co., Ltd (遼寧億金電子有限公司)	A limited liability company primarily engaged in the manufacturing of electronic components and devices for multiple industrial applications, established in Liaoning in 2006 with a registered capital of around RMB20 million	14,737	3.5%	Capacitor base film	Within 30 days	Acceptance bills	2010

BUSINESS

For the five months ended May 31, 2025

Rank	Customer	Background	Sales Amount	Percentage of total revenue	Type of product/ services purchased	Credit terms	Payment method	Year of commencement of business relationship
(RMB'000)								
1	Anhui Saifu Electronics Co., Ltd. (安徽賽福電子有限公司)	A limited liability company primarily engaged in the design and manufacturing of electronic components for electrical and industrial applications, established in Anhui in 2007 with a registered capital of RMB30 million	18,854	12.0%	Capacitor base films	Within 30 days	Acceptance bills	2014
2	Shenzhen BYD Supply Chain Management Co., Ltd. (深圳市比亞迪供應鏈管理有限公司) ⁽¹⁾	A wholly-owned subsidiary of BYD, primarily engaged in the management of supply chain logistics and procurement of automotive and electronic products for BYD, established in Shenzhen in 2013 with a registered capital of RMB3.5 billion	17,293	11.0%	Metallized films	Within 60 days	Acceptance bills	2023
3	Faratronic	A limited liability company listed on the Shanghai Stock Exchange (SSE: 600563), primarily engaged in the production of film capacitors serving industrial, automotive, and consumer electronics industries worldwide, established in Xiamen in 1998 with a registered capital of RMB225 million	17,060	10.9%	Capacitor base films	Within 60 days	Acceptance bills	2022
4	Ningguo Yuhua Electric Appliance Co., Ltd. (寧國市裕華電器有限公司)	A limited liability company primarily engaged in the production of a wide range of electrical components used in industrial and commercial applications, established in Anhui in 2005 with a registered capital of around RMB14.7 million	7,506	4.8%	Capacitor base films	Within 30 days	Acceptance bills	2013
5	Liaoning Yijin Electronic Co., Ltd (遼寧億金電子有限公司)	A limited liability company primarily engaged in the manufacturing of electronic components and devices for multiple industrial applications, established in Liaoning in 2006 with a registered capital of around RMB20 million	5,426	3.5%	Capacitor base films	Within 30 days	Acceptance bills	2010

Note:

- (1) Shenzhen BYD Supply Chain Management Co., Ltd. usually settle their balance with us through commercial acceptance bills that mature in six months.

Overlapping Suppliers and Customers

Ningguo Haiwei and Haiwei Petrochemical

To the best knowledge and belief of our Directors, in 2022, one of our major suppliers, Haiwei Petrochemical, and one of our major customers, Ningguo Haiwei, were both controlled by the same person. As a result, these two entities were deemed as an overlapping supplier and customer:

- *Haiwei Petrochemical.* Haiwei Petrochemical was one of our top five suppliers in 2022, Haiwei Petrochemical was controlled by Mr. Song Junqing in 2022, who is the father of Mr. Song Wenlan. Mr Song Wenlan is one of our Controlling Shareholders. We generally procured electrical grade polypropylene directly from overseas suppliers prior to 2014. Before August 2021, we were a subsidiary of Haiwei Transportation. Under the arrangement of our parent company, starting from 2014, we engaged Haiwei Petrochemical to procure electrical grade polypropylene for us from overseas suppliers, primarily due to that (i) leveraging its access to a relatively large amount of foreign currency as our access to foreign currency was limited during this period and (ii) Haiwei Petrochemical provided payment arrangement in form of letters of credit, with a credit term of three months. We benefited from the arrangement, primarily because (i) Haiwei Petrochemical's access to foreign currency, allowing us to avoid the need to separately apply for foreign exchange for banks; and (ii) the arrangement saved our cost of communication and negotiation with overseas suppliers.

In early 2023, we started to procure electrical grade polypropylene on our own and the engagement of Haiwei Petrochemical for procurement of electrical grade polypropylene had been terminated, primarily because:

- (i) From August 2021, we have been no longer a subsidiary of Haiwei Transportation, and we applied for foreign currency from the banks in early 2022. In December 2022 we completed the banks' review process regarding foreign exchange and obtained foreign currency from the banks directly. The banks' review process lasted almost one year, primarily because (a) we made filings with multiple governmental departments as required by the laws and regulations, including the local Administration of Foreign Exchange, Bureau of Commerce and Customer, for approval of our application for foreign currency; and (b) the review process in 2022 was generally longer, primarily due to the impact of the covid-19 pandemic; and
- (ii) In early 2023, we completed discussion with the overseas suppliers regarding engagement and procurement terms prior to our procurement.

Starting from 2023, we obtained foreign currency primarily from local branches of two reputable state-owned banks in Jing County, Hebei Province where our Company is headquartered.

To the best knowledge of our Company, Haiwei Petrochemical did not benefit from the procurement of electronic grade polypropylene, primarily because the price at which Haiwei Petrochemical procured electrical grade polypropylene was generally equal to the price at which it sold the electrical grade polypropylene to us. Furthermore, according to CIC, the price of the electrical grade polypropylene procured by Haiwei Petrochemical and us was in line with the price procured by other peers within the industry. The Directors are of the view that our engagement of Haiwei Petrochemical to procure electrical grade polypropylene for us was conducted in the ordinary of course of business. CIC is of the view that the price of the electrical grade polypropylene procured by Haiwei Petrochemical and the Company were in line with those procured by other peers within the industry and the transactions were conducted on normal commercial terms. Based on the above Directors' view, CIC's view and independent due diligence work conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to cast doubt on the Directors' view and CIC's view that the price of the electrical grade polypropylene procured by Haiwei Petrochemical and the Company were in line with those procured by other peers within the industry and the transactions were conducted on normal commercial terms.

In January 2019, we entered into an entrusted procurement framework with Haiwei Petrochemical. Below is the summary of the salient terms of the entrusted procurement framework agreement with Haiwei Petrochemical:

- *Procurement.* Haiwei Petrochemical shall only make procurement from suppliers designated by us, with the quantity and price specified by us;
- *Review and approval of each procurement.* We shall review and approve purchase agreements before Haiwei Petrochemical enters into agreements with the relevant overseas suppliers; and
- *Cost of procurement.* We shall bear all costs associated with the procurement of electrical grade polypropylene and settle accounts with Haiwei Petrochemical at the end of each year.
- *Pricing.* Given the price of polypropylene is subject to market fluctuation, we typically issue order requests to Haiwei Petrochemical specifying quantities and prices, based on a comprehensive consideration of factors, including the procurement cycle, market prices and suppliers. Haiwei Petrochemical did not charge fees, interest or a mark-up in the price at which it sold electrical grade polypropylene to us.
- *Delivery.* Haiwei Petrochemical shall deliver the electrical grade polypropylene at the time and location specified by us.
- *Payment and settlement.* We conduct periodical accounts reconciliations, and payment shall be made upon mutual confirmation of the reconciliation statement.

BUSINESS

Our engagement of Haiwei Petrochemical to procure electrical grade polypropylene for us was a back-to-back arrangement.

In 2022, Haiwei Petrochemical primarily procured electrical grade polypropylene for us from Supplier A and Supplier C. In March 2023, we ceased our purchase from Haiwei Petrochemical and started to procure electrical grade polypropylene from Supplier A and Supplier C directly as we were able to access more foreign currency and make payment to overseas suppliers directly. The entrusted procurement framework agreement was terminated in 2023. As advised by our PRC Legal Advisor, the arrangement of using of Haiwei Petrochemical's foreign currency to procure on our behalf is based on *bona fide* and lawful commercial grounds, and is in full compliance with the applicable laws and regulations in the PRC.

In August 2024, we procured customized color steel plates used for our manufacturing facilities' rooftops of approximately RMB0.8 million from Haiwei Petrochemical. These color steel plates were procured by Haiwei Petrochemical from third-party suppliers. We procured such goods through Haiwei Petrochemical, primarily because our relatively small demand for customized color steel plates made it difficult to secure production directly from the color steel plates manufacturers, as they were unwilling to produce such a limited quantity. Haiwei Petrochemical was able to purchase large amount of such customized color steel plates due to its large-scale construction projects and substantial procurement volume of customized color steel plates. Our Directors are of the view that our procurement of customized color steel plates from Haiwei Petrochemical were carried out on arm's length basis primarily because: (i) to the best knowledge of our Company, Haiwei Petrochemical did not benefit from the sales of customized color steel plates to us, primarily because the price at which Haiwei Petrochemical procured customized color steel plates was generally equal to the price at which it sold the customized color steel plates to us; (ii) according to CIC, the price of the customized color steel plates sold by Haiwei Petrochemical to us was in line with the price procured by other peers within the industry; and (iii) our procurement of customized color steel plates from Haiwei Petrochemical was carried out under normal commercial terms and was a back-to-back arrangement. CIC is of the view that the price of the customized color steel plates procured by Haiwei Petrochemical and the Company were in line with those procured by other peers within the industry and the transactions were conducted on normal commercial terms. Based on the above Directors' view, CIC's view and independent due diligence work conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to cast doubt on the Directors' view and CIC's view that the price of the customized color steel plates sold by Haiwei Petrochemical to the Company was in line with the price procured by other peers within the industry and the procurement of customized color steel plates from Haiwei Petrochemical was carried out under normal commercial terms.

- *Ningguo Haiwei.* Ningguo Haiwei was one of our top five customers in 2022, to whom we sold capacitor base films. Prior to our acquisition of Ningguo Haiwei on December 31, 2022, it was controlled by Mr. Song Junqing in 2022.

BUSINESS

In 2022, our purchases from Haiwei Petrochemical represented 73.7% of our total purchases, and our sales to Ningguo Haiwei represented 17.3% of our total revenue.

The negotiations of the terms of arrangements with Haiwei Petrochemical and Ningguo Haiwei were conducted separately, and our purchase from Haiwei Petrochemical and sales to Ningguo Haiwei were neither inter-connected nor inter-conditional with each other. Our Directors confirm that (i) all of our purchases from Haiwei Petrochemical and sales to Ningguo Haiwei were carried out in the ordinary course of business, at market price, under normal commercial terms and on arm's length basis; and (ii) the salient terms of the transactions that we entered into with Haiwei Petrochemical and Ningguo Haiwei were similar to those that we entered into with other suppliers or customers.

Haowei Electronic

In 2023, 2024 and the five months ended May 31, 2025, one of our major suppliers, Haowei Electronic, was also our customer. Specifically:

- *As our supplier.* We started doing business with Haowei Electronic following our acquisition of Ningguo Haiwei on December 31, 2022. In 2023, 2024 and the five months ended May 31, 2025, we engaged Haowei Electronic to provide metallized films to us. For details about the provision of metallized films by Haowei Electronic, see “—Our Products—Capacitor Films—Metallized films—Sources of metallized films we sold.”
- *As our customer.* Haowei Electronic was our customer in 2023, 2024 and the five months ended May 31, 2025, during which periods we sold metallized films to Haowei Electronic. While the metallized films Haowei Electronic provided to us was mainly manufactured with ultra-thin base films, the metallized films we sold to Haowei Electronic were mainly manufactured with medium-thick base films. Haowei Electronics purchased metallized films manufactured with medium-thick base films from us, primarily because, to our Company's knowledge, the customers of Haowei Electronic have a demand for film capacitors used in industrial equipment and home appliances, and therefore, have strong demand for metallized films manufactured with medium-thick base films.

For details about end-use applications of capacitor base films with different thickness, see “—Our Products—Capacitor Films—Capacitor base films.” As a result, Haowei Electronics purchased metallized films manufactured with medium-thick base films from us occasionally when it faced limitation in production capacity.

In 2023, 2024 and the five months ended May 31, 2025, our purchases from Haowei Electronic represented 9.3%, 12.3% and 9.7% of our total purchases for the respective periods, respectively, and our sales to Haowei Electronic represented 2.4%, 9.8% and 1.1% of our total revenue for the respective periods, respectively.

BUSINESS

The negotiations of the terms of arrangements with Haowei Electronic as our supplier and our customer were conducted separately, and our purchase from and sales to Haowei Electronic were neither inter-connected nor inter-conditional with each other. Our Directors confirm that (i) all of our purchase from and sales to Haowei Electronic were carried out in the ordinary course of business, at market price, under normal commercial terms and on arm's length basis; and (ii) the salient terms of the transactions that we entered into with Haowei Electronic were similar to those that we entered into with other suppliers or customers.

Saved as disclosed above, during the Track Record Period and up to the Latest Practicable Date, there existed no relationships or dealings, including, without limitation, family, business, employment, trust, financing or otherwise, between Haowei Electronic and our Group, the respective shareholders, directors or senior management, or any of the respective associates.

Sales and Marketing

As of May 31, 2025, we had seven employees in sales and marketing, focusing on business development, customer service, brand promotion and sales contract management. We have established regional sales teams nationwide to enable direct communication with customers in each region. For leading market players, we have specific sales force working on their profiles and requests.

Direct sales

We have adopted the direct sales model. During the Track Record Period and up to the Latest Practicable Date, we did not engage any distributor and sold all of our products directly to our customers. Through direct sales, we have established close and direct connection with our customers and are able to gain firsthand understanding on customers' technologies and business development plans, propose technical solutions and product selection and help customers solve problems with efficiency. During the Track Record Period and up to the Latest Practicable Date, all of our customers were located in China.

We generally engage in short-term contracts with our customers. Our short-term contracts generally set out the pricing and product specifications which may incorporate the relevant industry standards, quantity, payment terms, packaging, date and means of delivery. The key terms of our sales contracts are as follows:

• <i>Pricing</i>	We specify the price of each product and service provided to customers in the sales agreements, including unit price and total price.
• <i>Specification</i>	We generally specify quantities and product specifications in the contract.
• <i>Delivery term</i>	We bear the costs and risks in the delivery process. We are typically responsible for delivering goods to customers using road transport or other suitable methods.

BUSINESS

- *Payment method* Bank transfer or acceptance
- *Credit term* We grant credit period to our customers according to their credit profile and historical performance. We typically grant credit terms of up to two months to eligible customers.
- *Product warranty* We ensure that our products comply with relevant national industry standards. Customers are required to promptly cease processing and contact us if any quality issues are identified.
- *Termination* The agreement is generally terminated once each party has fulfilled his obligations.

Product return policy

We generally accept sales returns for verified product defects for which we are responsible. According to CIC, our return policy is generally in line with industry norms. During the Track Record Period, the total value of our product return was insignificant.

In the event of product failure, we will undertake the necessary corrective actions, including replacement, refund and indemnification of purchaser's losses.

During the Track Record Period and up to the Latest Practicable Date, we did not receive (i) any fines, product recall orders or other penalties from the relevant competent authorities regarding material product quality issues, (ii) any material product returns from our customers, or (iii) any material complaints from consumers.

Pricing

We price our products based on various factors, including product specifications requested by customers, raw material costs, demand and supply of products in the market, order volume and market conditions. We also price our products based on market competition. For example, BYD places order for metallized films through a bidding process with its potential suppliers. From 2022 and up to the Latest Practicable Date, we adjusted downward our prices of metallized films sold to BYD to maintain our competitiveness in the bidding process, which was in line with industry trend, according to CIC. In addition, the average price of our ultra-thin base films decreased from RMB53.4 thousand per ton in 2022 to RMB40.8 thousand per ton in 2023, further decreased to RMB38.9 thousand per ton in 2024. According to CIC, our pricing for capacitor film products generally aligns with current market trends.

BUSINESS

We do not expect the price reduction trend in the capacitor film industry to have a material adverse impact on us, primarily because: (i) according to CIC, such trend was temporary, and the price of capacitor base film products have stabilized in 2025, mainly because the price of major raw material, electrical-grade polypropylene, has stabilized and downstream demand from sectors such as NEV and new energy electricity system remains resilient; and (ii) leveraging our ability to independently design and develop production lines for capacitor base films, we plan to launch four additional production lines for capacitor base films to enhance our production capacity, which is expected to bring us significant economies of scale and cost advantages. See “Business—Our Strategies—Enhance our production capacity to meet increasing market demand.”

In general, our pricing strategy aligns with pricing fluctuations, trends of raw material prices and demand and supply of products in the market to mitigate the impact of raw material price volatility. Currently, our products are in short supply in the market. See “Financial Information—Review of Historical Results of Operations—Revenue” for average selling price of our main products.

Marketing

Leveraging extensive market experience, we have developed deep understanding of the demands and preferences in the capacitor film market. Our focus lies in delivering cost-effective, high-value products while setting competitive prices based on market supply and demand dynamics, as well as the competitive landscape, to directly serve our customers.

In each region, our sales managers maintain responsive communication with clients, conducting regular follow-ups to address concerns promptly and strengthen customer satisfaction and loyalty. Additionally, our regional sales managers visit key clients monthly to gain deeper insights into the challenges and pain points of capacitor film processing. This enables us to provide tailored solutions that strengthen partnerships.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We have established an operational and management system. This system aims to coordinate our supply chain to optimize resource allocation across order processing, procurement, manufacturing, shipping, and related functions.

Warehousing

As of May 31, 2025, we operated eight warehouses to store raw materials and finished products. Our warehouses are equipped with ERP system, enabling real-time monitoring of the (i) quality status, (ii) storage conditions, (iii) precise traceability and (iv) operational processes of both raw materials and products. Our warehouses are outfitted with safety equipment, including fire prevention systems, to ensure the secure storage of raw materials and products.

Logistics

Our logistics team is responsible for (i) the receipt of our raw materials at the port from the delivering party and (ii) coordinating with third-party logistics service providers to transport our products to customers.

We select logistics service providers through multiple criteria, including collaboration track record, price and business scale. We particularly value key factors such as cost-efficiency, transportation capacity, and timeliness in delivery. This evaluation approach helps ensure that logistics services remain highly efficient and reliable, effectively supporting the production and operational needs of our Company. Our arrangement with the third-party logistics service providers allows us to respond to our customers in a fast and efficient method, and reduce the risk of encountering traffic accidents, delivery delays and losses. Risks relating to transportation and delivery are transferred to the logistics service providers once they confirm the receipt of the products to be delivered.

Inventory Control

Our inventories primarily include (i) raw materials and consumables, (ii) work in progress and (iii) finished products. Please see “Financial Information—Selected Balance Sheet Items—Net Current Assets/Liabilities—Inventories.” To align our products with evolving market demand and prevent inventory obsolescence, we have implemented the following measures to optimize our inventory levels:

- *Material Receipt.* We implement meticulous procedures during material receipt to verify quality and quantity. We conduct rigorous inspections before accepting materials. After ensuring they meet our quality standards, we verify their specifications, quantities, and other relevant details based on written records. Once we confirm the details, we record the materials in our ERP system according to the entry sheets.
- *Material Storage.* We have deployed various measures to maintain optimal storage conditions, including environmental controls and safety measures. We designated storage areas based on the category, nature and volume of the inventory. We conduct periodic inventory checks to monitor inventory status. In addition, aging analysis is performed to identify deteriorated or obsolete items, enabling proactive adjustments.
- *Material Release.* We have implemented procedures during material dispatch to verify quantities and ensure that all dispatched materials align with our inventory records. We cross-check the materials with the dispatch orders and invoices before releasing them. We also utilize our ERP system to maintain records of stock movements. Additionally, our sales and logistics teams coordinate closely to ensure accurate delivery and timely updates in our ERP system.
- *Proactive Inventory Management.* We monitor market trends and stock key raw materials, particularly electrical grade polypropylene, in advance to address potential supply fluctuations. By aligning inventory levels with customer demand forecasts, we optimize production schedules and minimize inventory obsolescence risks.

COMPETITION

The capacitor film market in China is competitive and concentrated. According to CIC, the top five companies, including us, accounted for 61.6% of the market share in capacitor base film sales volume in 2024, and the percentage is expected to rise in the future. The key competitive factors in our market, according to CIC, include rapid expansion capability, technical expertise and intellectual property, integrated supply chain, scale and operational efficiency, and customer relationships and approval. Leading players, particularly those that have the capability to independently design and develop production lines for capacitor base films, can rapidly expand production capacity to meet growing market demand and increasing their market share.

In comparison to our competitors, we have the ability to independently design and develop capacitor base film production lines, providing a solid foundation for our capacity expansion and cost control. Furthermore, we have maintained cooperative relationships with industry-leading customers such as Faratronic, BYD, and Nantong Jianghai Electronic Power Co., Ltd (南通新江海動力電子有限公司). We believe that such advantages position us favorably in the competitive environment and will enhance our position in the market.

INFORMATION TECHNOLOGY

We believe that information technology is essential to maintain our competitive position. We utilize the ERP system to manage our operations, primarily including sales management, raw material procurement, production, warehousing inventory management and financial reporting. We employ the ERP system to integrate business information and intelligence to facilitate management.

The capabilities and the stability of our IT infrastructure are vital to our business operations. The IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any malware attacks, material failure or general breakdown of our IT systems which had resulted in a material adverse impact on our overall business operations.

INSURANCE

We maintain insurance policies that we consider to be consistent with market practices and adequate for our business. Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China.

BUSINESS

We do not maintain any product liability insurance, which is not mandatory under PRC laws and is in line with the industry practice. According to CIC, it is not uncommon in the capacitor film industry for companies to operate without maintaining product liability insurance. During the Track Record Period, we had not made, neither had we been the subject of, any insurance claims which are of a material nature to us. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors—Risks Relating to Our Business and Industry—Our insurance may not sufficiently cover, or may not cover at all, any losses or liabilities we may encounter.”

EMPLOYEES

As of May 31, 2025, we had a total of 237 full-time employees. All of our employees were based in China during the Track Record Period. The table sets forth a breakdown of our employees by function as of May 31, 2025:

Function	Number of Employees	Percentage of Total
		(%)
Manufacturing	145	61.2
R&D and quality control	27	11.4
Sales and marketing	7	2.9
Procurement, warehousing and logistics	19	8.0
Finance and administrative	39	16.5
Total	237	100.0

We enter into standard employment agreements and employee confidentiality agreements with our employees. These agreements address key matters such as confidentiality, intellectual property rights, employment, commercial ethics and non-competition. The non-competition and confidentiality provisions remain effective both during and after their employment with us. These agreements are designed to protect our intellectual property and market position by ensuring that sensitive information and expertise remain in our possession.

We recognize that a skilled workforce is fundamental to our sustained growth and competitive edge. We place significant emphasis on attracting, developing and retaining talent. Accordingly, we have devoted resources to comprehensive recruitment and training. Specifically, our structured recruitment programs are conducted in partnership with specialized recruiting firms and other third-party platforms. We have also implemented an internal referral policy to draw qualified talent to our team. We provide internal training programs about safety, production and technology to our employees periodically to enhance their safety awareness, strengthen their technical know-how and consolidate their knowledge and expertise for the industry.

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We participate in multiple government-mandated employee benefit plans, including social insurance plans covering pension, medicine, unemployment, work-related injury and maternity insurance, as well as housing provident funds, in accordance with applicable law and regulations.

None of our employees are currently represented by labor unions. We believe that we maintain good working relationships with our employees, and we did not experience any material labor shortage, labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

As of the Latest Practicable Date, we owned one property and leased two properties in China.

Owned Properties

As of Latest Practicable Date, we held real property right to one property, which included (i) one land parcel in Hebei Province, China, with an aggregate site area of 75,608.12 sq.m., and (ii) one building with an aggregate GFA of 79,165.18 sq.m.. Such property was mainly used as our office space, factories and warehouses. As of the Latest Practicable Date, we had obtained the real property ownership certificate for the land parcel and building we owned.

Lease Properties

As of the Latest Practicable Date, we leased two properties in China, which included (i) one building in Hebei Province used as our warehouses, with an aggregate GFA of 3,710 sq.m., and (ii) one building in Anhui Province used as factories and office space, with an aggregate GFA of 1,612.5 sq.m.. Our leases generally have a term ranging from three to five years.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the date of this prospectus, we had not obtained the registration of lease agreement for our leased property in Hebei Province, China. The failure of registration was primarily due to lack of cooperation from our lessor. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreement within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As advised by our PRC Legal Advisors, the lack of registration of the lease agreement does not affect the validity of such lease agreement.

BUSINESS

We undertake to cooperate fully to facilitate the registration of lease agreement once we receive any requirements from relevant government authorities. To minimize the potential negative impact of the non-registered lease on our operations, we have taken all practicable and reasonable steps to ensure that the lease agreement can be properly and duly registered with competent authorities, including making continuous communication with the lessor to facilitate cooperation in completing the registration process. During the Track Record Period and up to the Latest Practicable Date, we did not experience any dispute arising out of our leased properties. For details of risks related to our leased properties, see “Risk Factors—Risks Relating to Our Business and Industry—We may face penalties for the non-registration of our lease agreements.”

Property Valuation

As of the Latest Practicable Date, no single property interest forming part of our Group’s property activities had a carrying amount of 1% or more of our total assets and no single property interest forming part of our Group’s non-property activities had a carrying amount of 15% or more of our total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We recognize environmental, social and governance (“ESG”) as an integral part of our core corporate philosophy and integrate ESG in our business operations, aiming to create sustainable value for all stakeholders, including our customers, suppliers and partners, and foster enduring and positive impacts on the communities affected by our operations.

ESG Governance

We have established an ESG management structure with clear responsibilities and formulated the “Environmental, Social and Governance (ESG) Management Measures” to ensure the effective implementation of our ESG initiatives. Our Board of Directors is responsible for (i) discussing, assessing and approving key ESG matters such as our ESG goals, management policies and strategies, and annual ESG reports; and (ii) reviewing the progress and performance of our ESG-related goals. We have set up an ESG working group to assist our Board of Directors in the implementation of ESG-related matters. The ESG working group is responsible for (i) organizing and coordinating ESG work of various functions of our Company to promote the achievement of ESG goals; (ii) regularly reviewing and reporting to our Board of Directors on the progress and performance of specific ESG matters; (iii) identifying and assessing the actual and potential impacts of ESG-related risks and opportunities on our business, strategy, and financial performance; and (iv) incorporating important ESG issues into our business development and financial planning, committed to promoting the integration of ESG into the Company’s daily operations and management.

BUSINESS

The following table sets forth our governance of supply chain, technology, reputation and climate-related risks and the management of such risks and opportunities during the Track Record Period:

Category of Risk	Duration of Impact	Potential Impact and Our Strategies
Supply chain	Long term	Ensuring the stability and sustainability of our supply chain is critical to our business operations. The primary supply chain risk we face relates to the sustainable supply of key raw materials. It is essential that these materials remain continuously available at reasonable cost. To address this, we are committed to continuously optimizing our supply chain management to meet business needs and respond to market expectations. We continue to enhance our supplier management system and have established policies such as the procurement management policy and the supplier management policy to regulate supplier oversight. During the supplier selection and onboarding process, we incorporate ESG performance into our due diligence criteria. Potential suppliers are assessed based on factors including product quality, delivery capabilities, operational performance, and regulatory compliance. In addition, we give preference to suppliers that have obtained recognized certifications in areas such as quality and environmental management.

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Category of Risk	Duration of Impact	Potential Impact and Our Strategies
Technology	Long term	Maintaining R&D capabilities and ensuring product quality and safety are critical to our manufacturing operations. The technology-related risks we face primarily involve research and development, product quality, and safety. With respect to research and development, there is no assurance that our efforts in the independent design and development of production lines will be successful in the future. We may be unable to secure sufficient resources – including qualified R&D personnel and financial support – to sustain the development of our production lines. In terms of product quality and safety, our products may contain defects that are difficult to detect and rectify. We may be unable to identify or correct such defects in a timely manner, or at all, which could result in increased recall costs, negative publicity, reputational damage, and impaired customer relationships. As a result, our business, financial condition, and operating results may be adversely affected. We continue to strengthen our R&D and innovation by increasing investment in research and development, cultivating professional talent, optimizing product design, enhancing quality control, and improving production technologies. These efforts are aimed at mitigating technology-related risks, ensuring high product quality and safety, maintaining customer trust, and supporting the Company's long-term and stable growth. We continue to strengthen our commitment to product quality and safety by establishing and improving internal product quality management systems. We strictly implement quality standards, assign clear quality responsibilities, and enforce corresponding performance evaluation measures. Leveraging our technical capabilities, we have also optimized and upgraded certain core production equipment during the design and development of our production lines, further enhancing product quality.

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Category of Risk	Duration of Impact	Potential Impact and Our Strategies
Climate change	Long term	Global warming presents a wide range of risks to our business operations. We actively identify and monitor climate-related risks and opportunities that could impact our business, strategy, and financial performance. In terms of physical risks, extreme weather events such as heavy rainfall and flooding caused by global climate change may lead to the depreciation of our fixed assets and potential workforce losses. Furthermore, with the rise in sea levels and the warming of the climate due to the greenhouse effect, our production energy consumption is expected to increase, which could affect the stability of our equipment and supply systems. To address these risks, we proactively adjust our production plans based on weather warnings and implement energy-saving and emission reduction measures to mitigate the impact of physical risks. In terms of transition risks, the ongoing evolution of policies and regulations, along with stricter regulatory oversight on carbon emissions, exposes us to increased regulatory pressure and litigation risks. This may result in higher costs due to the need to update energy-saving equipment and conduct training on policies and regulations. The growing demand for clean technologies in the context of a low-carbon economy could also lead to increased R&D investments in clean energy and low-carbon technologies. Furthermore, the rising concern among stakeholders, including market clients and end consumers, regarding corporate responses to climate change may pose reputational risks for companies that have not implemented climate actions. This could damage corporate image and reputation, affecting market competitiveness. As a result, we will continue to monitor industry policies, actively assess market demand and consumer preferences, increase investments in energy-saving and emission-reduction initiatives, and enhance communication with stakeholders to mitigate potential transition risks.

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Category of Risk	Duration of Impact	Potential Impact and Our Strategies
Reputation	Long term	Effective reputation management plays a critical role in ensuring the sustainable development of a company. Meanwhile, a company's ESG performance is closely linked to its reputation and brand image. Poor ESG performance may result in reputational damage, which could adversely affect the company's business operations and financial results. We place significant emphasis on improving our ESG performance, actively responding to the expectations and demands of various stakeholders, and are committed to building a responsible corporate image. In terms of reputation risk management, we adopt a comprehensive approach that includes prevention, real-time monitoring, immediate response, and post-event remediation. For risk events of varying severity, the company ensures a rapid response led by relevant departments, such as the operations and public relations teams, to promptly control the situation and minimize potential impacts on the company and its business operations.

We value stakeholders' expectations and demands and will further improve our ESG governance structure and enhance our ESG management. We will continuously optimize our risk identification and assessment procedures after the Listing, enhance our risk management capabilities, and disclose ESG reports regularly in accordance with the requirements of regulatory authorities.

ESG Materiality Assessment and Risk Management

We consider ESG materiality assessment and the identification and management of ESG-related risks are crucial to our ESG management and sustainable operations. We focus on stakeholder expectations on corporate ESG issues. Through a benchmarking analysis of ESG information disclosure among industry peers, and by comprehensively considering the importance of ESG issues to both corporate development and stakeholders, we prioritize ESG issues to identify the relatively important ones, and incorporate these ESG issues into our ESG management policies and strategies. Referring to the Environmental, Social, and Governance Reporting Guide of the Hong Kong Stock Exchange, and considering industry development trends and our business dynamics, we have identified material ESG issues and risks that have a significant impact on our business development and are of concern to stakeholders.

We have identified climate-related risks and opportunities by examining relevant policies and internal operations, assessed their potential impact on various aspects of our operations and development, and developed appropriate countermeasures.

- **Physical risks.** Extreme weather events such as heavy rains and floods caused by global climate change may lead to the depreciation of our fixed assets and loss of labor. Additionally, sea level rises, climate warming, and other greenhouse effects may increase our production energy consumption, potentially destabilizing the supply of our manufacturing equipment and facilities. To address these issues, we proactively adjust our production plans in response to weather warnings and implement energy-saving and emission-reduction measures to mitigate the impacts of physical risks.
- **Transition risks.** With the continuous evolution of policies and regulations, more stringent government regulations on the verification of carbon emissions exposes us to increased regulatory pressure and litigation risk. Moreover, it may lead to additional expenses for updating energy-saving equipment and conducting training on policies and regulations. In the context of low carbon, the growing demand for cleaner technologies requires us to invest more in R&D in clean energy and low carbon technologies. Additionally, heightened concern from market customers, end-use consumers, and other stakeholders about response to climate change could impact the image and reputation of companies without climate actions. Therefore, we will continue to monitor industry policies, proactively gain insights into market demands and consumer preferences, and increase investment in energy conservation and emission reduction to cope with potential transition risks.

- **Potential opportunities.** As sustainability gains more recognition, customers and end-use consumers are increasingly preferring environmentally friendly products. We will increase R&D investment around core areas, and integrate the concepts of environmental protection and low carbon into our business model and business development. This showcases to stakeholders our proactive actions to address climate change and helps us build a responsible corporate image and capture more market opportunities.

In 2022, 2023, 2024 and the five months ended May 31, 2025, our environmental compliance costs were RMB30,000, RMB30,000, RMB771,000 and RMB18,000, respectively. During the Track Record Period, we did not experience any significant ESG-related risk events, including events related to natural disasters, that resulted in a material adverse impact on our overall business operations, and have not been subject to any penalties for violations of occupational health and safety, social or environmental laws and regulations.

Environment Protection

Environment management

We integrate the environmental protection concept of “source control, resource synergy, comprehensive collection, and building a green future (源頭控制、資源綜效、應收盡收、共築綠色未來)” into our production and business operations. We strictly abide by laws and regulations such as the Environmental Protection Law of the PRC and applicable environmental protection standards, develop internal management systems, including the Environmental Protection Reward and Punishment System (《環保獎懲制度》) and the Corporate Environmental Protection Concept (《企業環保理念》). We continuously working on enhancing our environmental management system and obtained ISO 14001 certification. We are also committed to minimizing the impact of our production and operations on the ecology, environment, and natural resources.

Responding to Climate Change

“Source control, resource synergy, comprehensive collection, and building a green future” is the concept of our environmental protection. Green, low-carbon, and sustainable development is the direction and goal that we strive for together with all parties. We actively respond to climate change through various measures such as saving electricity, reducing energy consumption, and prioritizing the use of new energy vehicles as official vehicles to reduce carbon emissions. Our goal is to continuously reduce carbon emissions by improving resource utilization efficiency and reducing energy use, in an effort to facilitate the realization of the “dual—carbon” goals. We plan to reduce the density of greenhouse gas emissions by 5% in 2027 compared to the base year 2024.

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The following table sets forth our greenhouse gas emissions during the Track Record Period:

Metric	Unit	For the year ended December 31,			For the five months ended May 31,
		2022	2023	2024	2025
GHG emissions (Scope 1 + Scope 2 + Scope 3)	tons of CO ₂ e	17,375	16,290	20,707	8,790
GHG emission intensity	tons of CO ₂ e/RMB10,000 of revenue	0.53	0.49	0.58	0.56
Scope 1 GHG emissions ⁽¹⁾	tons of CO ₂ e	25	31	39	11.92
Scope 1 GHG emissions intensity	tons of CO ₂ e/RMB10,000 of revenue	0.0008	0.0010	0.0011	0.0008
Scope 2 GHG emissions ⁽²⁾	tons of CO ₂ e	17,337	16,231	20,624	8,763
Scope 2 GHG emissions intensity	tons of CO ₂ e/RMB10,000 of revenue	0.53	0.49	0.58	0.56
Scope 3 GHG emissions ⁽³⁾	tons of CO ₂ e	13.51	28.07	44.78	14.99
Scope 3 GHG emissions intensity	tons of CO ₂ e/RMB10,000 of revenue	0.0004	0.0009	0.0013	0.0010

Notes:

- (1) Scope 1 GHG emissions are primarily from the consumption of direct energy (including gasoline and natural gas) in our operations, which is lower than industry average indicator.
- (2) Scope 2 GHG emissions are primarily from the consumption of indirect energy (purchased or acquired electricity) in our operations. The data refers to the Reporting Guidance on Environmental KPIs of the Hong Kong Stock Exchange, and the GHG emission factor for purchased electricity refers to the national grid average emission factor for 2022, which is lower than industry average indicator.
- (3) Scope 3 GHG emissions are primarily from business aviation, high-speed rail, and private vehicle travel. The data refers to the Reporting Guidance on Environmental KPIs of the Hong Kong Stock Exchange, and the related emission coefficients refer to the emission coefficients of respective transports in the China Products Carbon Footprint Factors Database.

Our resource GHG emissions are significantly lower than the disclosed data of our industry peers. In terms of resource use, both our electricity and water consumption per unit of output are lower than those of our peers in the industry.

Our greenhouse gas (GHG) emissions are lower than the disclosed figures of our industry peers. Based on publicly available information, the average Scope 1 GHG emission intensity of industry peers in 2022, 2023, and 2024 was 1.65 tons of CO₂ equivalent per RMB10,000 of revenue, 1.81 tons of CO₂ equivalent per RMB10,000 of revenue, and 2.46 tons of CO₂ equivalent per RMB10,000 of revenue, respectively. The average Scope 2 GHG emission intensity for the same periods was 0.64 tons of CO₂ equivalent per RMB10,000 of revenue, 0.66 tons of CO₂ equivalent per RMB10,000 of revenue, and 0.62 tons of CO₂ equivalent per RMB10,000 of revenue, respectively. In 2024, the average Scope 3 GHG emission intensity of industry peers was 0.54 tons of CO₂ equivalent per RMB10,000 of revenue.

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In terms of resource utilization, our electricity and water consumption intensity is also lower than that of industry peers. According to publicly available information, the average electricity consumption intensity of industry peers in 2022, 2023, and 2024 was 1,161.49 kWh per RMB10,000 of revenue, 1,298.01 kWh per RMB10,000 of revenue, and 1,300.75 kWh per RMB10,000 of revenue, respectively. The average water consumption intensity was 5.74 tons per RMB10,000 of revenue, 5.53 tons per RMB10,000 of revenue, and 6.03 tons per RMB10,000 of revenue, respectively. The average packaging material consumption intensity was 0.02 tons per RMB10,000 of revenue in 2022, 2023, and 2024.

Emissions management

We comply with laws and regulations such as Environmental Protection Law of the PRC, Law of the PRC on Prevention and Control of Atmospheric Pollution Law of the PRC on the Prevention and Control of Water Pollution, and Law of the PRC on Noise Pollution Prevention and Control. We take various measures to improve the operation and management of environmental protection facilities to reduce the impact on the environment.

We comprehensively collect the small amounts of domestic wastewater generated during production and operations, discharging it into the municipal sewage network or achieving resource utilization. The extrusion process in our production technology involves the emission of a small amount of waste gas, non-methane hydrocarbon. Such waste gas was discharged through the exhaust stack after being adsorbed by a two-stage activated carbon system. In 2022, 2023, 2024 and the five months ended May 31, 2025, our waste gas emissions were 0.37 tons, 0.26 tons, 0.24 tons and 0.10 tons, respectively, all of which meets the emission standards. Our goal is to continuously ensure that 100% of our exhaust gas emissions meet the standards.

In the production process, based on the principle of collecting all waste available, we recycle and reprocess waste films thoroughly, without significant waste generated. At the product design stage, taking into consideration the environmental impact of products and by-products, we adopt the approach of making the most of resources and reusing by-products to optimize product design. We focus on the resource-based utilization of waste and actively build a circular-economy system. During our operations, only a small amount of harmless waste such as domestic garbage is generated, and all of it is handed over to qualified third-parties for disposal.

Energy management

We comply with laws and regulations such as the Energy Law of the PRC, Energy Conservation Law of the PRC, and the Electric Power Law of the PRC. We improve energy efficiency through means like energy-saving equipment upgrades and optimization of production plans.

- **Electricity Consumption.** We advocate for green office practices and reduce energy consumption by installing intelligent daylighting systems, rationally planning the lighting layout in office areas, and setting office electrical equipment to energy-saving modes. We organize environmental protection publicity and education activities to raise employees' environmental awareness, encouraging them to develop the habit of turning off equipment power when leaving. In 2022, 2023, 2024 and the five months ended May 31, 2025, our electricity consumption was 32,308,724 kWh, 30,247,654 kWh, 38,434,092 kWh and 16,331,506 kWh, respectively, and our electricity consumption density was 988 kWh per RMB10,000 of revenue, 918 kWh per RMB10,000 of revenue, 911 kWh per RMB10,000 of revenue and 1,039 per RMB10,000 of revenue, respectively. We will continue to improve energy efficiency and plan to achieve a 5% decrease in electricity consumption density in 2027 compared to 2024.
- **Water Consumption.** In the production process, we recycle cooling water through our industrial circulating water system, and formulate maintenance plans for water-using equipment to reduce water waste caused by equipment problems. We collect and separate non-potable water, which is then used for purposes such as watering green plants and flushing toilets, so as to improve the efficiency of water resource utilization. In 2022, 2023, 2024 and the five months ended May 31, 2025, our water consumption was 4,724 tons, 4,728 tons, 4,275 tons and 1,522 tons, respectively, and our water consumption density was 0.14 tons per RMB10,000 of revenue, 0.14 tons per RMB10,000 of revenue, 0.10 tons per RMB10,000 of revenue and 0.10 per RMB10,000 of revenue, respectively. We aim to continuously promote water-saving measures to reduce water consumption density. We plan to decrease the water consumption density by 5% in 2027 compared to 2024.
- **Packaging Materials.** We pay attention to the development trends of new technologies and materials in the packaging materials industry. Considering our product characteristics, storage conditions and other factors, we gradually introduce more environmentally friendly packaging materials. We calculate the costs of various packaging materials, communicate with logistics partners to understand issues such as packaging damage and space utilization during the logistics process, optimize the packaging protection design, and reduce excessive packaging while ensuring product quality and safety.

To improve management on discharge of waste, exhaust gas, and wastewater, we have implemented the following specific measures, including:

- Improving production processes and equipment to increase raw material utilization and reducing waste generation during manufacturing.

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- Adopting comprehensive evaluations of production workflows to eliminate unnecessary steps and minimize waste.
- Establishing an advanced water recycling system to reuse cooling water, condensate, and other processed water.
- Installing categorized waste bins to facilitate subsequent recycling and proper disposal.
- Minimizing the use of disposable items such as single-use tableware, paper cups, and document envelopes while promoting the use of reusable alternatives like stainless steel utensils, glass cups, and reusable folders.
- Adopting advanced production technologies and techniques to improve energy efficiency and reduce exhaust gas emissions.
- Establishing a strict environmental management system to enhance monitoring and supervision of exhaust emissions, ensuring compliance with standards and continuously improving environmental protection measures.

Social Responsibility

Employment

We abide by laws and regulations such as the Labor Law of the PRC and the Labor Contract Law of the PRC, and formulate internal management systems including Employee Handbook (《員工手冊》), New Employee Onboarding Guide (《入職須知》), and Employee Work-related Instructions (《員工上崗須知》). We resolutely prohibit the employment of child labor and forced labor. All of our employees are of legal employment age. There is no incident of child labor or forced labor.

We are committed to fostering an equitable and non-discriminatory work environment. Any form of discrimination based on ethnicity, gender, age, or other factors is strictly prohibited in all recruitment processes. We continuously standardize recruitment management by designing a standardized interview process and evaluation system. Through scientific job analysis and talent assessment, we ensure that employees can integrate their personal values with our development goals.

Number of employees		As of December 31,			As of May 31,
		2022	2023	2024	2025
Total number of employees		260	259	236	237
By gender	Male	186	181	171	137
	Female	74	78	65	100
By age	30 or below	38	40	37	40
	31–50	144	130	126	121
	Above 50	78	89	73	76

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We maintain social insurance for our employees, offer them competitive compensation, benefits, and an incentive mechanism to ensure that their efforts are duly rewarded. We listen to diverse voices from employees, and set up a rational-suggestion box to collect their proposals. Every year, we conduct employee satisfaction surveys. Through questionnaires, we gather the opinions and suggestions of our employees and further improve the unsatisfactory aspects. We attach importance to building a positive corporate culture and good interpersonal relationships, creating a warm and harmonious working atmosphere to enhance our employees' sense of belonging and happiness.

Health and safety

We strictly adhere to relevant laws and regulations such as the Work Safety Law of the PRC and the Law of the PRC on the Prevention and Treatment of Occupational Diseases. Upholding the safety concept of “safety first, prevention first, comprehensive management, and nipping problems in the bud (安全第一，預防為主，綜合治理，防微杜漸)”, we have formulated systems including the Safety Management System for Fire, Explosion, Poisoning and Leakage Prevention (《防火、防爆、防毒、防洩漏安全管理制度》), the Regulations on Safety Helmet Management (《安全帽管理規定》), and the Regulations on Work Clothes Management (《工作服管理規定》). We continuously improve the occupational health management system and strengthen our work safety management. We have developed safety risk contingency plans to enhance our ability to prevent work-related accidents. By earnestly implementing the work safety responsibility system and work safety regulations, promptly investigating and rectifying potential safety hazards, and ensuring the integrity of fire-fighting equipment and emergency lighting equipment, we prevent the occurrence of safety accidents. We strengthen work safety education and training to raise employees' awareness of work safety, enable them to master safety skills, and improve their abilities to deal with emergency accidents. During the Track Record Period, we did not experience any accidents involving work-related injuries or fatalities.

Product Responsibility

We adhere to the principle of “Quality First”, and establish a quality control system and a system for continuous improvement and prepared and improved the Company's quality brochure based on the ISO 9001 standard and the IATF 16949 standard, so as to ensure the stability and reliability of our product quality. We emphasize on the institutional and cultural development of quality by improving employees' quality awareness and working skills through training programs. During the Track Record Period, there were no product recall incidents caused by safety or health issues.

We have been continuously optimizing our products and services to enhance customer satisfaction and reliance. Through our after-sales service system, we promptly address the problems and difficulties encountered by customers in the course of use, and provide them with comprehensive and high-quality service. We conduct surveys on customers' satisfaction and further enhance the quality of customer service based on the survey results. During the Track Record Period, we did not receive any complaints regarding our products and services.

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Business ethics and anti-corruption

We strictly comply with laws and regulations such as the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), and have formulated internal management systems such as the Anti-Money Laundering System (《反洗錢制度》), Anti-Corruption Policy (《反腐敗政策》), and Anti-Bribery Regulations (《反賄賂》), which require employees to be honest and self-disciplined and to commit to ethical business practices. We have also formulated the Reporting and Complaint Management Rules (《舉報和投訴管理制度》), which clarifies the protection and reward measures for whistleblowers, and encourages OUR employees and business partners to report and complain about fraud, bribery, or any improper behavior or suspicious activities related to the Company. We maintain strict confidentiality of the whistleblowers' information and the content of their reports to protect their legitimate rights and interests.

Community contribution

We are committed to social welfare and encourage our employees to participate in public service volunteer activities. During the COVID-19 pandemic, we have participated in various public welfare activities and made multiple donations. In 2024, we donated a total of RMB75,000 to the Make Dreams Come True Program of Jing County in Hengshui City (衡水市景縣圓夢行動), the Education Development Foundation of Hengshui High School in Hebei, and the Hengshui Jing County Public Security Bureau Workstation.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in or subject to any litigation, arbitration, administrative proceedings, claims, damages or losses that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

According to our PRC Legal Advisor, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

According to the relevant PRC laws and regulations, we are required to make contributions to the social insurance fund and housing provident fund for the benefit of our employees in China. During the Track Record Period, certain of our PRC subsidiaries did not make full contributions to social insurance

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and housing provident fund for all employees in accordance with the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》) and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》). Such non-compliance incidents occurred primarily because (i) we failed to make timely contribution upon the hiring of certain new employees; (ii) certain of our employees had already participated in other local rural social insurance plans, rural cooperative medical schemes or other similar schemes; and (iii) certain employees voluntarily made the decision to not make such contributions in lieu of receiving cash payments. We estimate that the aggregate shortfall of social insurance and housing provident fund contributions for the outstanding amounts that may be required to be settled under (i) and (ii) above in 2022, 2023, 2024, and the five months ended May 31, 2025 amounted to approximately nil, RMB67.6 thousand, RMB749.1 thousand and RMB283.1 thousand, respectively. We have not made provisions for such shortfall for each of the year or period during the Track Record Period, primarily because the outstanding amounts are minimal.

Our PRC Legal Advisor advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the outstanding social insurance premiums within a prescribed time limit and may be subject to an overdue fine of 0.05% of the delayed payment per day from the date on which the payment is payable. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of the overdue payment, and the maximum fine would amount to RMB2.2 million in total. However, as advised by our PRC Legal Advisor, so long as we pay the outstanding social insurance in full in a timely manner upon receipt of the order of correction of non-compliance from the relevant competent authorities, our risk of being charged penalties is low. In addition, our PRC Legal Advisor advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

Pursuant to the Interpretation II of 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)》) enacted by the Supreme People's Court on 31 July 2025 and implemented on 1 September 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people's court.

Our PRC Legal Advisor is of the view that (i) the aforementioned judicial interpretation does not expand our Company's penalty exposure; (ii) the aforementioned judicial interpretation does not repeal the social insurance laws and regulations currently in force of the PRC; and (iii) no employee has brought a lawsuit or arbitration in respect of payment of social insurance and therefore no pending litigation or arbitration of the Company is applicable to the aforementioned judicial interpretations.

After consulting with our PRC Legal Advisor, and considering that no employee has brought a lawsuit or arbitration in respect of payment of social insurance, our Directors believe that the implementation of the aforementioned judicial interpretation would not have a material adverse effect on our business or financial results.

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As advised by our PRC Legal Advisor, the non-compliance with social insurance and the housing provident fund would not have a material adverse impact on our business, and the risk of us being penalized for such non-compliance in the future is low based on the following grounds:

- (a) We have obtained written confirmations on January 6, 2025 from the competent social insurance and housing provident fund authorities. These confirmations state, in respect of the relevant periods stated therein, no administrative penalties had been imposed and our Company was in compliance with relevant laws and regulations. In addition, we have received the public credit information report issued by competent authorities, which confirms that we have not been subject to any administrative penalties for the non-compliance with employee benefit contribution;
- (b) According to the *Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Effectively Implementing the Essence of the Executive Meeting of the State Council and the Measures on the Stable Collection of Social Insurance Contributions* (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) which was promulgated on September 21, 2018, local governmental authorities are prohibited from centralized collecting of historical unpaid social insurance premiums in order not to exert additional burden to the enterprises. Additionally, the State Taxation Administration issued the *Notice on Implementing Further Measures to Support and Serve the Development of the Private Economy* (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) on November 16, 2018, which further stipulates that outstanding social insurance contributions from previous years, including those of private enterprises, shall not be subject to independently organized centralized collections;
- (c) Following relevant laws and regulations, no penalties will be imposed on us unless we fail to make up the shortfall relating to social insurance within the prescribed time limit when ordered by the competent authorities. According to the certificates issued by the social insurance and housing provident fund department responsible for the Group's social insurance and housing provident fund and the public credit information report, we have not been subject to any social insurance and/or housing fund arrears recovery, rectification orders or penalties by the competent authorities;
- (d) We are not aware of any employee complaints or claims with respect to inadequate social insurance and/or housing provident fund contributions; and
- (e) If we are required to make such payments, we will promptly settle the outstanding shortfall in social insurance and the housing provident fund.

We have proactively maintained communication with local government authorities in relation to the implementation and interpretation of the relevant PRC laws and regulations. We will continue to seek and follow their guidance in relation to matters regarding social insurance and housing provident fund.

We have taken the following measures: (i) strengthen legal compliance training to our management team; (ii) enhance our internal control policy to manage our social insurance fund and housing provident fund contributions; and (iii) our human resources staff will prepare monthly reports of salary and contribution amounts, which shall be reviewed by our human resources department head and our finance department head to enforce our internal control policy.

Fire Control Acceptance Procedure

During the Track Record Period, certain of our production facilities at our Company and Ningguo Haiwei had not completed fire control acceptance procedures after completion of construction.

The relevant competent authorities have confirmed that they will not penalize us in relation to the non-compliances. Specifically:

- *Our Company.* According to the certificate issued by the Jing County Housing and Urban-Rural Development Bureau (景縣住房和城鄉建設局) on January 20, 2025, due to historical and objective reasons, our Company have failed to complete the fire protection acceptance procedures for certain construction projects. Jing County Housing and Urban-Rural Development Bureau confirms that the aforementioned conduct does not constitute a material non-compliance and will not impose any penalties on our Company for this reason, nor will it require our Company to cease using the relevant construction projects or suspend production or business operations, and our Company may continue its operations under the current conditions. Pursuant to the “Opinion on the Fire Safety Certification of Hebei Haiwei Electronic New Materials Technology Co., Ltd.” (《關於“河北海偉電子新材料科技股份有限公司”消防認定意見》) (Jingjianxiaorenzi [2025] No. 00042) (景建消認字[2025]第00042號) issued by the Jing County Housing and Urban-Rural Development Bureau on July 28, 2025, the Bureau agrees with the fire safety conclusion of the fire safety assessment report (Rating our Company as “good” for fire safety) on us prepared by Hebei Qingmiao Fire Facility Inspection and Testing Service Co., Ltd.
- *Ningguo Haiwei.* According to a telephone interview conducted by our PRC Legal Advisor with staff from the Fire Inspection and Verification Center of the Ningguo Municipal Housing and Urban-Rural Development Bureau (寧國市住房和城鄉建設局消防審驗中心, “**Ningguo Fire Inspection and Verification Center**”), “Ningguo Haiwei’s construction project’s failure to complete the fire inspection and acceptance registration/the fire inspection and acceptance is a historical issue. According to the ‘principle of non-retroactive law’, Ningguo Haiwei can continue to operate normally. The Ningguo Fire Inspection and Verification Center has not imposed administrative penalties on Ningguo Haiwei. Ningguo Haiwei has not had any fire safety accidents and has passed all previous fire safety inspections and spot checks. It has not been investigated or punished for fire issues or resulted in lawsuits or related disputes.”

Based on the above mentioned factors, and considering that, during the Track Record Period and up to the Latest Practicable Date, the relevant competent authorities did not impose penalties on our Company or Ningguo Haiwei for the failure to complete fire control acceptance procedures, our PRC Legal Advisor is of the view that such non-compliances will not have material adverse impact on the production and operation of our Group, or have material adverse impact on the Listing.

Considering the aforementioned factors, our Directors are of the view that the failure to complete the fire control acceptance procedures for certain production facilities, would not have material impact on business operation and results of finance performance.

Financial Guarantee to Company Y

In 2015, Haiwei Transportation and Company J, a company primarily engaged in the automobile rental business in China, entered into a reciprocal financial guarantee arrangement. Under the arrangement, (i) we (as a then subsidiary of Haiwei Transportation) and another subsidiary of Haiwei Transportation were instructed by another family member of Mr. Song Wenlan to provide financial guarantee to Company Y (a subsidiary of Company J) for its loan from Hua Xia Bank Co., Limited with a principal amount of RMB73.5 million with corresponding interest (the “**Company Y Loan**”), and (ii) Company J provided financial guarantee to Haiwei Transportation for its loan. Both Company J and Company Y are Independent Third Parties.

In July 2017, Hua Xia Bank Co., Limited filed a lawsuit against Company Y, us and other guarantors, claiming that Company Y had failed to repay the Company Y Loan, and our Company, along with the other guarantors had not fulfilled their guarantee obligations (the “**Proceeding**”). In July 2017, the People’s Court ruled that, among other things, we, and other guarantors, shall bear joint and several liability for the repayment obligations.

In June 2020, the People’s Court issued an enforcement ruling, stating that, as Hua Xia Bank Co., Limited had transferred the disputed creditor’s rights to a company controlled by another family member of Mr. Song Wenlan (“**Company H**”), Company H shall be substituted as the applicant for enforcement in the Proceeding.

In December 2021, under the instruction of another family member of Mr. Song Wenlan, Company H issued a confirmation letter to us confirming that it will not seek to recover any debt from Haiwei Electronic in relation to the relevant case and will not require our Company to assume any guarantee obligations (the “**Confirmation Letter I**”).

In October 2025, Company H issued a second confirmation letter to us, confirming that (i) our guarantee obligation to Company H has been irrevocably terminated; and (ii) Company H will not transfer, and is not entitled to transferring, its guarantee rights against us to a third party (the “**Confirmation Letter II**”).

Furthermore, in October 2025, Company H further issued a confirmation letter (the “**Confirmation Letter III**”) to the other guarantors in the Proceeding (together with us, collectively the “**Guarantors**”). In the Confirmation Letter III, Company H irrevocably waives all joint and several guarantee liabilities of the Guarantors.

Based on the Confirmation Letter III, in October 2025, Company H submitted an application to the competent court, requesting the competent court to waive the enforcement of joint and several guarantee liability of each of the Guarantors, including us (the “**Application**”), while retain the mortgage rights to the mortgaged assets provided by two other Guarantors. Based on the Application, in October 2025, our PRC Legal Advisor and the Sole Sponsor’s PRC Legal Advisor conducted an interview with the competent court. The execution record (執行筆錄, the “**Execution Record**”) prepared by the judge regarding the

interview was signed by our PRC Legal Advisor and the Sole Sponsor's PRC Legal Advisor and stamped by the competent court, and was subsequently included in the case file. As recorded in the Execution Record, the main conclusions of the competent court are as follows:

1. ***Company H has the legal right to waive enforcement of joint and several guarantee liabilities.*** Company H is fully entitled to unilaterally submit the Application to waive the joint and several guarantee liabilities of the Guarantors and waive the enforcement of the joint and several guarantee liabilities against the Guarantors by submitting the Application, primarily because Company H has lawfully acquired the creditor's rights and associated guarantee in this case. Following the submission of the Application, the competent court will cease enforcement actions against any Guarantors (including us) or their assets other than the mortgaged assets provided by two of the other Guarantors. Company H has undertaken to the Court to waive all remaining creditor's rights, including the guarantee rights against us, other than the rights to the disposal of the mortgaged assets, and Company H has agreed to deem the enforcement proceedings as fully concluded upon the disposal of the mortgaged assets (the "**Undertaking**").
2. ***The termination of joint and several guarantee liabilities is irrevocable.*** Under the principle of estoppel, after the submission of the Application, the joint and several guarantee liabilities of the Guarantors, other than liabilities associated with the mortgaged assets, are irrevocably terminated. Company H is prohibited from transferring the waived portion of its guarantee rights against the Guarantors to any third party. Furthermore, any application by the third party to the competent court for enforcement against the Guarantors in respect of the waived rights will not be accepted.
3. ***The Guarantors providing mortgaged assets cannot seek recourse with us.*** While Company H has waived its remaining guarantors' rights except for those arising from the disposal of the mortgaged assets, it retains its rights over the mortgaged assets provided by two of the other Guarantors. Pursuant to Article 392 of the Civil Code, "where a third party provides assets as a mortgage, the creditor may enforce its rights over the mortgaged assets or request the third-party guarantor to assume guarantee liability. After discharging the guarantee liability, the third-party guarantor has the right to seek recourse against the debtor." Therefore, after these two Guarantors fulfill their mortgage obligations, they, as guarantors of the mortgaged assets, may only seek recourse from the primary debtor, Company Y.
4. ***Upon the disposal of the mortgaged assets, the Proceeding will be deemed fully resolved.*** Upon the disposal of the mortgaged assets, the competent court will issue proceeding closing documents to Company H confirming the disposal of the mortgaged assets, Company H's waiver of all remaining creditor's rights. The proceeding closing document will also be publicly disclosed.

BUSINESS

Based on the above, our PRC Legal Advisor is of view, as concurred by the Sole Sponsor's PRC Legal Advisor, that, even if Company H transfers the disputed creditor's rights to a third party, there is no risk of our Company assuming guarantee liabilities in the Proceeding. Accordingly, the Proceeding is not expected to have any adverse impact on our financial condition or its ability to continue as a going concern.

As of September 30, 2025, the total outstanding amount of the Company Y Loan is approximately RMB94.6 million. As of December 31, 2024, the value of the mortgage assets was evaluated to be approximately RMB96.2 million. Assuming that (i) Company H had not issued any of the abovementioned confirmation letters, (ii) we are still assuming the guarantee liabilities and (iii) the value of the mortgaged assets is nil, the maximum amount we may be liable for, including the principal amount and the interest, was approximately RMB94.6 million as of September 30, 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and continuously maintain a comprehensive risk management and internal control system, consisting of policies and procedures tailored to our business. Our risk management policies cover critical aspects of our operations, including business operation, financial reporting, compliance and human resources management. Our Board of Directors and senior management are responsible for establishing, periodically updating and effectively implementing our internal control systems to ensure their continued efficiency and alignment with our strategic objectives.

Business Operational Risk Management

We have implemented a comprehensive set of internal procedures to effectively manage operational risks, including risks related to IT system failures, natural disasters, and human-induced incidents. Our business operations, finance, IT and human resources departments work collaboratively to ensure compliance with internal procedures. In the event of a significant adverse incident, we will promptly escalate the issue to our senior management, and the Board of Directors will take necessary actions to address the issue.

Financial Reporting Risk Management

To manage financial reporting risks effectively, we have adopted comprehensive accounting policies covering financial management, budget management and financial statement preparation. Our finance department regularly review management accounts in accordance with these policies. We also provide regular training to our finance team members to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Compliance and Intellectual Property Risk Management

We have implemented strict internal procedures to ensure compliance with applicable laws and regulations, as well as effective protection of our intellectual property rights. We proactively obtain the necessary governmental approvals and consents, submit required documentation to relevant authorities in a timely manner and ensure that all trademark, copyright and patent registrations are maintained in a timely manner. There were no material compliance issues or violations during the Track Record Period and as of the Latest Practicable Date.

Human Resources Risk Management

We have established comprehensive internal control and risk management policies for human resources, covering recruitment, training, work ethics and legal compliance. Our recruitment process helps ensure the quality of new hires. We also provide regular and specialized training tailored for our employees in different departments. These trainings help ensure that our employees' skill sets remain up-to-date and enable them to discover and meet our customers' needs. We conduct regular performance reviews and align their compensation with performance outcomes. In addition, we closely monitor the implementation of our internal risk management policies, aiming to promptly identify and address any potential noncompliance with our code of conduct, ethical standards or internal policies.

IMPACT OF COVID-19

The outbreak of COVID-19 pandemic has materially and adversely affected the global economy since the first quarter of 2020. In response, the PRC government and the governments of other countries have implemented various policies, including travel bans and restrictions, quarantines, remote work arrangement and shutdowns.

Despite the impact, during the Track record Period, we maintained continuous production without production halts, managed a stable raw material supply chain without substantial disruption, adapted sales strategies to meet strong market demand and maintained progressive R&D activities, demonstrating the resilience and robustness of our operational capabilities. Our production plants are located at a distance from densely populated areas and we implemented a series of measures in the dormitories and plant areas to ensure the health and safety of our employees. We also reduced external contact to the minimum level necessary for business operations and encouraged virtual meetings to limit on-site, in-person meetings.

Based on the aforementioned facts, our Directors are of the view that the outbreak of COVID-19 had no material impact on our business during the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY

Our intellectual property rights are critical to our business operations. As of May 31, 2025, we owned 58 patents, including 23 invention patents and 35 utility model patents and nine registered trademarks in China. See "Appendix IV—Statutory and General Information—B. Further Information about our Business—2. Intellectual Property" for further details of our intellectual property portfolio.

We safeguard our intellectual property through trademarks, trade secrets and other intellectual property laws, as well as confidentiality agreements signed with our employees. We specify all rights and obligations regarding the ownership and protection of intellectual properties in all employment agreements we entered into with our employees. In addition, we require employees to sign standard agreements stipulating that any service inventions, trade secrets, and R&D achievements acquired during their service with us shall be our assets and that the titles of such achievements shall be transferred to us.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. For risks related to our intellectual property, see “Risk Factors—Risks Relating to Our Business and Industry—We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights, or defend against intellectual property infringement or misappropriation claims raised by third parties.”

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all material licenses, approvals and permits from relevant government authorities required for our operations. We are required to renew such certificates, permits and licenses from time to time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of May 31, 2025:

Award/Recognition	Award Year	Awarding Institution/Authority
Science and Technology Progress Award (科學技術進步獎)	2025	The People’s Government of Hebei Province (河北省人民政府)
High-Tech Enterprise (高新技術企業)	2024	Hebei Provincial Department of Science and Technology (河北省科學技術廳)
Specialized, Fined, Peculiar, and Innovative “Little Giant” Enterprise (專精特新“小巨人”企業)	2024	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
Leader Enterprise of Hebei County-level Characteristic Industrial Clusters (河北省縣域特色產業集群“領跑者”企業)	2023	Industry and Information Technology Department of Hebei Province (河北省工業和信息化廳)
Zero-Waste Enterprise (Factory) (“無廢企業(工廠)”)	2023	Industry and Information Technology Department of Hebei Province (河北省工業和信息化廳)
Science and Technology “Little Giant” Enterprise (“科技小巨人”企業)	2022	Hebei Provincial Department of Science and Technology (河北省科學技術廳)
High-Tech Achievement Transformation Project of “Ultra-Thin Polypropylene Capacitor Film Technology and Industrialization” (“超薄聚丙烯電容膜技 術及產業化”重大科技成果轉化專項)	2022	Hebei Provincial Department of Science and Technology (河北省科學技術廳)

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You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are the second largest capacitor film manufacturer in China in terms of capacitor base film sales volume in 2024, according to CIC. Our capacitor film products include (i) capacitor base films and (ii) metallized films. These products are key components of film capacitors, a type of capacitor known for its outstanding voltage resistance, high-frequency stability and long lifespan. Film capacitors have a wide range of end-use application scenarios, including (i) NEV, (ii) new energy electricity system, (iii) industrial equipment and (iv) home appliances.

We have specialized in the capacitor film industry for over 15 years. Our strategic focus enables us to accurately identify the industry's development trends, address key pain points and deeply understand customer needs across diverse application scenarios. Specifically, our R&D capabilities, including (i) our ability to independently design and develop capacitor base films' production lines and (ii) our manufacturing techniques, enable us to quickly capture market opportunities.

Our revenue was RMB327.1 million and RMB329.5 million in 2022 and 2023, respectively. Our revenue increased by 28.0% from RMB329.5 million in 2023 to RMB421.7 million in 2024. Our revenue decreased by 3.2% from RMB162.2 million in the five months ended May 31, 2024 to RMB157.1 million in the five months ended May 31, 2025. In addition, our gross profit was RMB146.8 million and RMB102.9 million in 2022 and 2023, respectively. Our gross profit increased by 21.6% from RMB102.9 million in 2023 to RMB125.1 million in 2024. Our gross profit increased by 23.2% from RMB45.2 million in the five months ended May 31, 2024 to RMB55.7 million in the five months ended May 31, 2025.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Demand from Downstream Market and End Customers

We primarily manufacture and sell capacitor film products that are used in film capacitors. Accordingly, our results of operations have been and are expected to continue to be affected by downstream demand for film capacitors. Strong growth of the film capacitor market in China was the major driver for our growth during the Track Record Period, and is expected to continue to drive our growth in the future.

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Film capacitors are widely applied across various industries, primarily (i) NEV, (ii) new energy electricity system, (iii) industrial equipment and (iv) home appliances. The market size of film capacitors in China has grown significantly in recent years. The market size of film capacitors in China in terms of revenue grew from approximately RMB4.3 billion in 2018 to approximately RMB10.8 billion in 2023, representing a CAGR of 20.1%, and is expected to reach RMB28.7 billion in 2029, representing a CAGR of 17.8% from 2023 to 2029. According to CIC, the growth of film capacitors market in China has been primarily driven by the rapid expansion of the NEV industry and the new energy electricity system industry. Customer demand for film capacitors in China has been driven by multiple favorable factors, primarily including government policies promoting the development of the NEV industry and the new energy electricity system industry, and technical advantages of film capacitors compared to other types of capacitors used in these industries.

The market size of capacitor base films in China increases in tandem with the growth of the film capacitor market in China. According to CIC, the market size of capacitor base films in China in terms of revenue grew from approximately RMB1.2 billion in 2019 to approximately RMB3.6 billion in 2024, representing a CAGR of 24.2%, and is expected to reach approximately RMB7.6 billion in 2029, representing a CAGR of 15.5% from 2025 to 2029. Within the capacitor film market in China, the market size for capacitor base films used in NEV in terms of revenue grew from approximately RMB0.1 billion in 2019 to approximately RMB1.5 billion in 2024, representing a CAGR of 67.6%, and is expected to reach approximately RMB3.5 billion in 2029, representing a CAGR of 16.4% from 2025 to 2029. Meanwhile, the market size for capacitor base films used in new energy electricity system in China in terms of revenue grew from approximately RMB0.2 billion in 2019 to approximately RMB0.9 billion in 2024, representing a CAGR of 40.2%, and is expected to reach approximately RMB2.7 billion in 2029, representing a CAGR of 24.3% from 2025 to 2029.

There has been a significant supply-demand gap of capacitor films recently, and the gap is expected to persist, according to CIC. Such supply-demand gap provides us with stronger bargaining power and helps us become profitable. To capture sales opportunities brought by the undersupply of capacitor films in China, we have been expanding and will continue to expand our capacitor films production capacity and production volume. See “—Our Ability to Manage and Expand Production Capacity.”

We recorded accumulated loss as of January 1, 2022, because of lower average selling price of our capacitor films due to market competition. We broke-even and recognized profits in 2021, primarily attributable to (i) an increase in the revenue from the sale of our capacitor base film as a result of (a) an increase in the average selling price of our capacitor base film from 2020 to 2021, which was in line with industry trend. See “Industry Overview—Price Analysis” for details; and (b) an increase in the sales volume of our capacitor base film from 2020 to 2021, which was in line with industry trend; and (ii) a decrease in our cost of sales as a result of our enhanced economies of scale.

The increase in average selling price and sales volume of our capacitor films was in line with the industry trend as a result of higher market demand. According to CIC, the market size of China’s capacitor base film increased from RMB1.4 billion in 2020 to RMB1.7 billion in 2021. According to the same source, the market size of China’s capacitor base film used in the NEV industry increased from RMB0.1 billion in 2020 to RMB0.4 billion in 2021. For details on China’s film capacitor market, see “Industry Overview—Overview of the Global and China’s Capacitor Film Industry—Market Size.”

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Our Ability to Effectively Manage Our Costs of Sales

Our profitability to a large extent depends on our ability to manage cost of sales. In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, our cost of sales was RMB180.2 million, RMB226.7 million, RMB296.6 million, RMB117.0 million and RMB101.4 million, respectively, representing 55.1%, 68.8%, 70.3%, 72.1% and 64.5% of our total revenue for the respective periods.

The raw material costs were the largest component of our cost of sales during the Track Record Period. In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, our raw material costs represented 82.5%, 84.5%, 83.4%, 82.4% and 80.8% of our total cost of sales, respectively, and represented 45.4%, 58.1%, 70.3%, 59.4% and 52.2% of our total revenue, respectively.

During the Track Record Period, our raw material costs primarily included (a) electrical grade polypropylene for the manufacturing of capacitor base films, (b) capacitor base films we procured from third parties for the metallized films we sold, (c) metallized films we purchased from Haowei Electronic and (d) other materials, such as aluminum and zinc, for the manufacturing of metallized films.

Electrical grade polypropylene

In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, electrical grade polypropylene represented over 70.0% of raw material costs, respectively. We procure electrical grade polypropylene from overseas suppliers. See “Business—Raw Materials and Suppliers—Our Suppliers.” The stability of the supply of electrical grade polypropylene may be affected by factors beyond our control, including geopolitical tensions, China’s foreign exchange regulations and force majeure events such as wars, acts of terrorism and environmental disasters, among others. The prices of electrical grade polypropylene may fluctuate due to fluctuations in the price of crude oil, a key raw material for electrical grade polypropylene, fluctuations in foreign currency exchange rates, changes in the geopolitical environment and economic conditions, natural disasters or changes in the supply and demand for electrical grade polypropylene.

The price of electrical grade polypropylene fluctuated in recent years. According to CIC, the annual average price of electrical grade polypropylene increased from RMB11.2 thousand per ton in 2021 to RMB15.2 thousand per ton in 2022, and then decreased to RMB12.4 thousand per ton in 2023, and slightly increased to RMB12.8 thousand per ton in 2024. According to CIC, the fluctuation was primarily driven by the fluctuation in the price of crude oil, a key raw material for the production of electrical grade polypropylene. Crude oil price experienced a significant increase in 2022 due to the Russia-Ukraine conflict, and then declined and remained relatively stable in 2023 and 2024. See “Industry Overview—Price Analysis.”

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Capacitor base films and metallized films

During the Track Record Period, our cost of sales also included (i) capacitor base films we procured and (ii) metallized films we purchased for our metallized film business. Specifically:

- *Capacitor base films.* In 2023, 2024 and the five months ended May 31, 2025, we procured ultra-thin base films from third parties as the capacitor base films for the metallized films we sold. This was primarily because our customers for metallized films mainly demand metallized films produced using ultra-thin base films, while we prioritized the production of thin base films. See “Business—Raw Materials and Suppliers—Our Suppliers” for details.
- *Metallized films.* We purchased metallized films from a third party, Haowei Electronic. This was primarily due to (i) the strong customer demand for our metallized films and (ii) the need to satisfy certain customers’ specific requirement for metallized films. See “Business—Our Products—Capacitor Films—Capacitor base films—Metallized films—Sources of metallized films we sold” for details.

Among the metallized films we sold during the Track Record Period, (i) metallized films produced using capacitor base films we procured from third parties and (ii) metallized films we purchased from Haowei Electronic tend to have higher unit cost of sales, as compared to the metallized films produced using capacitor base films manufactured by us.

Our Ability to Manage and Expand Production Capacity

Our financial performance, particularly revenue and cost of sales, is affected to a large extent by our ability to manage and expand our production capacity. As of the Latest Practicable Date, we possessed (i) five production lines for the manufacturing of capacitor base films and (ii) three production lines for the manufacturing metallized films. Our ability to independently design and develop production lines for capacitor base films is the cornerstone of our expansion of production capacity. See “Business—Manufacturing—Self-Design and Development of Production Lines” for details.

Effects on revenue

Our revenue is affected by the fluctuation in production capacity caused by the suspension of existing production lines and the addition of new production lines. For example:

- Our revenue for capacitor base films decreased by 21.3% from RMB300.6 million in 2022 to RMB236.5 million in 2023, to a large extent due to a decrease in the production volume of capacitor base films mainly caused by a decrease in the production capacity in 2023 as compared to 2022. Our production capacity decreased in 2023 as compared to 2022, primarily because we suspended our aging first production line, which was originally launched in 2006, to carry out technical upgrades from March 2023 to June 2024. See “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization” for details;

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- Our revenue from capacitor base films increased by 6.0% from RMB116.4 million in the five months ended May 31, 2024 to RMB123.4 million in the five months ended May 31, 2025. Such trend was also in line with that of our production volume, which increased primarily as a result of an increase in production capacity in the five months ended May 31, 2025 as compared to the five months ended May 31, 2024. Our production capacity increased in the five months ended May 31, 2025 as compared to the five months ended May 31, 2024, primarily because we relaunched one of our production line in July 2024 after suspending its operation to carry out technical upgrades. See “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization” for details; and
- Our revenue is affected by our ability to design and develop capacitor base film production lines, which serves as the cornerstone of our expansion of production capacity. According to CIC, we are the only capacitor film manufacturer in China with the ability to independently design and develop capacitor base films’ production lines. As of the Latest Practicable Date, all of our existing five production lines for capacitor base films were independently designed, developed and assembled by us. As a result, the delivery time of the manufacturing equipment for our production lines is approximately eight months, which is significantly lower than the industry average of three to five years. Such ability has substantially accelerated our production capacity expansion and is in turn expected to drive our revenue growth. See “Business—Manufacturing—Planned Manufacturing Facilities” for details of our production capacity expansion plan.

Effects on cost of sales

Our ability to independently design and develop production lines for capacitor base films helps us incur lower cost of sales. Specifically, benefiting from this ability, we are able to procure manufacturing equipment on the production lines from domestic suppliers, thereby significantly reducing the investment cost of our production lines. Such lower investment cost is in turn a factor in reducing our cost of sales. Accordingly, our gross profit margin for capacitor base films was 48.6%, 37.1%, 38.0%, 34.3% and 41.2% in 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, respectively.

Effect on gross profit margin

Our newly launched production lines typically undergo a production ramp-up period of two to three months, during which we conduct testing and continuously optimize the integration and coordination of manufacturing equipment. In June 2023, we launched our fifth production line for capacitor base films. This production line underwent a three-month production ramp-up period before reaching its designed production capacity.

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Our overall gross profit margin is affected by the production ramp-up period of newly launched production lines. This is primarily because, during the production ramp-up period, we continue to incur cost of sales associated with our newly launched production lines while our revenue from such production lines was relatively low. We generate relatively low revenue during the production ramp-up period, primarily because (i) our production lines typically generate a relatively large amount of waste films during the production ramp-up period, but the revenue from recycled granules made from these waste films is substantially lower than the revenue from capacitor base films; and (ii) we may suspend the operation of the newly launched production line for a certain period of time to conduct testing and adjustment during the production ramp-up period. See “Business—Manufacturing—Existing Manufacturing Facilities—Features of our production lines for capacitor base films.”

Product Portfolio

We maintain a mixed product portfolio to meet the varied and specific requirements of our customers. During the Track Record Period, we derived our revenue primarily from the sales of capacitor films products, including capacitor base films and metallized films. We provide three categories of capacitor base films, including (i) ultra-thin base films, (ii) thin base films and (iii) medium-thick base films.

Thin base films

During the Track Record Period, thin base films are the largest component of our revenue. In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, thin base films represented 63.5%, 53.6%, 56.9%, 54.4% and 59.0% of our total revenue, respectively. During the Track Record Period and up to the Latest Practicable Date, we prioritized the production of thin base films, primarily due to their stronger market demand and higher production volume within a given timeframe. See “Business—Our Products—Capacitor Films—Capacitor base films—Our strategic focus on thin base films” for details.

In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, the gross profit margin of thin base films was 47.6%, 35.9%, 36.7%, 34.1% and 40.9%, respectively.

Metallized films

We began to provide metallized films in 2023, following our acquisition of Ningguo Haiwei, which primarily manufactures and sells metallized films. In 2023 and 2024, and the five months ended May 31, 2024 and 2025, metallized films represented 21.5%, 20.2%, 22.4% and 13.7% of our total revenue, respectively. We have decided to provide metallized films, mainly to (i) diversify our product portfolio, (ii) strengthen connections with our key customers and (iii) expand customer network in East China. See “Business—Our Products—Capacitor Films—Metallized films—Our strategies of providing metallized films” for details.

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In 2023 and 2024, and the five months ended May 31, 2024 and 2025, the gross profit margin of metallized films was 23.7%, 12.9%, 13.8% and 21.2%, respectively. Such gross profit margin was relatively lower compared to that of capacitor base films, primarily because, to meet the customer demand for metallized films, we (i) procured capacitor base films from third parties as the capacitor base films for the metallized films we sold and (ii) purchased metallized films from Haowei Electronic. See “—Our Ability to Effectively Manage Our Cost of Sales—Capacitor base films and metallized films” for details.

Acquisition of Ningguo Haiwei

On December 31, 2022, we acquired 51% equity interest in Ningguo Haiwei, which primarily manufactures and sells metallized films. We started to provide metallized films through Ningguo Haiwei in 2023 following this acquisition.

Our revenue has been affected by our acquisition of Ningguo Haiwei in two ways:

- Following the acquisition, our revenue from the sales of capacitor base films to Ningguo Haiwei was eliminated in full on consolidation. In 2022, Ningguo Haiwei was one of our five largest customers. In 2022, we sold approximately 1,462 tons of capacitor base films to Ningguo Haiwei and generated revenue of RMB56.6 million, representing 17.3% of our total revenue in 2022. See “Business—Customers” for details. In 2023, 2024 and the five months ended May 31, 2025, we provided approximately 868 tons, 732 tons and 208 tons of capacitor base films we produced to Ningguo Haiwei for the production of metallized films, respectively. Such revenue in 2023, 2024 and the five months ended May 31, 2025 was eliminated in full on consolidation; and
- We began to generate revenue from metallized films through Ningguo Haiwei following the acquisition. In 2023 and 2024, and the five months ended May 31, 2024 and 2025, our revenue from metallized films was RMB71.0 million, RMB85.2 million, RMB36.3 million and RMB21.5 million, respectively, representing 21.5%, 20.2%, 22.4% and 13.7% of our total revenue, respectively.

The volume of capacitor base films we sold to Ningguo Haiwei decreased by 40.7% from 1,462 tons in 2022 to 868 tons in 2023, primarily due to (i) a decrease in our overall production volume from 2022 to 2023 as we suspended the operation of our aging first production line to carry out technical upgrades from March 2023 to June 2024; (ii) our decision to prioritize the production of thin base films while Ningguo Haiwei had a large demand for ultra-thin base films; and (iii) a reduction in our production of ultra-thin base films with thickness below 3.2 μm , while a major customer of Ningguo Haiwei was a NEV company and needed ultra-thin base films with thickness below 3.2 μm .

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The volume of capacitor base films we sold Ningguo Haiwei further decreased by 15.6% from 868 tons in 2023 to 733 tons in 2024, primarily due to (i) our decision to prioritize the production of thin base films while Ningguo Haiwei had a large demand for ultra-thin base films; and (ii) a reduction in our production of ultra-thin base films with thickness below 3.2 μm , while a major customer of Ningguo Haiwei was a NEV company and generally needed ultra-thin base films with thickness below 3.2 μm .

BASIS OF PREPARATION AND PRESENTATION

Our consolidated financial statements for the Track Record Period, on which our historical financial information is based, have been prepared in accordance with the International Financial Reporting Standards (the “IFRSs”) issued by International Accounting Standards Board (the “IASB”) and were audited by Deloitte Touche Tohmatsu in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board.

The historical financial information has been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values at the end of each year/period of the Track Record Period, as explained in the accounting policies set out in Note 4 to the Accountants’ Report in Appendix I to this prospectus which conform with IFRSs.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. There had not been any material deviation from our management’s estimates or assumption and actual results, and we had not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. When reviewing our financial information, you should consider: (i) our selection of accounting policies and (ii) the results of changes in conditions and assumptions. Our material accounting policies, estimates and judgements used in the preparation of our financial information, which are important for an understanding of our financial performance and results of operations, are set forth in details in Notes 4 and 5 to the Accountants’ Report in Appendix I to this prospectus.

We believe that the (i) material accounting information in relation to the recognition of revenue, inventories, cash and cash equivalents, property, plant and equipment and depreciation, as detailed in Note 4 to the Accountants’ Report in Appendix I to this prospectus and (ii) accounting judgments and estimates in relation to deferred tax assets and provision of ECL for trade receivables, as set forth in details in Note 5 to the Accountants’ Report in Appendix I to this prospectus are critical and involve the most important estimates and judgments we used in preparing our financial statements.

FINANCIAL INFORMATION

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, our revenue was primarily derived from sales of capacitor films, including capacitor base films and metallized films.

Cost of Sales

Our cost of sales includes (i) raw material costs, which primarily include (a) electrical grade polypropylene for the manufacturing of capacitor base films, (b) capacitor base films we procured from third parties for the metallized films we sold, (c) metallized films we purchased from Haowei Electronic and (d) other materials, such as aluminum and zinc, for the manufacturing of metallized films; (ii) manufacturing costs, which include depreciation and amortization of our manufacturing facilities, utility fees and other manufacturing costs; and (iii) direct labor costs, which primarily include the staff-related costs of our manufacturing operations.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

Other Income

Our other income consists of (i) bank interest income, (ii) government subsidies and (iii) financial guarantee income from related parties.

Impairment losses under reversed (recognised) under expected credit loss (“ECL”) model, net

We perform impairment assessment under ECL model on trade, bills and other receivables, restricted bank deposits, amounts due from related parties, bank balances, amounts due from subsidiaries and financial guarantee contracts and provide net of impairment allowance or net reversal of impairment allowance accordingly.

Other Gains and Losses

Our other gains and losses primarily consist of (i) net foreign exchange losses, (ii) gain on disposal of a subsidiary, and (iii) others. The gain on disposal of a subsidiary amounting to RMB2.4 million in 2024 was derived from our disposal of our entire 100% equity interest in our subsidiary, Jingxian Shuojia New Materials Co., Ltd, (“**Jingxian Shuojia**”), in 2024 as the principal business of Jingxian Shuojia in plastic product manufacturing was not in line with our business development plan at that time after our prudent consideration of our business strategy and market dynamics at that time.

FINANCIAL INFORMATION

Distribution and Selling Expenses

Our selling and marketing expenses primarily consist of (i) employee benefits expenses, (ii) business meetings expenses, (iii) office and communication expenses, (iv) travel expenses, (v) depreciation and amortization and (vi) others, mainly including product sample costs.

Administrative Expenses

Our administrative expenses mainly consist of (i) employee benefits expenses, (ii) professional service fees, (iii) travel and transportation expenses, (iv) business meetings expenses, (v) taxes and surcharges, (vi) depreciation and amortization, and (vii) others, which primarily include donations and utilities.

Research and Development Expenses

Our research and development expenses consist of (i) employee benefit expenses for R&D personnel, (ii) direct R&D expenses, including expenses for raw materials and utilities used in our R&D activities, (iii) depreciation and amortization expenses related to facilities and equipment for R&D activities and (iv) others, mainly including travelling expenses and licensing fees.

Finance Costs

Our finance costs mainly consist of (i) interest expenses on bank borrowings, (ii) discounting charges on bills receivables, (iii) interest expenses on amount due to a related party and (iv) interest expenses on lease liabilities.

Income Tax Expense

Our income tax expense primarily consists of the tax currently payable and deferred tax at the applicable tax rates in accordance with the relevant laws and regulations in the tax jurisdiction in which we operate or are domiciled.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members operate or are domiciled. We and one of our subsidiaries were approved as “High New Technology Enterprises” and, accordingly, enjoy a preferential income tax rate of 15% during the Track Record Period. We are also entitled to claim 175% of the R&D expenses incurred in a year as tax deductible expenses in determining the tax income for that year.

During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with the relevant tax authorities.

FINANCIAL INFORMATION

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

The table below sets forth our results of operations in absolute amount and as percentages of our total revenue for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	<i>(unaudited)</i>									
Revenue	327,076	100.0	329,545	100.0	421,695	100.0	162,238	100.0	157,119	100.0
Cost of sales	(180,228)	(55.1)	(226,655)	(68.8)	(296,623)	(70.3)	(117,004)	(72.1)	(101,389)	(64.5)
Gross profit	146,848	44.9	102,890	31.2	125,072	29.7	45,234	27.9	55,730	35.5
Other income	14,469	4.4	12,775	3.9	8,625	2.0	4,465	2.7	3,501	2.2
Impairment losses under expected credit loss	2,281	0.7	(3,763)	(1.1)	116	–	700	0.4	(871)	(0.6)
Other gains and losses	6	–	(663)	(0.2)	1,472	0.4	(495)	(0.3)	(866)	(0.6)
Distribution and selling expenses	(2,255)	(0.7)	(2,574)	(0.8)	(3,299)	(0.8)	(1,606)	(1.0)	(1,398)	(0.9)
Administrative expenses	(6,868)	(2.1)	(10,459)	(3.2)	(13,420)	(3.2)	(4,748)	(2.9)	(5,386)	(3.4)
Research and development expenses	(11,209)	(3.4)	(14,403)	(4.4)	(16,800)	(4.0)	(5,090)	(3.1)	(7,265)	(4.6)
Listing expenses	–	–	–	–	(6,133)	(1.4)	–	–	(6,214)	(3.9)
Finance costs	(22,700)	(6.9)	(5,511)	(1.7)	(2,405)	(0.6)	(1,137)	(0.7)	(916)	(0.6)
Profit before tax	120,572	36.9	78,292	23.8	93,228	22.1	37,323	23.0	36,315	23.1
Income tax expense	(18,565)	(5.7)	(8,466)	(2.6)	(6,810)	(1.6)	(4,467)	(2.7)	(4,956)	(3.1)
Profit and total comprehensive income for the year	102,007	31.2	69,826	21.2	86,418	20.5	32,856	20.3	31,359	20.0

FINANCIAL INFORMATION

Revenue

Revenue by products

The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	<i>(unaudited)</i>									
Capacitor films										
Capacitor base films										
Ultra-thin base films ⁽¹⁾	52,983	16.2	23,992	7.3	26,930	6.4	11,235	6.9	13,392	8.5
Thin base films ⁽²⁾	207,644	63.5	176,506	53.6	240,152	56.9	88,286	54.4	92,641	59.0
Medium-thick base films ⁽³⁾	40,003	12.2	36,030	10.9	40,112	9.5	16,875	10.4	17,359	11.0
Subtotal	300,630	91.9	236,528	71.8	307,194	72.8	116,396	71.7	123,392	78.5
Metallized films	–	–	70,983	21.5	85,218	20.2	36,277	22.4	21,464	13.7
Other Products⁽⁴⁾	26,446	8.1	22,034	6.7	29,283	6.9	9,565	5.9	12,263	7.8
Including: recycled granules	23,032	7.0	20,646	6.3	28,228	6.8	8,994	5.5	12,066	7.7
Total	327,076	100.0	329,545	100.0	421,695	100.0	162,238	100.0	157,119	100.0

Notes:

- (1) Referring to capacitor base films with thickness ranging from 2.0 μm to 3.9 μm .
- (2) Referring to capacitor base films with thickness ranging from 4.0 μm to 6.9 μm .
- (3) Referring to capacitor base films with thickness ranging from 7.0 μm to 14.9 μm .
- (4) In addition to recycled granules, other products primarily include electronic anti-theft tag films and composite copper foil base films.

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The following table sets forth our sales volume of our main products by product type during the Track Record Period:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>ton</i>	<i>ton</i>	<i>ton</i>	<i>ton</i>	<i>ton</i>
Capacitor films					
Capacitor base films					
Ultra-thin base films ⁽¹⁾	993	587	691	307	330
Thin base films ⁽²⁾	6,334	5,969	8,408	3,076	3,253
Medium-thick base films ⁽³⁾	1,288	1,254	1,382	573	588
Subtotal	8,615	7,811	10,482	3,956	4,171
Metallized films	–	1,150	1,327	522	320

Notes:

- (1) Referring to capacitor base films with thickness ranging from 2.0 μm to 3.9 μm .
- (2) Referring to capacitor base films with thickness ranging from 4.0 μm to 6.9 μm .
- (3) Referring to capacitor base films with thickness ranging from 7.0 μm to 14.9 μm .

The following table sets forth the average selling price of our main products per ton during the Track Record Period:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capacitor films					
Capacitor base films					
Ultra-thin base films ⁽¹⁾	53.4	40.8	38.9	36.6	40.6
Thin base films ⁽²⁾	32.8	29.6	28.6	28.7	28.5
Medium-thick base films ⁽³⁾	31.1	28.7	29.0	29.5	29.5
Subtotal	34.9	30.3	29.3	29.4	29.6
Metallized films	–	61.7	64.2	69.4	67.1

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Notes:

- (1) Referring to capacitor base films with thickness ranging from 2.0 μm to 3.9 μm .
- (2) Referring to capacitor base films with thickness ranging from 4.0 μm to 6.9 μm .
- (3) Referring to capacitor base films with thickness ranging from 7.0 μm to 14.9 μm .

Comparison between the five months ended May 31, 2025 and 2024: Our revenue decreased by 3.2% from RMB162.2 million in the five months ended May 31, 2024 to RMB157.1 million in the five months ended May 31, 2025.

- ***Capacitor base films:*** Our revenue from the sales of capacitor base films increased by 6.0% from RMB116.4 million in the five months ended May 31, 2024 to RMB123.4 million in the five months ended May 31, 2025. Specifically:
 - (i) ***Ultra-thin base films:*** Our revenue from the sales of ultra-thin base films increased by 19.2% from RMB11.2 million in the five months ended May 31, 2024 to RMB13.4 million in the five months ended May 31, 2025, primarily due to:
 - (a) a 7.5% increase in the sales volume from 307 ton in the five months ended May 31, 2024 to 330 ton in the five months ended May 31, 2025. Such increase in sales volume of ultra-thin base films was primarily due to an increase in production volume of ultra-thin base films, as a result of an increase in our overall production capacity of capacitor base films. For analysis of our overall production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization”; and
 - (b) a 10.9% increase in the average selling price from 36.6 thousand per ton in the five months ended May 31, 2024 to 40.6 thousand per ton in the five month ended May 31, 2025. Such increase in the average selling price of ultra-thin base films was primarily due to:
 - (1) an increase in the production volume of ultra-thin base films with lower thickness and the improvement of the quality of our ultra-thin base films, as a result of an increase in our overall production capacitor base films. The ultra-thin base films with lower thickness generally have higher selling price; and
 - (2) an increase in the demand for our ultra-thin base films from downstream customers.

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- (ii) *Thin base films:* Our revenue from the sales of thin base films increased by 4.9% from RMB88.3 million in the five months ended May 31, 2024 to RMB92.6 million in the five months ended May 31, 2025, primarily due to a 5.8% increase in the sales volume from 3,076 ton in the five months ended May 31, 2024 to 3,253 ton in the five months ended May 31, 2025. Such increase in sales volume of thin base films was primarily due to an increase in production volume of thin base films, as a result of an increase in our overall production capacity of capacitor base films. For analysis of our overall production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization”; for our prioritization of the production of thin base films, see “Business—Our Products—Capacitor Films—Capacitor base films—Our strategic focus on thin base films.”
- (iii) *Medium-thick base films:* Our revenue from the sales of medium-thick base films remained relatively stable at RMB16.9 million in the five months ended May 31, 2024 and RMB17.4 million in the five months ended May 31, 2025.
- ***Metallized films:*** Our revenue from the sales of metallized films decreased by 40.8% from RMB36.3 million in the five months ended May 31, 2024 to RMB21.5 million in the five months ended May 31, 2025, primarily due to a 38.7% decrease in sales volume from 522 tons in the five months ended May 31, 2024 to 320 tons in the five months ended May 31, 2025. Such decrease in sales volume of metallized films was primarily due to (i) a decrease in production volume of metallized film as we suspended the operation of three of our production lines to carry out technical upgrades in March 2025 and (ii) a decrease in downstream demand for our metallized film as film capacitor manufacturers increasingly produce metallized films in-house using capacitor base purchased externally, which is in line with industry trend, according to CIC.
- ***Other products:*** Our revenue from the sales of other products increased by 28.2% from RMB9.6 million in the five months ended May 31, 2024 to RMB12.3 million in the five months ended May 31, 2025, primarily due to an increase in the sales of recycled granules as a result of an increase in production volume of recycled granules, attributable to an increase in the production volume of capacitor base films that led to more waste films, which are the raw materials of recycled granules.

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Comparison between 2024 and 2023: Our revenue increased by 28.0% from RMB329.5 million in 2023 to RMB421.7 million in 2024. The growth of revenue from capacitor base films accounted for 76.7% of our total revenue growth.

- **Capacitor base films:** Our revenue from the sales of capacitor base films increased by 29.9% from RMB236.5 million in 2023 to RMB307.2 million in 2024. Specifically:
 - (i) **Ultra-thin base films:** Our revenue from the sales of ultra-thin base films increased by 12.2% from RMB24.0 million in 2023 to RMB26.9 million in 2024, primarily due to a 17.7% increase in sales volume from 587 tons in 2023 to 691 tons in 2024. Such increase in sales volume of ultra-thin base films was primarily due to an increase in production volume of ultra-thin base films, as a result of an increase in our overall production capacity of capacitor base films. For analysis of our overall production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization.”
 - (ii) **Thin base films:** Our revenue from the sales of thin base films increased by 36.1% from RMB176.5 million in 2023 to RMB240.2 million in 2024, primarily due to a 40.9% increase in sales volume from 5,969 tons in 2023 to 8,408 tons in 2024. Such increase in sales volume for thin base films was primarily due to (i) an increase in production volume of thin base films, as a result of an increase in our overall production capacity of capacitor base films; and (ii) our prioritization of the production of thin base films. For analysis of our overall production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization”; for our prioritization of the production of thin base films, see “Business—Our Products—Capacitor Films—Capacitor base films—Our strategic focus on thin base films.”
 - (iii) **Medium-thick base films:** Our revenue from the sales of medium-thick base films increased by 11.3% from RMB36.0 million in 2023 to RMB40.1 million in 2024, primarily due to a 10.2% increase in sales volume from 1,254 tons in 2023 to 1,382 tons in 2024. Such increase in sales volume of medium-thick base films was primarily due to an increase in production volume of medium-thick base films, as a result of an increase in our overall production capacity of capacitor base films. For analysis of our overall production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization.”
- **Metallized films:** Our revenue from the sales of metallized films increased by 20.1% from RMB71.0 million in 2023 to RMB85.2 million in 2024, primarily due to a 34.2% increase in sales volume from 7,811 tons in 2023 to 10,482 tons in 2024, as a result of stronger customer demand.

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- **Other products:** Our revenue from the sales of other products increased by 32.9% from RMB22.0 million in 2023 to RMB29.3 million in 2024, primarily due to an increase in production volume of recycled granules, attributable to an increase in the production volume of capacitor base films that led to more waste films, which are the raw materials of recycled granules.

Comparison between 2023 and 2022: Our revenue increased by 0.8% from RMB327.1 million in 2022 to RMB329.5 million in 2023, mainly because we started to generate revenue from metallized films in 2023, which was partially offset by a decrease in the revenue from capacitor base films.

- **Capacitor base films:** Our revenue from the sales of capacitor base films decreased by 21.3% from RMB300.6 million in 2022 to RMB236.5 million in 2023. Specifically:

(i) **Ultra-thin base films:** Our revenue from the sales of ultra-thin base films decreased by 54.7% from RMB53.0 million in 2022 to RMB24.0 million in 2023, primarily due to:

(a) a 40.9% decrease in sales volume from 993 tons in 2022 to 587 tons in 2023. Such decrease was primarily because:

- (1) The production volume of ultra-thin base films decreased, resulting from a decrease in our overall production capacity of capacitor base films from 13,800 tons in 2022 to 12,342 tons in 2023 as we suspended the operation of our aging first production line to carry out technical upgrades from March 2023 to June 2024. See “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization” for details. During the period when our overall production capacity of capacitor base films was affected, we prioritized the production of thin base films. See “Business—Our Products—Capacitor Films—Capacitor base films—Our strategic focus on thin base films”; and
- (2) We provided approximately 125 tons of ultra-thin base films we produced ourselves to Ningguo Haiwei for the production of metallized films in 2023, following our acquisition of Ningguo Haiwei to start our metallized film business. Our revenue from such capacitor base films was eliminated in full on consolidation.

We provided such amount of ultra-thin base films we produced ourselves to Ningguo Haiwei, primarily because the majority of ultra-base films we produced in 2023 were of approximately 3.8 μm , while Ningguo Haiwei mainly needed ultra-thin base films with thickness approximately below 3.3 μm . This is because the customers of Ningguo Haiwei were NEV manufacturers and needed thinner capacitor base films.

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- (b) a 23.4% decrease in the average selling price from RMB53.4 thousand per ton in 2022 to RMB40.8 thousand per ton in 2023, primarily due to our price adjustment in response to the request of our customers. According to CIC, such customer request was primarily attributable to the price reduction in the end-use markets of capacitor base films. According to CIC, the price reduction trend has similarly affected other players in the capacitor film industry in China during the Track Record Period. See “Business—Customers Sales and Marketing—Sales and Marketing—Pricing” for details.
- (ii) *Thin base films:* Our revenue from the sales of thin base films decreased by 16.4% from RMB207.6 million in 2022 to RMB176.5 million in 2023, primarily due to:
 - (a) a 5.8% decrease in sales volume from 6,334 tons in 2022 to 5,969 tons in 2023. Such decrease was primarily because:
 - (1) There was a decrease in our overall production capacity of capacitor base films from 13,800 tons in 2022 to 12,342 tons in 2023 as we suspended the operation of our aging first production line to carry out technical upgrades from March 2023 to June 2024. See “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization” for details;
 - (2) We provided approximately 735 tons of thin base films we produced ourselves to Ningguo Haiwei for the production of metallized films in 2023, following our acquisition of Ningguo Haiwei to start our metallized film business. Our revenue from such capacitor base films was eliminated in full on consolidation; and
 - (3) The above effects were partially offset by our decision to prioritize the production of thin base films. See “Business—Our Products—Capacitor Films—Capacitor base films—Our strategic focus on thin base films” for details.
 - (b) a 9.8% decrease in the average selling price from RMB32.8 thousand per ton in 2022 to RMB29.6 thousand per ton in 2023, primarily due to our price adjustment in response to the request of our customers. According to CIC, such customer request was primarily attributable to the price reduction in the end-use markets of capacitor base films. According to CIC, the price reduction trend has similarly affected other players in the capacitor film industry in China during the Track Record Period. See “Business—Customers Sales and Marketing—Sales and Marketing—Pricing” for details.

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- (iii) **Medium-thick base films:** Our revenue from the sales of medium-thick base films decreased by 9.9% from RMB40.0 million in 2022 to RMB36.0 million in 2023, primarily due to a 7.7% decrease in the average selling price from RMB31.1 thousand per ton in 2022 to RMB28.7 thousand per ton, primarily due to our price adjustment in response to the request of our customers. According to CIC, such customer request was primarily attributable to the price reduction in the end-use markets of capacitor base films. According to CIC, the price reduction trend has similarly affected other players in the capacitor film industry in China during the Track Record Period. See “Business—Customers Sales and Marketing—Sales and Marketing—Pricing” for details.
- **Metallized films:** Our revenue from the sales of metallized films increased from nil in 2022 to RMB71.0 million in 2023, primarily due to our acquisition of Ningguo Haiwei on December 31, 2022, which primarily produces and sells metallized films. See “Business—Our products—Capacitor Films—Metallized films—Our strategies of providing metallized films.”
 - **Other products:** Our revenue from the sales of other products decreased by 16.7% from RMB26.4 million in 2022 to RMB22.0 million in 2023, primarily due to a decrease in the sales volume of recycled granules, as we decided to sell less recycle granules in light of the relevant market price.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of our total cost of sales, for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)									
Raw material costs	148,598	82.5	191,437	84.5	247,295	83.4	96,411	82.4	81,953	80.8
Attributable to the sales of:										
– Capacitor base films	126,188	70.0	126,318	55.7	156,892	52.9	61,868	52.9	56,052	55.3
– Metallized films	–	–	45,051	19.9	61,881	20.9	25,236	21.6	13,945	13.8
– Other products	22,410	12.4	20,068	8.9	28,522	9.6	9,307	8.0	11,956	11.8
Manufacturing costs	28,019	15.5	31,301	13.8	42,002	14.2	17,867	15.3	16,445	16.2
Direct labor costs	3,611	2.0	3,917	1.7	7,326	2.5	2,726	2.3	2,991	3.0
Total	180,228	100.0	226,655	100.0	296,623	100.0	117,004	100.0	101,389	100.0

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Comparison between the five months ended May 31, 2025 and 2024: Our cost of sales decreased by 13.3% from RMB117.0 million in the five months ended May 31, 2024 to RMB101.4 million in the five months ended May 31, 2025, primarily due to economies of scale as our production capacity and production volume increased. See “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization” for details.

The raw material costs attributable to the sales of capacitor base films decreased by 9.4% from RMB61.9 million in the five months ended May 31, 2024 to RMB56.1 million in the five months ended May 31, 2025 primarily due to (i) an approximately 9.5% decrease in the procurement price of electric-grade polypropylene, a key raw material for the production of capacitor base film, and (ii) a decrease in the amount of waste film generated as we switched the range of film thickness of our production lines less frequently after our production capacity increased. Our production capacity increased because we the relaunch of our first production line in June 2024.

The manufacturing costs decreased by 8.0% from RMB17.9 million in the five months ended May 31, 2024 to RMB16.4 million in the five months ended May 31, 2025 primarily due to a decrease in the amount of manufacturing costs related to the metallized films for which a third-party, Haowei Electronic, provided coating services. See “Business—Our Products—Capacitor Films—Capacitor base films—Metallized films—Sources of metallized films we sold” for details.

Comparison between 2024 and 2023: Our cost of sales increased by 30.9% from RMB226.7 million in 2023 to RMB296.6 million in 2024, which was primarily due to an increase in raw material costs, primarily attribute to (i) an increase in sales volume of capacitor base films and metallized films, and (ii) an increase in our purchase amount of capacitor base films and metallized films for our metallized film business. See “Business—Raw Materials and Suppliers—Raw Materials” for details.

Among the metallized films we sold during the Track Record Period, (i) metallized films produced using capacitor base films we procured from third parties and (ii) metallized films we purchased from Haowei Electronic tend to have higher unit cost of sales, as compared to the metallized films produced using capacitor base films manufactured by us. The increases in (i) the sales volume of capacitor base films and metallized films and (ii) our purchase amount of capacitor base films and metallized were partially offset by the decrease in the annual average price of electrical grade polypropylene from 2023 to 2024. See “Industry Overview—Price Analysis.”

Comparison between 2023 and 2022: Our cost of sales increased by 25.8% from RMB180.2 million in 2022 to RMB226.7 million in 2023, primarily driven by an increase in raw material costs. This was primarily because, as we began to provide metallized films in 2023, we (i) procured capacitor base films from third parties as the capacitor base films for the metallized films that we sold, and (ii) purchased metallized films from Haowei Electronic. See “Business—Raw Materials and Suppliers—Raw Materials” for details. Among the metallized films we sold during the Track Record Period, (i) metallized films produced using capacitor base films we procured from third parties and (ii) metallized films we purchased from Haowei Electronic tend to have higher unit cost of sales, as compared to the metallized films produced using capacitor base films manufactured by us. Our purchase amount of capacitor base films and metallized were partially offset by the decrease in the annual average price of electrical grade polypropylene from 2022 to 2023. See “Industry Overview—Price Analysis.”

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Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by products for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	<i>(unaudited)</i>									
Sales of products										
Capacitor films										
Capacitor base films										
Ultra-thin base films ⁽¹⁾	27,984	52.8	8,896	37.1	10,240	38.0	3,989	35.5	5,782	43.2
Thin base films ⁽²⁾	98,851	47.6	63,432	35.9	88,073	36.7	30,119	34.1	37,888	40.9
Medium-thick base films ⁽³⁾	19,299	48.2	13,125	36.4	14,972	37.3	5,866	34.8	7,209	41.5
Subtotal	146,134	48.6	85,453	36.1	113,285	36.9	39,974	34.3	50,879	41.2
Metallized films	–	–	16,820	23.7	11,026	12.9	5,002	13.8	4,544	21.2
Other Products ⁽⁴⁾	714	2.7	617	2.8	761	2.6	258	2.7	307	2.5
Total	146,848	44.9	102,890	31.2	125,072	29.7	45,234	27.9	55,730	35.5

Notes:

- (1) Referring to capacitor base films with thickness ranging from 2.0 μm to 3.9 μm.
- (2) Referring to capacitor base films with thickness ranging from 4.0 μm to 6.9 μm.
- (3) Referring to capacitor base films with thickness ranging from 7.0 μm to 14.9 μm.
- (4) In addition to recycled granules, other products primarily include electronic anti-theft tag films and composite copper foil base films.

As a result of the foregoing, our gross profit decreased by 29.9% from RMB146.8 million in 2022 to RMB102.9 million in 2023, and further increased by 21.6% to RMB125.1 million in 2024. Our gross profit increased by 23.2% from RMB45.2 million in the five months ended May 31, 2024 to RMB55.7 million in the five months ended May 31, 2025. Our gross profit margin decreased from 44.9% in 2022 to 31.2% in 2023, and decreased to 29.7% in 2024. Our gross profit margin increased from 27.9% in the five months ended May 31, 2024 to 35.5% in the five months ended May 31, 2025.

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Comparison between the five months ended May 31, 2025 and 2024: Our gross profit margin increased from 27.9% in the five months ended May 31, 2024 to 35.5% in the five months ended May 31, 2025.

- **Capacitor base films:** Our gross profit margin of capacitor base films increased from 34.3% in the five months ended May 31, 2024 to 41.2% in the five months ended May 31, 2025.
 - (i) **Ultra-thin base films:** Our gross profit margin of ultra-thin base films increased from 35.5% in the five months ended May 31, 2024 to 43.2% in the five months ended May 31, 2025, primarily due to a 10.9% increase in the averages selling price of ultra-thin base films from RMB36.6 thousand per ton to RMB40.6 thousand per ton, primarily as a result of an increase in demand for ultra-thin base films:
 - (a) a 10.9% increase in the average selling price of ultra-thin base films from RMB36.6 thousand per ton to RMB40.6 thousand per ton, primarily due to:
 - (1) an increase in the production volume of ultra-thin base films with lower thickness and the improvement of the quality of our ultra-thin base films, as a result of an increase in our overall production of capacitor base films. The ultra-thin base films with lower thickness generally have higher selling price; and
 - (2) an increase in the demand for our ultra-thin base films from downstream customers.
 - (b) a decrease in the unit cost of sales of thin base films as a result of (i) a decrease in the procurement price of electrical-grade polyethylene and (ii) an overall decrease in the proportion of waste film generated from the production of a ton of capacitor base film by 4.8% from the five months ended May 31, 2024 to the five months ended May 31, 2025, primarily attributable to enhanced economies of scale. Our economies of scale improved as a result of an increase in the utilization rate and production capacity of capacitor base films after we relaunched our first production line in June 2024 after technical upgrades. As the utilization rate and production capacity increased, we switched production lines less frequently between film thickness and thereby reduced the amount of waste film generated from the switch. For the analysis of our utilization rate and production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization.”

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- (ii) *Thin base films:* Our gross profit margin of thin base films increased from 34.1% in the five months ended May 31, 2024 to 40.9% in the five months ended May 31, 2025, primarily due to a decrease in the unit cost of sales of thin base films as a result of (i) a decrease in the procurement price of electrical-grade polyethylene and (ii) an overall decrease in the proportion of waste film generated from the production of a ton of capacitor base film by 4.8% from the five months ended May 31, 2024 to the five months ended May 31, 2025, primarily attributable to enhanced economies of scale. Our economies of scale improved as a result of an increase in the utilization rate and production capacity of capacitor base films after we relaunched our first production line in June 2024 after technical upgrades. As the utilization rate and production capacity increased, we switched production lines less frequently between film thickness and thereby reduced the amount of waste film generated from the switch. For the analysis of our utilization rate and production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization.”
 - (iii) *Medium-thick base films:* Our gross profit margin of medium-thick base films increased from 34.8% in the five months ended May 31, 2024 to 41.5% in the five months ended May 31, 2025, primarily due to a decrease in the unit cost of sales of medium-thick base films as a result of (i) a decrease in the procurement price of electrical-grade polyethylene and (ii) an overall decrease in the proportion of waste film generated from the production of a ton of capacitor base film by 4.8% from the five months ended May 31, 2024 to the five months ended May 31, 2025, primarily attributable to enhanced economies of scale. Our economies of scale improved as a result of an increase in the utilization rate and production capacity of capacitor base films increased after we relaunched our first production line in June 2024 after technical upgrades. As the utilization rate and production capacity increased, we switched production lines less frequently between film thickness and thereby reduced the amount of waste film generated from the switch. For the analysis of our utilization rate and production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization.”
- *Metallized films:* Our gross profit margin of metallized films increased from 13.8% in the five months ended May 31, 2024 to 21.2% in the five months ended May 31, 2025, primarily due to a decrease in the unit cost of sales of metallized films as a result of a decrease in our purchase of metallized films from Haowei Electronics. We decreased our purchase of metallized films from Haowei Electronics primarily because the gross profit margin of metallized films we purchased from Haowei Electronics was relatively low, and (ii) we plan to further decrease our reliance on third parties. See “Business—Raw Materials and Suppliers—Raw Materials” and “Business—Our Products—Capacitor Films—Metallized films—Sources of metallized films we sold” for details.
- *Other products:* Our gross profit margin of other products remained relatively stable at 2.7% in the five months ended May 31, 2024 and 2.5% in the five months ended May 31, 2025.

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Comparison between 2024 and 2023: Our gross profit margin decreased from 31.2% in 2023 to 29.7% in 2024.

- **Capacitor base films:** Our gross profit margin of capacitor base films remained relatively stable at 36.1% in 2023 and 36.9% in 2024. Specifically, our gross profit margin of ultra-thin base films remained relatively stable at 37.1% in 2023 and 38.0% in 2024. Our gross profit margin of thin-base films remained relatively stable at 35.9% in 2023 and 36.7% in 2024. Our gross profit margin of medium-thick base films remained relatively stable at 36.4% in 2023 and 37.3% in 2024.
- **Metallized films:** Our gross profit margin of metallized films decreased from 23.7% in 2023 to 12.9% in 2024, primarily due to an increase in the unit cost of sales which was attributable to an increase in raw material costs. Such increase in raw material costs was primarily due to an increase in our purchase amount of capacitor base films and metallized films for our metallized film business. For reasons for our purchase of metallized films from a third party, see “Business—Raw Materials and Suppliers—Raw Materials” for details.

Such increase in the unit cost of sales of our metallized films was partially offset by an increase in the average selling price of our metallized films. Such increase was primarily due to an increase in the proportion of metallized films produced with ultra-thin base films, given that such metallized films have a relatively higher selling price.

- **Other products:** Our gross profit margin of other products remained relatively stable at 2.8% in 2023 and 2.6% in 2024.

Comparison between 2023 and 2022: Our gross profit margin decreased from 44.9% in 2022 to 31.2% in 2023, primarily due to (i) a decrease in gross profit margin of capacitor base films and (ii) our acquisition of Ningguo Haiwei in 2023, after which we started to provide metallized films, which have a relatively lower gross profit margin compared to that of capacitor base films.

- **Capacitor base films:** Our gross profit margin of capacitor base films decreased from 48.6% in 2022 to 36.1% in 2023. Specifically:
 - (i) **Ultra-thin base films:** Our gross profit margin of ultra-thin base films decreased from 52.8% in 2022 to 37.1% in 2023, primarily due to a decrease in the average selling price primarily because of our price adjustment in response to the request of our customers. According to CIC, such customer request was primarily attributable to the price reduction in the end-use markets, primarily the NEV industry, of capacitor base films. From 2022 to 2023, the average selling price of film capacitors in the NEV industry decreased by 16.7%, according to CIC. According to the same source, such decrease in the average selling price was primarily the result of increased competition in the NEV industry and the need to control cost of sales in this industry.

In response, we decided to adjust our product selling price, primarily to strengthen our long-term relationship with customers. Such reduction in selling price was in line with the industry practice, according to CIC.

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- (ii) *Thin base films:* Our gross profit margin of thin base films decreased from 47.6% in 2022 to 35.9% in 2023, primarily due to:
- (a) a decrease in the average selling price, mainly due to our product adjustment in response to the request of our customers. According to CIC, such customer request was primarily attributable to the price reduction in the end-use markets of capacitor base films. We have decided to adjust our product selling price, primarily to strengthen our long-term relationship with customers. Such reduction in selling price was in line with the industry practice, according to CIC; and
 - (b) an increase in the unit cost of sales, which was attributable to a reduction in economies of scale as a result of a decrease in our utilization rate and a decrease in our production capacity. Such decrease in production capacity was primarily because we suspended our first production line for capacitor base films from March 2023 to June 2024 to carry out technical upgrades. For the analysis of our utilization rate and production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization.”
- (iii) *Medium-thick base films:* Our gross profit margin of medium-thick base films decreased from 48.2% in 2022 to 36.4% in 2023, primarily due to:
- (a) a decrease in the average selling price, mainly due to our product adjustment in response to the request of our customers. We decided to adjust our product selling price, primarily to strengthen our long-term relationship with customers. Such reduction in selling price was in line with the industry practice, according to CIC; and
 - (b) an increase in the unit cost of sales, which was attributable to a reduction in economies of scale as a result of a decrease in our utilization rate and a decrease in our production capacity. Such decrease in production capacity was primarily because we suspended our first production line for capacitor base films from March 2023 to June 2024 to carry out technical upgrades. For the analysis of our utilization rate and production capacity, see “Business—Manufacturing—Existing Manufacturing Facilities—Production capacity and utilization.”
- ***Metallized films:*** Our gross profit margin of metallized films increased from nil in 2022 to 23.7% in 2023, primarily due to our acquisition of Ningguo Haiwei on December 31, 2022, which primarily produces and sells metallized films.
 - ***Other products:*** Our gross profit margin of other products remained relatively stable at 2.7% in 2022 and 2.8% in 2023.

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During the Track Record Period, the gross profit margin of our metallized films was lower than that of our capacitor base films, primarily because:

- According to CIC, the gross profit margin of metallized films is generally lower than capacitor base films. This is because: (i) the cost of metallization is relatively high due to the use of metal raw materials; and (ii) compared with the more complex production of capacitor base films, the metallization process is relatively standardized and easier to implement, and therefore, adding limited incremental value;
- In addition to the industrial factors, the gross profit margin of our metallized films was further effected as we purchased capacitor base films from third parties and purchased metallized films from Haowei Electronics for our metallized film business. The cost of sales of (i) metallized films manufactured using capacitor base films produced by third parties and (ii) metallized films provided by Haowei Electronics was relatively high compared to metallized films manufactured by us and using capacitor base films produced by us. For gross profit margin of metallized films by sources, see “Business—Our Products—Capacitor Films—Metallized films—Sources of metallized films we sold.”

Other Income

The following table sets forth a breakdown of our other income, both in absolute amounts and as percentages of our total other income for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)									
Bank interest income	1,348	9.3	1,692	13.2	1,702	19.7	456	10.2	193	5.5
Government subsidies	2,300	15.9	2,860	22.4	243	2.8	18	0.4	2,109	60.2
Financial guarantee income from related parties	10,821	74.8	8,223	64.4	6,680	77.4	3,991	89.4	1,199	34.3
Total	14,469	100.0	12,775	100.0	8,625	100.0	4,465	100.0	3,501	100.0

Comparison between the five months ended May 31, 2025 and 2024: Our other income decreased by 21.6% from RMB4.5 million in the five months ended May 31, 2024 to RMB3.5 million in the five months ended May 31, 2025, primarily due to a decrease in financial guarantee income from related parties due to a decrease in our guaranteed amounts to related parties, partially offset by an increase in government subsidies primarily attributable to government grants we received because we received a national award.

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Comparison between 2024 and 2023: Our other income decreased by 32.5% from RMB12.8 million in 2023 to RMB8.6 million in 2024, primarily due to (i) the decrease in government subsidies as the subsidy granted in 2023 in relation to our conversion into a joint stock limited company was non-recurring; and (ii) the decrease in financial guarantee income from related parties due to a decrease in our guaranteed amounts to related parties.

Comparison between 2023 and 2022: Our other income decreased by 11.7% from RMB14.5 million in 2022 to RMB12.8 million in 2023, primarily due to the decrease in financial guarantee income from related parties due to the decrease in the guaranteed amounts to related parties.

Distribution and Selling Expenses

The table below sets forth a breakdown of our distribution and selling expenses, both in absolute amounts and as percentages of our total distribution and selling expenses, for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)									
Employee benefits expenses	2,171	96.1	1,918	74.6	2,772	84.0	1,447	90.1	1,222	87.4
Business meetings expenses	8	0.4	273	10.6	161	4.9	41	2.5	98	7.0
Office and communication expenses	2	0.1	44	1.7	6	0.2	1	0.1	2	0.1
Travel expenses	49	2.2	227	8.8	236	7.2	84	5.2	59	4.2
Depreciation and amortization	–	–	1	–	1	–	1	0.1	1	0.1
Others ⁽¹⁾	26	1.2	111	4.3	123	3.7	32	2.0	16	1.2
Total	2,255	100.0	2,574	100.0	3,299	100.0	1,606	100.0	1,398	100.0

Note:

(1) Others primarily include product sample costs, among others.

Comparison between the five months ended May 31, 2025 and 2024: Our distribution and selling expenses decreased by 13.0% from RMB1.6 million in the five months ended May 31, 2024 to RMB1.4 million in the five months ended May 31, primarily due to a decrease in employee benefits expenses.

Comparison between 2024 and 2023: Our distribution and selling expenses increased by 28.2% from RMB2.6 million in 2023 to RMB3.3 million in 2024, primarily due to an increase in employee benefits expenses, as our compensation to the sales and marketing team is generally based on the revenue from our products, and the revenue from our products increased from 2023 to 2024.

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Comparison between 2023 and 2022: Our distribution and selling expenses increased by 14.1% from RMB2.3 million in 2022 to RMB2.6 million in 2023, primarily due to the increase in (i) business meetings expenses and (ii) travel expenses, both as a result of an increase in our marketing and selling activities. Such increase was partially offset by the decrease in employee benefits expenses, as our compensation to the sales and marketing team is generally based on the revenue from our products, and the revenue from our capacitor base films decreased from 2022 to 2023.

Administrative Expenses

The table below sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of our total administrative expenses, for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)									
Employee benefits expenses	2,481	36.1	5,019	48.0	6,993	52.1	2,368	49.9	2,706	50.2
Professional service fees	2,201	32.0	1,923	18.4	1,502	11.2	324	6.8	847	15.7
Travel and transportation expenses	190	2.8	404	3.9	743	5.5	357	7.5	281	5.2
Business meetings expenses	227	3.3	285	2.7	1,385	10.3	791	16.7	695	12.9
Taxes and surcharges	898	13.1	978	9.4	924	6.9	289	6.1	264	4.9
Depreciation and amortization	635	9.2	754	7.2	821	6.1	344	7.2	335	6.2
Others ⁽¹⁾	236	3.4	1,096	10.5	1,050	7.8	275	5.8	258	4.8
Total	6,868	100.0	10,459	100.0	13,420	100.0	4,748	100.0	5,386	100.0

Note:

(1) Others primarily include donations and utilities, among others.

Comparison between the five months ended May 31, 2025 and 2024: Our administrative expenses increased by 13.4% from RMB4.7 million in the five months ended May 31, 2024 to RMB5.4 million in the five months ended May 31, primarily due to (i) an increase in employee benefits expenses; and (ii) an increase in professional service fees as a result of an increase in compliance-related professional service.

Comparison between 2024 and 2023: Our administrative expenses increased by 28.3% from RMB10.5 million in 2023 to RMB13.4 million in 2024, primarily due to an increase in (i) employee benefits expenses, primarily attributable to an increase in the expenses for social insurance and housing provident funds as we made full contributions to social insurance and housing provident funds for certain employees for a longer period of time in 2024 as compared to 2023 and (ii) business meetings expenses, primarily due to an increase in our business development activities.

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Comparison between 2023 and 2022: Our administrative expenses increased by 52.3% from RMB6.9 million in 2022 to RMB10.5 million in 2023, primarily due to the increase in employee benefits expenses, primarily attribute to (i) an increase in the expenses for social insurance and housing provident funds and (ii) the expansion of our administration team as a result of our acquisition of Ningguo Haiwei.

Research and Development Expenses

The following table sets out a breakdown of our research and development expenses, both in absolute amounts and as percentages of our total research and development expenses, for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)									
Direct R&D expenses ⁽¹⁾	9,114	81.3	11,349	78.8	12,415	73.9	3,568	70.1	5,205	71.6
Employee benefit expenses	1,544	13.8	2,061	14.3	2,327	13.9	862	16.9	1,190	16.4
Depreciation and amortization	508	4.5	966	6.7	1,350	8.0	450	8.8	870	12.0
Others ⁽²⁾	43	0.4	27	0.2	708	4.2	240	4.7	–	–
Total	11,209	100.0	14,403	100.0	16,800	100.0	5,090	100.0	7,265	100.0

Notes:

(1) Direct R&D expenses primarily include expenses for raw materials and utilities used in our R&D activities.

(2) Others include travel expenses and licensing fees.

Comparison between the five months ended May 31, 2025 and 2024: Our research and development expenses increased by 42.7% from RMB5.1 million in the five months ended May 31, 2024 to RMB7.3 million in the five months ended May 31, primarily due to the increase in direct R&D expenses, attributable to our increased R&D activities.

Comparison between 2024 and 2023: Our research and development expenses increased by 16.6% from RMB14.4 million in 2023 to RMB16.8 million in 2024, primarily due to (i) the increase in direct R&D expenses, attributable to our increased R&D activities; and (ii) the increase in depreciation and amortization.

Comparison between 2023 and 2022: Our research and development expenses increased significantly by 28.5% from RMB11.2 million in 2022 to RMB14.4 million in 2023, primarily due to (i) the increase in employee benefit expenses, attributable to the expansion of our R&D team as a result of our acquisition of Ningguo Haiwei; and (ii) the increase in direct R&D expenses, attributable to our acquisition of Ningguo Haiwei.

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Finance Costs

The table below sets forth details of our finance costs, both in absolute amounts and as percentages of our total finance costs, for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(unaudited)									
Interest expenses on bank borrowings	3,206	14.1	4,882	88.6	2,354	97.9	1,112	97.8	889	97.1
Discounting charges on bills receivables	506	2.2	577	10.5	1	–	–	–	–	–
Interest expenses on amount due										
to a related party	18,962	83.5	–	–	–	–	–	–	–	–
Interest expenses on lease liabilities	26	0.1	52	0.9	50	2.1	25	2.2	27	2.9
Total	22,700	100.0	5,511	100.0	2,405	100.0	1,137	100.0	916	100.0

Comparison between the five months ended May 31, 2025 and 2024: Our finance costs decreased by 19.4% from RMB1.1 million in the five months ended May 31, 2024 to RMB0.9 million in the five months ended May 31, primarily due to a decrease in interest expenses on bank borrowings as a result of a decrease in our bank borrowings.

Comparison between 2024 and 2023: Our finance costs decreased by 56.4% from RMB5.5 million in 2023 to RMB2.4 million in 2024, primarily due to the decrease in interest expenses on bank borrowings as a result of a decrease in our banking borrowings.

Comparison between 2023 and 2022: Our finance costs decreased by 75.7% from RMB22.7 million in 2022 to RMB5.5 million in 2023, primarily due to the decrease in interest expenses on amount due to a related party, as a result of our repayment of loan principal, partially offset by the increase in interest expenses on bank borrowings by 52.3% from RMB3.2 million in 2022 to RMB4.9 million in 2023 as a result of an increase in our bank borrowings.

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Income Tax Expense

The table below sets forth a breakdown of our income tax expense for the periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2022		2023		2024		2024		2025	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Current tax										
PRC Enterprise Income Tax ("EIT")	-	-	-	-	3,588	52.7	1,219	27.3	3,782	76.3
Deferred tax	18,565	100.0	8,466	100.0	3,222	47.3	3,248	72.7	1,174	23.7
Total	18,565	100.0	8,466	100.0	6,810	100.0	4,467	100.0	4,956	100.0

In 2022, 2023 and 2024, and the five months ended May 31, 2024 and 2025, our effective tax rates calculated as our income tax expense divided by our profit before tax, were 15.4%, 10.8%, 7.3%, 12.0% and 13.6%, respectively, which were lower than the 25% statutory rate, primarily because we and our subsidiary enjoyed preferential tax treatments. See Note 10 and Note 18 to the Accountants' Report in Appendix I to this prospectus and Note 7 to the Condensed Consolidated Financial Statements in Appendix IA to this prospectus.

Our income tax expense decreased by 54.4% from RMB18.6 million in 2022 to RMB8.5 million in 2023, primarily due to the decrease in our profit before tax. Our income tax expense decreased by 19.6% from RMB8.5 million in 2023 to RMB6.8 million in 2024, primarily due to utilisation of previously unrecognised tax losses. Our income tax expense increased by 10.9% from RMB4.5 million in the five months ended May 31, 2024 to RMB5.0 million in the five months ended May 31, 2025, primarily due to a decrease in unused tax losses that were used to offset against our profits.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 31.5% from RMB102.0 million in 2022 to RMB69.8 million in 2023, and further increased by 23.8% to RMB86.4 million in 2024. Our profit for period decreased by 4.6% from RMB32.9 million in the five months ended May 31, 2024 to RMB31.4 million in the five months ended May 31, 2025.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

Our use of cash was primarily related to operating activities and investing activities. We have historically financed our operations through cash generated from financing activities. As of May 31, 2025, we had RMB155.1 million of available cash and cash equivalents. Our available cash and cash equivalents comprise bank deposits. See Note 22 to the Accountants' Report in Appendix I to this prospectus.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities, bank borrowings and net proceeds from the Global Offering.

For more details of our working capital, see “—Selected Balance Sheet Items.”

Working Capital Sufficiency

Taking into account the net proceeds from the Global Offering and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors believe that we have sufficient working capital for our present requirements, that is, for at least 12 months following the date of this prospectus.

Cash Flows Analysis

The following table sets forth selected consolidated cash flow statement information for the periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from/(used in) operating activities	232,115	(89,371)	17,225	29,011	(35,810)
Net cash flows (used in)/from investing activities	(31,829)	(23,409)	(16,104)	(14,057)	2,163
Net cash flows (used in)/from financing activities	(195,529)	316,973	(72,827)	(50,489)	51,469
Net increase/(decrease) in cash and cash equivalents	4,757	204,193	(71,706)	(35,535)	17,822
Cash and cash equivalents at the beginning of the year	44	4,801	208,994	208,994	137,288
Cash and cash equivalents at the end of the year	4,801	208,994	137,288	173,459	155,110

FINANCIAL INFORMATION

Operating activities

Our cash flows from operating activities reflect: our profit before tax adjusted for (i) non-cash and non-operating items such as depreciation of property, plant and equipment, impairment loss, finance costs and financial guarantee income from related parties and (ii) the effects of movement in working capital such as inventories, restricted bank deposits, trade, bills and other receivables and payables, and amounts due from/to related parties of trade nature. Cash flows from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from customers and the timing of payment of trade payables to suppliers or other counterparties during the ordinary course of our business, which also primarily accounted for the difference in the net cash flows generated from operating activities among the years/periods during the Track Record Period.

We will continue to monitor our cash flows from operations closely and improve our net operating cash out flows position through a variety of means, including (i) managing our trade and bills receivables by monitoring the credit profile of our customers, enhancing our payment collection system and regularly reviewing our credit policies to ensure they align with our business and market conditions; (ii) increasing our inventory turnover rate to increase our cash flows from operating activities; (iii) increasing our bargaining power and extend our credit period with our suppliers; and (iv) continuing to strengthen the supply chain management, reinforcing the effect of scale, and maintaining strong control in the strategic provisioning of our major raw materials.

Our net cash used in operating activities in the five months ended May 31, 2025 was RMB35.8 million, primarily attributable to our profit for the period of RMB36.3 million, as adjusted for (i) non-cash and non-operating items such as depreciation of property, plant and equipment of RMB9.1 million and financial guarantee income from related parties of RMB1.2 million, (ii) the effects of movement in working capital such as the increase in trade, bills and other receivables of RMB51.3 million and the increase in inventories of RMB30.3 million, and (iii) income tax paid of RMB7.1 million.

Our net cash flow from operating activities in 2024 was RMB17.2 million, primarily attributable to our profit for the period of RMB93.2 million, as adjusted for (i) non-cash and non-operating items such as depreciation of property, plant and equipment of RMB24.8 million and (ii) the effects of movement in working capital such as the decrease in trade, bills and other receivables of RMB86.5 million.

Our net cash flow used in operating activities in 2023 was RMB89.4 million, primarily attributable to our profit for the year of RMB78.3 million, as adjusted for (i) non-cash and non-operating items such as depreciation of property, plant and equipment of RMB18.3 million, financial guarantee income from related parties of RMB8.2 million and finance costs of RMB5.5 million and (ii) the effects of movement in working capital such as the decrease in inventories of RMB26.3 million, increase in trade, bills and other receivable of RMB51.6 million, decrease in trade, bills and other payables of RMB61.8 million and decrease in amounts due to related parties of RMB120.1 million.

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Our net cash flow from operating activities in 2022 was RMB232.1 million, primarily attributable to our profit for the year of RMB120.6 million, as adjusted for (i) non-cash and non-operating items such as depreciation of property, plant and equipment of RMB15.5 million, finance costs of RMB22.7 million and financial guarantee income from related parties of RMB10.8 million, and (ii) the effects of movement in working capital such as the increase in inventories of RMB31.2 million, increase in trade, bills and other receivables of RMB55.1 million and increase in amounts due to related parties of RMB118.6 million.

Investing activities

In the five months ended May 31, 2025, our net cash from investing activities was RMB2.2 million, which primarily resulted from net cash inflow on disposal of a subsidiary of RMB3.5 million and repayments from related parties of RMB1.7 million, partially offset by payments for purchase of property, plant and equipment of RMB3.2 million.

In 2024, our net cash used in investing activities was RMB16.1 million, which primarily resulted from payments for purchase of property, plant and equipment of RMB18.1 million, and purchase of financial assets at FVTPL of RMB20.0 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB20.3 million.

In 2023, our net cash used in investing activities was RMB23.4 million, which primarily resulted from payments for purchase of property, plant and equipment of RMB25.1 million, offset by interest received of RMB1.7 million.

In 2022, our net cash used in investing activities was RMB31.8 million, which primarily resulted from payments for purchase of property, plant and equipment of RMB33.3 million, partially offset by interest received of RMB1.3 million.

Financing activities

In the five months ended May 31, 2025, our net cash from financing activities was RMB51.5 million, which primarily resulted from new bank borrowings raised of RMB52.0 million.

In 2024, our net cash used in financing activities was RMB72.8 million, which primarily resulted from repayments of bank borrowings of RMB69.7 million and interest paid of RMB2.4 million.

In 2023, our net cash from financing activities was RMB317.0 million, which primarily resulted from proceeds from issue of shares of RMB290.3 million and new bank borrowings raised of RMB81.7 million, partially offset by repayments of bank borrowings of RMB49.0 million.

In 2022, our net cash used in financing activities was RMB195.5 million, which primarily resulted from repayments to related parties of RMB572.3 million, partially offset by advance from related parties of RMB265.4 million, proceeds from issue of shares of RMB95.1 million and new bank borrowings raised of RMB94.2 million.

FINANCIAL INFORMATION

SELECTED BALANCE SHEET ITEMS

Net Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,			As of May 31,	As of September 30,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets					
Inventories	100,175	73,541	69,292	99,568	121,551
Trade, bills and other receivables	258,869	278,534	337,035	353,140	288,909
Amounts due from related parties	3,002	4,653	8,238	3,076	3,079
Restricted bank deposits	21,000	–	–	–	–
Cash and cash equivalents	4,801	208,994	137,288	155,110	203,068
Total current assets	387,847	565,722	551,853	610,894	616,607
Current liabilities					
Trade, bills and other payables	105,374	43,465	52,415	44,249	31,528
Amounts due to related parties	123,066	4,532	3,218	3,253	3,336
Financial guarantee liabilities	9,325	4,616	655	1,541	786
Lease liabilities	465	490	534	561	565
Bank borrowings	78,918	84,700	15,000	67,000	52,000
Tax liabilities	–	–	3,555	229	1,435
Total current liabilities	317,148	137,803	75,377	116,833	89,650
Net current assets	70,699	427,919	476,476	494,061	526,957

Comparison between December 31, 2023 and December 31, 2022: Our net current assets increased by 505.3% from RMB70.7 million as of December 31, 2022 to RMB427.9 million as of December 31, 2023, primarily due to (i) an increase in cash and cash equivalents of RMB204.2 million, (ii) a decrease in trade, bills and other payables of RMB61.9 million and (iii) a decrease in amounts due to related parties of RMB118.5 million, which was partially offset by the decrease in restricted bank deposit of RMB21.0 million.

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Comparison between December 31, 2024 and December 31, 2023: Our net current assets increased by 11.3% from RMB427.9 million as of December 31, 2023 to RMB476.5 million as of December 31, 2024, primarily due to (i) an increase in trade, bills and other receivables of RMB58.5 million, and (ii) a decrease in bank borrowings of RMB69.7 million, partially offset by (i) a decrease in cash and cash equivalents of RMB71.7 million.

Comparison between May 31, 2025 and December 31, 2024: Our net current assets remained relatively stable at RMB476.5 million as of December 31, 2024 and RMB494.1 million as of May 31, 2025.

Comparison between September 30, 2025 and May 31, 2025: Our net current assets increased by 6.7% from RMB494.1 million as of May 31, 2025 to RMB527.0 million as of September 30, 2025, primarily due to (i) an increase in inventories of RMB22.0 million and (ii) a decrease in trade, bills and other payables of RMB12.7 million.

Inventories

Our inventories consist of (i) raw materials and consumables, (ii) work in progress and (iii) finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and consumables	65,386	44,694	36,569	54,067
Work in progress	—	756	1,917	1,578
Finished goods	35,788	29,422	32,558	45,450
Inventories, gross	101,174	74,872	71,044	101,095
Less: write-down of inventories	(999)	(1,331)	(1,752)	(1,527)
Total inventories	100,175	73,541	69,292	99,568

Our inventories decreased by 26.6% from RMB100.2 million as of December 31, 2022 to RMB73.5 million as of December 31, 2023, primarily due to a decrease in our inventory of raw materials and consumables. This was primarily attributable to (i) a decrease in purchase price of electrical grade polypropylene, the key raw material for capacitor base films; and (ii) a decrease in the volume of raw materials we held in stock. Specifically, in 2022, due to the short supply and price fluctuations of electrical grade polypropylene caused by the Russia-Ukraine conflict, we procured electrical grade polypropylene in advance to secure our raw material supplies. In 2023, as the purchase price of electrical grade polypropylene decreased and became relatively stable, we prioritized the utilization of our raw materials in stock and were more prudent at procuring raw materials. See “Business—Raw Materials and Suppliers—Raw Materials” and “Risk Factors—Risks Relating to Our Business and Industry—We are exposed to risks relating to cost fluctuations of raw materials caused by fluctuations in prices and foreign currency exchange.”

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Our inventories decreased by 5.8% from RMB73.5 million as of December 31, 2023 to RMB69.3 million as of December 31, 2024, primarily due to a decrease in raw materials and consumables as we prioritized the use of raw materials and consumables in our production.

Our inventories increased by 43.7% from RMB69.3 million as of December 31, 2024 to RMB99.6 million as of May 31, 2025, primarily due to an increase in the purchase order of our products.

We recognized inventories write-down of RMB1.0 million, RMB1.3 million and RMB1.8 million in 2022, 2023 and 2024, respectively. We assessed write-down of inventories from time to time during the Track Record Period and may make provisions to write down our inventories if the inventories become expired or damaged, or their prices went down.

The below tables set forth an aging analysis of our inventory as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Up to one year	99,208	66,614	59,949	79,673
One to two years	958	6,885	7,354	17,138
Two to three years	195	635	2,368	3,058
Over three years	813	739	1,374	1,226
Total	101,174	74,872	71,044	101,095

The following table sets forth the turnover days of our inventories for the periods indicated:

	For the year ended December 31,			For the five months ended
	2022	2023	2024	May 31, 2025
Inventory turnover days ⁽¹⁾	162.9	139.9	87.9	124.9

Note:

- (1) Average inventory turnover days are calculated based on the average of the beginning and ending balances of inventories of a given year divided by the cost of sales for that corresponding year and multiplied by 365 days for the full-year period.

Our inventory turnover days decreased from 162.9 days in 2022 to 139.9 days in 2023, primarily due to (i) a decrease in inventories of raw materials and consumables and (ii) our strengthened management of our inventory turnover days.

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Our inventory turnover days decreased from 139.9 days in 2023 to 87.9 days in 2024 primarily due to the increase in market demand for our products.

Our inventory turnover days increased from 87.9 days in 2024 to 124.9 days for the five months ended May 31, 2025, primarily due to an increase inventories of raw materials and finished goods as we procured more raw materials in anticipation of potential price fluctuations and manufactured more finished goods in anticipation of increased demand from downstream customers in the first half of 2025.

As of September 30, 2025, RMB96.6 million, or 95.5% of our inventories outstanding as of May 31, 2025 had been utilized or sold.

Trade, bills and other receivables

Our trade, bills and other receivables mainly include (i) trade receivables and (ii) bills receivables, both of which primarily represented receivables from our customers for sales of products; (iii) other receivables, prepayments and deposits; (iv) advance payments to suppliers for raw materials, manufacturing equipment and electric power; and (v) input value-added tax recoverable.

The table below sets forth our trade, bills and other receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	127,886	145,921	168,751	159,890
Bills receivables	136,015	118,862	166,137	160,623
Less: allowance for credit losses	(11,583)	(15,346)	(15,230)	(16,101)
Subtotal	252,318	249,437	319,658	304,412
Other receivables, prepayments and deposits	2,671	1,692	1,969	1,973
Advance payment to suppliers	3,747	26,010	14,320	43,401
Value-added taxes recoverable	133	1,395	–	1,196
Deferred share issued costs	–	–	1,088	2,158
Total	258,869	278,534	337,035	353,140

FINANCIAL INFORMATION

Our trade, bills and other receivables increased by 7.6% from RMB258.9 million as of December 31, 2022 to RMB278.5 million as of December 31, 2023, primarily due to (i) an increase in trade receivables as a result of our acquisition of Ningguo Haiwei, and (ii) an increase in advance payment to suppliers as a result of the purchase of manufacturing equipment which is essential to our business expansion. Such increase was partially offset by a decrease in bills receivables. Our trade, bills and other receivables increased by 21.0% from RMB278.5 million as of December 31, 2023 to RMB337.0 million as of December 31, 2024, primarily due to our business growth.

Our trade, bills and other receivables increased by 4.8% from RMB337.0 million as of December 31, 2024 to RMB343.1 million as of May 31, 2025, primarily due to an increase in advance payment to suppliers for purchase of raw materials.

The following table sets forth an aging analysis of our trade receivables, based on the invoice dates as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0–90 days	69,594	74,336	91,486	80,881
91–180 days	29,961	30,412	31,526	41,944
181–365 days	15,162	26,527	31,596	22,255
1–2 years	4,401	4,423	5,464	2,743
Over 2 years	8,768	10,223	8,679	12,067
Total	127,886	145,921	168,751	159,890

The following table sets forth an aging analysis of our bills receivables, based on the issue dates as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0–90 days	33,729	55,739	80,583	62,740
91–180 days	67,143	59,948	85,554	97,883
181–365 days	35,143	3,175	–	–
Total	136,015	118,862	166,137	160,623

FINANCIAL INFORMATION

The following table sets forth our trade receivables turnover days during the periods indicated:

	For the year ended December 31,			As of May 31,
	2022	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	105.9	136.7	123.0	156.9

Note:

- (1) Trade receivables turnover days are calculated based on the average of opening and closing balance of trade receivables (less allowance for impairment) for the relevant year, divided by the revenue for the relevant year and multiplied by the respective number of days for the full-year/period.

Our trade receivables turnover days increased by 29.1% from 105.9 days in 2022 to 136.7 days in 2023, mainly because we completed the acquisition of Ningguo Haiwei, which had longer trade receivables turnover days for the year ended December 31, 2023, on December 31, 2022. Ningguo Haiwei had longer trade receivables turnover days primarily due to longer credit periods it granted to one of its major customers. This customer is a well-known leading NEV company in China, who typically settle their balance through commercial acceptance bills that mature in six months, which results in longer trade receivable turnover days.

Our trade receivables turnover days decreased by 10.0% from 136.7 days in 2023 to 123.0 days in 2024, mainly due to our enhanced measures to collect trade receivables.

Our trade receivables turnover days increased by 27.6% from 123.0 days in 2024 to 156.9 days in the five months ended May 31, 2025, mainly due to longer credit periods we granted to our customers.

Our trade receivables turnover days during the Track Record Period were slightly longer than our industry peers, which, according to CIC, average approximately 90 days among other capacitor film manufacturers. We recorded average trade receivable turnover days longer than the credit terms we generally grant to our customers during the Track Record Period because:

- (i) One of our major customers, a well-known leading NEV company in China, usually settle their balance with us through commercial acceptance bills that mature in six months, which results in longer trade receivable turnover days; and
- (ii) The outstanding balance of customers, primarily including three companies engaged in the manufacturing of film capacitors. These customers have outstanding balance with us because (a) we no longer maintain business relationship for longer than a year or (b) they experience operational difficulties. We typically grant 30 to 60 days of credit period to these customers and may extend such period depending on the credibility of the customer. For customers with whom we no longer maintain business relationship, we are seeking and will continue to seek payments of their outstanding balance. If these customers experience operational difficulties, we plan to further initiate legal proceedings to recover the outstanding balance.

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We have made loss allowance after our assessment of the recoverability of outstanding balances. There is not any recoverability issue for our trade receivables as the trade receivables, including trade receivables aged over one year, follow the normal settlement rate. We have made adequate provision for expected credit loss for trade receivables, including trade receivables aged over one year, in the balance sheet.

During the Track Record Period, we did not experience any significant losses associated with our trade receivables and the increase in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

As of September 30, 2025, RMB126.3 million, or 78.0% of our total trade receivables as of May 31, 2025, had been settled. As of September 30, 2025, RMB5.6 million, or 33.1% of our trade receivables aged over one year as of May 31, 2025, had been settled.

Trade, bills, and other payables

Our trade, bills and other payables primarily include (i) trade payables and (ii) bills payables, both of which primarily represented payables to our suppliers for raw materials, manufacturing equipment and electrical power; (iii) accrued staff costs and retirement benefit scheme contributions; (iv) value added tax payables; (v) other tax payables; (vi) accrued operating expenses; and (vii) other tax payables.

The table below sets forth our trade, bills and other payables as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	40,351	34,701	40,235	34,593
Bills payables	42,000	–	–	–
Accrued staff costs and retirement benefit scheme contributions	3,723	3,069	3,778	3,490
Value added tax payables	8,663	167	1,868	403
Other tax payables	2,404	614	124	28
Accrued operating expenses	816	1,373	293	238
Accrued listing expenses	–	–	1,713	2,656
Accrued share issue costs	–	–	313	485
Other payables	7,417	3,541	4,091	2,356
Total	105,374	43,465	52,415	44,249

Our trade, bills and other payables decreased by 58.8% from RMB105.4 million as of December 31, 2022 to RMB43.5 million as of December 31, 2023, mainly due to a decrease in bills payables as we repaid bills payables on the maturity date of the bills.

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Our trade, bills and other payables increased by 20.6% from RMB43.5 million as of December 31, 2023 to RMB52.4 million as of December 31, 2024, mainly due to an increase in trade payables as a result of the purchase of manufacturing equipment for business expansion.

Our trade, bills and other payables decreased by 15.6% from RMB52.4 million as of December 31, 2024 to RMB44.2 million as of May 31, 2025, mainly due to a decrease in trade payables related to the purchase of manufacturing equipment.

The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	40,351	34,701	39,255	33,755
Over 1 year	–	–	980	838

The following table sets forth an aging analysis of our bills payables as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
91–180 days	42,000	–	–	–

The following table sets forth our trade payables turnover days during the dates indicated:

	For the year ended December 31,			For the five months ended
	2022	2023	2024	May 31,
				2025
Trade payable turnover days ⁽¹⁾	50.4	60.4	46.1	55.4

Note:

- (1) The trade payable turnover days is the average of the opening and closing trade payable divided by our total cost of sales for the relevant year and multiplied by 365 days for the full-year period.

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Our trade payables turnover days increased by 19.8% from 50.4 days in 2022 to 60.4 days in 2023, primarily due to an increase in trade payables as we completed the acquisition of Ningguo Haiwei on December 31, 2022. Our trade payables turnover days decreased by 23.7% from 60.4 days in 2023 to 46.1 days in 2024, primarily because we settled the payments generally within the credit terms granted. Our trade payables turnover days increased by 20.2% from 46.1 days in 2024 to 55.4 days in the five months ended May 31, 2025, primarily because our suppliers granted longer credit period to us.

As of September 30, 2025, RMB32.5 million, or 93.9% of our total trade payables as of May 31, 2025, had been settled.

Amounts due to related parties

Our amounts due to related parties primarily include trade payables of trade nature for purchase of goods and other operating expenses due to Haiwei Petrochemical and Haiwei Transportation, among other related parties. Our trade payables due to Haiwei Transportation primarily represented the procurement by Haiwei Transportation of electrical grade polypropylene for us from overseas suppliers prior to 2022. Our amounts due to related parties decreased by 96.3% from RMB123.1 million as of December 31, 2022 to RMB4.5 million as of December 31, 2023, primarily because we settled all of the outstanding amounts of trade nature due to Haiwei Petrochemical and Haiwei Transportation, a related party controlled by the father of Mr. Song. Our amounts due to related parties decreased by 29.0% from RMB4.5 million as of December 31, 2023 to RMB3.2 million as of December 31, 2024. Our amounts due to related parties remained relatively stable RMB3.2 million as of December 31, 2024 and RMB3.3 million as of May 31, 2025.

Financial guarantee liabilities

Our financial guarantee liabilities were RMB9.3 million, RMB4.6 million, RMB0.7 million and RMB1.5 million as of December 31, 2022, 2023 and 2024, and May 31, 2025, respectively. Such decrease from December 31, 2022 to December 31, 2023 and 2024 was due to a decrease in the amount of financial guarantees we provided to related parties. Our financial guarantee liabilities increased by 135.3% from RMB0.7 million as of December 31, 2024 to RMB1.5 million as of May 31, 2025, primarily due to an increase in the amount of financial guarantee as a result of an extension of our financial guarantee.

Lease liabilities

Our lease liabilities were RMB1.0 million, RMB0.5 million, RMB1.7 million and RMB1.5 million as of December 31, 2022, 2023 and 2024, and May 31, 2025, respectively. Such movement was due to newly signed lease agreement in 2024. Our lease liabilities decreased by 10.9% from RMB1.7 million as of December 31, 2024 to RMB1.5 million as of May 31, 2025 primarily due to the payments according to such lease agreements in the relevant period.

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Bank borrowings

Our bank borrowings increased by 7.3% from RMB78.9 million as of December 31, 2022 to RMB84.7 million as of December 31, 2023, primarily due to additional bank loans obtained for business operations. Our bank borrowings decreased by 82.3% from RMB84.7 million as of December 31, 2023 to RMB15.0 million as of December 31, 2024, primarily because we partially repaid the loan principals in 2024. Our bank borrowings increased by 346.7% from RMB15.0 million as of December 31, 2024 to RMB67.0 million as of May 31, 2025, primarily because we withdrew funds from our credit line.

As of December 31, 2022, the range of the effective interest rate of our bank borrowings was 2.4% to 8.4% per annum. As of December 31, 2023, the effective interest rate of our bank borrowings was 6.0% to 7.5% per annum. As of December 31, 2024, the effective interest rate of our bank borrowings was 4.0% per annum. As of May 31, 2025, the effective interest rate of our bank borrowings was 3.0% to 4.0% per annum.

Our bank borrowings during the Track Record Period were primarily used for business operation purposes. As of September 30, 2025, all of our bank borrowings were fixed-rate borrowings repayable within one year, and all of our borrowings were denominated in Renminbi.

Non-Current Assets/Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	154,388	148,402	144,529	140,025
Right-of-use assets	5,829	5,151	5,992	5,688
Deposits paid for acquisition of plant and equipment	–	13,982	56,560	75,487
Deferred tax assets	15,332	6,866	3,644	2,470
Total non-current assets	175,549	174,401	210,725	223,670
Non-current liability				
Lease liabilities	490	–	1,182	968
Total non-current liability	490	–	1,182	968
Net assets	245,758	602,320	686,019	716,763

FINANCIAL INFORMATION

Property, plant and equipment

Our property, plant and equipment primarily consist of our (i) buildings, (ii) plant, machinery and equipment, (iii) furniture, fixtures, office and electronic equipment, (iv) motor vehicles, (v) construction in progress and (vi) leasehold improvement.

The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	15,733	14,214	17,750	17,012
Plant, machinery and equipment	99,192	128,380	125,212	119,781
Furniture, fixtures, office and electronic equipment	321	299	497	470
Motor vehicles	145	900	905	850
Construction in progress	38,722	4,389	–	1,770
Leasehold improvement	275	220	165	142
Total	154,388	148,402	144,529	140,025

Our property, plant and equipment decreased by 3.9% from RMB154.4 million as of December 31, 2022 to RMB148.4 million as of December 31, 2023, primarily due to the depreciation of our property, machinery and equipment. Our property, plant and equipment remained relatively stable at RMB148.4 million as of December 31, 2023 and RMB144.5 million as of December 31, 2024. Our property, plant and equipment remained relatively stable at RMB144.5 million as of December 31, 2024 and RMB140.0 million as of May 31, 2025.

Right-of-use assets

Our right-of-use assets primarily consist of leasehold land and properties. The following table sets forth the breakdown of our right of use assets as of the dates indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Land use rights	5,159	4,816	4,320	4,245
Leased properties	670	335	1,672	1,443
Total	5,829	5,151	5,992	5,688

FINANCIAL INFORMATION

Our right-of-use assets decreased by 11.6% from RMB5.8 million as of December 31, 2022 to RMB5.2 million as of December 31, 2023, mainly due to depreciation of our right-of-use assets. Our right-of-use assets increased by 16.3% from RMB5.2 million as of December 31, 2023 to RMB6.0 million as of December 31, 2024, mainly because we signed additional lease agreements. Our right-of-use assets decreased by 5.1% from RMB6.0 million as of December 31, 2024 to RMB5.7 million as of May 31, 2025, mainly due to depreciation of our right-of-use assets.

Deposits paid for acquisition of plant and equipment

We recognized deposits paid for acquisition of plant and equipment as of December 31, 2023 and December 31, 2024. Our deposits paid for acquisition of plant and equipment increased from nil as of December 31, 2022 to RMB14.0 million as of December 31, 2023, and further increased by 304.5% to RMB56.6 million as of December 31, 2024, mainly due to our purchases of manufacturing equipment in 2023 and 2024 which is essential to our business expansion. Our deposits paid for acquisition of plant and equipment increased by 33.5% from RMB56.6 million as of December 31, 2024 to RMB75.5 million as of May 31, 2025, mainly due to the construction progress of plant and equipment we purchased.

Lease liabilities

Our lease liabilities decreased from RMB0.5 million as of December 31, 2022 to nil as of December 31, 2023 primarily attributable to the payments of our lease liabilities in the relevant period. Our lease liabilities increased from nil as of December 31, 2023 to RMB1.2 million as of December 31, 2024, primarily because we signed additional lease agreements. Our lease liabilities decreased by 18.1% from RMB1.2 million as of December 31, 2024 to RMB1.0 million as of May 31, 2025, primarily attributable to the payments of our lease liabilities in the relevant period.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of	As of
	2022	2023	2024	May 31,	September 30,
	RMB'000	RMB'000	RMB'000	2025	2025
				RMB'000	RMB'000
					(unaudited)
Financial guarantee liabilities	9,325	4,616	655	1,541	786
Lease liabilities	955	490	1,716	1,529	1,426
Bank borrowings	78,918	84,700	15,000	67,000	52,000
Total	89,198	89,806	17,371	70,070	54,192

FINANCIAL INFORMATION

Financial Guarantee Liabilities

Our financial guarantee liabilities were RMB9.3 million, RMB4.6 million, RMB0.7 million and RMB1.5 million as of December 31, 2022, 2023, 2024 and May 31, 2025, respectively. See “—Selected Balance Sheet Items—Net Current Assets/Liabilities—Financial guarantee liabilities” for details.

As of September 30, 2025, our financial guarantee liabilities were RMB0.8 million. The decrease of our financial guarantee liabilities from RMB1.5 million as of May 31, 2025 to RMB0.8 million as of September 30, 2025 was primarily due to a decrease in the period of financial guarantee we provided to related parties. Our financial guarantee liabilities as of September 30, 2025 were unsecured and unguaranteed.

All financial guarantees provided to related parties were released on October 15, 2025.

Lease Liabilities

Our aggregate current and non-current lease liabilities were RMB1.0 million, RMB0.5 million, RMB0.5 million and RMB1.5 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively, which were secured by rental deposits and unguaranteed. See “—Selected Balance Sheet Items—Net Current Assets/Liabilities—Lease liabilities” and “—Selected Balance Sheet Items—Non-Current Assets/Liabilities—Lease liabilities” for details.

Our lease liabilities were relatively stable at RMB1.5 million as of May 31, 2025 and RMB1.4 million as of September 30, 2025. Our lease liabilities as of September 30, 2025 were unsecured and unguaranteed.

Bank Borrowings

Our bank borrowings were RMB78.9 million, RMB84.7 million, RMB15.0 million and RMB67.0 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. See “—Selected Balance Sheet Items—Net Current Assets/Liabilities—Bank borrowings.” As of September 30, 2025, our bank borrowings were RMB52.0 million. Such increase in bank borrowings was primarily due to additional bank loans. Our bank borrowings as of September 30, 2025 were secured by the Group’s property, plant and equipment and land use rights and unguaranteed. As of September 30, 2025, our unutilized banking facilities was RMB30.0 million.

Except as discussed above, we did not have material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or other contingent liabilities as of September 30, 2025. We had not experienced any difficulty in obtaining bank loans and other borrowings, or default in payment of bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that there have been no material change in our indebtedness since September 30, 2025 and up to the Latest Practicable Date. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date.

FINANCIAL INFORMATION

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, and May 31, 2025, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

CAPITAL EXPENDITURE

During the Track Record Period, we incurred capital expenditures of RMB33.3 million, RMB25.1 million, RMB18.1 million and RMB3.2 million in 2022, 2023, 2024, and the five months ended May 31, 2025, respectively, in connection with purchase of property, plant and equipment.

The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	For the year ended December 31,			For the five months ended May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payments for purchase of property, plant and equipment	33,276	25,101	18,080	3,192

We expect to fund our future capital expenditures with our existing cash balance and proceeds from the Global Offering. See “Future Plans and Use of Proceeds.” We will continue to make capital expenditures to meet the expected growth of our business.

CAPITAL COMMITMENTS

The following table sets forth a breakdown of our capital commitments for the periods indicated:

	As of December 31,			As of May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the Historical Financial Information	2,226	78,984	14,258	865

FINANCIAL INFORMATION

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into certain related party transactions from time to time, primarily related to the sales and purchase of goods. See Note 30 to the Accountants' Report in Appendix I to this prospectus and Note 18 to the Condensed Consolidated Financial Statements in Appendix IA to this prospectus for more details. Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distort our results of operations during the Track Record Period or make our historical results during the Track Record Period not reflective of our future performance.

As of December 31, 2022, 2023 and 2024, and May 31, 2025, our outstanding balances with related parties of trade nature included (i) amounts due to related parties of RMB123.1 million, RMB4.5 million, RMB3.2 million and RMB3.3 million; and (ii) amounts due from related parties of RMB2.0 million, RMB2.1 million and RMB2.1 million and RMB2.1 million.

As of December 31, 2022, 2023 and 2024, and May 31, 2025, our outstanding balances with related parties of non-trade nature included (i) amounts due to related parties of nil, nil, nil and nil; and (ii) amounts due from related parties of RMB1.0 million, RMB2.6 million, RMB6.2 million and RMB1.0 million.

The outstanding balances with related parties of non-trade nature are expected to be fully settled upon the Listing.

DIVIDENDS

We did not declare or distribute any dividend to our Shareholders during the Track Record Period. We do not maintain a formal dividend policy or have a fixed dividend distribution ratio, and we may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Pursuant to the Articles of Association, our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that our Board may deem relevant.

FINANCIAL INFORMATION

We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future. Under PRC law, dividends may be paid only out of distributable profit, which is our profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. For details, see “Risk Factors—Risks Relating to Doing Business in the Country Where We Operate—Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.” In addition, our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees (such as the discretionary incentive fee) incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB47.3 million (or HK\$51.9 million, representing 11.8% of the gross proceeds from the Global Offering) (assuming an Offer Price of HK\$14.28 per Offer Share and no exercise of the Offer Size Adjustment Option and the Over-allotment Option), of which (i) approximately RMB28.6 million, directly attributable to the issue of our Offer Shares, will be subsequently charged to equity upon completion of the proposed Listing and (ii) approximately RMB6.4 million is expected to be expensed in our consolidated statements of profit or loss after the Track Record Period. By nature, our Listing expenses are composed of (i) underwriting commission of approximately RMB12.3 million and (ii) non-underwriting-related expenses of approximately RMB35.0 million, which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately RMB19.1 million, and (b) other fees and expenses of approximately RMB15.9 million. During the Track Record Period, we incurred listing expenses of RMB12.3 million.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the five months ended May 31,
	2022	2023	2024	2025
Revenue growth ⁽¹⁾	N/A ⁽⁴⁾	0.8%	28.0%	(3.2)%
Gross profit margin	44.9%	31.2%	29.7%	35.5%
Current ratio ⁽²⁾	1.2	4.1	6.9	5.2
Gearing ratio ⁽³⁾	36.3%	14.9%	3.5%	9.7%

FINANCIAL INFORMATION

Notes:

- (1) Revenue growth is calculated as the period-on-period growth rate of revenue.
- (2) Current ratio is calculated as current assets divided by current liabilities.
- (3) Gearing ratio is calculated as (i) financial guarantee liabilities, (ii) bank borrowings, (iii) lease liabilities and (iv) tax liabilities divided by the ending balance of total equity.
- (4) Labeled as “N/A” as the financial information for the year ended December 31, 2021 was not within the Track Record Period.

Revenue Growth

See “—Review of Historical Results of Operations—Revenue” for details.

Gross Profit Margin

See “—Review of Historical Results of Operations—Gross Profit and Gross Profit Margin” for details.

Current Ratio

Our current ratio increased from 1.2 as of December 31, 2022 to 4.1 as of December 31, 2023, primarily attributable to an increase in amounts due from related parties and a decrease in amounts due to related parties. Our current ratio increased from 4.1 as of December 31, 2023 to 6.9 as of December 31, 2024, primarily attributable to (i) an increase in trade, bills and other receivables and (ii) a decrease in bank borrowings. Our current ratio decreased from 6.9 as of December 31, 2024 to 5.2 as of May 31, 2025, primarily due to an increase in bank borrowings.

Gearing Ratio

Our gearing ratio decreased from 36.3% in 2022 to 14.9% in 2023, primarily due to an increase in total equity as a result of an increase in reserves.

Our gearing ratio decreased from 14.9% in 2023 to 3.5% in 2024, primarily due to (i) a decrease in financial guarantee liabilities related to a decrease in the amount of guarantees of bank borrowings we provided to related parties and (ii) a decrease in bank borrowings related to repayment of principals.

Our gearing ratio increased from 3.5% in 2024 to 9.7% in the five months ended May 31, 2025, primarily due to an increase in bank borrowings.

FINANCIAL INFORMATION

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Credit Risk

We have delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, we assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed at the end of the reporting period. In addition, we perform impairment assessment under ECL model on trade balances individually or based on provision matrix. See Note 34b to the Accountants' Report set out in Appendix I to this prospectus.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalent deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows.

For the maturity profile of our financial liabilities as of December 31, 2022, 2023 and 2024, and May 31, 2025, see Note 34b to the Accountants' Report in Appendix I to this prospectus.

Foreign Exchange Risk

We believe the exchange risk of foreign currency is not significant as the majority of business transactions occur in China and all domestic transactions are denominated in Renminbi.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

See Appendix II to this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this prospectus there had been no material adverse change in our financial, operational or prospects since May 31, 2025, being the latest balance sheet date of our Condensed Consolidated Financial Statements as set out in the Accountants' Report in Appendix IA to this prospectus.

DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Mr. Song Wenlan, Haiwei Financial, Changrui Consulting and Jiake Consulting directly held approximately 49.32%, 20.11%, 3.84% and 3.84% of the total issued share capital of the Company, respectively. By virtue of (i) Haiwei Financial being owned as to 99% by Mr. Song Wenlan; (ii) Changrui Consulting being owned as to 0.1% by Mr. Song Wenlan as a limited partner and 99.9% by Haiwei Financial as the general partner which is able to exercise control over Changrui Consulting pursuant to Changrui Consulting's partnership agreement; and (iii) Jiake Consulting being owned as to 0.1% by Mr. Song Wenlan as a limited partner and 99.9% by Haiwei Financial as the general partner which is able to exercise control over Jiake Consulting pursuant to Jiake Consulting's partnership agreement, Mr. Song Wenlan was able to control an aggregate of approximately 77.12% of the voting rights at general meetings of the Company as of the Latest Practicable Date.

Immediately upon completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), Mr. Song Wenlan will, directly and indirectly through Haiwei Financial, Changrui Consulting and Jiake Consulting, be able to control an aggregate of approximately 61.74% of the voting rights at general meetings of our Company. Therefore, Mr. Song Wenlan, Haiwei Financial, Changrui Consulting and Jiake Consulting will constitute our group of Controlling Shareholders.

INTEREST IN COMPETING BUSINESS

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Group, he/it did not have any interest in other business, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Taking into consideration the following factors, our Directors believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational Independence

Our Group operates independently from members of our Controlling Shareholders Group and their respective close associates.

Our Group has a full-time management team and a team of staff to carry out its operation and administration independently from our Controlling Shareholders. We have established a complete organizational structure, comprising various separate departments each charged with specific responsibilities. The support functions comprising accounting, administration, research and development, compliance and human resource management will also continue to be handled by a team of staff employed directly by us and are separated from our Controlling Shareholders. We have also established a set of internal control procedures and adopted corporate governance measures to facilitate the independent and effective operation of our business. For details, please refer to “—Corporate Governance Measures” in this section.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors are satisfied that our Group is able to operate independently from our Controlling Shareholders and their respective close associates.

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function, and an audit committee comprising solely of non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

We do not rely on our Controlling Shareholders or their 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 our Controlling Shareholders or their respective close associates had provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that from a financial perspective, we are capable of carrying on our business independently from members of the Controlling Shareholders Group and their respective close associates after the Listing.

As of the Latest Practicable Date, Jing County Chunyuan Thermal Power Co., Ltd. (景縣春源熱力有限公司), a company controlled by Mr. Guo Fengting (郭風亭), who is a brother of the spouse of Mr. Song Wenlan but not a close associate of Mr. Song Wenlan, one of our Controlling Shareholders, provided a guarantee in favor of our Group for certain bank borrowings. Such guarantee was terminated in June 2025.

Management Independence

Upon Listing, our Board will consist of eight Directors comprising four executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Song Wenlan, our chairman of the Board and an executive Director, is one of our Controlling Shareholders. For more information, see "Directors and Senior Management" in this prospectus.

Our management and operational decisions are made by our Board of Directors and senior management collectively, most of whom have served our Group for a significant period of time and have substantial and extensive relevant industry experience and expertise. Other than Mr. Song Wenlan, none of the Directors or members of the senior management of our Company holds any directorships and/or other senior management roles in any companies owned or controlled by our Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors are of the view that our Board and the senior management members are able to function independently from our Controlling Shareholders and their respective close associates for the following reasons:

- i. each of the Directors is aware of his/her fiduciary duties which, among other things, require them to act in the best interest of our Company and the Shareholders as a whole;
- ii. our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management team, please refer to the section headed “Directors and Senior Management” in this prospectus;
- iii. we have appointed three independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole;
- iv. in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associates, he/she shall abstain from voting and shall not be counted towards the quorum; and
- v. we have adopted a series of corporate governance measures to manage conflict of interest, if any, between our Group and the Controlling Shareholders Group which would support our independent management. For details, see “—Corporate Governance Measures” in this section.

Based on the above, our Directors are satisfied that our Board as a whole and together with our senior management members are able to perform their respective managerial roles in our Group independently from members of the Controlling Shareholders Group and their respective close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

In order to further safeguard the interest of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflict of interest with members of the Controlling Shareholders Group and their respective close associates:

- i. where a Shareholders' meeting is to be held for considering proposed transactions in which any of our Controlling Shareholders or any of their respective associates has a material interest, such Controlling Shareholder(s) will not vote on the resolutions and shall not be counted towards the quorum;
- ii. as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon Listing. In particular, our Articles of Association provide that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest and nor shall such Director be counted in the quorum present at the relevant Board meeting;
- iii. our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their respective associates, our Company will comply with the applicable requirements under the Listing Rules;
- iv. our Company is committed that the Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). Our Company has appointed three independent non-executive Directors and believes that the independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and (iii) will be able to provide an impartial and external opinion to protect the interest of our Shareholders as a whole. For details of the biographies of our independent non-executive Directors, see "Directors and Senior Management" in this prospectus;
- v. where our Directors reasonably request for the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- vi. our Company has appointed Changjiang Corporate Finance (HK) Limited as our compliance advisor, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage existing and potential conflict of interest, and to protect minority Shareholders' interests after the Listing.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered capital of our Company was RMB123,711,887, comprising 123,711,887 Unlisted Shares of nominal value RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Unlisted Shares in issue	94,692,348	61.27
H Shares to be converted from Unlisted Shares	29,019,539	18.78
H Shares to be issued under the Global Offering	30,831,400	19.95
Total	154,543,287	100.00

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Offer Size Adjustment Option is fully exercised but the Over-allotment Option is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Unlisted Shares in issue	94,692,348	59.49
H Shares to be converted from Unlisted Shares	29,019,539	18.23
H Shares to be issued under the Global Offering	35,456,000	22.28
Total	159,167,887	100.00

SHARE CAPITAL

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Over-allotment Option is fully exercised but the Offer Size Adjustment Option is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Unlisted Shares in issue	94,692,348	59.49
H Shares to be converted from Unlisted Shares	29,019,539	18.23
H Shares to be issued under the Global Offering	35,456,000	22.28
Total	159,167,887	100.00

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Offer Size Adjustment Option and the Over-allotment Option are fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Unlisted Shares in issue	94,692,348	57.57
H Shares to be converted from Unlisted Shares	29,019,539	17.64
H Shares to be issued under the Global Offering	40,774,400	24.79
Total	164,486,287	100.00

SHARE CAPITAL

OUR SHARES

The H Shares in issue upon completion of the Global Offering and the Unlisted Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

Our H Shares may only be subscribed for and traded in Hong Kong dollars. Our Unlisted Shares, on the other hand, may only be subscribed for and traded in Renminbi. 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 (such as our certain existing Shareholders the Unlisted Shares held by whom will be converted into H Shares according to the approval of the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Our Unlisted Shares, on the other hand, can be purchased or transferred between legal or natural persons of the PRC, qualified foreign institutional investors and qualified foreign strategic investors.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, listing and trading of such converted Shares have been completed. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this prospectus and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares, we will apply for the listing of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the Global Offering to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the listing of additional Shares after the Global Offering on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative

SHARE CAPITAL

matter, it does not require such prior application for listing at the time of our Listing in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial Listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time.

Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be listed as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure—Capitalization of Our Company" in this prospectus.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any listing of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the H Shares to be issued by our Company (including the H Shares to be converted from our existing Unlisted Shares) prior to the Global Offering will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of Shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See "Summary of the Articles of Association" in Appendix III to this prospectus for further details.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, the following persons will have interests and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

(a) Interest in the shares of our Company

Name of Shareholder	Nature of interest	Number and class of Shares held upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of shareholding in the total issued share capital of our Company immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽²⁾	Approximate percentage of shareholding in the relevant class of Shares immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽²⁾
Mr. Song Wenlan (宋文蘭) ⁽³⁾	Beneficial owner	90,653,754 Unlisted Shares ⁽³⁾	73.28%	58.66%	95.74%
	Interest in controlled corporation	4,754,000 H Shares ⁽³⁾	3.84%	3.08%	7.94%
Haiwei Financial ⁽³⁾	Beneficial owner	29,633,754 Unlisted Shares ⁽³⁾	23.95%	19.18%	31.29%
	Interest in controlled corporation	4,754,000 H Shares ⁽³⁾	3.84%	3.08%	7.94%
Zhu Yong ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%
Zhu Shaopeng ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%
Funland Management Limited ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%
Huizhi Group Holdings Company Limited (匯智集團控股有限公司) ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%
Huiyu Private Equity Fund Management (Huzhou) Co., Ltd. (匯譽私募基金管理(湖州)有限公司) ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%
Changxing County Finance Bureau (長興縣財政局) ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	Number and class of Shares held upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of shareholding in the total issued share capital of our Company immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽²⁾	Approximate percentage of shareholding in the relevant class of Shares immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽²⁾
Zhejiang Changxing Industry Holdings Group Co., Ltd. (浙江長興產業控股集團有限公司) ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%
Changxing Industrial Investment Development Group Co., Ltd. (長興產業投資發展集團有限公司) ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%
Changxing Huili Equity Investment Partnership (Limited Partnership) (長興匯麗股權投資合夥企業(有限合夥)) ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%
Shanghai Huixing Lihai Enterprise Management Partnership (Limited Partnership) (上海匯興麗海企業管理合夥企業(有限合夥)) ⁽⁴⁾	Interest in controlled corporation	15,129,000 H Shares	–	9.79%	25.28%
Horizon Splendor Limited (匯興麗海有限公司) ⁽⁴⁾	Beneficial owner	15,129,000 H Shares	–	9.79%	25.28%
BYD	Beneficial owner	6,063,766 H Shares	4.90%	3.92%	10.13%
Yibin Lvneng Equity Investment Partnership (Limited Partnership) (宜賓綠能股權投資合夥企業(有限合夥), “Yibin Lvneng”) ⁽⁵⁾	Beneficial owner	5,457,375 H Shares	4.41%	3.53%	9.12%
Yibin Development Venture Capital Co., Ltd. (宜賓發展創投有限公司, “Yibin Development”) ⁽⁵⁾	Interest in controlled corporation	5,457,375 H Shares	4.41%	3.53%	9.12%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	Number and class of Shares held upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of shareholding in the total issued share capital of our Company immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽²⁾	Approximate percentage of shareholding in the relevant class of Shares immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽²⁾
Yibin Development Holdings Group Co., Ltd. (宜賓發展控股集團有限公司, “Yibin Holdings”) ⁽⁵⁾	Interest in controlled corporation	5,457,375 H Shares	4.41%	3.53%	9.12%
Chendao Capital LLP (寧波梅山保稅港區晨道投資合夥企業(有限合夥), “Chendao Capital”) ⁽⁵⁾	Interest in controlled corporation	5,457,375 H Shares	4.41%	3.53%	9.12%
Ningbo Yitian Investment Co., Ltd. (寧波梅山保稅港區倚天投資有限公司, “Ningbo Yitian”) ⁽⁵⁾	Interest in controlled corporation	5,457,375 H Shares	4.41%	3.53%	9.12%
Mr. Guan Chaoyu (關朝余) ⁽⁵⁾	Interest in controlled corporation	5,457,375 H Shares	4.41%	3.53%	9.12%
Changrui Consulting ⁽³⁾	Beneficial owner	4,754,000 H Shares ⁽³⁾	3.84%	3.08%	7.94%
Jiake Consulting ⁽³⁾	Beneficial owner	4,754,000 Unlisted Shares ⁽³⁾	3.84%	3.08%	5.02%
Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司)	Beneficial owner	3,638,250 H Shares	2.94%	2.35%	6.08%

Notes:

- (1) All interests are long positions.
- (2) The calculation is based on the total number of (i) 94,692,348 Unlisted Shares in issue, (ii) 29,019,539 H Shares converted from Unlisted Shares and (iii) 30,831,400 H Shares to be issued under the Global Offering immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised.
- (3) As of the Latest Practicable Date:
 - (i) Haiwei Financial was owned by Mr. Song Wenlan as to 99%;
 - (ii) 99.9% of the partnership interests of Changrui Consulting was owned by Haiwei Financial, whilst Haiwei Financial is also the general partner of Changrui Consulting; and

SUBSTANTIAL SHAREHOLDERS

- (iii) 99.9% of the partnership interests of Jiake Consulting was owned by Haiwei Financial, whilst Haiwei Financial is also the general partner of Jiake Consulting.

By virtue of the SFO, Mr. Song Wenlan is deemed to be interested in the Shares held by Haiwei Financial, Changrui Consulting and Jiake Consulting, and Haiwei Financial is deemed to be interested in the Shares held by Changrui Consulting and Jiake Consulting.

Accordingly, upon completion of the Global Offering:

- (i) Mr. Song Wenlan will be interested in 90,653,754 Unlisted Shares and 4,754,000 H Shares, comprising 61,020,000 Unlisted Shares directly held by himself, 24,879,754 Unlisted Shares directly held by Haiwei Financial, 4,754,000 H Shares directly held by Changrui Consulting and 4,754,000 Unlisted Shares directly held by Jiake Consulting;
 - (ii) Haiwei Financial will be interested in 29,633,754 Unlisted Shares and 4,754,000 H Shares, comprising 24,879,754 Unlisted Shares directly held by itself, 4,754,000 H Shares directly held by Changrui Consulting and 4,754,000 Unlisted Shares directly held by Jiake Consulting;
 - (iii) Changrui Consulting will be interested in 4,754,000 H Shares directly held by itself; and
 - (iv) Jiake Consulting will be interested in 4,754,000 Unlisted Shares directly held by itself.
- (4) Horizon Splendor Limited will participate in the Global Offering as a cornerstone investor. The final number of H Shares to be subscribed by Horizon Splendor Limited is subject to the terms of the relevant cornerstone investment agreement and final allocation of the Shares in the Global Offering, and will be set out in the allotment results announcement in respect of the Global Offering to be issued by our Company. For more details, please refer to the section headed “Cornerstone Investor” in this prospectus.

As of the Latest Practicable Date, Horizon Splendor Limited was wholly owned by Shanghai Huixing Lihai Enterprise Management Partnership (Limited Partnership) (上海匯興麗海企業管理合夥企業(有限合夥)). Its general partner, Huiyu Private Equity Fund Management (Huzhou) Co., Ltd. (匯譽私募基金管理(湖州)有限公司) (“**Huiyu Private Equity Fund Management**”), held 0.0005% of its partnership interests, and its limited partner, Changxing Huili Equity Investment Partnership (Limited Partnership) (長興匯麗股權投資合夥企業(有限合夥)) (“**Changxing Huili**”), held 99.9995% of its partnership interests. Huiyu Private Equity Fund Management was wholly owned by Huizhi Group Holdings Company Limited (匯智集團控股有限公司), which was in turn wholly owned by Funland Management Limited. Funland Management Limited was held by Zhu Yong, Zhu Shaopeng, and Zheng Jianping as to 42.5%, 42.5%, and 15% equity interests, respectively. Changxing Huili was held as to 1.8824% of its partnership interests by its general partner, Huiyu Private Equity Fund Management, and 98.1176% of its partnership interests by its limited partner, Changxing Industrial Investment Development Group Co., Ltd. (長興產業投資發展集團有限公司), which was held as to 70% by Zhejiang Changxing Industry Holdings Group Co., Ltd. (浙江長興產業控股集團有限公司) (“**Industry Holdings**”). Industry Holdings was wholly owned by Changxing County Finance Bureau (長興縣財政局). By virtue of the SFO, each of Shanghai Huixing Lihai Enterprise Management Partnership (Limited Partnership), Huiyu Private Equity Fund Management, Changxing Huili, Huizhi Group Holdings Company Limited, Funland Management Limited, Zhu Yong, Zhu Shaopeng, Changxing Industrial Investment Development Group Co., Ltd., Industry Holdings and Changxing County Finance Bureau is deemed to be interested in the Shares held by Horizon Splendor Limited.

- (5) As of the Latest Practicable Date, Yibin Lvneng was held as to 46.50% by Yibin Development as a limited partner and 0.02% by Chendao Capital as its general partner. Yibin Development was wholly owned by Yibin Holdings, which was in turn owned as to 90% by the State-owned Assets Supervision and Administration Commission of the People’s Government of Yibin Municipality (宜賓市人民政府國有資產監督管理委員會). Chendao Capital was held as to 99% by Mr. Guan Chaoyu as a limited partner and 1% by Ningbo Yitian as its general partner. Ningbo Yitian was owned as to 67% by Mr. Guan Chaoyu. By virtue of the SFO, each of Yibin Development, Yibin Holdings, Chendao Capital, Ningbo Yitian and Mr. Guan Chaoyu is deemed to be interested in the Shares held by Yibin Lvneng. See “History, Development and Corporate Structure—Pre-IPO Investments—Information on Our Pre-IPO Investors—Yibin Lvneng” in this prospectus for details.

SUBSTANTIAL SHAREHOLDERS

(b) Substantial shareholders of other members of our Group

<u>Name of substantial shareholder</u>	<u>Name of member of our Group</u>	<u>Nature of interest</u>	Approximate percentage interest held by the substantial shareholders as of the Latest Practicable Date
Mr. Song Renxiang (宋仁祥)	Ningguo Haiwei	Beneficial owner	24.5%
Mr. Zhao Youbin (趙尤斌)	Ningguo Haiwei	Beneficial owner	24.5%

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised) and the Conversion of Unlisted Shares into H Shares, have any interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

CORNERSTONE INVESTOR

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with the cornerstone investor set out below (the “**Cornerstone Investor**”), pursuant to which the Cornerstone Investor has agreed to subscribe at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) that may be purchased for an aggregate amount of approximately HK\$218.22 million (including brokerage commission, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) (the “**Cornerstone Placing**”), subject to certain conditions being fulfilled. The final number of H Shares to be subscribed by the Cornerstone Investor will be set out in the allotment results announcement in respect of the Global Offering to be issued by our Company.

Based on the Offer Price of HK\$14.28, the total number of Offer Shares to be subscribed for by the Cornerstone Investor would be 15,129,000 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
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	Approximate % of the Offer Shares	Approximate % of the total issued share capital
49.07%	9.79%	42.67%	9.51%	42.67%	9.51%	37.10%	9.20%

Our Company is of the view that the Cornerstone Placing will help to raise the profile of our Company and to signify that such investor has confidence in our business and prospect. Our Company became acquainted with the Cornerstone Investor through the introduction by one of the Underwriters.

The Cornerstone Placing will form part of the International Offering and, save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investor and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Offer Shares to be subscribed by the Cornerstone Investor will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investor will not become a substantial shareholder of the Company, and will not have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investor does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders.

CORNERSTONE INVESTOR

To the best knowledge of our Company, the Cornerstone Investor is (i) an Independent Third Party; (ii) not accustomed to take instructions from our Company, our Directors, chief executive, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of our 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 (iii) not financed by our Company, our Directors, chief executive, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of our subsidiaries or their respective close associates.

As confirmed by the Cornerstone Investor, its subscription under the Cornerstone Placing would be financed by its own internal financial resources, and it has sufficient funds to settle its respective investment under the Cornerstone Placing. There are no side agreements or arrangements between our Company and the Cornerstone Investor or any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the Global Offering, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants. The Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

The total number of Offer Shares to be subscribed by the Cornerstone Investor may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraph headed “Structure of the Global Offering—The Hong Kong Public Offering—Reallocation” in this prospectus. The number of Offer Shares to be acquired by the Cornerstone Investor may be reduced on a pro rata basis in accordance with the terms of the Cornerstone Investment Agreement to satisfy the short fall, after taking into account the requirements under Appendix F1 to the Listing Rules as well as the discretion of the Overall Coordinators (for themselves and on behalf of the International Underwriters) to exercise the Over-allotment Option. Further, the Cornerstone Investor has agreed that in the event that the requirements under Rule 8.08(3) of the Listing Rules, which stipulate that no more than 50% of the Shares in public hands can be beneficially owned by the three largest public shareholders of the Company, may not be complied with on the Listing Date, the number of the H Shares to be subscribed for by the Cornerstone Investor may be adjusted to ensure compliance with Rule 8.08(3) of the Listing Rules.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement of our Company to be published on or around Thursday, November 27, 2025. If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by the Cornerstone Investor under the Cornerstone Placing. Where delayed delivery takes place, the Cornerstone Investor has agreed that it shall nevertheless pay for the relevant Offer Shares before the Listing. If there is no over-allocation in the International Offering, delayed delivery will not take place. As such, there will be no deferred settlement of the investment amount for the Offer Shares to be subscribed by the Cornerstone Investor pursuant to the Cornerstone Investment Agreement.

CORNERSTONE INVESTOR

OUR CORNERSTONE INVESTOR

The following information about the Cornerstone Investor was provided to our Company by the Cornerstone Investor in relation to the Cornerstone Placing.

Horizon Splendor

Horizon Splendor Limited (匯興麗海有限公司) (“**Horizon Splendor**”) is a limited company incorporated in Hong Kong, primarily engaged in investment business. As of the Latest Practicable Date, it was wholly owned by Shanghai Huixing Lihai Enterprise Management Partnership (Limited Partnership) (上海匯興麗海企業管理合夥企業(有限合夥)). Its general partner, Huiyu Private Equity Fund Management (Huzhou) Co., Ltd. (匯譽私募基金管理(湖州)有限公司) (“**Huiyu Private Equity Fund Management**”), held 0.0005% of its partnership interests, and its limited partner, Changxing Huili Equity Investment Partnership (Limited Partnership) (長興匯麗股權投資合夥企業(有限合夥)) (“**Changxing Huili**”), held 99.9995% of its partnership interests. Huiyu Private Equity Fund Management was wholly owned by Huizhi Group Holdings Company Limited (匯智集團控股有限公司), incorporated in Hong Kong and in turn wholly owned by Funland Management Limited, which was incorporated in the British Virgin Islands. Funland Management Limited was held by Zhu Yong, Zhu Shaopeng, and Zheng Jianping, who are Independent Third Parties, as to 42.5%, 42.5%, and 15% equity interests, respectively. Changxing Huili was held as to 1.8824% of its partnership interests by its general partner, Huiyu Private Equity Fund Management, and 98.1176% of its partnership interests by its limited partner, Changxing Industrial Investment Development Group Co., Ltd. (長興產業投資發展集團有限公司), which was ultimately controlled by Changxing County Finance Bureau (長興縣財政局), an Independent Third Party. Shanghai Huixing Lihai Enterprise Management Partnership (Limited Partnership) has agreed to be the guarantor of the Cornerstone Investor in relation to its subscription of the Offer Shares under the Cornerstone Placing.

Huizhi International Capital Holdings Co., Limited (“**Huizhi International**”) is one of the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and the Underwriters of the Global Offering. Huizhi International is wholly owned by Funland Management. Accordingly, Horizon Splendor is a connected client of Huizhi International. We have applied for, and the Stock Exchange has granted, a written consent under paragraph 1C(1) of Appendix F1 to the Listing Rules to allow Horizon Splendor to subscribe for Offer Shares as a cornerstone investor. For more details, please refer to the paragraphs headed “Waivers From Strict Compliance With the Listing Rules—Cornerstone Investment by Connected Client” in this prospectus.

CLOSING CONDITIONS

The obligation of the Cornerstone Investor to subscribe for the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their 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 Underwriting Agreements, and the Underwriting Agreements having not been terminated;
- (ii) the Stock Exchange having granted the listing of, and permission to deal in, the H Shares (including the Investor Shares 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;
- (iii) 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 the Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (iv) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are and will be accurate and true in all respects and not misleading, and there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and including the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares it has purchased pursuant to the Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board of Directors consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of our Group, determining the annual financial budgets and final accounts of our Group, determining the fundamental management systems of our Group, formulating profit distribution plans and loss recovery plans of our Group, and exercising other powers and functions as conferred by the Articles of Association.

DIRECTORS

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Responsibilities	Date of first appointment ⁽¹⁾	Time of joining our Group	Relationship with other Directors and senior management
Mr. Song Wenlan (宋文蘭)	46	Chairman of the Board and executive Director	Providing leadership and governance of the Board, key decision making in relation to the operation of the Group, devising the operation and development strategies and overseeing the management of daily operation of the Group	June 20, 2014	September 2006	Nephew of Mr. Zhang Yanming
Mr. Cao Chaozhi (曹朝志)	45	Executive Director and general manager	Overall management and operation and technological research and development of the Group	January 6, 2023	June 2010	None
Mr. Sheng Zhixuan (盛智宣)	37	Executive Director, secretary of the Board, chief financial officer and joint company secretary	Board related matters, corporate finance and the overall financial management and legal and compliance matters of the Group	January 6, 2023	January 2023	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Responsibilities	Date of first appointment ⁽¹⁾	Time of joining our Group	Relationship with other Directors and senior management
Mr. Liu Qingbin (劉慶彬)	55	Executive Director	Overseeing and providing guidance in the manufacturing process of our Group	January 6, 2023	June 2010	None
Ms. Zhong Ying (鐘穎)	33	Non-executive Director	Providing advice on the operation and management of our Group	June 30, 2023	June 2023	None
Ms. Gu Qun (古群)	61	Independent non-executive Director	Providing independent opinion and judgment to the Board	Listing Date	Listing Date	None
Mr. Zhang Hao (張皓)	37	Independent non-executive Director	Providing independent opinion and judgment to the Board	Listing Date	Listing Date	None
Mr. Yu Qing (于慶)	41	Independent non-executive Director	Providing independent opinion and judgment to the Board	Listing Date	Listing Date	None

Note:

- (1) For the avoidance of doubt, the date of first appointment refers to the appointment of the relevant positions in our Company since our inception on September 6, 2006.

Executive Directors

Mr. Song Wenlan (宋文蘭), aged 46, is the chairman of our Board and an executive Director. He was appointed as a Director on June 20, 2014 and was re-designated as an executive Director on January 24, 2025. Mr. Song is responsible for providing leadership and governance of the Board, key decision making in relation to the operation of the Group, devising the operation and development strategies and overseeing the management of daily operation of the Group.

Mr. Song has approximately 20 years of experience in the capacitor film industry. His family founded our Company in September 2006 and he has been serving as a Director since June 2014. Outside our Group, Mr. Song served as the general manager of Haiwei Petrochemical Co., Ltd. (海偉石化有限公司) from June 2013 to September 2024, and the general manager of Haiwei Transportation from June 1999 to November 2022.

In recognition of Mr. Song's extensive industry experience, achievements and his contribution to local development, he was awarded Model Worker of Hebei Province (河北省勞動模範) and the leading talent of innovation and entrepreneurship team (創新創業團隊領軍人才) under the "Giant Project" (巨人計劃) by the government of Hebei Province in April and December 2014, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Song graduated from Dalian University of Technology (大連理工大學) in the PRC majoring in business and enterprise management in January 2013 through distance learning.

Mr. Cao Chaozhi (曹朝志), aged 45, is an executive Director and our general manager. He was appointed as a Director and our general manager on January 6, 2023 and was re-designated as an executive Director on January 24, 2025. Mr. Cao is responsible for the overall management and operation and technological research and development of the Group.

Mr. Cao has served as the director of technology and sales since he joined our Group in June 2010 until January 2023, when he was promoted as a Director and our general manager. He has served as an executive director and general manager of Ningguo Haiwei since March 2022, and an executive director and manager of Haiwei Technology since November 2022. Prior to joining our Group, Mr. Cao worked at Haiwei Transportation from July 2002 to May 2010, with his last position as a workshop director.

Mr. Cao has accumulated extensive experience in and understanding of the capacitor film industry. His experience in the industry is testified by his various awards received from governmental organizations and industry associations. For example, Mr. Cao was awarded Skilled Craftsman of Hebei Province (河北省能工巧匠) by various governmental authorities of Hebei Province, including, among others, Hebei Federation of Trade Unions (河北省總工會), Hebei Development and Reform Commission (河北省發展和改革委員會) and Hebei Provincial Department of Science and Technology (河北省科學技術廳) in 2019 and Hebei Province Information Industry and Informatization “Young and Middle-aged High-tech Leading Talents Nomination Award” (河北省信息產業與信息化“中青年高新技術領軍人才提名獎”) by Hebei Province Information Industry and Informatization Association (河北省信息產業與信息化協會) in 2017.

Mr. Cao graduated from Beijing Language and Culture University (北京語言大學) in the PRC majoring in accounting in January 2022 through distance learning.

Mr. Sheng Zhixuan (盛智宣), aged 37, is an executive Director, secretary of our Board, our chief financial officer and one of our joint company secretaries. He was appointed as a Director, the secretary of our Board and our chief financial officer on January 6, 2023 and our joint company secretary on January 21, 2025, and was re-designated as an executive Director on January 24, 2025. Mr. Sheng is responsible for board related matters, corporate finance and the overall financial management and legal and compliance matters of the Group.

Prior to joining our Group, Mr. Sheng served as the chief financial officer of Haiwei Petrochemical Co., Ltd. (海偉石化有限公司) from October 2019 to December 2022, a member of the legal compliance department of Cinda Securities Co., Ltd. (信達證券股份有限公司, 601059.SH) from August 2017 to September 2019, a senior auditor of the Beijing Branch of Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)北京分所) from January 2015 to July 2017 and an auditor of Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)) from July 2013 to December 2014.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Sheng obtained a bachelor's degree and a master's degree in food science and engineering from Jiangnan University (江南大學) in the PRC in June 2010 and June 2013, respectively, and a master's degree in accounting from Renmin University of China (中國人民大學) in the PRC in June 2019. He has also been a member of the Chinese Institute of Certified Public Accountants since April 2019.

Mr. Liu Qingbin (劉慶彬), aged 55, is an executive Director. He was appointed as a Director on January 6, 2023 and re-designated as an executive Director on January 24, 2025. Mr. Liu is responsible for overseeing and providing guidance in the manufacturing process of our Group.

Mr. Liu has more than 25 years of experience in the industrial film industry. He has been serving as the head of our production department since he joined our Group in June 2010 to January 2023. Prior to joining our Group, he served as the workshop electrical supervisor of Haiwei Transportation from August 1999 to May 2010, managing its packaging film workshop.

Mr. Liu graduated from Jing County Longhua Middle School (景縣龍華中學) in the PRC with a high school diploma in July 1992.

Non-Executive Director

Ms. Zhong Ying (鐘穎), aged 33, is a non-executive Director. She was appointed as a Director on June 30, 2023 and was re-designated as a non-executive Director on January 24, 2025. Ms. Zhong is responsible for providing advice on the operation and management of the Group, and does not hold any other executive or management roles in our Group.

Outside our Group, Ms. Zhong has been serving as a risk control manager of BYD Auto Industry Company Limited (比亞迪汽車工業有限公司) since May 2022. Previously, she served as a project manager of the Shenzhen Branch of Da Hua Certified Public Accountants LLP (大華會計師事務所(特殊普通合夥)深圳分所) from December 2020 to May 2022, an auditor of Yihua Capital Management Co., Ltd. (宜華資本管理有限公司) from November 2017 to August 2020, and a senior auditor of the Shenzhen Branch of Da Hua Certified Public Accountants LLP from July 2014 to October 2017.

Ms. Zhong obtained a bachelor's degree in international accounting from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in July 2014.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Ms. Gu Qun (古群), aged 61, is an independent non-executive Director. She was appointed as an independent non-executive Director on January 24, 2025 with effect from the Listing Date and is responsible for providing independent opinion and judgment to our Board.

Ms. Gu has been serving at China Electronic Components Association (中國電子元件行業協會) for more than 30 years. She has been serving as its executive vice president since August 2023. Previously, she served as the secretary general of China Electronic Components Association from October 2013 to August 2023, its deputy secretary general from October 2009 to October 2013, the director of its information center from June 2001 to October 2013 and its senior engineer from July 1991 to June 2001.

Ms. Gu has also been serving as the chairman of the National Technical Committee for Standardization of Piezoelectric Devices for Frequency Control and Selection (SAC/TC182) (全國頻率控制和選擇用壓電器件標準化技術委員會(SAC/TC182)) since March 2015.

Ms. Gu holds or held independent directorship in several listed companies, including:

- Beijing Yuanliu Hongyuan Electronic Technology Co., Ltd. (北京元六鴻遠電子科技股份有限公司, 603267.SH) since July 2022;
- Shenzhen Sunlord Electronics Co., Ltd. (深圳順絡電子股份有限公司, 002138.SZ) since December 2020;
- Nantong Jianghai Capacitor Co., Ltd. (南通江海電容器股份有限公司, 002484.SZ) from October 2020 to February 2025;
- Chaozhou THREE-CIRCLE (GROUP) Co., Ltd. (潮州三環(集團)股份有限公司, 300408.SZ) from May 2017 to June 2023; and
- Changzhou Xiangming Intelligent Drive System Corporation (常州祥明智能動力股份有限公司, 301226.SZ) from May 2016 to April 2023.

Ms. Gu obtained a bachelor's degree in computer science from Chengdu Institute of Telecommunications Engineering (成都電訊工程學院, now known as the University of Electronic Science and Technology of China (電子科技大學)) in the PRC in July 1986, and a master's degree in management engineering from Beijing Light Industry Institute (北京輕工業學院, now known as Beijing Technology and Business University (北京工商大學)) in the PRC in October 1991. She was qualified as a senior engineer by the Steering Group on Qualification Title Reform (職稱改革工作領導小組) of the Ministry of Electronics Industry of the PRC (中華人民共和國電子工業部, now known as the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)) in November 1996.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang Hao (張皓), aged 37, is an independent non-executive Director. He was appointed as an independent non-executive Director on January 24, 2025 with effect from the Listing Date and is responsible for providing independent opinion and judgment to our Board.

Mr. Zhang has been serving as the asset management director of the Beijing Branch of New Founder Holdings Development Co., Ltd. (新方正控股發展有限責任公司北京分公司) since February 2024. Previously, he served as a special asset investment director of Ping An Trust Co., Ltd. (平安信託有限責任公司) from May 2021 to January 2024, the assistant to general manager of Zheshang Jinhui Trust Co., Ltd. (浙商金匯信託股份有限公司) from June 2017 to May 2021, a trust manager of Daye Trust Co., Ltd. (大業信託有限責任公司) from October 2015 to June 2017, a project risk management manager of Hua'ao International Trust Co., Ltd. (華澳國際信託有限公司) from February 2014 to October 2015, and a senior auditor of the Beijing Branch of Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)北京分所) from September 2011 to January 2014.

Mr. Zhang obtained a bachelor's degree in international economics and trade from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in July 2010, a master's degree in banking and finance from Loughborough University in the United Kingdom in December 2011, a master's degree in business administration from Cornell University in the U.S. in May 2020 and a master's degree in business administration from Tsinghua University (清華大學) in the PRC in June 2020. Mr. Zhang has been a member of the Chinese Institute of Certified Public Accountants since April 2016 and a Chartered Financial Analyst recognized by the CFA Institute in the U.S. since September 2015. He also received a PRC Legal Professional Qualification Certificate issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in March 2024.

Mr. Yu Qing (于慶), aged 41, is an independent non-executive Director. He was appointed as an independent non-executive Director on January 24, 2025 with effect from the Listing Date and is responsible for providing independent opinion and judgment to our Board.

Mr. Yu has been serving as an associate of Beijing Shengchi Law Firm (北京聲馳律師事務所) since June 2021, and worked at Cinda Securities Co., Ltd. (信達證券股份有限公司, 601059.SH) from October 2017 to June 2021. Previously, he worked at the Primary People's Court of Changping District of Beijing Municipality (北京市昌平區人民法院) from July 2010 to August 2017, with his last position as a judge.

Mr. Yu obtained a bachelor's degree in laws from Harbin University of Commerce (哈爾濱商業大學) in the PRC in July 2007, and a master's degree in civil and commercial law from Jilin University (吉林大學) in the PRC in June 2010. Mr. Yu obtained a PRC Legal Professional Qualification Certificate issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in February 2009 and has been a practicing PRC lawyer since February 2023.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position(s)	Responsibilities	Date of first appointment	Time of joining our Group	Relationship with other Directors and senior management
Mr. Cao Chaozhi (曹朝志)	45	Executive Director and general manager	Overall management and operation and technological research and development of the Group	January 6, 2023	June 2010	None
Mr. Sheng Zhixuan (盛智宣)	37	Executive Director, secretary of the Board, chief financial officer and joint company secretary	Board related matters, corporate finance and the overall financial management and legal and compliance matters of the Group	January 6, 2023	January 2023	None

Mr. Cao Chaozhi (曹朝志) is an executive Director and our general manager. See “—Directors—Executive Directors” above for his biographical details.

Mr. Sheng Zhixuan (盛智宣) is an executive Director, secretary of our Board, our chief financial officer and one of our joint company secretaries. See “—Directors—Executive Directors” above for his biographical details.

OTHER INFORMATION

Except as disclosed above, each of our Directors and members of senior management has not been a director of any public company whose securities are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

None of our Directors has any interests in any business (apart from our Group’s business), which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

To the best knowledge, information and belief of our Directors, save as disclosed above, our Directors and senior management do not have any relationship amongst them.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on, in the case of Ms. Gu Qun, February 11, 2025 and in the case of other Directors, January 14, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she had 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 of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

JOINT COMPANY SECRETARIES

Mr. Sheng Zhixuan (盛智宣) is our executive Director, secretary of the Board, chief financial officer and one of our joint company secretaries. For biographical details of Mr. Sheng, see “—Directors—Executive Directors” in this section.

Ms. Tam Pak Yu, Vivien (譚栢如) is one of our joint company secretaries. Ms. Tam serves as a manager of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司), a professional services provider specializing in corporate services, and has over nine years of experience in corporate secretarial field. Ms. Tam has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute of the United Kingdom in 2018. Ms. Tam obtained a bachelor’s degree in China Studies from Hong Kong Baptist University in 2014 and a master’s degree in Professional Accounting and Corporate Governance from City University of Hong Kong in 2017.

BOARD COMMITTEES

Our Company has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

DIRECTORS AND SENIOR MANAGEMENT

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Yu Qing, Ms. Zhong Ying and Mr. Zhang Hao. Mr. Yu Qing serves as the chairperson of the Audit Committee. Mr. Zhang Hao holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee include, but not limited to, the following:

- reviewing and evaluating the work of external auditors and monitoring the independence of external auditors;
- monitoring and making recommendations to internal audit work of our Company;
- reviewing the financial information of our Company and its disclosures, reviewing and making recommendations to the financial reports and statements of our Company;
- evaluating the effectiveness of internal controls;
- ensuring coordination between the management, internal audit department, relevant departments and external auditors; and
- performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Remuneration Committee consists of three Directors, including Mr. Yu Qing, Ms. Gu Qun and Mr. Zhang Hao. Mr. Yu Qing serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- formulating remuneration proposals of Directors and members of our senior management in accordance with the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies;
- making recommendations to our Board on the establishment of a formal and transparent procedure for developing remuneration policy;
- conducting the evaluation of the annual performance of all Directors and senior management;
- assessing and reviewing compensation payable to all Directors and senior management;

DIRECTORS AND SENIOR MANAGEMENT

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules (if any); and
- performing other duties and responsibilities as assigned by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, including Mr. Song Wenlan, Ms. Gu Qun and Mr. Yu Qing. Mr. Song Wenlan serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- reviewing and making recommendations to the Board on the composition and number of our Board and senior management with reference to our Company's business activities, the scale of assets and shareholding structure;
- assessing and reviewing the independence of independent non-executive Directors;
- identifying individuals suitably qualified to become a member of our Board and senior management and making recommendations to our Board on the selection of individuals nominated for directorships and senior management;
- reviewing the structure and diversity of the Board;
- accessing and making recommendations for the selection of other senior management appointed by our Board; and
- performing other duties and responsibilities as assigned by our Board.

BOARD DIVERSITY

Our Company has adopted the board diversity policy which sets out the objective and approach for achieving and maintaining diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, our Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service.

DIRECTORS AND SENIOR MANAGEMENT

The Board currently consists of six male and two female members, with four executive Directors, one non-executive Director and three independent non-executive Directors of ages ranging from 32 to 60 with diversified backgrounds and experience. We consider that our Board has a balanced mix of skill set, experience, expertise, and diversity which enhances decision-making capability and the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. In recognition of the importance of gender diversity, our Company has taken, and will continue to take steps to promote gender diversity in the Board. Our Company will continue to consider increasing the proportion of female Board members over time when selecting suitable new or additional candidates for appointments to the Board so as to ensure that appropriate gender diversity is achieved.

Upon the Listing, the Nomination Committee will from time to time (i) assess and review expected goals to ensure board diversity and (ii) review and, where necessary, update the board diversity policy to ensure that the policy remains effective. Our Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether our Company has achieved board diversity) in its annual corporate governance report.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after Listing.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management members who receive remuneration from our Company are paid in forms of fees, salaries, allowances, benefits in kind and pension scheme contributions.

The aggregate amount of remuneration paid to our Directors and former supervisors for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025 amounted to approximately RMB0.3 million, RMB1.4 million, RMB1.4 million and RMB0.6 million, respectively. The five highest paid individuals of our Group for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025 included one, three, two and one Director(s), respectively. During the same periods, the aggregate amount of remuneration of the five highest paid individuals amounted to approximately RMB1.3 million, RMB1.5 million, RMB1.8 million and RMB1.0 million, respectively.

Under the arrangement currently in force, our Company estimates that the aggregate fixed remuneration (before tax) payable to our Directors and former supervisors for the year ending December 31, 2025 is approximately RMB2.1 million. The actual remuneration of Directors and former supervisors in 2025 may be different from the expected remuneration.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no fees were paid by our Company to any of our Directors (or former Directors), former supervisors or the five highest paid individuals as an inducement to join our Company or as compensation for loss of office. None of our Directors or former supervisors waived their remuneration during the Track Record Period.

Information on the service contracts entered into between our Company and our Directors is set out in “Statutory and General Information” in Appendix IV to this prospectus.

COMPLIANCE ADVISOR

Our Company has appointed Changjiang Corporate Finance (HK) Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules. The material terms of the Compliance Advisor’s agreement are as follows:

- (i) Changjiang Corporate Finance (HK) Limited shall act as our Compliance Advisor for the purpose of 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, or until the agreement is terminated, whichever is earlier;
- (ii) the Compliance Advisor will provide us with certain services, including proper guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, regulations and rules;
- (iii) accompany the Company to any meetings with the Hong Kong Stock Exchange, unless otherwise requested by the Hong Kong Stock Exchange; and
- (iv) if required by the Hong Kong Stock Exchange, the Compliance Advisor will deal with the Hong Kong Stock Exchange in respect of any or all matters listed in Rule 3A.23.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business—Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

Based on the Offer Price of HK\$14.28 per Share, we estimate that we will receive net proceeds of approximately HK\$388.9 million (equivalent to approximately RMB354.5 million) from the Global Offering after deducting the underwriting commission and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised.

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 82.0% of the net proceeds, or HK\$318.9 million (equivalent to approximately RMB290.7 million), is expected to be used to further increase our production capacity, which is one of our key strategies as detailed in “Business—Our Strategies” and “Business—Manufacturing—Planned Manufacturing Facilities.” As of the Latest Practicable Date, we had five production lines for capacitor base films and three production lines for metallized films. For the year ended December 31, 2024, our production capacity of capacitor base films and metallized films reached 11,225 tons and 945 tons, respectively. Our production lines for capacitor base films are also capable of manufacturing composite copper foil base films with generally equivalent production capacity.

There has been a significant supply-demand gap of capacitor films recently, and the gap is expected to persist, according to CIC. Such supply-demand gap provides us with stronger bargaining power and helps us become profitable. See “Business—Our Strategies—Enhance our production capacity to meet increasing market demand.” In response to the growing downstream demands, our plan for expanding production capacity including using such proceeds for the construction of a new manufacturing facility for producing capacitor base films in Southern China (the “**Southern China Facility**”) by 2027. As of the date of this prospectus, we are still in the process of selecting the specific location of the Southern China Facility. The Southern China Facility is expected to primarily include two production lines for capacitor base films with annual production capacity of approximately 8,000 tons. Such production lines can also be used to produce composite copper foil base films. Specifically:

FUTURE PLANS AND USE OF PROCEEDS

- (i) approximately 68.0% of the net proceeds, or HK\$264.4 million (equivalent to approximately RMB241.0 million), will be used for the purchase and installation of manufacturing equipment for the two production lines. We estimate that the total cost of all manufacturing equipment on one production line for capacitor base films amounts to RMB120.0 million. The following table sets forth the expected allocation of our proceeds for the purchase and installation of the core manufacturing equipment on the two production lines:

Manufacturing equipment	Major production steps	Allocation of net proceeds	
		(%)	(in HK\$ million)
• Feeding system	Raw material feeding	0.7	2.6
• Extruder	Extrusion and casting	8.2	31.7
• Die head			
• High-efficiency filter			
• Longitudinal stretching machine	Biaxial stretching	5.4	21.1
• Transverse stretching machine	Biaxial stretching	26.4	102.7
• Pull roll stand	Traction	13.5	52.6
• Thickness gauge			
• Corona treatment			
• Winding machine	Winding and conditioning	4.7	18.4
• Slitting machine	Slitting	6.1	23.6
• Auxiliary equipment, primarily including cooling water pump, recirculating fan, air compressor	N/A	2.8	10.8

FUTURE PLANS AND USE OF PROCEEDS

- (ii) approximately 5.0% of the net proceeds, or HK\$19.4 million (equivalent to approximately RMB17.7 million), will be used for the construction of (a) one office building with a GFA of approximately 5,000 sq.m., which will accommodate administrative offices, meeting rooms and employee amenities; (b) one factory building with a GFA of approximately 15,000 sq.m., which will be used for manufacturing and warehousing; and (c) one dormitory with a GFA of approximately 5,000 sq.m., which will be used to accommodate employees and facilitate shift work;
- (iii) approximately 4.0% of the net proceeds, or HK\$15.6 million (equivalent to approximately RMB14.2 million), will be used for land-related expenses, including obtaining land use rights. We plan to acquire land use rights for approximately 66,000 sq.m. of land, ensuring sufficient space to construct the manufacturing facilities and leaving room for future expansion. The land is expected to accommodate our office buildings, factory buildings, public infrastructure and ancillary infrastructure;
- (iv) approximately 3.0% of the net proceeds, or HK\$11.7 million (equivalent to approximately RMB10.6 million), will be used for the construction of (a) public infrastructure for our daily operation, primarily including roads and lighting, landscaping, fire safety facilities and water supply networks; and (b) ancillary infrastructure to the production lines, primarily including power distribution systems and air separation and purification systems. These investments are intended to enhance operational efficiency, maintain a clean production environment, and support the growth of our business; and
- (v) approximately 2.0% of the net proceeds, or HK\$7.8 million (equivalent to approximately RMB7.1 million), will be used for the payment of other costs and expenses related to the Southern China Facility, including:
 - (a) salary expense for employee recruitment associated with the Southern China Facility. We plan to employ approximately 80 individuals for the Southern China Facility, with details as follows:
 - (1) *Production:* We plan to recruit 51 individuals with the estimated average annual salary for each person amounting to approximately RMB60,000 to RMB80,000. We plan to use the proceeds to cover two years' salary for these recruits;
 - (2) *Quality control:* We plan to recruit four individuals, with the estimated average annual salary for each person amounting to approximately RMB60,000 to RMB80,000. We plan to use the proceeds to cover two years' salary for these recruits;

FUTURE PLANS AND USE OF PROCEEDS

- (3) *Warehousing, logistics, and inventory management:* We plan to recruit six individuals, with the estimated average annual salary for each person amounting to approximately RMB60,000. We plan to use the proceeds to cover two years' salary for these recruits; and
 - (4) *Administrative support:* We plan to recruit 19 individuals, with the estimated average annual salary for each person amounting to approximately RMB60,000. We plan to use the proceeds to cover two years' salary for these recruits.
 - (b) other expenses associated with the Southern China Facility, primarily including (1) design fees paid to facility designers for the overall layout and functionality of the Southern China Facility; (2) supervision fees paid to a third-party supervision firm for monitoring construction quality and compliance; and (3) construction management fees paid to establish the engineering department for the daily oversight of the construction project, such as personnel allocation and risk management, to help ensure the project progresses on schedule.
- approximately 5.0% of the net proceeds, or HK\$19.4 million (equivalent to approximately RMB17.7 million), is expected to be used to enhance our R&D capabilities. We will establish an additional R&D center which will focus on (a) the design and development of the production lines for capacitor base films; (b) the development and refinement of ultra-thin base films with a thickness of below 2.5 μm ; and (c) the development of composite copper foil base films. Specifically, we plan to:
 - (i) recruit 20 additional R&D talents, particularly professionals with cutting-edge technology backgrounds and innovative capabilities in the capacitor film industry, including (a) ten individual focusing on the development and refinement of ultra-thin base films and composite copper foil base films, with the estimated average annual salary for each person amounting to approximately RMB150,000-RMB300,000; and (b) ten individual focusing on the design and development of production lines for capacitor base films, with the estimated average annual salary for each person amounting to approximately RMB150,000-RMB300,000. We plan to use the proceeds to cover three years' salary for these recruits;
 - (ii) purchase R&D equipment, primarily including (a) one die head, with a unit price of approximately RMB1.5 million; (b) one quenching roller, with a unit price of RMB1.2 million; (c) approximately eight slitting press rollers, with a unit price of RMB50,000; (d) approximately 1,700 sets of capacitor film transport control system chains and chain clamps, with a unit price of RMB1,600; and (e) approximately one set of testing equipment, with a unit price of RMB0.5 million; and
 - (iii) constructing an approximately 2,000 sq.m. R&D center building in Hebei Province, China, to accommodate the construction of facilities for our R&D center, while reserving space for future expansion.

FUTURE PLANS AND USE OF PROCEEDS

- approximately 3.0% of the net proceeds, or HK\$11.7 million (equivalent to approximately RMB10.6 million), is expected to be used for sales and marketing activities. Specifically, we plan to use the proceeds to:
 - (i) approximately 1.0% of the net proceeds, or HK\$3.9 million, is expected to be used to establish two sales centers in the capital cities of Eastern China and Southern China and expand our direct sales network across these regions, while leveraging their economic vitality and market potential. We will also recruit ten sales personnel and increase the frequency of visits to existing key customers and potential customers;
 - (ii) approximately 1.0% of the net proceeds, or HK\$3.9 million, is expected to be used to provide more training programs to our sales and marketing team, helping ensure the alignment of sales and marketing activities with our company values, product offerings and operating strategies; and
 - (iii) approximately 1.0% of the net proceeds, or HK\$3.9 million, is expected to be used to participate in domestic and international exhibitions related to capacitor films, new material technology, and electronics, such as China International Plastics Exhibition. We aim to increase our brand visibility both in China and overseas, gain deeper insights into market trends and customer demands, as well as build and expand our network of industry partners and potential customers.
- approximately 10.0% of the net proceeds, or HK\$38.9 million (equivalent to approximately RMB35.4 million), is expected to be used for working capital and other general corporate uses.

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 put into effect any part of our future development plan as intended, and to the extent permitted by the relevant laws and regulations, we may deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
China Securities (International) Corporate Finance Company Limited
CLSA Limited
CCB International Capital Limited
BOCI Asia Limited
Huizhi International Capital Holdings Co., Limited
Futu Securities International (Hong Kong) Limited
Livermore Holdings Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement.

The Global Offering comprises the Hong Kong Public Offering of initially 3,083,200 Hong Kong Offer Shares and the International Offering of initially 27,748,200 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as the Offer Size Adjustment Option and the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus (including the additional H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set forth in the Hong Kong Underwriting Agreement being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable portions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

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Grounds for termination

The Overall Coordinators (for themselves 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 if at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- (1) there develops, occurs, exists or comes into force:
 - (a) 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, or other jurisdictions relevant to our Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or
 - (b) 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
 - (c) 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

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- (d) 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 the Company listed or quoted on a stock exchange or an over-the-counter market; or
- (e) 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
- (f) 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 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
- (g) the commencement by any governmental authority or other regulatory or political body or organization of any public action or investigation against a Group company or a director or a senior management member of any Group company or announcing an intention to take any such action; or
- (h) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any Group company or any of the Controlling Shareholders or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (i) 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
- (j) 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
- (k) 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 Controlling Shareholder or any Director or senior management members as named in this prospectus; or

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- (l) any contravention by any member of our Group or any Director of the Listing Rules or applicable laws; or
- (m) 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, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (i) has or will or may have a material adverse effect, whether directly or indirectly, on 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
 - (ii) 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
 - (iii) 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; or
 - (iv) 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
- (2) there has come to the notice of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:
- (a) any statement contained in any of the offering documents, the CSRC filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the “**Global Offering Documents**”) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or

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- (b) 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 misstatement in any Global Offering Document; or
- (c) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by our Company or the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (d) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties pursuant to the indemnities in the Hong Kong Underwriting Agreement; or
- (e) any breach of any of the obligations or undertakings imposed upon our Company or any member of the Controlling Shareholders or any cornerstone investor (as applicable) to the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the cornerstone investment agreement; or
- (f) there is any change or development involving a prospective change, constituting or having a material adverse effect; or
- (g) that the Chairman of the Board, any Director, or any member of senior management of our Company named in this prospectus is removed from office or vacating his/her office; or
- (h) 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 or supervisorship of a company; or
- (i) 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
- (j) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Offer Size Adjustment Option and the Over-allotment Option) is refused or not granted, other than subject to customary conditions, 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
- (k) any person (other than any of the Sole Sponsor) has withdrawn its consent to the issue of the 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

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- (l) 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 (including pursuant to any exercise of the Offer Size Adjustment Option and the Over-allotment Option); or
- (m) any person (other than the Sole Sponsor and the Overall Coordinators) has withdrawn or sought to withdraw its consent to being named in any of the offering documents or to the issue of any of the offering documents; or
- (n) 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
- (o) (A) 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 (B) 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 (C) any non-compliance of the CSRC filings with the CSRC rules or any other applicable laws; or
- (p) that a material portion of the orders placed or confirmed in the bookbuilding process, or investment commitments made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled, as a result of the payment of the relevant investment amount not being received or settled in the stipulated time and manner or otherwise.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, except pursuant to the Global Offering (including the Over-allotment Option), he/she/it will not and will procure that the relevant registered holder(s) will not without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of his/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 “**Six-Month Period**”), dispose of, nor enter into any

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agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (the “**Relevant Securities**”); and

- (b) in the period of six months from the expiry of the 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 our Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

- (i) when he/she/it pledges or charges any Relevant Securities or interests in any of the Relevant Securities, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07 of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Relevant Securities so pledged or charged; and
- (ii) when he/she/it receives indications, either verbal or written, from the pledgee or chargee of any Relevant Securities that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (i) and (ii) above by any of the Controlling Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company and the Controlling Shareholders in respect of our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Offer Size Adjustment Option and the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling

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six months after the Listing Date (the “**First Six Month Period**”), we will not, without the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves 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, assign, 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 an 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 our 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 our Company, as applicable), or deposit any share capital or other securities of our 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 our 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 described in paragraph (a) or (b) above; or
- (d) offer to or agree to do any of the foregoing specified in paragraph (a), (b) or (c) or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six Month Period). Our Company has further agreed that, in the event our Company is allowed to enter into any of the transactions described in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the “**Second Six Month Period**”), we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any H Shares or other securities of our Company.

Our Controlling Shareholders have undertaken to each of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that it/he/she shall procure our Company to comply with the above undertakings.

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Our Company has agreed and undertaken to each of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that we will, and the Controlling Shareholders undertake to procure that our Company will, comply with the minimum public float requirements specified in the Listing Rules (the “**Minimum Public Float Requirement**”), and we will not effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement or any waiver granted and not revoked by the Stock Exchange prior to the expiration of the Second Six Month Period without first having obtained the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

Undertakings by the Controlling Shareholders in respect of themselves

Each of the Controlling Shareholders hereby undertakes to each of our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it/he/she will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/him/her will not, at any time during the First Six Month Period, (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 H 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 H Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any H Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, or (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 H 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 H Shares or any such other securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a)(i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraph (a)(i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six Month Period; and

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- (b) it/he/she will not, during the Second Six Month Period, enter into any of the transactions specified in paragraph (a)(i), (ii) or (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, it will cease to be a Controlling Shareholder of our Company or a member of a group of the Controlling Shareholders of our Company or would together with the other Controlling Shareholders cease to be “controlling shareholders” of our Company as defined in the Listing Rules; and
- (c) until the expiry of the Second Six Month Period, in the event that it/he/she enters into any of the transactions specified in paragraph (a)(i), (ii) or (iii) or offer to or agrees to or contract to or publicly announce any intention to effect any such transaction, it/he/she 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.

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify, among the others, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters’ Interests in our Company

Except for their obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would agree to purchase, or procure subscribers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between

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the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

Our Company is expected to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinators at their sole and absolute discretion (for themselves and on behalf of the International Underwriters), the Over-Allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot, up to an aggregate of 4,624,600 H Shares, representing approximately but not more than 15.0% of the initial Offer Shares (assuming the Offer Size Adjustment Option is not exercised at all) or up to 5,318,400 additional H Shares (representing in aggregate 15.0% of the Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price under the International Offering, to, amongst others, cover over-allocations in the International Offering, if any.

Offer Size Adjustment Option

The Company has an Offer Size Adjustment Option under the Hong Kong Underwriting Agreement, exercisable by the Company with the prior written agreement between the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or before the time of execution of the International Underwriting Agreement and will lapse immediately thereafter. Upon the exercise of the Offer Size Adjustment Option, the Company may issue up to 4,624,600 additional Offer Shares (being 15.0% of the Offer Shares initially available under the Global Offering) at the Offer Price. The Offer Size Adjustment Option provides flexibility to increase the number of Offer Shares available for purchase under the Global Offering to cover additional market demand.

The exercise of the Offer Size Adjustment Option is also subject to the reallocation arrangement as described in “Structure of the Global Offering—The Hong Kong Public Offering—Reallocation.”

Commissions and Expenses

The Capital Market Intermediaries will receive an underwriting commission of 3.0% of the aggregate gross proceeds from the Global Offering (including any proceeds arising from exercise of the Offer Size Adjustment Option and the Over-allotment Option) (the “**Fixed Underwriting Commissions**”), out of which they will pay any sub-underwriting commissions and other fees. In addition, our Company may, at our sole and absolute discretion, pay any one or more of Capital Market Intermediaries an incentive fee of an aggregate of up to 1.0% of the gross proceeds from the Global Offering (including any proceeds arising from exercise of the Offer Size Adjustment Option and the Over-allotment Option).

As of the date of this prospectus, the allocation of a portion of the Fixed Underwriting Commissions remains subject to the Company’s discretion. Accordingly, the unallocated portion of the Fixed Underwriting Commissions will be regarded as the discretionary fees for the purpose of the Listing Rules.

UNDERWRITING

The ratio of the fixed fees and discretionary fees (as classified under and for the purpose of Rule 3A.34 of the Listing Rules) payable by the Company to all syndicate members (both before and after the exercise of the Offer Size Adjustment Option and the Over-allotment Option, if any) is expected to be approximately 54.225:45.775, assuming the discretionary 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.

The aggregate underwriting commissions, incentive fee (if any), documentation fee, listing fees, Stock Exchange trading fee and transaction levies, legal and other professional fees, and printing and other expenses in relation to the Global Offering are estimated to amount to approximately HK\$51.9 million in total (based on the Offer Price of HK\$14.28 per Offer Share and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), and are payable by our Company.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their 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 Syndicate Members and 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 our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

In relation to the H Shares, those activities 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, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed and 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. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and 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.

UNDERWRITING

In relation to issues by Syndicate Members or their 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 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.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering” in this prospectus. Such 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 price of the H Shares, 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 Syndicate Members will be subject to certain restrictions, including the following:

- the Syndicate Members (other than the Stabilizing Manager or any person acting for it) 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
- the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

SOLE SPONSOR’S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF 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 listing of the H Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus.

30,831,400 H Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 3,083,200 H Shares (subject to reallocation and the Offer Size Adjustment Option) in Hong Kong as described in “—The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 27,748,200 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “—The International Offering” below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 19.95% of the total Shares in issue immediately following the completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed “—The Hong Kong Public Offering—Reallocation” below.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 3,083,200 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.00% of the total Shares in issue 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 and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

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, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “—Conditions of the Global Offering” below.

Allocation

Allocation of 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 could mean that some applicants may receive a higher allocation than others who have applied for the same number of 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 Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B, with any odd lots being allocated to pool A. 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, the SFC transaction levy, the Stock Exchange trading fee payable and AFRC transaction levy) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to valid applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, the Stock Exchange trading fee payable and AFRC transaction levy) and up to the total value in pool B. For the purpose of this paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor.

STRUCTURE OF THE GLOBAL OFFERING

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,541,600 Hong Kong Offer Shares, being 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering, is 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 Overall Coordinators. Subject to the allocation cap described in the subsequent paragraph, the Overall Coordinators may in their 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 Overall Coordinators 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 Overall Coordinators deem 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 1,541,400 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 4,624,600 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option or the Offer Size Adjustment Option) in accordance with Chapter 4.14 of the Guide for New Listing Applicants.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows 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.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate.

STRUCTURE OF THE GLOBAL OFFERING

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 Overall Coordinators.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has 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 International Offer Shares under the International Offering. Such applicant's application under the International Offering is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be).

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK\$14.28 per Offer Share in addition to the brokerage, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share, amounting to a total of HK\$2,884.80 for one board lot of 200 H Shares. Further details are set out in section headed "How to Apply for Hong Kong Offer Shares" of this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 27,748,200 H Shares being offered by our Company, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 17.95% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

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 in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that 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 "—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 Shares and/or hold or sell its Shares after the Listing.

STRUCTURE OF THE GLOBAL OFFERING

Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (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 Overall Coordinators 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 allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering as described in the subsection headed “—The Hong Kong Public Offering—Reallocation,” and the exercise of the Offer Size Adjustment Option and the Over-allotment Option in whole or in part as described in the subsections headed “—Offer Size Adjustment Option” and “—Over-allotment Option.”

OFFER SIZE ADJUSTMENT OPTION

In order to provide the Company with the flexibility to increase the number of Offer Shares available under the Global Offering to cover additional demand, the Company has an Offer Size Adjustment Option which will allow the Company to issue up to 4,624,600 additional Offer Shares (representing approximately but not more than 15.0% of the Offer Shares initially being offered under the Global Offering) (the “**Offer Size Adjustment Option Shares**”) at the Offer Price. The Offer Size Adjustment Option is contained in the Hong Kong Underwriting Agreement and is exercisable by the Company with the prior written agreement between the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or before the time of the execution of the International Underwriting Agreement. If it is not exercised by such time, then the Offer Size Adjustment Option will lapse.

In considering whether to exercise the Offer Size Adjustment Option, the Company and the Overall Coordinators will take into account a number of factors, including, among other things:

- (i) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover:
 - (a) the total number of Offer Shares, which represents the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and
 - (b) the corresponding number of Offer Shares under the Over-allotment Option;

STRUCTURE OF THE GLOBAL OFFERING

- (ii) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process;
- (iii) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole;
- (iv) the level of subscriptions by the valid applications in the Hong Kong Public Offering; and
- (v) general market conditions.

These Offer Size Adjustment Option Shares, if any, will be allocated in such manner as closely as practicable to maintain the proportionality between the Hong Kong Public Offering and the International Offering and the Overall Coordinators shall allocate additional Shares to be offered by our Company pursuant to the International Offering to the Hong Kong Public Offering in order to maintain such proportionality and the relevant number of Offer Size Adjustment Option Shares shall be allocated to the International Offering to maintain such proportionality, i.e., the initial proportion of 10.0%:90.0% between the Hong Kong Public Offering and the International Offering.

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 2.91% of our enlarged issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised). The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

Number of Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option (the “Original Subscribers”)	Approximate percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option	Number of Shares issued under the Global Offering after the exercise of the Offer Size Adjustment Option in full	Percentage of total issued share capital held by the Original Subscribers after the exercise of the Offer Size Adjustment Option in full
30,831,400	19.95%	35,456,000	22.28%

The Offer Size Adjustment Option will not be associated with any price stabilization activities of our Shares in the secondary market after the listing of our H Shares on the Stock Exchange and will not be subject to the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong).

If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received from the placing of the additional H Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed “Future Plans and Use of Proceeds” in this prospectus, on a pro rata basis.

STRUCTURE OF THE GLOBAL OFFERING

Our Company will disclose in the allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by the date on which the International Underwriting Agreement will be entered into, the Offer Size Adjustment Option will lapse and cannot be exercised on any future date.

OVER-ALLOCATION

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover the over-allocation through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering). The delayed delivery arrangements (if specifically agreed to by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be fully paid prior to Listing, accordingly there will be no delayed settlement of payment of the Offer Shares. Additional Offer Shares may be issued by the exercise of the Over-allotment Option in full or in part, or the Stabilizing Manager (or any person acting for it) may purchase H Shares in the secondary market at prices that do not exceed the Offer Price, or a combination of these means may be used, to return to such investor the Offer Shares subject to delayed delivery arrangements.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we may grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (in their sole and absolute discretion on behalf of the International Underwriters).

Pursuant to the Over-allotment Option (if granted), the International Underwriters will have the right, exercisable in whole or in part by the Overall Coordinators (in their sole and absolute discretion on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering (being the last day for the exercise of the Over-allotment Option), to require our Company to allot and issue up to an aggregate of 4,624,600 H Shares, representing approximately but not more than 15% of the total number of Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option is not exercised at all), or up to 5,318,400 additional H Shares (representing in aggregate 15% of the total number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price under the International Offering to, amongst others, cover over-allocations in the International Offering, if any.

If the Offer Size Adjustment Option is not exercised and the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 2.91% of the issued share capital of the Company immediately after the completion of the Global Offering and the exercise of the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STRUCTURE OF THE GLOBAL OFFERING

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws and regulatory requirements of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at such price, in such amounts and in such manners as the Stabilizing Manager, its affiliates or any person acting for it may determine and at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to conduct any such stabilizing action. Such stabilizing actions, if taken, (i) will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and in what the Stabilizing Manager reasonably regards as the best interest of us, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong) include (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (v) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or its affiliates or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager (or its affiliates or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the H Shares;

STRUCTURE OF THE GLOBAL OFFERING

- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Thursday, December 25, 2025 (being the 30th day after the last day for lodging applications under the Hong Kong Public Offering). After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- stabilizing activities by the Stabilizing Manager or any person acting for it may stabilize, maintain or otherwise affect the market price of our H Shares. This means the price of our H Shares may be higher than the price that otherwise might exist in the open market;
- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

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 will be HK\$14.28 per Offer Share, unless otherwise announced. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK\$14.28 per Share, plus 1.0% brokerage, 0.0027% SFC transaction levy, AFRC transaction levy of 0.00015% and 0.00565% Stock Exchange trading fee.

The Overall Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price as 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.haiwei.net and www.hkexnews.hk, respectively, notices of reduction in the number of Offer Shares being offered

STRUCTURE OF THE GLOBAL OFFERING

under the Global Offering and/or the Offer Price. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. 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. The Global Offering must first be cancelled 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 or supplemental prospectus or new prospectus (as appropriate) of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering. In the absence of any notice of reduction so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price as stated in this prospectus.

ANNOUNCEMENT OF BASIS OF ALLOCATIONS

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 section 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 and conditions of the Hong Kong Underwriting Agreement.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around Wednesday, November 26, 2025.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed “Underwriting” of this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Stock Exchange granting 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;

STRUCTURE OF THE GLOBAL OFFERING

- (b) the execution and delivery of the International Underwriting Agreement on or about the Wednesday, November 26, 2025; and
- (c) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective 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) and, in any event, not later than the date which is 30 days after the date of this prospectus.

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 dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at www.haiwei.net and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, November 28, 2025, provided that the Global Offering has become unconditional in all respects at or before that time.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies 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 on the Stock Exchange or any other date HKSCC chooses. 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 HKSCC Operational Procedures in effect from time to time.

STRUCTURE OF THE GLOBAL OFFERING

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, November 28, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, November 28, 2025.

The H Shares will be traded in board lots of 200 H Shares each and the stock code of the H Shares will be 9609.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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.haiwei.net.

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;
- have a Hong Kong address (*for the **HK eIPO White Form** service only*); and
- are outside the United States (within the meaning of Regulation S), and are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

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 Shareholder or close associates; or
- are a director, supervisor, chief executive officer of our Company or any of our subsidiaries or any of his/her close associates.

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Thursday, November 20, 2025 and end at 12:00 noon on Tuesday, November 25, 2025 (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	Investors 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 Thursday, November 20, 2025 to 11:30 a.m. on Tuesday, November 25, 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, November 25, 2025, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would <u>not</u> 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.

HOW 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 payment 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 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 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual 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. HKID card; 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. 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 card. 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 card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (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 account holders 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 Overall Coordinators, as our agents, 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 200 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 Offer Price is HK\$14.28 per H 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 Public 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 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 amount payable on application in full upon application for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment
	HK\$		HK\$		HK\$		HK\$
200	2,884.80	4,000	57,696.06	60,000	865,440.83	800,000	11,539,211.05
400	5,769.60	5,000	72,120.07	70,000	1,009,680.97	900,000	12,981,612.42
600	8,654.40	6,000	86,544.08	80,000	1,153,921.10	1,000,000	14,424,013.80
800	11,539.22	7,000	100,968.10	90,000	1,298,161.24	1,200,000	17,308,816.55
1,000	14,424.02	8,000	115,392.10	100,000	1,442,401.38	1,541,600 ⁽¹⁾	22,236,059.67
1,200	17,308.82	9,000	129,816.12	200,000	2,884,802.75		
1,400	20,193.62	10,000	144,240.14	300,000	4,327,204.15		
1,600	23,078.42	20,000	288,480.28	400,000	5,769,605.52		
1,800	25,963.22	30,000	432,720.41	500,000	7,212,006.90		
2,000	28,848.02	40,000	576,960.55	600,000	8,654,408.28		
3,000	43,272.04	50,000	721,200.69	700,000	10,096,809.65		

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is 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. *Applications 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.

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 further for any Offer Shares in the Global Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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.

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 Overall Coordinators, as our agents, 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) agree that we, the Relevant Persons¹, 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 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;

¹ Relevant Persons would include the Sole Sponsor, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company’s respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (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 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, our Directors and the Overall Coordinators 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) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xix) undertake and confirm that you or the person(s) for whose benefit you have made 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 International Offer Shares nor have participated in the International Offering;
- (xx) (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

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xxi) (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 to 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	From the “Allotment Results” page 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 Thursday, November 27, 2025 to 12:00 midnight on Wednesday, December 3, 2025 (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.haiwei.net which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Thursday, November 27, 2025 (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 Friday, November 28, 2025 to Wednesday, December 3, 2025 (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 Wednesday, November 26, 2025 (Hong Kong time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, November 26, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.haiwei.net by no later than 11:00 p.m. on Thursday, November 27, 2025 (Hong Kong time).

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 Overall Coordinators, 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. Applications for Hong Kong Offer Shares—5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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;
- we or the Overall Coordinators 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 H 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 H 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 Global 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 H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on Friday, November 28, 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 certificate¹		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Time: from 9:00 a.m. to 1:00 p.m. on Friday, November 28, 2025 (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. <i>Note:</i> 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

¹ Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Thursday, November 27, 2025 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 "—E. Severe Weather Arrangements" in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

	HK eIPO White Form service	HKSCC EIPO channel
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: Thursday, November 27, 2025	
Refund mechanism for surplus application monies paid by you		
Date	Friday, November 28, 2025	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	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Tuesday, November 25, 2025 if, there is:

- 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 Tuesday, November 25, 2025.

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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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.haiwei.net of the revised timetable.

If a Severe Weather Signal is hoisted on Thursday, November 27, 2025, 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 Friday, November 28, 2025.

If a Severe Weather Signal is hoisted on Thursday, November 27, 2025, 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 Thursday, November 27, 2025 or on Friday, November 28, 2025).

If a Severe Weather Signal is hoisted on Friday, November 28, 2025, 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 Friday, November 28, 2025 or on Monday, December 1, 2025).

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 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 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 advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 agree 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- registering new issues or transfers into or out of the names of the holders of the 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 Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the 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 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 Shares and/or regulators and/or any other purposes to which applicants and holders of the 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, receiving bank and overseas principal share registrar;
- 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);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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.

7. 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).

The following is the text of a report set out on pages I-1 to I-69 received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HEBEI HAIWEI ELECTRONIC NEW MATERIAL TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Hebei Haiwei Electronic New Material Technology Co., Ltd. (河北海偉電子新材料科技股份有限公司) (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-69, which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and 31 May 2025, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 May 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2024 and the five months ended 31 May 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-69 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 November 2025 (the “**Prospectus**”) in connection with the initial listing of H-shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2022, 2023 and 2024 and 31 May 2025, of the Company's financial position as at 31 December 2022, 2023 and 2024 and 31 May 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 3 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 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 November 2025

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the IFRS Accounting Standards issued by International Accounting Standards Board (“**IASB**”) and were audited by us in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	6	327,076	329,545	421,695	162,238	157,119
Cost of sales		(180,228)	(226,655)	(296,623)	(117,004)	(101,389)
Gross profit		146,848	102,890	125,072	45,234	55,730
Other income	7	14,469	12,775	8,625	4,465	3,501
Impairment losses reversed (recognised) under expected credit loss ("ECL") model, net	35b	2,281	(3,763)	116	700	(871)
Other gains and losses	8	6	(663)	1,472	(495)	(866)
Distribution and selling expenses		(2,255)	(2,574)	(3,299)	(1,606)	(1,398)
Administrative expenses		(6,868)	(10,459)	(13,420)	(4,748)	(5,386)
Research and development expenses		(11,209)	(14,403)	(16,800)	(5,090)	(7,265)
Listing expenses		–	–	(6,133)	–	(6,214)
Finance costs	9	(22,700)	(5,511)	(2,405)	(1,137)	(916)
Profit before tax		120,572	78,292	93,228	37,323	36,315
Income tax expense	10	(18,565)	(8,466)	(6,810)	(4,467)	(4,956)
Profit and total comprehensive income for the year/period	11	<u>102,007</u>	<u>69,826</u>	<u>86,418</u>	<u>32,856</u>	<u>31,359</u>
Profit (loss) and total comprehensive income (expense) for the year/period attributable to:						
Owners of the Company		102,007	70,902	89,884	34,570	32,368
Non-controlling interests		<u>–</u>	<u>(1,076)</u>	<u>(3,466)</u>	<u>(1,714)</u>	<u>(1,009)</u>
		<u>102,007</u>	<u>69,826</u>	<u>86,418</u>	<u>32,856</u>	<u>31,359</u>
Earnings per share						
– Basic (RMB)	15	<u>1.05</u>	<u>0.62</u>	<u>0.73</u>	<u>0.28</u>	<u>0.26</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 31 May
	NOTES	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	16	154,388	148,402	144,529	140,025
Right-of-use assets	17	5,829	5,151	5,992	5,688
Deposits paid for acquisition of plant and equipment		–	13,982	56,560	75,487
Deferred tax assets	18	15,332	6,866	3,644	2,470
		175,549	174,401	210,725	223,670
Current assets					
Inventories	19	100,175	73,541	69,292	99,568
Trade, bills and other receivables	20	258,869	278,534	337,035	353,140
Amounts due from related parties	30	3,002	4,653	8,238	3,076
Restricted bank deposits	22	21,000	–	–	–
Cash and cash equivalents	22	4,801	208,994	137,288	155,110
		387,847	565,722	551,853	610,894
Current liabilities					
Trade, bills and other payables	23	105,374	43,465	52,415	44,249
Amounts due to related parties	30	123,066	4,532	3,218	3,253
Financial guarantee liabilities	26	9,325	4,616	655	1,541
Lease liabilities	25	465	490	534	561
Bank borrowings	24	78,918	84,700	15,000	67,000
Tax liabilities		–	–	3,555	229
		317,148	137,803	75,377	116,833
Net current assets		70,699	427,919	476,476	494,061
Total assets less current liabilities		246,248	602,320	687,201	717,731
Non-current liability					
Lease liabilities	25	490	–	1,182	968
Net assets		245,758	602,320	686,019	716,763
Capital and reserves					
Share capital	27	97,020	123,712	123,712	123,712
Reserves		138,938	469,884	557,049	587,332
Equity attributable to owners of the Company		235,958	593,596	680,761	711,044
Non-controlling interests	31	9,800	8,724	5,258	5,719
Total equity		245,758	602,320	686,019	716,763

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December			At 31 May
	NOTES	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Investments in subsidiaries	31	10,200	10,200	20,200	21,730
Property, plant and equipment	16	139,759	135,516	133,848	130,073
Right-of-use assets	17	5,242	4,858	5,047	4,911
Deposits paid for acquisition of plant and equipment		–	13,982	56,560	75,487
Deferred tax assets	18	15,062	5,302	1,863	2,014
		170,263	169,858	217,518	234,215
Current assets					
Inventories	19	91,691	64,290	64,353	89,552
Trade, bills and other receivables	20	195,317	203,138	277,502	304,932
Amounts due from subsidiaries	30	40,374	265,856	166,405	178,880
Amounts due from related parties	30	576	2,153	5,739	576
Restricted bank deposits	22	21,000	–	–	–
Cash and cash equivalents	22	490	12	21	922
		349,448	535,449	514,020	574,862
Current liabilities					
Trade, bills and other payables	23	85,153	20,270	24,897	23,353
Amount due to a subsidiary	30	–	87	–	–
Amounts due to related parties	30	119,813	906	–	–
Financial guarantee liabilities	26	9,325	4,616	655	1,541
Lease liabilities	25	158	167	135	155
Bank borrowings	24	69,137	84,700	15,000	67,000
Tax liabilities		–	–	3,555	229
		283,586	110,746	44,242	92,278
Net current assets		65,862	424,703	469,778	482,584
Total assets less current liabilities		236,125	594,561	687,296	716,799
Non-current liability					
Lease liabilities	25	167	–	592	583
Net assets		235,958	594,561	686,704	716,216
Capital and reserves					
Share capital	27	97,020	123,712	123,712	123,712
Reserves	38	138,938	470,849	562,992	592,504
Total equity		235,958	594,561	686,704	716,216

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
					(Accumulated losses)		Non- controlling interests	
	Share capital	Capital reserve	Statutory surplus reserve	Other reserve	retained profits	Subtotal		Total
	RMB'000	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	60,000	90,000	6,221	(13,610)	(367,343)	(224,732)	–	(224,732)
Profit and total comprehensive income for the year	–	–	–	–	102,007	102,007	–	102,007
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(11,517)	–	(11,517)	–	(11,517)
Issue of shares (Note 27)	37,020	333,180	–	–	–	370,200	–	370,200
Conversion into a joint stock limited liability company (note c)	–	(311,292)	(6,221)	–	317,513	–	–	–
Transfer to statutory surplus reserve	–	–	5,218	–	(5,218)	–	–	–
Acquisition of a subsidiary (Note 32)	–	–	–	–	–	–	9,800	9,800
At 31 December 2022	97,020	111,888	5,218	(25,127)	46,959	235,958	9,800	245,758
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	–	70,902	70,902	(1,076)	69,826
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(3,514)	–	(3,514)	–	(3,514)
Transfer to statutory surplus reserve	–	–	7,187	–	(7,187)	–	–	–
Issue of shares (Note 27)	26,692	263,558	–	–	–	290,250	–	290,250
At 31 December 2023	123,712	375,446	12,405	(28,641)	110,674	593,596	8,724	602,320
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	–	89,884	89,884	(3,466)	86,418
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(2,719)	–	(2,719)	–	(2,719)
Transfer to statutory surplus reserve	–	–	9,486	–	(9,486)	–	–	–
At 31 December 2024	123,712	375,446	21,891	(31,360)	191,072	680,761	5,258	686,019

APPENDIX I

ACCOUNTANTS' REPORT

	Attributable to owners of the Company							
	Share capital	Capital reserve	Statutory surplus reserve	Other reserve	(Accumulated losses) retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000	RMB'000	RMB'000	RMB'000
Profit (loss) and total comprehensive income (expense) for the period	–	–	–	–	32,368	32,368	(1,009)	31,359
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(2,085)	–	(2,085)	–	(2,085)
Capital injection by non-controlling interests	–	–	–	–	–	–	1,470	1,470
At 31 May 2025	123,712	375,446	21,891	(33,445)	223,440	711,044	5,719	716,763
For the five months ended 31 May 2024 (unaudited)								
At 1 January 2024	123,712	375,446	12,405	(28,641)	110,674	593,596	8,724	602,320
Profit (loss) and total comprehensive income (expense) for the period	–	–	–	–	34,570	34,570	(1,714)	32,856
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(2,719)	–	(2,719)	–	(2,719)
At 31 May 2024	123,712	375,446	12,405	(31,360)	145,244	625,447	7,010	632,457

Notes:

- (a) It represents the statutory reserve of certain entities comprising the Group in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, the PRC entities comprising the Group is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the entities comprising the Group.
- (b) As at 31 December 2022, 2023 and 2024 and 31 May 2025, the Group has provided guarantees to related parties for their bank borrowings amounting to RMB2,050,000,000, RMB563,000,000, RMB198,000,000 and RMB198,000,000, respectively. Such financial guarantees were measured at fair values at initial recognition with reference to the default rates and recovery rates published by a credit rating agency and the maximum exposure of the related parties' credit facilities to the Group at the time of recognising the financial guarantee liabilities. The fair values of financial guarantee liabilities at initial recognition were charged to equity as deemed distribution under other reserve, and the financial guarantee liabilities were subsequently measured at the higher of: (i) the amount of the loss allowance determined in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised. Details of the financial guarantees are set out in Note 26.
- (c) Pursuant to the directors' resolutions on 16 December 2022 and the promoters' agreement dated 21 December 2022, the then existing shareholders of the Company agreed to convert the Company into a joint stock limited liability company with a share capital of RMB97,020,000. Pursuant to the promoters' agreement, the net asset value of the Company as of 31 October 2022 amounted to approximately RMB208,908,000, of which (i) RMB97,020,000 was converted into 97,020,000 shares of RMB1.0 par value each, which were subscribed by and issued to the then shareholders of the Company in proportion to their respective equity interest in the Company; and (ii) the remaining amount of approximately RMB111,888,000 was converted into capital reserve of the Company. Upon the completion of registration with the Hengshui Administrative Approval Bureau (衡水市行政审批局) on 11 January 2023, the Company was converted into a joint stock company with limited liability.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
OPERATING ACTIVITIES					
Profit before tax	120,572	78,292	93,228	37,323	36,315
Adjustments for:					
Depreciation of property, plant and equipment	15,465	18,261	24,803	12,238	9,062
Depreciation of right-of-use assets	385	678	946	488	304
Impairment losses (reversed) recognised under ECL, net	(2,281)	3,763	(116)	(700)	871
Write-down of inventories	278	332	421	394	50
Gain on disposal of a subsidiary (<i>Note 33</i>)	–	–	(2,430)	–	–
Interest income	(1,348)	(1,692)	(1,702)	(456)	(193)
Finance costs	22,700	5,511	2,405	1,137	916
Financial guarantee income from related parties	(10,821)	(8,223)	(6,680)	(3,991)	(1,199)
Gain on fair value change of financial assets at fair value through profit or loss (“FVTPL”)	–	–	(275)	–	–
Operating cash flows before movements in working capital	144,950	96,922	110,600	46,433	46,126
(Increase) decrease in inventories	(31,238)	26,302	3,828	(8,977)	(30,326)
Decrease (increase) in trade, bills and other receivables	55,054	(51,568)	(86,545)	(10,185)	(51,265)
Decrease in restricted bank deposits	–	21,000	–	–	–
(Decrease) increase in trade, bills and other payables	(56,693)	(61,842)	(9,311)	750	6,728
Decrease (increase) in amounts due from related parties	1,400	(74)	–	–	–
Increase (decrease) in amounts due to related parties	118,642	(120,111)	(1,314)	1,009	35
Cash from (used in) operation	232,115	(89,371)	17,258	29,030	(28,702)
Income tax paid	–	–	(33)	(19)	(7,108)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	232,115	(89,371)	17,225	29,011	(35,810)

APPENDIX I

ACCOUNTANTS' REPORT

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
INVESTING ACTIVITIES					
Interest received	1,348	1,692	1,702	456	193
Net cash inflow on acquisition of a subsidiary (Note 32)	99	–	–	–	–
Net cash (outflow) inflow on disposal of a subsidiary (Note 33)	–	–	(1)	–	3,480
Payments for purchase of property, plant and equipment	(33,276)	(25,101)	(18,080)	(14,513)	(3,192)
Purchase of financial assets at FVTPL	–	–	(20,000)	–	–
Proceeds from disposal of financial assets at FVTPL	–	–	20,275	–	–
Repayments from related parties	–	–	–	–	1,682
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<u>(31,829)</u>	<u>(23,409)</u>	<u>(16,104)</u>	<u>(14,057)</u>	<u>2,163</u>
FINANCING ACTIVITIES					
Proceeds from issue of shares	95,080	290,250	–	–	–
Capital injection by non-controlling interests	–	–	–	–	1,470
Repayment to related parties	(572,305)	–	–	–	–
Advance from related parties	265,390	–	–	–	–
Repayment of lease liabilities	(150)	(465)	(716)	(352)	(187)
Interest paid	(3,738)	(5,511)	(2,405)	(1,137)	(916)
New bank borrowings raised	94,194	81,699	769	–	52,000
Repayments of bank borrowings	(74,000)	(49,000)	(69,700)	(49,000)	–
Payment of share issue costs	–	–	(775)	–	(898)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(195,529)</u>	<u>316,973</u>	<u>(72,827)</u>	<u>(50,489)</u>	<u>51,469</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>4,757</u>	<u>204,193</u>	<u>(71,706)</u>	<u>(35,535)</u>	<u>17,822</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	<u>44</u>	<u>4,801</u>	<u>208,994</u>	<u>208,994</u>	<u>137,288</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, REPRESENTED BY BANK BALANCE	<u><u>4,801</u></u>	<u><u>208,994</u></u>	<u><u>137,288</u></u>	<u><u>173,459</u></u>	<u><u>155,110</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated and registered in the PRC on 6 September 2006 as a limited liability company. In December 2022, the Company was converted into a joint stock company with limited liability under the Company Laws of the PRC. The respective addresses of the registered office and principal place of business of the Company are stated in the section headed “Corporate Information” of the Prospectus. Its ultimate controlling shareholder is Mr. Song Wenlan (宋文蘭) (“**Mr. Song**”), who is the chairman of the Board of Directors and an executive director of the Company.

The Group is principally engaged in the research and development, manufacturing and sales of capacitor films products.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, International Accounting Standards (“**IASs**”), amendments to IFRS Accounting Standards and the related interpretations issued by the IASB, which are effective for the accounting period beginning on 1 January 2025 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards IFRS 18	Annual Improvement to IFRS Accounting Standards—Volume 11 ² Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for the annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements (including aggregation and disaggregation of items within statement of financial position and statement of comprehensive income) of the Group, but in terms of recognition and measurement, IFRS 18 is not expected to have significant impact on the financial performance and positions of the Group.

Except as described above, the directors of the Company (the “**Directors**”) anticipate that the application of the other amendments to IFRS Accounting Standards will have no material impact on the financial position and performance of the Group in the foreseeable future.

3. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* (“**IFRS 16**”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the entities now comprising the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation. When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* ("IAS 12") and IAS 19 *Employee Benefits* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Research and development expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Leases*Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

*The Group as a lessee**Right-of-use assets*

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred as the Group does not have any qualifying asset.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employment benefits***Retirement benefits costs***

Payments to the defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group applies IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for rental, use in provision of services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Track Record Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the “other gains and losses” line item.

Impairment of financial assets and financial guarantee contracts subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets and financial guarantee contracts which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group rebuts the presumption of the significantly increase in credit risk for trade receivables over 30 days past due based on the strong financial position with good repayment records of those customers and continuous business relationship with the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9, and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade, bills and other payables, amounts due to related parties and bank borrowings are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The above said fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred tax asset

As at 31 December 2022, 2023 and 2024 and 31 May 2025, a deferred tax asset of RMB13,454,000, RMB4,371,000, RMB1,281,000 and nil in relation to unused tax losses has been recognised in the consolidated statements of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Provision of ECL for trade receivables

Trade receivables with credit-impaired are assessed for ECL individually.

In addition, for trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 35.

6. REVENUE AND SEGMENT INFORMATION**Disaggregation of revenue from contracts with customers**

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Sales of capacitor films products					
Capacitor base films	300,630	236,528	307,194	116,396	123,392
Metallized films	–	70,983	85,218	36,277	21,464
Others	26,446	22,034	29,283	9,565	12,263
	<u>327,076</u>	<u>329,545</u>	<u>421,695</u>	<u>162,238</u>	<u>157,119</u>

All of the Group's revenue are recognised at a point in time.

Performance obligations for contracts with customers

Revenue arising from sales of capacitor films products is recognised at a point in time when the goods are accepted by the customers after delivery to the customers' premises. The Group generally grants credit period from 30 to 180 days to its customers and the Group accepts trade receivables settled by bills.

Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers are for period of one year or less. As permitted by IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment Information

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The geographical location of customers is based on the location at which the goods delivered. The revenue of the Group is all derived from customers in the PRC during the Track Record Period.

The Group's non-current assets are located within the PRC. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and right-of-use assets, and the location of the operation to which they are allocated, in case of other non-current assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	–	40,336	N/A*	24,832	17,293
Customer B	N/A*	33,839	N/A*	17,307	18,854
Customer C	56,636	N/A*	N/A*	N/A*	N/A*
Customer D	N/A*	N/A*	N/A*	N/A*	17,060

* The corresponding revenue contributed to the total revenue of the Group is less than 10%.

7. OTHER INCOME

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Bank interest income	1,348	1,692	1,702	456	193
Government subsidies (note)	2,300	2,860	243	18	2,109
Financial guarantee income from related parties (Note 26)	10,821	8,223	6,680	3,991	1,199
	14,469	12,775	8,625	4,465	3,501

Note: Government subsidies mainly represent industry-specific subsidies granted by the government authorities with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognised.

8. OTHER GAINS AND LOSSES

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net foreign exchange losses	–	(681)	(777)	(546)	(922)
Gain on disposal of a subsidiary (Note 33)	–	–	2,430	–	–
Gain on fair value change of financial assets at FVTPL	–	–	275	–	–
Others	6	18	(456)	51	56
	<u>6</u>	<u>(663)</u>	<u>1,472</u>	<u>(495)</u>	<u>(866)</u>

9. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest expenses on bank borrowings	3,206	4,882	2,354	1,112	889
Discounting charges on bills receivables	506	577	1	–	–
Interest expenses on amount due to a related party (Note 30(b))	18,962	–	–	–	–
Interest expenses on lease liabilities	26	52	50	25	27
	<u>22,700</u>	<u>5,511</u>	<u>2,405</u>	<u>1,137</u>	<u>916</u>

10. INCOME TAX EXPENSE

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax:					
PRC Enterprise Income Tax ("EIT")	–	–	3,588	1,219	3,782
Deferred tax (Note 18)	18,565	8,466	3,222	3,248	1,174
	<u>18,565</u>	<u>8,466</u>	<u>6,810</u>	<u>4,467</u>	<u>4,956</u>

Under the Law of the PRC on EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Track Record Period, except for disclosed below.

The Company and its subsidiary, Anhui Ningguo Haiwei Electronics Co., Ltd (寧國市海偉電子有限公司) (“**Ningguo Haiwei**”) have been recognised as the High New Technology Enterprise from November 2021 to November 2027. According to the “EIT Law” for High New Technology Enterprises, these companies are subject to a reduced EIT rate of 15% during the Track Record Period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable income for that year (“**Super Deduction**”).

The income tax expense for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit before tax	120,572	78,292	93,228	37,323	36,315
Tax at EIT rate of 25%	30,143	19,573	23,307	9,331	9,079
Tax effect of expenses not deductible for tax purpose	2,830	5	62	26	32
Tax effect of income not taxable for tax purpose	(1,623)	(1,275)	(1,009)	(473)	(182)
Tax effect of Super Deduction	(728)	(2,023)	(2,520)	(1,204)	(1,541)
Tax effect of tax concession	(12,057)	(7,814)	(9,338)	(3,747)	(3,475)
Tax effect of tax losses not recognised	–	–	1,797	1,272	792
Utilisation of tax losses previously not recognised	–	–	(6,789)	(1,925)	–
Others	–	–	1,300	1,187	251
Income tax expense for the year/period	18,565	8,466	6,810	4,467	4,956

11. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Auditor's remuneration	400	400	449	17	9
Depreciation of property, plant and equipment	15,465	18,261	24,803	12,238	9,062
Depreciation of right-of-use assets	385	678	946	488	304
Cost of inventories recognised as an expense	179,950	226,323	296,202	116,610	101,339
Write-down of inventories (included in cost of sales)	278	332	421	394	50
Listing expense	–	–	6,133	–	6,214
Other staff costs:					
Directors' and supervisors' emoluments (Note 12)	268	1,399	1,392	534	589
Salaries, allowances and other benefits in kind	10,059	13,711	17,143	6,184	7,690
Retirement benefit scheme contributions	275	1,311	1,848	470	587
	<u>10,602</u>	<u>16,421</u>	<u>20,383</u>	<u>7,188</u>	<u>8,866</u>

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

During the Track Record Period, directors' and chief executive's remuneration disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance are as follows:

		Year ended 31 December 2022			
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Retirement benefit scheme contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Song	6 September 2006	–	267	1	268
Supervisor:					
Song Junqing (宋俊青) (note a)	20 June 2014	–	–	–	–
Total		–	267	1	268

		Year ended 31 December 2023				
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Song	6 September 2006	–	300	–	11	311
Cao Chaozhi (曹朝志)						
(“Mr. Cao”) (note b)	6 January 2023	–	76	200	11	287
Sheng Zhixuan (盛智宣)	6 January 2023	–	292	–	–	292
Liu Qingbin (劉慶彬)	6 January 2023	–	70	–	11	81
Non-executive directors:						
Song Junqing (note a)	6 January 2023	30	–	–	–	30
Zhong Ying (鍾穎)	30 June 2023	–	–	–	–	–
Supervisors:						
Liu Baoxing (劉寶興)	6 January 2023	–	247	–	11	258
Yue Chunlei (岳春雷)	6 January 2023	–	61	–	11	72
Song Wenlian (宋文連) (note c)	6 January 2023	–	57	–	11	68
Total		30	1,103	200	66	1,399
Year ended 31 December 2024						
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Song	6 September 2006	–	301	–	15	316
Mr. Cao	6 January 2023	–	76	200	15	291
Sheng Zhixuan	6 January 2023	–	275	–	1	276
Liu Qingbin	6 January 2023	–	69	–	15	84
Non-executive director:						
Zhong Ying	30 June 2023	–	–	–	–	–
Supervisors:						
Liu Baoxing	6 January 2023	–	201	–	15	216
Yue Chunlei	6 January 2023	–	67	–	15	82
Song Wenlian (note c)	6 January 2023	–	63	–	15	78
Zhang Yanming	9 June 2024	–	34	–	15	49
Total		–	1,086	200	106	1,392

		Five months ended 31 May 2024 (unaudited)				
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Song	6 September 2006	–	125	–	6	131
Mr. Cao	6 January 2023	–	32	83	6	121
Sheng Zhixuan	6 January 2023	–	109	–	–	109
Liu Qingbin	6 January 2023	–	29	–	6	35
Non-executive director:						
Zhong Ying	30 June 2023	–	–	–	–	–
Supervisors:						
Liu Baoxing	6 January 2023	–	69	–	6	75
Yue Chunlei	6 January 2023	–	26	–	6	32
Song Wenlian (<i>note c</i>)	6 January 2023	–	25	–	6	31
Total		–	415	83	36	534

		Five months ended 31 May 2025				
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Song	6 September 2006	–	125	–	6	131
Mr. Cao	6 January 2023	–	32	83	6	121
Sheng Zhixuan	6 January 2023	–	110	–	–	110
Liu Qingbin	6 January 2023	–	29	–	6	35
Non-executive director:						
Zhong Ying	30 June 2023	–	–	–	–	–
Supervisors:						
Liu Baoxing	6 January 2023	–	87	45	6	138
Yue Chunlei	6 January 2023	–	28	–	6	34
Zhang Yanming	9 June 2024	–	14	–	6	20
Total		–	425	128	36	589

Notes:

- a) Mr. Song Junqing resigned as supervisor in December 2022 and resigned as non-executive director in May 2023.
- b) Mr. Cao is the Chief Executive Officer of the Company.
- c) Ms. Song Wenlian resigned as supervisor in June 2024.

The executive directors' and chief executive's emoluments shown above were paid for their services in connection with the management of the affairs of the Group and the Company during the Track Record Period.

The non-executive directors' emoluments shown above were for their services as the directors of the Company during the Track Record Period.

During the Track Record Period, there was no arrangement under which a director or the chief executive waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group for the year ended 31 December 2022 included 1 executive director, for the year ended 31 December 2023 included 3 executive directors and 1 supervisor, for the year ended 31 December 2024 included 2 executive directors, for the five months ended 31 May 2024 included 3 (unaudited) executive directors, for the five months ended 31 May 2025 included 1 executive director and 1 supervisor, details of whose remuneration are set out in Note 12 above. The emoluments of the remaining 4, 1, 3, 2 (unaudited) and 3 highest paid employees of the Group for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025, respectively, are as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Salaries, allowances and benefits in kind	811	356	1,148	271	457
Performance related bonuses	200	–	–	–	250
Retirement benefit scheme contributions	14	–	30	6	13
	1,025	356	1,178	277	720

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	<i>No. of Individuals</i>	<i>No. of individuals</i>	<i>No. of individuals</i>	<i>No. of individuals</i>	<i>No. of individuals</i>
				<i>(unaudited)</i>	
Nil to Hong Kong Dollars 1,000,000	4	1	3	2	3

During the Track Report Period, no emoluments were paid by the Group to the five highest paid individuals (including directors, supervisors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or proposed for each of the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, nor has any dividend been proposed since the end of the Track Report Period.

15. EARNINGS PER SHARE

The calculation of basic earnings per share during the Track Record Period is based on the profit attributable to ordinary equity shareholders of the Company and the weighted-average number of ordinary shares in issue or deemed to be in issue for the respective years/periods.

The Company converted into a joint stock company with limited liability and issued 97,020,000 shares with the par value of RMB1 each in December 2022. For the purpose of computing basic earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred on 1 January 2022.

No diluted earnings per share for the Track Report Period were presented as there were no potential ordinary shares in issue for the Track Report Period.

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	'000	'000	'000	'000	'000
				<i>(unaudited)</i>	
Earnings for the purpose of calculating basic earnings per share (profit for the year/period attributable to owners of the Company)	RMB102,007	RMB70,902	RMB89,884	RMB34,570	RMB32,368
Number of shares:					
Weighted average number of ordinary shares for the purpose of basic earnings per share	97,020	114,741	123,712	123,712	123,712

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant, Machinery and Equipment	Furniture, fixtures, office and electronic equipment	Motor vehicles	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2022	32,104	272,198	2,024	281	–	–	306,607
Additions	–	828	91	–	38,722	289	39,930
Acquired on acquisition of a subsidiary (<i>Note 32</i>)	–	14,427	71	131	–	–	14,629
At 31 December 2022	32,104	287,453	2,186	412	38,722	289	361,166
Additions	–	–	106	839	11,330	–	12,275
Transfer	–	45,663	–	–	(45,663)	–	–
At 31 December 2023	32,104	333,116	2,292	1,251	4,389	289	373,441
Additions	5,731	3,526	299	174	11,947	–	21,677
Transfer	180	16,108	48	–	(16,336)	–	–
Disposal of a subsidiary (<i>Note 33</i>)	(1,688)	–	–	–	–	–	(1,688)
At 31 December 2024	36,327	352,750	2,639	1,425	–	289	393,430
Additions	–	2,705	83	–	1,770	–	4,558
At 31 May 2025	36,327	355,455	2,722	1,425	1,770	289	397,988
DEPRECIATION							
At 1 January 2022	(14,846)	(174,419)	(1,781)	(267)	–	–	(191,313)
Provided for the year	(1,525)	(13,842)	(84)	–	–	(14)	(15,465)
At 31 December 2022	(16,371)	(188,261)	(1,865)	(267)	–	(14)	(206,778)
Provided for the year	(1,519)	(16,475)	(128)	(84)	–	(55)	(18,261)
At 31 December 2023	(17,890)	(204,736)	(1,993)	(351)	–	(69)	(225,039)
Provided for the year	(1,628)	(22,802)	(149)	(169)	–	(55)	(24,803)
Eliminated on disposal of a subsidiary	941	–	–	–	–	–	941
At 31 December 2024	(18,577)	(227,538)	(2,142)	(520)	–	(124)	(248,901)
Provided for the period	(738)	(8,136)	(110)	(55)	–	(23)	(9,062)
At 31 May 2025	(19,315)	(235,674)	(2,252)	(575)	–	(147)	(257,963)
CARRYING VALUE							
At 31 December 2022	15,733	99,192	321	145	38,722	275	154,388
At 31 December 2023	14,214	128,380	299	900	4,389	220	148,402
At 31 December 2024	17,750	125,212	497	905	–	165	144,529
At 31 May 2025	17,012	119,781	470	850	1,770	142	140,025

The Company

	Buildings	Plant, Machinery and Equipment	Furniture, fixtures, office and electronic equipment	Motor vehicles	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2022	32,104	272,198	2,024	281	–	–	306,607
Additions	–	828	91	–	38,722	289	39,930
At 31 December 2022	32,104	273,026	2,115	281	38,722	289	346,537
Additions	–	–	95	838	11,330	–	12,263
Transfer	–	45,663	–	–	(45,663)	–	–
At 31 December 2023	32,104	318,689	2,210	1,119	4,389	289	358,800
Additions	5,731	3,526	299	174	11,947	–	21,677
Transfer	180	16,108	48	–	(16,336)	–	–
Disposals	(1,688)	–	–	–	–	–	(1,688)
At 31 December 2024	36,327	338,323	2,557	1,293	–	289	378,789
Additions	–	2,705	72	–	1,770	–	4,547
At 31 May 2025	36,327	341,028	2,629	1,293	1,770	289	383,336
DEPRECIATION							
At 1 January 2022	(14,846)	(174,419)	(1,781)	(267)	–	–	(191,313)
Provided for the year	(1,525)	(13,842)	(84)	–	–	(14)	(15,465)
At 31 December 2022	(16,371)	(188,261)	(1,865)	(267)	–	(14)	(206,778)
Provided for the year	(1,519)	(14,838)	(74)	(20)	–	(55)	(16,506)
At 31 December 2023	(17,890)	(203,099)	(1,939)	(287)	–	(69)	(223,284)
Provided for the year	(1,628)	(20,721)	(79)	(115)	–	(55)	(22,598)
Eliminated on disposals	941	–	–	–	–	–	941
At 31 December 2024	(18,577)	(223,820)	(2,018)	(402)	–	(124)	(244,941)
Provided for the period	(738)	(7,424)	(82)	(55)	–	(23)	(8,322)
At 31 May 2025	(19,315)	(231,244)	(2,100)	(457)	–	(147)	(253,263)
CARRYING VALUE							
At 31 December 2022	15,733	84,765	250	14	38,722	275	139,759
At 31 December 2023	14,214	115,590	271	832	4,389	220	135,516
At 31 December 2024	17,750	114,503	539	891	–	165	133,848
At 31 May 2025	17,012	109,784	529	836	1,770	142	130,073

The above items of property, plant and equipment, after taking into account the residual values, where applicable, are depreciated on a straight-line basis at the following estimated useful lives after taking into account their estimated residual values 5%:

Buildings	20 years
Plant, machinery and equipment	3 to 15 years
Motor vehicles	5 years
Furniture, fixtures, office and electronic equipment	3 to 5 years
Leasehold improvement	Over the shorter of lease term or 5 years

17. RIGHT-OF-USE ASSETS

The Group

	Land use rights	Leased properties	Total
	RMB'000	RMB'000	RMB'000
Carrying amount			
At 31 December 2022	5,159	670	5,829
At 31 December 2023	4,816	335	5,151
At 31 December 2024	4,320	1,672	5,992
At 31 May 2025	4,245	1,443	5,688
Depreciation charge			
For the year ended 31 December 2022	234	151	385
For the year ended 31 December 2023	234	444	678
For the year ended 31 December 2024	232	714	946
For the five months ended 31 May 2024 (unaudited)	98	390	488
For the five months ended 31 May 2025	75	229	304

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total cash outflow for leases	176	517	766	377	214

The Company

	Land use rights	Leased properties	Total
	RMB'000	RMB'000	RMB'000
Carrying amount			
At 31 December 2022	4,941	301	5,242
At 31 December 2023	4,708	150	4,858
At 31 December 2024	4,320	727	5,047
At 31 May 2025	4,245	666	4,911
Depreciation charge			
For the year ended 31 December 2022	234	151	385
For the year ended 31 December 2023	234	151	385
For the year ended 31 December 2024	232	151	383
For the five months ended 31 May 2024 (unaudited)	97	63	160
For the five months ended 31 May 2025	75	61	136

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total cash outflow for leases	176	176	176	–	–

During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group leases lands, buildings and warehouses for its operations. Lease contracts are entered into for fixed term of 3 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The land use rights mainly represented prepaid operating lease payments in respect of land in the PRC with remaining lease periods of 20 years.

18. DEFERRED TAX ASSETS

The following is the analysis of the deferred tax balances for financial reporting purposes:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	15,332	6,866	3,644	2,470

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	15,062	5,302	1,863	2,014

APPENDIX I

ACCOUNTANTS' REPORT

The following are the major deferred tax assets recognised and movements thereon during the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025:

The Group

	ECL provision	Write-down of inventories	Tax losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	1,877	108	31,642	33,627
(Charged) credited to profit or loss	(342)	42	(18,265)	(18,565)
Acquisition of a subsidiary (<i>Note 32</i>)	193	–	77	270
At 31 December 2022	1,728	150	13,454	15,332
Credited (charged) to profit or loss	567	50	(9,083)	(8,466)
At 31 December 2023	2,295	200	4,371	6,866
Charged to profit or loss	(48)	(84)	(3,090)	(3,222)
At 31 December 2024	2,247	116	1,281	3,644
Credited (charged) to profit or loss	99	8	(1,281)	(1,174)
At 31 May 2025	2,346	124	–	2,470

The Company

	ECL provision	Write-down of inventories	Tax losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	1,877	108	31,642	33,627
(Charged) credited to profit or loss	(342)	42	(18,265)	(18,565)
At 31 December 2022	1,535	150	13,377	15,062
Credited (charged) to profit or loss	477	50	(10,287)	(9,760)
At 31 December 2023	2,012	200	3,090	5,302
Charged to profit or loss	(265)	(84)	(3,090)	(3,439)
At 31 December 2024	1,747	116	–	1,863
Credited to profit or loss	143	8	–	151
At 31 May 2025	1,890	124	–	2,014

As at 31 December 2022, 2023 and 2024 and 31 May 2025, the Group has unused tax losses of approximately RMB89,693,000 and RMB29,140,000, RMB20,376,000 and RMB25,654,000, respectively available for offset against future profits under current tax rules. As at 31 December 2022, 2023 and 2024, a deferred tax asset has been recognised in respect of RMB89,693,000 and RMB29,140,000 and RMB8,546,000, respectively of such losses. As at 31 December 2024 and 31 May 2025, no deferred tax asset has been recognised in respect of the remaining approximately RMB11,830,000 and RMB25,654,000, respectively, due to the unpredictability of future profit streams.

As at 31 December 2022 and 2023, the Company has unused tax losses of approximately RMB89,180,000 and RMB20,600,000, respectively available for offset against future profits under current tax rules. A deferred tax asset has been recognised in respect of RMB89,180,000 and RMB20,600,000, respectively of such losses. The unused tax losses have been fully utilised during the year ended 31 December 2024.

19. INVENTORIES

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and consumables	65,386	44,694	36,569	54,067
Work in progress	–	756	1,917	1,578
Finished goods	35,788	29,422	32,558	45,450
	101,174	74,872	71,044	101,095
Less: write-down of inventories	(999)	(1,331)	(1,752)	(1,527)
	100,175	73,541	69,292	99,568

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and consumables	52,385	35,328	33,628	49,168
Work in progress	–	756	1,917	1,578
Finished goods	40,305	29,537	29,581	39,629
	92,690	65,621	65,126	90,375
Less: write-down of inventories	(999)	(1,331)	(773)	(823)
	91,691	64,290	64,353	89,552

20. TRADE, BILLS AND OTHER RECEIVABLES

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	127,886	145,921	168,751	159,890
Bills receivables	136,015	118,862	166,137	160,623
Less: allowance for credit losses	(11,583)	(15,346)	(15,230)	(16,101)
	252,318	249,437	319,658	304,412
Other receivables, prepayments and deposits	2,671	1,692	1,969	1,973
Advance payment to suppliers	3,747	26,010	14,320	43,401
Value-added taxes recoverable	133	1,395	–	1,196
Deferred share issued costs	–	–	1,088	2,158
Total	258,869	278,534	337,035	353,140

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	89,613	112,693	129,407	128,175
Bills receivables	111,530	98,390	143,613	141,841
Less: allowance for credit losses	(10,257)	(13,432)	(11,651)	(12,605)
	190,886	197,651	261,369	257,411
Other receivables, prepayments and deposits	1,501	1,999	832	856
Advance payment to suppliers	2,930	3,488	14,213	43,311
Value-added taxes recoverable	–	–	–	1,196
Deferred share issued costs	–	–	1,088	2,158
Total	195,317	203,138	277,502	304,932

In relation to the sales of capacitor films products, the Group generally allows a credit period from 30 days to 180 days to its trade customers and the Group accepts trade receivables settled by bills. No credit term was granted to the trade receivables with related parties.

As at 1 January 2022, the Group's and the Company's trade receivables and bills receivables from contracts with customers amounted to RMB73,454,000 and RMB122,179,000, respectively.

Aging analysis

The following is an aged analysis of trade receivables presented based on the invoice dates at the end of each reporting period:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0–90 days	69,594	74,336	91,486	80,881
91–180 days	29,961	30,412	31,526	41,944
181–365 days	15,162	26,527	31,596	22,255
1–2 years	4,401	4,423	5,464	2,743
Over 2 years	8,768	10,223	8,679	12,067
	127,886	145,921	168,751	159,890

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0–90 days	39,453	55,518	68,042	64,280
91–180 days	24,262	27,111	27,406	36,420
181–365 days	14,549	17,143	24,212	17,468
1–2 years	3,042	3,681	2,594	257
Over 2 years	8,307	9,240	7,153	9,750
	<u>89,613</u>	<u>112,693</u>	<u>129,407</u>	<u>128,175</u>

The following is an aged analysis of bill receivables presented based on the issue dates at the end of each reporting period:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0–90 days	33,729	55,739	80,583	62,740
91–180 days	67,143	59,948	85,554	97,883
181–365 days	35,143	3,175	–	–
	<u>136,015</u>	<u>118,862</u>	<u>166,137</u>	<u>160,623</u>

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0–90 days	24,544	46,247	71,601	54,247
91–180 days	52,570	49,658	72,012	87,594
181–365 days	34,416	2,485	–	–
	<u>111,530</u>	<u>98,390</u>	<u>143,613</u>	<u>141,841</u>

As at 31 December 2022, 2023 and 2024 and 31 May 2025, total bills received amounting to RMB136,015,000, RMB118,862,000, RMB166,137,000 and RMB160,623,000 are held by the Group and amounting to RMB111,530,000, RMB98,390,000, RMB143,613,000 and RMB141,841,000 are held by the Company, respectively for future settlement of trade receivables, of which certain bills were further discounted/endorsed by the Group and the Company. All bills received by the Group and the Company are with a maturity period of less than one year.

As at 31 December 2022, 2023 and 2024 and 31 May 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB58,292,000, RMB71,585,000, RMB77,265,000 and RMB79,009,000 which are past due as at the respective reporting date. Out of the past due balances, RMB28,331,000, RMB41,173,000, RMB45,739,000 and RMB37,065,000 has been past due over 90 days and is not considered as in default due to the history of cooperation and the sound collection history of the debtors.

Details of impairment assessment of trade, bills and other receivables are set out in Note 35b.

21. TRANSFER OF FINANCIAL ASSETS

At 31 December 2022, 2023 and 2024 and 31 May 2025, included in the Group's bills receivables amounted to RMB118,269,000 RMB22,588,000, RMB36,166,000 and RMB18,665,000, respectively, being endorsed to certain suppliers for settlement of trade payables or being discounted to certain banks to obtain bank loans on a full recourse basis. If the bills are not paid on maturity, the suppliers and banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement, it continues to recognise the full carrying amount of bills receivables and has recognised the payables from the endorsement of the bills with full recourse. For bills receivables discounted to banks with full recourse, as the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount of bills receivables and has recognised the bank borrowings for the discounted amounts received.

At 31 December 2022

The Group

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets	14,918	103,351
Carrying amount of associated liabilities	14,918	103,351
Net position	—	—

The Company

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets	5,137	93,703
Carrying amount of associated liabilities	5,137	93,703
Net position	—	—

At 31 December 2023

The Group

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets	—	22,588
Carrying amount of associated liabilities	—	22,588
Net position	—	—

The Company

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets	–	8,859
Carrying amount of associated liabilities	–	8,859
Net position	–	–

At 31 December 2024*The Group*

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets	–	36,166
Carrying amount of associated liabilities	–	36,166
Net position	–	–

The Company

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets	–	16,706
Carrying amount of associated liabilities	–	16,706
Net position	–	–

At 31 May 2025

The Group

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets	–	18,665
Carrying amount of associated liabilities	–	18,665
Net position	–	–

The Company

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets	–	2,377
Carrying amount of associated liabilities	–	2,377
Net position	–	–

At 31 December 2022, 2023 and 2024 and 31 May 2025, the Group had derecognised bills discounted to banks or endorsed to certain suppliers on a full recourse basis amounting to RMB38,688,000, RMB6,009,000, RMB13,738,000 and RMB7,211,000, respectively. These bills were issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company considered the substantial risks in relation to these bills were interest risk as the credit risk arising from these bills were insignificant, the Group had transferred substantially all the risks of these bills to relevant banks or suppliers. However, if the bills cannot be accepted at maturity, the banks or suppliers have the right to require the Group pay off the outstanding balance. Therefore, the Group continued to have involvement in them.

22. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

The Group's and the Company's bank balances as at 31 December 2022, 2023 and 2024 and 31 May 2025, carry interest at market rates which range from 0.05% to 1.50% per annum and the Group's and the Company's restricted bank deposits as at 31 December 2022 carry fixed interest rate of 1.5% per annum.

Restricted bank deposits as at 31 December 2022 represented the secure bank deposits paid for bills payable granted by financial institutions to the Group and the Company. The deposits are to be released upon the settlement of relevant bills payable.

Details of impairment assessment of bank balances and restricted bank deposits are set out in Note 35b.

23. TRADE, BILLS AND OTHER PAYABLES

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	40,351	34,701	40,235	34,593
Bills payables (<i>note</i>)	42,000	–	–	–
Accrued staff costs and retirement benefit scheme contributions	3,723	3,069	3,778	3,490
Value added tax payables	8,663	167	1,868	403
Other tax payables	2,404	614	124	28
Accrued operating expenses	816	1,373	293	238
Accrued listing expenses	–	–	1,713	2,656
Accrued share issue costs	–	–	313	485
Other payables	7,417	3,541	4,091	2,356
	<u>105,374</u>	<u>43,465</u>	<u>52,415</u>	<u>44,249</u>

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	26,882	17,642	18,060	16,637
Bills payables (<i>note</i>)	42,000	–	–	–
Accrued staff costs and retirement benefit scheme contributions	1,631	1,377	2,424	2,561
Value added tax payables	8,663	–	1,226	110
Other tax payables	1,594	61	73	–
Accrued operating expenses	40	725	75	54
Accrued listing expenses	–	–	1,713	2,656
Accrued share issue costs	–	–	313	485
Other payables	4,343	465	1,013	850
	<u>85,153</u>	<u>20,270</u>	<u>24,897</u>	<u>23,353</u>

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

The credit period on trade payables ranges from 0 to 90 days. The aging analysis of the Group's trade payables based on the invoice dates at the end of each reporting period are as follows:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	40,351	34,701	39,255	33,755
Over 1 year	–	–	980	838
	<u>40,351</u>	<u>34,701</u>	<u>40,235</u>	<u>34,593</u>

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	26,882	17,642	17,698	16,018
Over 1 year	–	–	362	619
	<u>26,882</u>	<u>17,642</u>	<u>18,060</u>	<u>16,637</u>

The following is an aged analysis of bill payables presented based on the issue dates at the end of each reporting period:

The Group and the Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
91–180 days	<u>42,000</u>	<u>–</u>	<u>–</u>	<u>–</u>

24. BANK BORROWINGS*The Group*

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of bank borrowings repayable within one year and shown under current portion	<u>78,918</u>	<u>84,700</u>	<u>15,000</u>	<u>67,000</u>

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate bank borrowings	78,918	84,700	15,000	67,000

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Represented by:				
– secured and unguaranteed	63,918	69,700	–	52,000
– unsecured and guaranteed	15,000	15,000	15,000	15,000
	78,918	84,700	15,000	67,000

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of bank borrowings repayable within one year and shown under current portion	69,137	84,700	15,000	67,000

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate bank borrowings	69,137	84,700	15,000	67,000

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Represented by:				
– secured and unguaranteed	54,137	69,700	–	52,000
– unsecured and guaranteed	15,000	15,000	15,000	15,000
	69,137	84,700	15,000	67,000

The Group and the Company

The bank borrowings had been secured by the Group's and the Company's assets and the carrying amounts of the respective assets are as follows:

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	55,430	55,972	–	11,526
Land use rights	–	–	–	4,245
	55,430	55,972	–	15,771

At 31 December 2022, the bank borrowings amounting to RMB49,000,000 were secured by the plant and equipment held by Hebei Haiwei Transportation Facilities Group Co., Ltd. (河北海偉交通設施集團有限公司) (“**Haiwei Transportation**”), a related party controlled by the father of Mr. Song. The above borrowing was settled in January 2024.

At 31 December 2022, 2023 and 2024 and 31 May 2025, the bank borrowings amounting to approximately RMB15,000,000, RMB15,000,000, RMB15,000,000 and RMB15,000,000, respectively, were guaranteed by Jing County Chunyuan Thermal Power Co., Ltd. (景縣春源熱力有限公司), a related party controlled by the brother-in-law of Mr. Song. The above borrowing was settled in June 2025.

As at 31 December 2022, the bank borrowings amounting to approximately RMB5,137,000 were drawn on discounted bills with recourse.

The Group

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's fixed rate bank borrowings are as follows:

	At 31 December			At 31 May
	2022	2023	2024	2025
Effective interest rate	2.4%-8.4%	6.0%-7.5%	4.0%	3.0%-4.0%

The Company

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Company's fixed rate bank borrowings are as follows:

	At 31 December			At 31 May
	2022	2023	2024	2025
Effective interest rate	3.2%-8.4%	6.0%-7.5%	4.0%	3.0%-4.0%

25. LEASE LIABILITIES

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	465	490	534	561
Within a period of more than one year but not more than two years	490	–	554	669
Within a period of more than two years but not more than five years	–	–	628	299
	955	490	1,716	1,529
Less: Amount due for settlement with 12 months shown under current liabilities	(465)	(490)	(534)	(561)
Amount due for settlement after 12 months shown under non-current liabilities	490	–	1,182	968

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	158	167	135	155
Within a period of more than one year but not more than two years	167	–	140	284
Within a period of more than two years but not more than five years	–	–	452	299
	325	167	727	738
Less: Amount due for settlement with 12 months shown under current liabilities	(158)	(167)	(135)	(155)
Amount due for settlement after 12 months shown under non-current liabilities	167	–	592	583

The weighted average incremental borrowing rates applied to lease liabilities were 5.48%, 5.48%, 3.60% and 3.60% as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

26. FINANCIAL GUARANTEE LIABILITIES

As at 31 December 2022, 2023 and 2024 and at 31 May 2025 the Group and the Company has guaranteed the bank borrowings for related parties amounting to RMB1,862,269,000, RMB482,400,000, RMB138,000,000 and RMB123,000,000 respectively. No consideration has been received by the Group for these guarantees.

The fair value of the financial guarantees as at their respective initial recognition date were arrived at on the basis of valuation carried out by Avista Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group. Such financial guarantees were measured at fair values at initial recognition with reference to default rates and recovery rates published by a credit rating agency and the maximum exposure of the related parties' credit facilities to the Group. During the years ended 31 December 2022, 2023 and 2024 and at 31 May 2025, the estimated fair value of the financial guarantees as at their respective initial recognition date were recognised as financial guarantee liabilities with the equivalent amount charged to equity as deemed distributions under other reserves amounting to approximately RMB11,517,000, RMB3,514,000, RMB2,719,000 and RMB2,085,000, respectively.

Subsequent to the initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance determined in accordance with IFRS 9; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised.

The carrying amounts of the financial guarantee liabilities as at 31 December 2022, 2023 and 2024 and at 31 May 2025 were RMB9,325,000, RMB4,616,000, RMB655,000 and RMB1,541,000 respectively, represented the amount of obligation under these related financial guarantee contracts. The amortisation of these financial guarantee liabilities for the years ended 31 December 2022, 2023 and 2024 and 31 May 2025 were RMB10,821,000, RMB8,223,000, RMB6,680,000 and RMB1,199,000, respectively.

Details of ECL assessment for financial guarantee contracts for the Track Record Period are set out in Note 35. All the financial guarantee provided to the related parties were released on 15 October 2025.

27. SHARE CAPITAL

	Number of shares	Share capital
	'000	RMB'000
Ordinary shares of RMB1 each registered, issued and fully paid:		
At 1 January 2022	60,000	60,000
Issue of shares (<i>note a</i>)	37,020	37,020
At 31 December 2022	97,020	97,020
Issue of Series A shares (<i>note b</i>)	12,128	12,128
Issue of Series A1 shares (<i>note c</i>)	7,913	7,913
Issue of Series B shares (<i>note d</i>)	6,651	6,651
At 31 December 2023 and 2024 and 31 May 2025	123,712	123,712

Notes:

- (a) On 28 October 2022, the Company entered into capital injection agreements with the following related party investors and pursuant to which a total capital of RMB370,200,000 was injected into the Company with RMB37,020,000 and RMB333,180,000 credited to the Company's share capital and capital reserve, respectively.
- i. Jingxian Haiwei Electronic Financial Management Consulting Co., Ltd. ("**Haiwei Financial Management**"), a related party controlled by Mr. Song, subscribed for the Company's new registered capital of RMB26,492,000, at a total consideration of RMB264,920,000 and the consideration was settled by setting off the trade related balances of RMB264,920,000 due from the company to Haiwei Financial Management and constituted a non-cash transaction. Details of the transaction are set out in Note 30(e).

- ii. Jingxian Changrui Enterprise Management Consulting Partnership (Limited Partnership) (“**Jingxian Changrui**”) and Jingxian Jiake Enterprise Management Consulting Partnership (Limited Partnership) (“**Jingxian Jiake**”), related parties controlled by Mr. Song, subscribed for the Company’s new registered capital of RMB4,754,000 and RMB4,754,000, respectively, at a total consideration of RMB47,540,000 and RMB47,540,000, respectively, and the consideration were settled in cash.
 - iii. Mr. Song Junqing, the father of Mr. Song, subscribed for the Company’s new registered capital of RMB1,020,000, at a total consideration of RMB10,200,000 and the amount was settled by transferring 51% of the shares of Ningguo Haiwei to the Company and constituted a non-cash transaction. Details of the transaction are set out in Note 32.
- (b) In February 2023, the Company, the shareholders of the Company and the Series A investors entered into a share subscription agreement pursuant to which the Series A investors subscribed for the Company’s new registered capital of RMB12,127,500 at a cash consideration of RMB100,000,000, in which the excess amount of RMB87,872,500 was credited to the capital reserve.
- (c) In March 2023, the Company, the shareholders of the Company and the Series A1 investors entered into a share subscription agreement pursuant to which the Series A1 investors subscribe for the Company’s new registered capital of RMB7,913,213 at a cash consideration of RMB65,250,000, in which the excess amount of RMB57,336,787, was credited to the capital reserve. The shares were issued in April 2023.
- (d) In September 2023, the Company, the shareholders of the Company and the Series B investors entered into a share subscription agreement pursuant to which the Series B investors subscribed for the Company’s new registered capital of RMB6,651,174 at a cash consideration of RMB125,000,000, in which the excess amount of RMB118,348,826 was credited to the capital reserve. 5,241,125 shares and 1,410,049 shares were issued in September 2023 and October 2023, respectively.
- (e) Pursuant to the shareholder’s agreements entered during the year ended 31 December 2023, the Company was neither the party to fulfill the redemption rights granted to the Series A, Series A1 and Series B investors, nor has it provided any guarantees in relation to such redemption rights. Consequently, no liabilities was recognised during the Track Record Period in relation to these redemption rights. The Series A, Series A1 and Series B shares issued by the Company are classified as equity instruments since they are non-redeemable, nor does the Company have any contractual obligation to deliver cash or other financial assets to another party. Furthermore, the Company, as the issuer of these shares does not have any obligations to issue a variable number of its own equity instruments or deliver shares with a fixed value or a value based on changes in an underlying variable at the dates of issue and at the end of each reporting period.

In accordance with Series A, Series A1 and Series B investment agreements, Series A investors, Series A1 investors and Series B investors were granted certain preferred rights (the “**Preferred Rights**”) upon capital contribution. These Preferred Rights mainly included anti-dilution right.

Should the Company subsequently issue equity interests prior a qualified initial public offering to new investors at a price lower than the initial investments paid by Series A investors, Series A1 investors and Series B investors, Series A investors, Series A1 investors and Series B investors have the right to require the Company to adjust the equity ratio of the current round of investors by issuing additional registered capital at the lowest price permitted by law according to the unit price of the new issuance, so that the initial subscription unit price paid by the current round of investors is not higher than the unit price of the new issuance.

The directors of the Company considered that the fair value of the anti-dilution right was immaterial and or remote and the Company does not have any contractual obligation to deliver cash or other financial assets to another party and therefore no derivative liability was recognised by the Company.

28. RETIREMENT BENEFIT SCHEME

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The retirement benefit scheme contributions amounted to approximately RMB276,000, RMB1,377,000, RMB1,954,000, RMB506,000 (unaudited) and RMB623,000 for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025, respectively. No forfeited contributions have been used to reduce the level of contributions during each of the reporting period.

29. CAPITAL COMMITMENTS

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the Historical Financial Information	2,226	78,984	14,258	865

30. RELATED PARTY DISCLOSURES**(a) Name and relationship**

The directors of the Group are of the opinion that the following companies are related parties that had transactions or balances with the Group during the Track Record Period.

Parties	Relationships
Haiwei Petrochemical Co., Ltd (“ Haiwei Petrochemical ”) (海偉石化有限公司)	Controlled by the father of Mr. Song
Hebei Haiwei Group Soft Packaging Co., Ltd (“ Haiwei Soft Packaging ”) (河北海偉集團軟包裝有限公司)	Controlled by the father of Mr. Song
Ningguo Zhongwei Electronics Co., Ltd (“ Ningguo Zhongwei ”) (寧國市中偉電子有限公司)	Controlled by a non-controlling shareholder who is also a supervisor of Ningguo Haiwei
Haiwei Transportation	Controlled by the father of Mr. Song
Ningguo Zhonghao Telecommunications Equipment Factory (“ Ningguo Zhonghao ”) (寧國市中浩電訊器材廠)	Controlled by a non-controlling shareholder who is also a supervisor of Ningguo Haiwei
Ningguo Haiwei (<i>Note</i>)	Controlled by the father of Mr. Song
Hebei Lanhang Soft Packaging Materials Co., Ltd (“ Hebei Lanhang ”) (河北蘭航軟包裝材料有限公司)	Controlled by the cousin of Mr. Song
Mr. Song Mingyi (宋明義)	The son of Mr. Song

Note: Ningguo Haiwei was no longer a related party and became a non-wholly owned subsidiary of the Company since the father of Mr. Song, Mr. Song Junqing, transferred 51% of the shares of Ningguo Haiwei to the Company as disclosed in Notes 27(a)(iii) and 32.

- (b) Saved as disclosed elsewhere in this Historical Financial Information, the Group has following transactions with related parties:

Parties	Nature of transactions	Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Ningguo Haiwei	Sales of goods	56,636	N/A	N/A	N/A	N/A
Ningguo Zhongwei	Sales of goods	–	65	–	–	–
Haiwei Petrochemical	Purchase of goods	159,732	10,663	806	–	–
Haiwei Soft Packaging	Purchase of goods	621	–	–	–	–
Ningguo Zhonghao	Purchase of goods	–	3,240	–	–	–
Hebei Lanhang	Purchase of goods	–	906	408	–	–
Haiwei Soft Packaging	Lease expenses	26	18	9	4	11
Ningguo Zhonghao	Lease expenses	51	35	41	21	16
Haiwei Petrochemical	Interest expenses (Note)	18,962	–	–	–	–
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: The amount represents the interest expenses on non-trade nature amount due to Haiwei Petrochemical, which carry a fixed interest of 5.48% per annum. The non-trade nature amount due to Haiwei Petrochemical was fully repaid during the year ended 31 December 2022.

(c) The Group has the following balances with related parties at the end of each reporting period:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties				
<i>Trade nature (note a)</i>				
Ningguo Zhongwei	1,700	1,774	1,774	1,774
Ningguo Zhonghao	312	312	312	312
	2,012	2,086	2,086	2,086
<i>Non-trade nature</i>				
Haiwei Petrochemical	–	1,577	1,682	–
Ningguo Zhonghao	990	990	990	990
Mr. Song Mingyi (note c)	–	–	3,480	–
	990	2,567	6,152	990
	3,002	4,653	8,238	3,076
Amounts due to related parties				
<i>Trade nature (note b)</i>				
Haiwei Petrochemical	58,304	–	–	–
Haiwei Transportation	49,590	–	–	–
Hebei Lanhang	11,919	906	–	–
Ningguo Zhonghao	3,253	3,626	3,218	3,253
	123,066	4,532	3,218	3,253

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties				
<i>Trade nature (note a)</i>				
Ningguo Zhongwei	576	576	576	576
<i>Non-trade nature</i>				
Haiwei Petrochemical	–	1,577	1,683	–
Mr. Song Mingyi (note c)	–	–	3,480	–
	–	1,577	5,163	–
	576	2,153	5,739	576

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to related parties				
<i>Trade nature (note b)</i>				
Haiwei Petrochemical	58,304	–	–	–
Haiwei Transportation	49,590	–	–	–
Hebei Lanhang	11,919	906	–	–
	<u>119,813</u>	<u>906</u>	<u>–</u>	<u>–</u>
Amounts due from subsidiaries				
<i>Trade nature (note a)</i>				
Ningguo Haiwei	<u>21,901</u>	<u>22,016</u>	<u>19,519</u>	<u>20,485</u>
<i>Non-trade nature</i>				
Ningguo Haiwei	14,261	18,367	20,462	20,697
Jingxian Haiwei Electronic Technology R&D Co., Ltd (“ Haiwei Electronic ”) (景縣海偉電子技術研發有限公司)	<u>4,212</u>	<u>225,473</u>	<u>126,424</u>	<u>137,698</u>
	<u>18,473</u>	<u>243,840</u>	<u>146,886</u>	<u>158,395</u>
	<u>40,374</u>	<u>265,856</u>	<u>166,405</u>	<u>178,880</u>
Amount due to a subsidiary				
<i>Trade nature (note b)</i>				
Haiwei Electronic	<u>–</u>	<u>87</u>	<u>–</u>	<u>–</u>

Amounts due from (to) related parties and amounts due from (to) subsidiaries are unsecured, interest free and repayable on demand. As represented by the directors of the Company, all non-trade nature amounts due from related parties will be settled before listing of the Company's shares on the Stock Exchange.

Notes:

- a) Amounts represented trade receivables for sales of goods and were unsecured and repayable on demand.
- b) Amounts represented trade payables for purchase of goods and other operating expenses and were unsecured and repayable on demand.
- c) The amount represented consideration receivable arising from the disposal of a subsidiary as disclosed in Note 33. The amount was settled on 20 March 2025.

(d) Guarantees issued by the Group to related parties

The Group has provided guarantees to banks to support the loans provided by these banks to certain related parties, which is detailed below:

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Haiwei Petrochemical	1,562,000	75,000	–	–
Haiwei Transportation	488,000	488,000	198,000	198,000
	<u>2,050,000</u>	<u>563,000</u>	<u>198,000</u>	<u>198,000</u>

(e) Trade related balances assignment arrangement between Haiwei Petrochemical Haiwei Financial Management and the Company

Haiwei Petrochemical, Haiwei Financial Management and the Company entered into a third-party agreement on 28 October 2022, pursuant to which Haiwei Petrochemical assigned its trade related balances due from the Company amounting to RMB264,920,000 to Haiwei Financial Management for settling the consideration of capital injection to the Company as disclosed in Note 27(a)(i).

(f) Master netting arrangement between Haiwei Petrochemical, related parties with non-trade related balances and the Company

Haiwei Petrochemical, those related parties with non-trade related balances with the Group and the Company entered into multi-party agreements on 31 October 2022, pursuant to which the related parties with non-trade related balances held by the Company would assign/net off their outstanding balances to Haiwei Petrochemical. Under this netting arrangement, it created a legally enforceable right to assign/net off the related recognised financial assets and financial liabilities of the Group.

The non-trade related balances due to related parties amounting to approximately RMB256,200,000 in total were net-off with the non-trade related balances due from related parties during the year ended 31 December 2022, which constituted a non-cash transaction.

(g) Compensation of key management personnel

The remuneration of directors of the Company, chief executive officer and other members of key management of the Group during the Track Record Period was as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Short term employee benefits	1,278	1,689	2,434	769	1,260
Post-employment benefits	15	66	136	42	49
	<u>1,293</u>	<u>1,755</u>	<u>2,570</u>	<u>811</u>	<u>1,309</u>

31. PARTICULARS OF SUBSIDIARIES

General information of subsidiaries

Details of the subsidiaries held by the Company during the Track Record Period and as at the date of this report are set out below.

Name of subsidiaries	Place and the date of establishment	Paid-up capital			At	Equity interests attributable to the Group			At	At the date of this report	Principal activities
		2022	2023	2024	31 May	at 31 December			31 May		
					2022	2023	2024	2025			
					RMB'000	RMB'000	RMB'000	RMB'000			
Directly held:											
Ningguo Haiwei	The PRC 26 May 2010	2,000	2,000	2,000	5,000	51%	51%	51%	51%	51%	Manufacturing and selling of metallized films
Haiwei Electronic	The PRC 4 November 2022	–	–	10,000	10,000	100%	100%	100%	100%	100%	Inactive
Jingxian Shuojia New Materials Co., Ltd (景縣碩嘉新材料有限 公司*) (“Jingxian Shuojia”) (note)	The PRC 25 June 2024	N/A	N/A	3,312	3,312	N/A	N/A	N/A	N/A	N/A	Inactive

* The English name is for identification purpose only.

Note: This company was established on 25 June 2024 and was disposed of on 16 December 2024 as disclosed in Note 33.

No audited statutory financial statements were prepared for these entities for the Track Record Period as there are no statutory audit requirements. All subsidiaries now comprising the Group are limited liability companies and have adopted 31 December as their financial year end date. None of the subsidiaries had issued any debt securities at the end of the each of the reporting period.

Details of the non-wholly owned subsidiary that have material non-controlling interests

Summarised financial information in respect of the Group's non-wholly-owned subsidiary, Ningguo Haiwei, that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Ningguo Haiwei

	At 31 December		At 31 May
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Percentage of non-controlling interests	49%	49%	49%
Summarised financial information			
Non-current assets	14,743	13,193	11,018
Current assets	72,187	77,442	71,107
Current liabilities	69,125	79,314	70,068
Non-current liabilities	—	590	385
Net assets	17,805	10,731	11,672
Carrying amounts of net assets allocated to non-controlling interests	8,724	5,258	5,719

	Year ended 31 December		Five months ended 31 May	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	71,143	85,354	36,343	21,462
Loss and total comprehensive expense for the year/ period	(2,197)	(7,075)	(3,499)	(2,059)
Loss and total comprehensive expense allocated to non-controlling interests	(1,076)	(3,466)	(1,714)	(1,009)
Cash flows from (used in) operating activities	2,485	(1,218)	(918)	8,310
Cash flows used in investing activities	(13)	(590)	—	(11)
Cash flows from financing activities	—	—	—	5,000
Net increase (decrease) in cash and cash equivalents	2,472	(1,808)	(918)	13,299

32. ACQUISITION OF A SUBSIDIARY

In October 2022, the Company entered into a capital injection agreement pursuant to which Mr. Song Junqing, the father of Mr. Song, subscribed new registered capital of the Company amounting to RMB1,020,000, at the total consideration of RMB10,200,000 and the consideration was settled by transferring 51% of the shares of Ningguo Haiwei to the Company. The objective of the transaction is to expand the Group's relevant business. The transaction was completed on 31 December 2022. Upon completion of the transaction, Ningguo Haiwei became a direct non-wholly owned subsidiary of the Company. The acquisition has been accounted for as acquisition of business using the acquisition method.

*RMB'000***Assets and liabilities recognised at the date of acquisition**

Property, plant and equipment	14,629
Deferred tax assets	270
Inventories	8,485
Trade and other receivables	88,553
Cash and cash equivalents	99
Bank borrowings	(9,781)
Lease liabilities	(630)
Trade and other payables	(81,625)
Net asset acquired	20,000
Non-controlling interests (49% interests in Ningguo Haiwei)	(9,800)
Consideration transferred	(10,200)
Goodwill arising on acquisition	—

Non-controlling interests

The non-controlling interests in Ningguo Haiwei recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Ningguo Haiwei amounted to RMB9,800,000.

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB88,553,000 at the date of acquisition had gross contractual amounts of RMB88,553,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected is insignificant.

Net cash inflow arising on acquisition of Ningguo Haiwei*RMB'000*

Cash consideration	—
Less: Cash and cash equivalents acquired	(99)
	99

Impact of acquisition on the results of the Group

No revenue and profit for the year are generated from Ningguo Haiwei for the year ended 31 December 2022.

Had the acquisition of Ningguo Haiwei been completed on 1 January 2022, revenue for the year ended 31 December 2022 of the Group would have been RMB371,790,000, and profit for the year ended 31 December 2022 would have been RMB103,112,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Ningguo Haiwei been acquired at the beginning of the year ended 31 December 2022, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

33. DISPOSAL OF A SUBSIDIARY

On 8 November 2024, the Company entered into an agreement with Mr. Song Mingyi, the son of Mr. Song, to dispose its entire 100% equity interest in Jingxian Shuojia for a consideration of RMB3,480,000. The disposal was completed on 26 December 2024 and the net assets of Jingxian Shuojia at the date of disposal were as follows:

	<i>RMB'000</i>
Consideration	
Consideration receivable (<i>note</i>)	3,480

Note: The Company received the consideration of RMB3,480,000 on 20 March 2025.

	<i>RMB'000</i>
Analysis of assets over which control was lost:	
Property, plant and equipment	747
Right-of-use assets	153
Cash and cash equivalents	1
Other receivables	149
Net assets disposed of	1,050

	<i>RMB'000</i>
Gain on disposal of a subsidiary:	
Consideration receivable	3,480
Net assets disposed of	1,050
Gain on disposal	2,430

	<i>RMB'000</i>
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	1

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes non-trade related amounts due to related parties, bank borrowings and lease liabilities disclosed in Note 30, Note 24 and Note 25 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The management reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through issue of new shares as well as the issue of new debt or the redemption of existing debt.

35. FINANCIAL INSTRUMENTS**35a. Categories of financial instruments***The Group*

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
At amortised cost	283,792	464,776	467,153	464,571
Financial liabilities				
At amortised cost	294,476	129,922	59,401	109,766

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
At amortised cost	254,827	467,671	434,366	438,645
Financial liabilities				
At amortised cost	267,197	108,676	33,790	88,373

35b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade, bills and other receivables, restricted bank deposits, amounts due from related parties, cash and cash equivalents, trade, bills and other payables, amounts due to related parties, bank borrowings, lease liabilities and financial guarantee liabilities. Except for above, the Company's major financial instruments also include amounts due from/to subsidiaries. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk***Interest rate risk***

The Group and the Company are exposed to fair value interest-rate risk in relation to fixed rate borrowings from banks (Note 24) and lease liabilities (Note 25). The Group and the Company currently do not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to trade, bills and other receivables, restricted bank deposits, amounts due from related parties, bank balances and amounts due from subsidiaries. The Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with settlement of certain bills receivables are backed by bills guaranteed by reputable financial institutions.

Trade and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group and the Company has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group and the Company assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed at the end of each reporting period. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The Group and the Company accept trade receivables settled by bills. The management of the Group and the Company considers the credit risk arising from the endorsed or discounted bills is insignificant when the bills are issued or guaranteed by reputable PRC banks. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced. The management estimates the estimated loss rates of commercial bills receivables based on historical credit loss experience of the debtors, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Based on assessment by the management, the probability of default is low in view of the repayment history and credit rating of debtors and the management considers the ECL for commercial bills receivables is insignificant.

In addition, the Group and the Company perform impairment assessment under ECL model on trade balances individually or based on provision matrix. Except for trade receivables that are with credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. Details of the quantitative disclosures are set out below in this note.

Other receivables, amounts due from related parties, amounts due from subsidiaries and financial guarantee contracts

The Group and the Company assessed the loss allowance for other receivables, amounts due from related parties, amounts due from subsidiaries and financial guarantee contracts on 12m ECL basis as the Group and the Company have considered that credit risks on these financial assets/financial guarantee contracts have not increased significantly since initial recognition. In determining the ECL, the Group and the Company have taken into account the historical default experience and forward-looking information as appropriate. The Group and the Company have considered the consistently low historical default rate in connection with payments and the Group and the Company also actively monitor the outstanding amounts owed by each debtor and identify any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company concluded that credit risk inherent in the Group's other receivables, amounts due from related parties and financial guarantee contracts, and the Company's other receivables, amounts due from related parties, amounts due from subsidiaries and financial guarantee contracts is insignificant.

Restricted bank deposits and bank balances

The credit risk on bank balances and restricted bank deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Provision matrix—debtors' aging

The Group and the Company rebut the presumption of default under ECL for trade receivables over 90 days past due based on the strong financial position with good repayment records of those customers and continuous business relationship with the Group and the Company.

As part of the Group's and the Company's credit risk management, the Group and the Company use aging of trade receivables to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables on invoice date which are assessed based on provision matrix as at 31 December 2022, 2023 and 2024 and 31 May 2025 within lifetime ECL (not credit-impaired). Debtors with credit-impaired with RMB8,768,000, RMB10,223,000, RMB8,679,000 and RMB12,067,000 gross carrying amounts as at 31 December 2022, 2023 and 2024 and 31 May 2025 were assessed individually, respectively.

Gross carrying amount

The Group

	At 31 December						At 31 May	
	2022		2023		2024		2025	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		RMB'000		RMB'000		RMB'000
Current and within one year	2%	114,717	3%	131,275	3%	154,608	3%	145,080
Over one year and within two years	20%	4,401	35%	4,423	35%	5,464	35%	2,743
		119,118		135,698		160,072		147,823
		<u>119,118</u>		<u>135,698</u>		<u>160,072</u>		<u>147,823</u>

The Company

	At 31 December						At 31 May	
	2022		2023		2024		2025	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		RMB'000		RMB'000		RMB'000
Current and within one year	2%	78,264	3%	99,772	3%	119,660	3%	118,168
Over one year and within two years	20%	3,042	35%	3,681	35%	2,594	35%	257
		<u>81,306</u>		<u>103,453</u>		<u>122,254</u>		<u>118,425</u>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During each of the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group provided net impairment allowance of RMB2,528,000, RMB5,549,000, RMB3,489,000 and RMB1,913,000 for trade receivables, based on the collective assessment. Net reversal of impairment allowance of RMB4,809,000, RMB1,786,000, RMB3,605,000 and RMB1,042,000 were made on credit-impaired trade receivables for each of the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, respectively.

During each of the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Company provided net impairment allowance of RMB2,090,000, RMB4,763,000, RMB1,703,000 and RMB1,724,000 for trade receivables, respectively based on the collective assessment. Net reversal of impairment allowance of RMB4,371,000, RMB1,588,000, RMB3,484,000 and RMB770,000 were made on credit-impaired trade receivables for each of the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, respectively.

The Group and the Company write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables:

The Group

	Year ended 31 December			Five months ended 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning balance	13,864	11,583	15,346	15,230
Loss allowance (reversed) recognised, net	(2,281)	3,763	(116)	871
Closing balance	<u>11,583</u>	<u>15,346</u>	<u>15,230</u>	<u>16,101</u>

The Company

	Year ended 31 December			Five months ended 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning balance	12,538	10,257	13,432	11,651
Loss allowance (reversed) recognised, net	(2,281)	3,175	(1,781)	954
Closing balance	<u>10,257</u>	<u>13,432</u>	<u>11,651</u>	<u>12,605</u>

Liquidity risk

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalent deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The management will closely monitor the cash flow generated from operations and the Group's and the Company's needs for different types of external financing and will negotiate for proper facilities and consider proper means of equity financing as appropriate.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity tables

The Group

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1-3 months	Over 3 months but less than 1 years	1-5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	–	83,167	–	–	–	83,167	83,167
Amounts due to related parties	–	123,066	–	–	–	123,066	123,066
Bank borrowings	6.87	4,449	11,723	66,777	–	82,949	78,918
Lease liabilities	5.48	–	–	517	517	1,034	955
Financial guarantee liabilities							
(Note)	–	2,050,000	–	–	–	2,050,000	9,325
		<u>2,260,682</u>	<u>11,723</u>	<u>67,294</u>	<u>517</u>	<u>2,340,216</u>	<u>295,431</u>

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1–3 months	Over 3 months but less than 1 years	1–5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
Non-derivative financial							
liabilities and lease							
liabilities							
Trade, bills and other payables	–	36,074	–	–	–	36,074	36,074
Amounts due to related parties	–	4,532	–	–	–	4,532	4,532
Bank borrowings	7.23	511	1,021	88,185	–	89,717	84,700
Lease liabilities	5.48	–	–	517	–	517	490
Financial guarantee liabilities							
(Note)	–	563,000	–	–	–	563,000	4,616
		<u>604,117</u>	<u>1,021</u>	<u>88,702</u>	<u>–</u>	<u>693,840</u>	<u>130,412</u>
31 December 2024							
Non-derivative financial							
liabilities and lease							
liabilities							
Trade, bills and other payables	–	40,528	–	–	–	40,528	40,528
Amounts due to related parties	–	3,218	–	–	–	3,218	3,218
Bank borrowings	4.00	50	150	15,400	–	15,600	15,000
Lease liabilities	3.60	36	107	447	1,252	1,842	1,716
Financial guarantee liabilities							
(Note)	–	198,000	–	–	–	198,000	655
		<u>241,832</u>	<u>257</u>	<u>15,847</u>	<u>1,252</u>	<u>259,188</u>	<u>61,117</u>
31 May 2025							
Non-derivative financial							
liabilities and lease							
liabilities							
Trade, bills and other payables	–	37,972	–	–	–	37,972	37,972
Amounts due to related parties	–	3,253	–	–	–	3,253	3,253
Bank borrowings	3.22	180	540	68,440	–	69,160	67,000
Lease liabilities	3.60	36	107	447	1,038	1,628	1,529
Financial guarantee liabilities							
(Note)	–	198,000	–	–	–	198,000	1,541
		<u>239,441</u>	<u>647</u>	<u>68,887</u>	<u>1,038</u>	<u>310,013</u>	<u>111,295</u>

The Company

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1–3 months	Over 3 months but less than 1 year	1–5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022							
Non-derivative financial							
liabilities and lease							
liabilities							
Trade, bills and other payables	–	68,922	–	–	–	68,922	68,922
Amounts due to related parties	–	119,813	–	–	–	119,813	119,813
Bank borrowings	7.5	2,369	4,022	66,777	–	73,168	69,137
Lease liabilities	5.48	–	–	176	176	352	325
Financial guarantee liabilities							
(Note)	–	2,050,000	–	–	–	2,050,000	9,325
		<u>2,241,104</u>	<u>4,022</u>	<u>66,953</u>	<u>176</u>	<u>2,312,255</u>	<u>267,522</u>
31 December 2023							
Non-derivative financial							
liabilities and lease							
liabilities							
Trade, bills and other payables	–	18,367	–	–	–	18,367	18,367
Amounts due to related parties	–	906	–	–	–	906	906
Amount due to a subsidiary	–	87	–	–	–	87	87
Bank borrowings	7.23	511	1,021	88,185	–	89,717	84,700
Lease liabilities	5.48	–	–	176	–	176	167
Financial guarantee liabilities							
(Note)	–	563,000	–	–	–	563,000	4,616
		<u>582,871</u>	<u>1,021</u>	<u>88,361</u>	<u>–</u>	<u>672,253</u>	<u>108,843</u>
31 December 2024							
Non-derivative financial							
liabilities and lease							
liabilities							
Trade, bills and other payables	–	18,135	–	–	–	18,135	18,135
Bank borrowings	4.00	50	150	15,400	–	15,600	15,000
Lease liabilities	3.60	–	–	162	646	808	727
Financial guarantee liabilities							
(Note)	–	198,000	–	–	–	198,000	655
		<u>216,185</u>	<u>150</u>	<u>15,562</u>	<u>646</u>	<u>232,543</u>	<u>34,517</u>

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1-3 months	Over 3 months but less than 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2025							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	–	19,832	–	–	–	19,832	19,832
Bank borrowings	3.22	180	540	68,440	–	69,160	67,000
Lease liabilities	3.60	–	–	162	646	808	738
Financial guarantee liabilities							
(Note)	–	198,000	–	–	–	198,000	1,541
		<u>218,012</u>	<u>540</u>	<u>68,602</u>	<u>646</u>	<u>287,800</u>	<u>89,111</u>

Note: As at 31 December 2022, 2023 and 2024 and 31 May 2025, the amounts included above for financial guarantee liabilities were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectation at the end of the reporting period, the management considered that it is more likely than not that no amount would be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantees which is a function of the likelihood that the financial receivables held by the counterparty which guaranteed suffer credit losses. Details of the financial guarantees are set out in Note 26.

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

In estimating the fair value, the Group and the Company use market-observable data to the extent it is available.

The fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded as amortised cost in the Historical Financial Information approximate to their fair values.

The fair value of such financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Non-trade due to related parties	Lease liabilities	Accrued share issue costs	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	74,000	287,953	475	–	362,428
Financing cash flows	16,482	(306,915)	(176)	–	(290,609)
Settlement of discounted bills	(25,057)	–	–	–	(25,057)
Net off arrangement with related parties	–	–	–	–	–
Interest expenses	3,712	18,962	26	–	22,700
Acquisition of subsidiary	9,781	–	630	–	10,411
At 31 December 2022	78,918	–	955	–	79,873
Financing cash flows	27,240	–	(517)	–	26,723
Settlement of discounted bills	(26,917)	–	–	–	(26,917)
Interest expenses	5,459	–	52	–	5,511
At 31 December 2023	84,700	–	490	–	85,190
Financing cash flows	(72,055)	–	(766)	(775)	(73,596)
New leases entered	–	–	1,942	–	1,942
Interest expenses	2,355	–	50	–	2,405
Share issue costs recognised	–	–	–	1,088	1,088
At 31 December 2024	15,000	–	1,716	313	17,029
Financing cash flows	51,111	–	(214)	(898)	49,999
Interest expenses	889	–	27	–	916
Share issue costs recognised	–	–	–	1,070	1,070
At 31 May 2025	67,000	–	1,529	485	69,014
For the five months ended 31 May 2024 (unaudited)					
At 1 January 2024	84,700	–	490	–	85,190
Financing cash flows	(50,112)	–	(377)	–	(50,489)
New leases entered	–	–	1,215	–	1,215
Interest expenses	1,112	–	25	–	1,137
Share issue costs recognised	–	–	–	–	–
At 31 May 2024	35,700	–	1,353	–	37,053

38. MAJOR NON-CASH TRANSACTION

Saved as disclosed elsewhere in this Historical Financial Information, the major non-cash transaction during the Track Record Period is as follow:

During the year ended 31 December 2024 and the five months ended 31 May 2025, the Group's bills receivables amounted to approximately RMB58,110,000 and RMB10,752,000 were endorsed to certain supplier for settlement of the deposits paid for property, plant and equipment on a full recourse basis, which constitutes a major non-cash transaction.

39. RESERVES OF THE COMPANY**Movement in the Company's reserves**

	Capital reserve	Statutory surplus reserve	Other reserve	(Accumulated losses)/retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	90,000	6,221	(13,610)	(367,342)	(284,731)
Profit and total comprehensive income for the year	–	–	–	102,006	102,006
Deemed distributions arising from issue of financial guarantees to related parties	–	–	(11,517)	–	(11,517)
Issue of shares	333,180	–	–	–	333,180
Convert into a joint stock limited liability company	(311,292)	(6,221)	–	317,513	–
Transfer to statutory surplus reserve	–	5,218	–	(5,218)	–
At 31 December 2022	111,888	5,218	(25,127)	46,959	138,938
Profit and total comprehensive income for the year	–	–	–	71,867	71,867
Deemed distributions arising from issue of financial guarantees to related parties	–	–	(3,514)	–	(3,514)
Transfer to statutory surplus reserve	–	7,187	–	(7,187)	–
Issue of shares	263,558	–	–	–	263,558
At 31 December 2023	375,446	12,405	(28,641)	111,639	470,849
Profit and total comprehensive income for the year	–	–	–	94,862	94,862
Deemed distributions arising from issue of financial guarantees to related parties	–	–	(2,719)	–	(2,719)
Transfer to statutory surplus reserve	–	9,486	–	(9,486)	–
At 31 December 2024	375,446	21,891	(31,360)	197,015	562,992
Profit and total comprehensive income for the period	–	–	–	31,597	31,597
Deemed distributions arising from issue of financial guarantees to related parties	–	–	(2,085)	–	(2,085)
At 31 May 2025	<u>375,446</u>	<u>21,891</u>	<u>(33,445)</u>	<u>228,612</u>	<u>592,504</u>

40. EVENTS AFTER THE REPORTING PERIOD

There were no material events taken place subsequent to 31 May 2025.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries, have been prepared in respect of any period subsequent to 31 May 2025.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountants' Report on the historical financial information of the Group for the Track Record Period prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included in this prospectus for information 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 respectively.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering (as defined in this prospectus) on the audited consolidated net tangible assets of the Group attributable to owners of the Company at 31 May 2025 as if the Global Offering had taken place on that date.

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 attributable to owners of the Company as at 31 May 2025 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2025 as derived from the Accountant's Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below:

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2025 per Share	
			RMB	HK\$
RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	(Note 3)	(Note 4)
Based on the Offer Price of HK\$14.28 per Offer Share				
711,044	366,718	1,077,762	6.97	7.65

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2025 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Global Offering are based on 30,831,400 new Offer Shares to be issued at the Offer Price of HK\$14.28 per Offer Share, after deduction of the estimated underwriting fees and commissions and other listing related expenses not yet recognised in profit or loss up to 31 May 2025 payable by the Company (excluding the listing expense that has been charged to profit or loss prior to 31 May 2025). It does not take into account (i) any shares which may be issued upon the exercise of the Over-allotment Option or (ii) any shares which may be issued or repurchased by the Company pursuant to the Company's general mandates.

For the purpose of calculating the estimated net proceeds from the Global Offering, the amount denominated in Hong Kong dollars has been converted into Renminbi at an exchange rate of HK\$1.0970 to RMB1.00, which was the exchange rate prevailing on 11 November 2025 with reference to the rate published by the People's Bank of China. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

3. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on 154,543,287 Shares that were in issue assuming the Global Offering had been completed on 31 May 2025. It does not take into account (i) any shares which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) any shares which may be issued or repurchased by the Company pursuant to the general mandates.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted from Renminbi to Hong Kong dollars at the rate of RMB1 to HK\$1.0970, which was the exchange rate prevailing on 11 November 2025 with reference to the rate published by the People's Bank of China. No representation is made that the Renminbi amounts have been, would have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at 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 attributable to owners of the Company as at 31 May 2025 to reflect any operating result or other transactions of the Group entered into subsequent to 31 May 2025.

B. REPORTING ACCOUNTANTS' REPORTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Hebei Haiwei Electronic New Material Technology Co., Ltd.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hebei Haiwei Electronic New Material Technology 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 statement of adjusted consolidated net tangible assets as at 31 May 2025 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 20 November 2025 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering (as defined in the Prospectus) on the Group's financial position as at 31 May 2025 as if the Global Offering had taken place at 31 May 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for the three years ended 31 December 2024 and five months ended 31 May 2025, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors Responsibilities 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 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) 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 (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and 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 unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or 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 event or transaction at 31 May 2025 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 event or 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 event or 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 purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

20 November 2025

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other.

Shares of the same class and in the same issuance shall be issued under the same terms and at the same price; Each of the shares shall be subscribed for at the same price by any entity or individual.

INCREASE AND REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**Capital Increase**

The Company may, based on its operating and development needs, increase its capital in the following ways pursuant to the requirements of laws and regulations and upon the resolutions separately passed at the general meetings:

1. by offering of shares to non-specified investors;
2. by offering of shares to specified investors;
3. by allotting bonus shares to its existing shareholders;
4. by converting common reserve fund into share capital;
5. by any other means stipulated by laws and administrative regulations and regulatory rules of the place where the Company's shares are listed and approved by the CSRC.

Capital Reduction

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the Company Law, Listing Rules and other relevant regulations as well as the procedures stipulated in the Articles of Association.

Repurchase of Shares

The Company shall not purchase its shares. Nevertheless, under any of the following circumstances, the Company may purchase its shares in accordance with laws, administrative regulations, departmental rules, and the Articles of Association:

1. to reduce its capital;
2. to merge with other companies that hold the shares of the Company;
3. to utilize the shares in the employee stock ownership plans or for share incentive;

4. to acquire the shares upon request by shareholders who vote against the resolution on merger or division of the Company made by the general meeting;
5. to use the shares for the conversion of the convertible corporate bonds issued by the Company;
6. necessary for the Company to maintain its value and protect the interests of the shareholders.
7. other circumstances as permitted by the laws, administrative regulations, departmental rules and regulatory rules of the place where the Company's shares are listed.

Where the Company acquires its shares under the circumstances set out in items (1) and (2), it shall be subject to the resolution of the general meeting;

Where the Company acquires its shares under the circumstances set out in items (3), (5) and (6), it shall be subject to the resolution of the board meeting attended by more than two-thirds (2/3) of the Directors in accordance with the provisions of the Articles of Association or the mandate of the general meeting. And such shares acquisition shall be carried out by open and centralized trading.

After the shares are acquired by the Company in accordance with articles above, if it is made under the circumstance in item (1), such shares shall be canceled within ten days from the date of acquisition; for the circumstance in item (2) or (4), such shares shall be transferred or canceled within six months; for the circumstance in item (3), (5) or (6), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

Transfer of Shares

The Company does not accept its own shares as the subject of pledge.

Shares issued by the Company prior to its public offering shall not be transferred within one (1) year from the date on which the shares are listed for trading in the Stock Exchange. Where there are other provisions in laws, administrative regulations or the securities regulatory authority under the State Council or regulatory rules of the place where the Company's shares are listed regarding the transfer of shares in the Company held by shareholders and actual controllers of listed companies, such provisions shall prevail.

The Directors, and senior management of the Company shall regularly declare the information on shares of the Company held by them and the changes therein, and the number of shares transferred by them each year during their term of office shall not exceed 25% of the total number of shares of the Company held by them. The shares that they hold in the Company shall not be transferred within one (1) year from the date on which the shares of the Company are listed for trading. The aforesaid person(s) shall not transfer the shares of the Company held by them within six months commencing from the termination of their service. The Articles of Association may set out other restrictive provisions on the transfer of shares in the Company held by its Directors, and senior management of the Company.

Where the shares are pledged within the time limit for transfer prescribed by laws or administrative regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

Where there are other provisions in the securities regulatory rules of the place where the Company's shares are listed in respect of the restrictions on the transfer, such provisions shall prevail.

Register of Shareholders

The original register of shareholders of H shares listed in Hong Kong shall be kept in Hong Kong for inspection by shareholders. Where there are provisions in the relevant laws, regulations and the Listing Rules on the period of closure of register of members prior to the general meeting or the record date on which for determination of dividend distributions by the Company, such provision shall prevail. If there are no specific provisions, the closure of register of members shall be determined by the Board of Directors. The shareholders shall enjoy rights and undertake obligations according to the class of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and undertake the same obligations.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders

The Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of shareholders shall be sufficient evidence of the holding of the shares in the Company by the shareholders.

Rights and Obligations of Shareholders

Shareholders of the Company shall be entitled to the following rights:

1. to receive dividends and other forms of profit distribution according to the shareholding;
2. to require the holding of, convene, preside over, participate in or delegate proxies to attend the general meetings in accordance with the law, and to exercise corresponding voting rights;
3. To supervise operational activities of our Company and to make suggestions or inquiries;
4. to transfer, grant or pledge the shares held by them in accordance with the laws, administrative regulations and the Articles of Association;

5. to inspect and make copies of the Articles of Association, the register of shareholders, the minutes of the general meeting, the resolutions of the Board of Directors' meeting, and the financial accounting reports. Qualified Shareholders may also inspect the Company's accounting books and accounting vouchers;
6. to participate in the distribution of the remaining property of the Company according to the shareholding when the Company is dissolved or liquidated;
7. to require the Company to purchase its shares in the event that shareholders object to resolutions of the general meeting concerning merger or division of the Company;
8. other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

A shareholder requesting for inspection or copies of information referred to in the preceding Articles shall comply with the provisions of the Company Law, Securities Law, and other relevant laws and administrative regulations, and produce to the Company written documents, certifying the class and number of shares of the Company that the shareholder holds. The Company shall provide such information and materials as requested by the shareholder after verifying the identity of the shareholder.

Shareholders of the Company shall assume the following obligations:

1. to abide by laws, administrative regulations and the Articles of Association;
2. to pay for the shares subscribed for according to the shares they subscribe for and the capital participation method;
3. not to withdraw its share capital unless as prescribed by laws and regulations;
4. not to abuse their shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's legal person status or the limited liability of the shareholder to damage the interests of the Company's creditors.

Any shareholder of the Company who abuses his/her rights and causes losses to the Company or other shareholders shall be liable for compensation in accordance with the law.

Any shareholder of the Company who abuses the status of the Company as an independent legal person and the limited liability of the shareholder to evade debts and seriously damages the interests of creditors of the Company shall assume joint and several liability for the debts of the Company.

5. other obligations to be assumed by the shareholders according to the laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

GENERAL MEETING**General Provisions of the General Meeting**

The general meeting of the Company shall be composed of all Shareholders. The general meeting is the authority of the Company and shall exercise the following functions and powers in accordance with the laws:

1. to elect and replace Directors and to decide matters relating to the remuneration of relevant Directors;
2. to consider and approve reports of the Board of Directors;
3. to consider and approve profit distribution plans and loss recovery plans of the Company;
4. to make resolutions on the increase or reduction of the Company's registered capital;
5. to make resolutions on the issuance of corporate bonds;
6. to make resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;
7. to amend the Articles of Association;
8. to make resolutions on the appointment and dismissal of engagement of accounting firms that undertake the Company's audit work by the Company and their remuneration;
9. to consider and approve the external guarantees as stipulated in Article 49 of the Articles of Association;
10. to consider the purchase or sale of major assets of the Company in excess of 30% of the Company's latest audited total assets within one year;
11. to consider and approve the change in the use of the raised funds;
12. to consider any share incentive scheme and employee stock ownership plan;
13. to consider other matters that are to be resolved by the general meeting as required by the laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed, or the Articles of Association.

The Company shall convene an extraordinary general meeting, within two (2) months from the date of the occurrence of any of the following circumstances:

1. when the number of Directors is less than the number prescribed by the Company Law or less than two-thirds (2/3) of the number required by the Articles of Association;
2. when the Company's uncovered losses amount to one-third (1/3) of the total share capital;
3. when a request is made by shareholders who individually or collectively hold more than ten percent (10%) of the shares of the Company;
4. when the Board of Directors deems it necessary;
5. when the Audit Committee proposes to convene it;
6. other circumstances as stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

Convening of the General Meeting

The Board of Directors shall convene the general meeting on time within the prescribed time limit.

With the approval of the majority of all independent non-executive Directors, the independent non-executive Directors have the right to propose the convening of an extraordinary general meeting. In response to a proposal by an independent non-executive Director to convene an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, the Listing Rules and the Articles of Association, provide written feedback within ten (10) days after receiving the proposal to agree or disagree with the convening of the extraordinary general meeting. If the Board of Directors agrees to convene an extraordinary general meeting, it will issue a notice of the convening of the general meeting within five (5) days after the board resolution is made. If the Board of Directors does not agree to convene an extraordinary general meeting, it shall explain the reasons and make an announcement.

The Audit Committee has the right to propose to the Board of Directors for convening an extraordinary general meeting and shall make such proposal in writing. The Board of Directors shall, in accordance with the laws, administrative regulations, the Listing Rules and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten (10) days after receiving the proposal.

Shareholders who individually or collectively hold more than ten percent (10%) of the shares of the Company (excluding treasury shares) have the rights to propose to the Board of Directors for convening an extraordinary general meeting and shall make such proposal to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations, Listing Rules and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten (10) days after receiving the request,

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the convening of general meeting within five (5) days after the board resolution is made, and any changes to the original request in the notice shall be subject to the consent of the shareholders concerned.

If the Board of Directors disagrees with the convening of an extraordinary general meeting or does not provide feedback within ten (10) days after receiving the request, shareholders individually or collectively holding more than ten percent (10%) of the shares of the Company (excluding treasury shares) have the right to propose to the Audit Committee for convening an extraordinary general meeting and shall submit the request in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of the convening of general meeting within five (5) days after receiving the request, and any changes to the original request in the notice shall be subject to the consent of the shareholders concerned.

If the Audit Committee fails to issue a notice of the general meeting within the prescribed period, it shall be deemed not to convene and preside over general meeting. Shareholders who individually or collectively hold more than ten percent (10%) of the shares of the Company (excluding treasury shares) for more than ninety (90) consecutive days may convene and preside over the meeting on their own.

Notices of the General Meeting

The convener shall notify all shareholders of the time, venue and matters to be considered at the meeting by means of announcement twenty-one (21) days prior to the annual general meeting, and shall notify all shareholders of the time, venue and matters to be considered at the meeting by means of announcement fifteen (15) days prior to the extraordinary general meeting. Where laws and regulations or the securities regulatory authority where the Company's shares are listed provide otherwise, such provisions shall prevail.

The notice of the general meeting includes the following:

1. the time, venue and duration of the meeting;
2. matters and proposals submitted to the meeting for consideration;
3. the equity registration date of the shareholders who are entitled to attend the general meeting;

4. particulars shall be in clear text that all shareholders are entitled to attend the general meeting and may appoint their proxies in writing to attend and vote at the meeting. Such proxies need not be shareholders of the Company;
5. name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;
6. voting time and procedures conducted via online or other means;
7. other requirements stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Resolutions at the General Meeting

The resolutions of the general meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be adopted by more than half of the voting rights held by the shareholders (including shareholders' proxies) present at the general meeting (excluding treasury shares).

Special resolutions of the general meeting shall be adopted by more than two-thirds (2/3) of the voting rights held by the shareholders (including shareholders' proxies) present at the general meeting (excluding treasury shares).

The following matters shall be passed by ordinary resolutions of the general meeting:

1. work reports of the Board of Directors;
2. proposals formulated by the Board of Directors for distribution of profits and for losses recovery;
3. appointment and removal of members of the Board of Directors, their remuneration and the method of payment thereof;
4. other matters other than those required to be adopted by special resolutions under laws, administrative regulations, the Listing Rules, other provisions of the relevant regulatory authorities where the Company's shares are listed, or the provisions of the Articles of Association.

The following matters shall be passed by special resolutions of the general meeting:

1. the increase or reduction of the registered capital of the Company;
2. the division, merger, dissolution, liquidation (including voluntary liquidation) of the Company, or the change of corporate form;
3. the amendment to the Articles of Association;
4. the amount of purchase or sale of major assets or the guarantee provided by the Company to other parties within one year exceeds 30% of the latest audited total assets of the Company;
5. share incentive scheme and employee stock ownership plan;
6. other matters stipulated by laws, administrative regulations, departmental rules, Listing Rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association, as well as other matters that the general meeting determines by ordinary resolutions that may have a significant impact on the Company and need to be adopted by special resolutions.

Shareholders (including shareholders' proxies) may exercise voting rights in the amount of the voting shares they represent, and each share shall have one vote. A shareholder (including shareholder's proxies) who has two or more votes shall not have to vote for, against or abstain from all voting rights in a poll.

When the general meeting deliberates on major matters affecting the interests of minority investors, the votes of minority investors shall be counted separately. The results of such separate vote counting shall be disclosed promptly in accordance with laws, administrative regulations, and the regulatory rules of the place where the Company's shares are listed. Shares held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by shareholders present at the general meeting.

When a connected transaction (as defined in the listing rules) is considered at the general meeting, the connected shareholders (as defined in the listing rules) shall not participate in voting, and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes; the announcement of the resolution of the general meeting shall fully disclose the voting situations of other shareholders, unless otherwise provided by laws and regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed.

The voting at the general meeting shall be taken by way of registered poll.

DIRECTORS AND THE BOARD OF DIRECTORS**Directors**

Directors shall be elected or replaced at the general meeting and may be removed from their positions by the general meeting before the expiration of their term and may be re-elected upon the expiration of their terms of three (3) years, unless otherwise provided by relevant laws, regulations, the Articles of Association and relevant securities regulatory rules of the stock exchange where the Company's shares are listed.

The senior management members may concurrently serve as Directors, provided that the total number of Directors who concurrently serve as senior management members and Directors who are employee representatives shall not exceed half (1/2) of the total number of Directors of the Company.

Board of Directors

The Board of Directors is composed of eight Directors, and the members of the Board of Directors are elected by the general meeting in accordance with the laws. The Directors are categorized as executive Directors, non-executive Directors, and independent non-executive Directors, of whom there shall be not less than three independent non-executive Directors, which shall constitute at least one third or more of the total number of Directors, at least one independent non-executive Director shall have appropriate professional qualifications or appropriate accounting or related financial management expertise, and at least one independent non-executive Director shall ordinarily reside in Hong Kong.

The Board of Directors exercises the following functions and powers:

1. to convene general meetings and report on its work to the general meetings;
2. to implement the resolution(s) of a general meeting;
3. to determine the operation plans and investment plans of the Company;
4. to formulate the profit distribution plans and loss recovery plans of the Company;
5. to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of corporate bonds or other securities and listing;
6. to formulate plans for material acquisitions, repurchase of shares of the Company or merger, division, dissolution and conversion of the corporate form of the Company;
7. to decide on matters such as external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions and external donations of the Company within the scope of authorization of the general meeting;

8. to determine the establishment of the Company's internal management bodies;
9. to decide on the appointment or dismissal of the Company's manager, secretary to the Board and other senior management members, and decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company's deputy manager, chief financial officer and other senior management members based on the nomination of the manager, and decide on their remuneration, rewards and punishments;
10. to formulate the fundamental management system of the Company;
11. to formulate the proposal for amendment of the Articles of Association;
12. to propose to the general meeting to engage or replace the accounting firm that provides auditing services to the Company;
13. to listen to the work report of the manager of the Company and inspect his/her work;
14. to manage the information disclosure of the Company;
15. other functions and powers which are granted by laws, administrative regulations, departmental rules, Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the general meeting.

The chairman of the Board of Directors exercises the following functions and powers:

1. to preside over the general meetings and convene and preside over the meetings of the Board of Directors;
2. to supervise and inspect the implementation of the resolutions of the Board of Directors;
3. to sign the share certificates, corporate bonds and other marketable securities issued by the Company;
4. to sign the important documents of the Board of Directors;
5. in the event of emergency of force majeure such as catastrophic natural disaster, to enforce special discretion on the affairs of the Company in accordance with provisions of laws and the interests of the Company and to report to the Board of Directors of the Company and the general meeting afterwards;
6. to exercise other functions and powers conferred by the Board of Directors or laws, administrative regulations and regulatory rules of the place where the Company's shares are listed.

Board meetings comprised of regular meetings and extraordinary meetings. Board regular meetings shall be held at least twice a year. Meetings shall be convened by the chairman of the Board of Directors. Written notice shall be given to all Directors at least 14 days before the meeting is held.

Notice for convening an interim meeting of the Board of Directors shall be given in writing (including hand delivery, fax, email, WeChat, SMS, etc.), with such notice to be provided at least three (3) days prior to the meeting date.

A meeting of the Board of Directors shall be held only with the presence of more than half of the Directors. A resolution proposed by the Board of Directors must be passed by more than half of all the Directors.

Resolutions of the Board of Directors shall be voted on a one-person-one-vote basis.

Resolutions of the Board of Directors shall be voted on by disclosed ballot.

Manager

The Company has one manager who is nominated by the chairman of the Board of Directors and appointed or dismissed by the Board of Directors.

The Company has several deputy managers and a number of chief financial officer, secretary of the board and other several senior management members who are nominated by the manager and appointed or dismissed by the Board of Directors.

Each term of the manager is three years and may be extended by reappointment. The manager is accountable to the Board of Directors and exercises the following powers:

1. to preside over the production, operation and management work of the Company, to organize the implementation of the resolutions of the Board of Directors and report to the Board of Directors;
2. to organize the implementation of the Company's annual business plan and investment plan;
3. to formulate the plan for establishment of the Company's internal management bodies;
4. to formulate the Company's fundamental management system;
5. to stipulate the Company's specific regulations;
6. to propose to the Board of Directors the appointment or removal of the deputy general manager and chief financial officer of the Company;

7. to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
8. any other functions and powers conferred by the Articles of Association and the Board of Directors.

The manager shall attend the Board of Directors' meetings.

Secretary of the Board of Directors

The Company has a secretary of the Board of Directors, who is responsible for arrangement of general meetings of the Company and meetings of the Board of Directors, document custody and shareholder particulars management.

Financial Accounting System

The Company shall formulate its own financial accounting system in accordance with the laws, administrative regulations, and the requirements of relevant state departments.

The Company shall submit, disclose and/or submit its annual reports, interim reports and other documents to shareholders in accordance with the regulatory rules and other normative documents of the stock exchange where the Company's shares are listed.

Profit Distribution

The Company shall formulate a profit distribution system, which can distribute dividends in cash, stocks, a combination of cash and stocks, or other methods permitted by laws and regulations. The specific methods are as follows:

1. The Company's profit distribution principle: The Company implements the dividend distribution policy of equal right for equal share, and shareholders receive dividends and other forms of profit distribution based on the shares they hold. The Company implements an active profit distribution policy, attaches importance to reasonable investment returns for investors, and maintains sustainability and stability. The Company may distribute profits in the form of cash or shares, and the distribution of profits shall not exceed the cumulative distributable profits and shall not impair the Company's ability to operate as a going concern. The Board of Directors and the general meeting shall give full consideration to the opinions of independent non-executive Directors and public investors in the process of decision-making and discussion on the profit distribution policy.
2. The Company's general form of profit distribution: The distribution of dividends may be made by cash, shares, or a combination of both, and in the event that the Company has cash for dividend distribution, the Company shall give priority to the use of cash dividend for profit distribution.

3. The Company's specific conditions and proportion of cash dividend: The Company mainly adopts the profit distribution policy of cash dividend, that is, the Company achieves profit in the current year, and can distribute profits after making up the loss, making allocation to the statutory reserve fund and surplus reserve fund in accordance with the laws, then the Company may distribute cash dividend; The Company's profit distribution shall not exceed the cumulative distributable profit.

Dissolution and Liquidation of the Company

The Company shall be dissolved due to the following reasons:

1. the business term specified in these Articles of Association has expired or other cause for dissolution specified in the Articles of Association has occurred;
2. the general meeting resolves to dissolve the Company;
3. dissolution is required due to merger or division of the Company;
4. the Company is revoked of its business license, ordered to close down or deregistered in accordance with the laws;
5. in the event that there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will cause heavy losses to the interests of its shareholders and there is no other way to resolve, shareholders who hold more than ten percent (10%) of the whole voting rights may submit a petition to the People's Court to dissolve the Company.

If the Company encounters the grounds for dissolution as stipulated in the preceding paragraph, it shall publicly announce the grounds for dissolution through the National Enterprise Credit Information Publicity System within ten days. Where the Company is dissolved under the circumstance in items 1, 2, 4 or 5 above, it shall be liquidated. The Directors, who are the liquidation obligors of the Company, shall set up a liquidation team within 15 days from the date of occurrence of the cause of dissolution to commence the liquidation process. The liquidation team shall be composed of the Directors or the personnel determined by the general meeting. If a liquidation team is not established within the time limit, the creditors may apply to the People's Court to appoint relevant personnel to form a liquidation team to conduct the liquidation.

The liquidation team shall notify the creditors within a period of ten (10) days upon the date of its formation and make announcements in newspapers or through National Enterprise Credit Information Publicity System within sixty (60) days. The creditors are required to, within thirty (30) days upon the date of receiving the notices, or for the creditors who fail to receive the notices, within forty-five (45) days upon the date of the public announcement, declare their claims to the liquidation team.

After liquidating the Company's assets and preparing the statement of assets and liabilities and the list of assets, the liquidation team shall prepare a liquidation plan and submit it to the general meeting or the People's Court for confirmation.

If the liquidation team finds that the Company's assets are insufficient to pay off its debts after clearing up the Company's assets and preparing the statement of assets and liabilities and the list of assets, it shall apply to the People's Court for bankruptcy and liquidation in accordance with the laws.

After the liquidation of the Company, the liquidation team shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation, and submit it to the company registration authority and apply for deregistration of the Company.

Amendment of the Articles of Association

The Company shall amend the Articles of Association under any of the following circumstances:

1. after the amendment of the Company Law or relevant laws, administrative regulations, Listing Rules and securities regulatory rules of the place where the Company's shares are listed, the provisions under the Articles of Association conflict with the provisions of the amended laws, administrative regulations, Listing Rules and securities regulatory rules of the place where the Company's shares are listed;
2. there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association;
3. the general meeting determines to amend the Articles of Association.

1. FURTHER INFORMATION ABOUT OUR GROUP**Incorporation**

Our Company was established as a limited liability company under the laws of the PRC on September 6, 2006 and was converted into a joint stock company with limited liability on January 11, 2023.

Our Company has established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. Our Company has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance, with Ms. Tam Pak Yu, Vivien appointed as the authorized representative of our Company for acceptance of the service of process and any notices required to be served on our Company in Hong Kong.

As we were established in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" in this prospectus and Appendix III to this prospectus, respectively.

Changes in the Share Capital of our Company

On September 6, 2006, the predecessor of our Company was established as a limited liability company under the laws of the PRC with a registered capital of RMB36,000,000.

Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, there has been no alternation in the share capital of our Company since its incorporation.

Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 31 to the Accountants' Report as set out in Appendix I to this prospectus. No subsidiary of our Company were established within two years immediately preceding the date of this prospectus.

There has been no alteration in the registered capital of subsidiaries of our Company within two years immediately preceding the date of this prospectus.

Resolutions of Our Shareholders

At the extraordinary general meeting of our Company held on January 24, 2025, the following resolutions, among other things, were duly passed:

- (i) the issue by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares to be listed on the Stock Exchange;
- (ii) the number of H shares to be issued pursuant to the Global Offering of not more than 41,237,400 H Shares, and the grant to the Underwriters of the Over-allotment Option of not more than 6,185,600 additional H Shares;
- (iii) subject to the filing procedure with the CSRC, upon completion of the Global Offering, 29,019,539 Unlisted Shares will be converted into H Shares on a one-on-one basis;
- (iv) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the Global Offering, the issue and listing of H Shares on the Stock Exchange;
- (v) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date;
- (vi) the granting of a general mandate to the Board to allot and issue H Shares at any time within a period up to the date of the conclusion of the first annual general meeting of the Shareholders after Listing or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is earlier (the “**Applicable Period**”), upon such terms and conditions and for such purposes as the Board in their absolute discretion deem fit, provided that, the number of H Shares to be issued shall not exceed 20% of the number of H Shares in issue as of the Listing Date; and
- (vii) the granting of a general mandate (the “**Repurchase Mandate**”) to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares as of the Listing Date (excluding any H Shares that may be issued pursuant to the exercise of the Over-allotment Option).

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

Reasons for repurchase

The Board considered that the repurchase of the H Shares would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the investors' confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholder as a whole.

Exercise of the general mandate to repurchase Shares

At the extraordinary general meeting of the Company held on January 24, 2025, the Board was granted the Repurchase Mandate within the Applicable Period.

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares (on the basis of 59,947,539 H Shares in issue as of the Listing Date and no exercise of the Offer Size Adjustment Option or the Over-allotment Option) would result in a maximum of 5,994,753 H Shares being repurchased by the Company during the Applicable Period, being no more than 10% of the H Shares in issue as of the Listing Date.

Source of funds

In repurchasing its Shares, the Company intends to apply the funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to repurchase its Shares. Any shares to be repurchased will be cancelled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Suspension of repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention to sell any H Shares to our Company.

None of the core connected persons of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken not to sell any of the Shares held by them to our Company, if the Repurchase Mandate is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, supervisor, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

Status of repurchased Shares

Any Shares to be repurchased will be cancelled or kept as treasury Shares, subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations.

General

Our Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the PRC.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

Our Group has 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 that are or may be material to us:

- (a) a share transfer agreement dated January 15, 2025 entered into among Jing County Haiwei Electronic Financial Management Consulting Co., Ltd. (景縣海偉電子財務管理諮詢有限公司), Qingdao Taifu Huixin No. 8 Private Equity Investment Fund Partnership (Limited Partnership) (青島泰富匯鑫捌號私募股權投資基金合夥企業(有限合夥)), our Company and Mr. Song Wenlan, pursuant to which Jing County Haiwei Electronic Financial Management Consulting Co., Ltd. (景縣海偉電子財務管理諮詢有限公司) agreed to transfer its 2,144,340 Shares of our Company to Qingdao Taifu Huixin No. 8 Private Equity Investment Fund Partnership (Limited Partnership) (青島泰富匯鑫捌號私募股權投資基金合夥企業(有限合夥)) at a consideration of RMB26,000,000;
- (b) a supplemental agreement to the investment agreement dated February 20, 2025 entered into among (i) Mr. Song Wenlan, Mr. Song Junqing, Jing County Haiwei Electronic Financial Management Consulting Co., Ltd. (景縣海偉電子財務管理諮詢有限公司), Jing County Changrui Enterprise Management Consulting Partnership (Limited Partnership) (景縣昌瑞企業管理諮詢合夥企業(有限合夥)), Jing County Jiake Enterprise Management Consulting Partnership (Limited Partnership) (景縣嘉科企業管理諮詢合夥企業(有限合夥)); (ii) our Company, Anhui Ningguo Haiwei Electronic Co., Ltd. (安徽省寧國市海偉電子有限公司), Jing County Haiwei Electronic Technology Development Co., Ltd. (景縣海偉電子技術研發有限公司); and (iii) CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司), Yibin Lvneng Equity Investment Partnership (Limited Partnership) (宜賓綠能股權投資合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Thriving Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區超興創業投資合夥企業(有限合夥)), Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司), BYD Company Limited (比亞迪股份有限公司), Jiaxing Chuangqi Kaiying Venture Capital Partnership (Limited Partnership) (嘉興市創啟開盈創業投資合夥企業(有限合夥)), Guangzhou Hanxin Venture Capital Partnership (Limited Partnership) (廣州瀚信創業投資合夥企業(有限合夥)), Dezhou Jianyi Investment Consulting Co., Ltd. (德州建一投資諮詢有限公司), Hebei Industry Investment Zhanxin Industry Development Center (Limited Partnership) (河北產投戰新產業發展中心(有限合夥)), Yichang Industrial Investment Changzheng Green Industry Fund Partnership (Limited Partnership) (宜昌產投長證綠色產業基金合夥企業(有限合夥)), Chutian Changxing (Wuhan) Enterprise Management Center (Limited Partnership) (楚天長興(武漢)企業管理中心(有限合夥)),

Anhui New Energy and Energy Saving and Environmental Protection Industry Fund Partnership (Limited Partnership) (安徽省新能源和節能環保產業基金合夥企業(有限合夥)), Qingdao Taifu Hongying No. 6 Private Equity Investment Fund Partnership (Limited Partnership) (青島泰富洪盈陸號私募股權投資基金合夥企業(有限合夥)) and Hebei Henghu Equity Investment Fund Center (Limited Partnership) (河北衡湖股權投資基金中心(有限合夥)), pursuant to which the amended terms of the previously executed investment agreement were agreed among the parties;

- (c) a supplemental agreement to the Shareholders' agreement dated February 20, 2025 entered into among (i) Mr. Song Wenlan, Mr. Song Junqing, Jing County Haiwei Electronic Financial Management Consulting Co., Ltd. (景縣海偉電子財務管理諮詢有限公司), Jing County Changrui Enterprise Management Consulting Partnership (Limited Partnership) (景縣昌瑞企業管理諮詢合夥企業(有限合夥)), Jing County Jiake Enterprise Management Consulting Partnership (Limited Partnership) (景縣嘉科企業管理諮詢合夥企業(有限合夥)); (ii) our Company, Anhui Ningguo Haiwei Electronic Co., Ltd. (安徽省寧國市海偉電子有限公司), Jing County Haiwei Electronic Technology Development Co., Ltd. (景縣海偉電子技術研發有限公司); and (iii) the CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司), Yibin Lvneng Equity Investment Partnership (Limited Partnership) (宜賓綠能股權投資合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Thriving Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區超興創業投資合夥企業(有限合夥)), Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司), BYD Company Limited (比亞迪股份有限公司), Jiaxing Chuangqi Kaiying Venture Capital Partnership (Limited Partnership) (嘉興市創啟開盈創業投資合夥企業(有限合夥)), Guangzhou Hanxin Venture Capital Partnership (Limited Partnership) (廣州瀚信創業投資合夥企業(有限合夥)), Dezhou Jianyi Investment Consulting Co., Ltd. (德州建一投資諮詢有限公司), Hebei Industry Investment Zhanxin Industry Development Center (Limited Partnership) (河北產投戰新產業發展中心(有限合夥)), Yichang Industrial Investment Changzheng Green Industry Fund Partnership (Limited Partnership) (宜昌產投長證綠色產業基金合夥企業(有限合夥)), Chutian Changxing (Wuhan) Enterprise Management Center (Limited Partnership) (楚天長興(武漢)企業管理中心(有限合夥)), Anhui New Energy and Energy Saving and Environmental Protection Industry Fund Partnership (Limited Partnership) (安徽省新能源和節能環保產業基金合夥企業(有限合夥)), Qingdao Taifu Hongying No. 6 Private Equity Investment Fund Partnership (Limited Partnership) (青島泰富洪盈陸號私募股權投資基金合夥企業(有限合夥)) and Hebei Henghu Equity Investment Fund Center (Limited Partnership) (河北衡湖股權投資基金中心(有限合夥)), pursuant to which, the amended terms of the previously executed Shareholders' agreement were agreed among the parties and the special rights granted to CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司), Yibin Lvneng Equity Investment Partnership (Limited Partnership) (宜賓綠能

股權投資合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Thriving Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區超興創業投資合夥企業(有限合夥)), Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司), BYD Company Limited (比亞迪股份有限公司), Jiaxing Chuangqi Kaiying Venture Capital Partnership (Limited Partnership) (嘉興市創啟開盈創業投資合夥企業(有限合夥)), Guangzhou Hanxin Venture Capital Partnership (Limited Partnership) (廣州瀚信創業投資合夥企業(有限合夥)), Dezhou Jianyi Investment Consulting Co., Ltd. (德州建一投資諮詢有限公司), Hebei Industry Investment Zhanxin Industry Development Center (Limited Partnership) (河北產投戰新產業發展中心(有限合夥)), Yichang Industrial Investment Changzheng Green Industry Fund Partnership (Limited Partnership) (宜昌產投長證綠色產業基金合夥企業(有限合夥)), Chutian Changxing (Wuhan) Enterprise Management Center (Limited Partnership) (楚天長興(武漢)企業管理中心(有限合夥)), Anhui New Energy and Energy Saving and Environmental Protection Industry Fund Partnership (Limited Partnership) (安徽省新能源和節能環保產業基金合夥企業(有限合夥)), Qingdao Taifu Hongying No. 6 Private Equity Investment Fund Partnership (Limited Partnership) (青島泰富洪盈陸號私募股權投資基金合夥企業(有限合夥)) and Hebei Henghu Equity Investment Fund Center (Limited Partnership) (河北衡湖股權投資基金中心(有限合夥)) in relation to their respective investments in our Company were terminated;

- (d) a cornerstone investment agreement dated November 17, 2025 entered into between our Company, Horizon Splendor Limited (匯興麗海有限公司), Shanghai Huixing Lihai Enterprise Management Partnership (Limited Partnership) (上海匯興麗海企業管理合夥企業(有限合夥)) and China International Capital Corporation Hong Kong Securities Limited with respect to a subscription of Shares at the Offer Price in the aggregate amount of HK\$218,221,494.82; and
- (e) the Hong Kong Underwriting Agreement.

Intellectual Property**Trademarks**

As of the Latest Practicable Date, the Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1		01	Our Company	PRC	9782611	November 13, 2033
2		01	Our Company	PRC	9782592	September 27, 2032
3		17	Our Company	PRC	9782709	January 6, 2033
4		17	Our Company	PRC	9782723	October 27, 2032
5		19	Our Company	PRC	9763054	September 20, 2032
6		17	Our Company	PRC	9763018	September 20, 2032
7		11	Our Company	PRC	9762799	September 20, 2032
8		09	Our Company	PRC	9755569	November 13, 2032
9		01	Our Company	PRC	9750275	November 13, 2032

Domain Names

As of the Latest Practicable Date, the Group had registered the following domain name which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1	haiwei.net	Our Company	March 18, 2026

Patents

As of the Latest Practicable Date, the Group had registered the following patents which we consider to be or may be material to our business:

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Application Number	Date of Application	Expiry Date
1	Composite copper foil processing method, composite copper foil and lithium ion battery (複合銅箔的加工方法、複合銅箔及鋰離子電池)	Invention	Our Company	PRC	CN2023 1 1568386.1	November 23, 2023	November 23, 2043
2	A polypropylene capacitor film roll vacuum packaging machine (一種聚丙烯電容膜卷輥真空抽氣包裝機)	Invention	Our Company	PRC	CN2023 1 0387148.4	April 12, 2023	April 12, 2043
3	A pressure extruder for producing polypropylene capacitor film (一種聚丙烯電容膜生產用壓力擠出機)	Invention	Our Company	PRC	CN2023 1 0374079.3	April 10, 2023	April 10, 2043
4	A shock-absorbing air supply device for the production of polypropylene capacitor film (一種聚丙烯電容膜生產用減震送風裝置)	Invention	Our Company	PRC	CN2023 1 0353051.1	April 4, 2023	April 4, 2043
5	A BOPP film and its corona treatment method (一種BOPP膜及其電暈處理方法)	Invention	Our Company	PRC	CN2023 1 0300534.5	March 27, 2023	March 27, 2043
6	Film capacitor materials and preparation methods (薄膜電容器材料及其製備方法)	Invention	Our Company	PRC	CN2023 1 0300539.8	March 27, 2023	March 27, 2043
7	A production process for high energy storage polypropylene capacitor film (一種高儲能聚丙烯電容薄膜生產工藝)	Invention	Our Company	PRC	CN2023 1 0156891.9	February 23, 2023	February 23, 2043
8	A rewinding and storage device and operating method for polypropylene capacitor film processing (一種聚丙烯電容膜加工用收卷存放裝置及操作方法)	Invention	Our Company	PRC	CN2022 1 1386668.5	November 7, 2022	November 7, 2042

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Application Number	Date of Application	Expiry Date
9	A film transport vehicle control system for a film production line (一種薄膜生產線運膜車控制系統)	Invention	Our Company	PRC	CN2018 1 0076329.4	August 28, 2020	August 28, 2040
10	A clamping device for directional traction of polypropylene capacitor film (一種便於聚丙烯電容膜定向牽引用夾持裝置)	Invention	Our Company	PRC	CN2023 1 0353052.6	April 4, 2023	April 4, 2043
11	Composite metal substrate, composite metal foil, current collector, preparation method and use (複合金屬基材、複合金屬箔、集流體、製備方法及用途)	Invention	Our Company	PRC	CN2018 1 0076329.4	May 22, 2023	May 22, 2043
12	Dielectric composite film and its use in film capacitors (介電複合膜及在薄膜電容器中的用途)	Invention	Our Company	PRC	CN2023 1 0789131.1	June 30, 2023	June 30, 2043
13	Composite copper foil, preparation method and lithium ion battery (複合銅箔、製備方法及鋰離子電池)	Invention	Our Company	PRC	CN2023 1 1449873.6	November 2, 2023	November 2, 2043
14	Composite copper foil, preparation method and lithium ion battery (複合銅箔、製備方法及鋰離子電池)	Invention	Our Company	PRC	CN2023 1 1449887.8	November 2, 2023	November 2, 2043
15	A pressure-resistant and flame-retardant isotactic polypropylene capacitor metallized film and its preparation method (一種耐壓阻燃等規聚丙烯電容器金屬化薄膜及其製備方法)	Invention	Our Company	PRC	CN2014 1 0075407.0	March 4, 2014	March 4, 2034
16	A polypropylene capacitor film used in electronic anti-surveillance labels and its preparation method (一種應用於電子防監標籤的聚丙烯電容薄膜及其製備方法)	Invention	Our Company	PRC	CN2023 1 0156888.7	October 16, 2023	October 16, 2043

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Application Number	Date of Application	Expiry Date
17	A polypropylene metallized film and its processing technology (一種聚丙稀金屬化薄膜及其加工工藝)	Invention	Ningguo Haiwei	PRC	CN2022 1 1594429.9	December 13, 2022	December 13, 2042
18	A polypropylene metallized film and metallized film capacitor (一種聚丙稀金屬化薄膜及金屬化薄膜電容器)	Invention	Ningguo Haiwei	PRC	CN2022 1 1594207.7	December 13, 2022	December 13, 2042
19	A coated oil spray plate (一種鍍膜機油噴板)	Invention	Ningguo Haiwei	PRC	CN2022 1 1051273.X	August 30, 2022	August 30, 2042
20	Metallized film processing production line system and its production method, metallized film (金屬化鍍膜加工生產線系統及其生產方法、金屬化鍍膜)	Invention	Ningguo Haiwei	PRC	CN2018 1 1230499.X	October 22, 2018	October 22, 2038
21	Pre-processing tooling for metallized film processing (金屬化鍍膜加工用的預整工裝)	Invention	Ningguo Haiwei	PRC	CN2018 1 1230526.3	October 22, 2018	October 22, 2038
22	Metallized film precision testing tool for capacitors (電容器用金屬化鍍膜精密檢測工裝)	Invention	Ningguo Haiwei	PRC	CN2018 1 1231686.X	October 22, 2018	October 22, 2038

As of the Latest Practicable Date, the Group had applied for registration of the following patents which we consider to be or may be material to our business:

No	Patent Name	Type	Applicant	Jurisdiction of Registration	Application Number	Date of Application
1	Lithium battery negative electrode current collector, lithium metal negative electrode, battery and vehicle (鋰電池負極集流體、鋰金屬負極、電池及車輛)	Invention	Our Company	PRC	CN2023 1 1567507.0	November 23, 2023
2	Composite copper foil, manufacturing method and lithium-ion battery (複合銅箔、製造方法及鋰離子電池)	Invention	Our Company	PRC	CN2023 1 1194103.1	September 15, 2023

No	Patent Name	Type	Applicant	Jurisdiction of Registration	Application Number	Date of Application
3	Composite copper foil, processing method and lithium-ion battery (複合銅箔、加工方法及鋰離子電池)	Invention	Our Company	PRC	CN2023 1 1194092.7	September 15, 2023
4	Composite metal foil, current collector, preparation method and use (複合金屬箔、集流體、製備方法及用途)	Invention	Our Company	PRC	CN2023 1 0954583.0	August 1, 2023
5	Film capacitor and preparation method (薄膜電容器及製備方法)	Invention	Our Company	PRC	CN2023 1 0842885.9	July 11, 2023
6	Polypropylene film, metallized film, capacitor, preparation method and use (聚丙烯薄膜、金屬化鍍膜、電容器、製備方法及用途)	Invention	Our Company	PRC	CN2023 1 0368550.8	April 10, 2023
7	Metallized film, preparation method and use (金屬化鍍膜、製備方法及用途)	Invention	Our Company	PRC	CN2023 1 0356688.6	April 6, 2023
8	BOPP film, metallized film, capacitor, preparation method and use (BOPP薄膜、金屬化鍍膜、電容器、製備方法及用途)	Invention	Our Company	PRC	CN2023 1 0347434.8	April 4, 2023
9	High energy storage density dielectric composite film, preparation method and use (高儲能密度的介電複合膜、製備方法及用途)	Invention	Our Company	PRC	CN2023 1 0314739.9	March 29, 2023
10	An edge trimming device for capacitor films (一種電容器薄膜用整邊裝置)	Invention	Ningguo Haiwei	PRC	CN2024 1 0390684.4	April 2, 2024
11	A galvanizing device for metallized film processing (一種用於金屬化鍍膜加工的鍍鋅裝置)	Invention	Ningguo Haiwei	PRC	CN2024 1 0371643.0	March 29, 2024

3. DISCLOSURE OF INTERESTS

Disclosure of Interests of our Directors and Chief Executive in Our Company and Our Associated Corporations

Save as disclosed below, immediately following the completion of the Global Offering, and Conversion of Unlisted Shares into H Shares, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised, the interests and/or short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and any interests and/or short positions in shares, underlying shares or debentures of any of our Company's 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/or short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company, once the H Shares are listed on the Stock Exchange:

Name of Director or chief executive	Position	Nature of Interest	Number and Class of Shares held upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽¹⁾	Approximate percentage of shareholding in total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of shareholding in the total issued share capital of our Company immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽²⁾	Approximate percentage of shareholding in the relevant class of Shares immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares ⁽²⁾
Mr. Song Wenlan (宋文蘭) ⁽³⁾	Chairman of the Board and executive Director	Beneficial owner Interest in controlled corporation	90,653,754 Unlisted Shares 4,754,000 H Shares	73.28% 3.84%	58.66% 3.08%	95.74% 7.94%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of (i) 94,692,348 Unlisted Shares in issue, (ii) 29,019,539 H Shares converted from Unlisted Shares and (iii) 30,831,400 H Shares to be issued under the Global Offering immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised.

(3) As of the Latest Practicable Date:

- (i) Haiwei Financial was owned by Mr. Song Wenlan as to 99%;
- (ii) 99.9% of the partnership interests of Changrui Consulting was owned by Haiwei Financial, whilst Haiwei Financial is also the general partner of Changrui Consulting; and
- (iii) 99.9% of the partnership interests of Jiake Consulting was owned by Haiwei Financial, whilst Haiwei Financial is also the general partner of Jiake Consulting.

By virtue of the SFO, Mr. Song Wenlan is deemed to be interested in the Shares held by Haiwei Financial, Changrui Consulting and Jiake Consulting. For details of interests of each of Mr. Song Wenlan, Haiwei Financial, Changrui Consulting and Jiake Consulting in our Company, see “Substantial Shareholders” in this prospectus.

Disclosure of Interests of Substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares and without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option, our Directors are not aware of any other person (other than our Directors or chief executive) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other members of our Group.

Particulars of the Service Contracts

We have entered into a service contract with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Remuneration of Directors

The aggregate remuneration paid and benefits in kind granted to our Directors and former supervisors by our Group in respect of the last completed financial year, being the year ended December 31, 2024, was RMB1.4 million. For details of our Directors’ and former supervisors’ emoluments during the Track Record Period, see Note 12 to the Accountants’ Report in Appendix I to this prospectus.

Under the arrangements in force at the date of this prospectus, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors and former supervisors by our Group in respect of the year ending December 31, 2025 to be approximately RMB2.1 million.

Disclaimers

- (a) Save as disclosed in the section headed “History, Development and Corporate Structure”, none of the Directors or any of the experts referred to in “—4. Other Information—Qualifications and Consents of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) Save for in connection with the Underwriting Agreements, none of the Directors or any of the experts referred to in “—4. Other Information—Qualifications and Consents of Experts” below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.
- (c) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned.
- (d) So far as is known to the Directors, save as disclosed in the section headed “Business”, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of the Group.

4. OTHER INFORMATION**Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to be imposed on our Company or our subsidiaries.

Litigation

Save as disclosed in this prospectus, to the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, (i) our H Shares to be issued pursuant to the Global Offering and (ii) the H Shares to be converted from our existing Unlisted Shares. The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate of US\$800,000 for acting as the Sole Sponsor for the Listing.

Preliminary Expenses

As of Latest Practicable Date, our Company did not incur any preliminary expenses.

Promoters

Information of our promoters as of the time of our Company's conversion into a joint stock limited company on January 11, 2023 is as follows:

Name of Shareholder	Number of Shares held upon our conversion	Shareholding percentage upon our conversion
		<i>(Approx.)</i>
Mr. Song Wenlan	61,020,000	62.89%
Haiwei Financial	26,492,000	27.31%
Changrui Consulting	4,754,000	4.90%
Jiake Consulting	4,754,000	4.90%
Total	97,020,000	100.00%

Within the two years immediately preceding the date of this prospectus, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name of Expert	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants, and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Zhong Lun Law Firm	Legal advisor to our Company as to PRC laws
China Insights Industry Consultancy Limited	Industry consultant

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

Compliance Advisor

We have appointed Changjiang Corporate Finance (HK) Limited as our Compliance Advisor upon the Listing in compliance with Rule 3A.19 of the Listing Rules.

Taxation of Holders of H Shares

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial position or prospects since May 31, 2025.

Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

- (a) Save as disclosed in the section headed “History, Development and Corporate Structure” and in this section, within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.
- (b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (c) No founder, management or deferred shares of our Company or any of our subsidiaries have been issued or have been agreed to be issued.
- (d) None of the equity and debt securities of our Company or our subsidiaries is presently listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.
- (e) Our Company has no outstanding convertible debt securities or debentures.

- (f) None of the experts listed under “—4. Other Information—Qualifications and Consents of Experts”:
 - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements.
- (g) The English text of this prospectus shall prevail over its Chinese text.
- (h) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.
- (i) No commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (j) There is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the material contracts referred to in “Statutory and General Information—2. Further Information about Our Business—Summary of Material Contracts” in Appendix IV to this prospectus; and
- (b) the written consents referred to in “Statutory and General Information—4. Other Information—Qualifications and Consents of Experts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.haiwei.net during a period of 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report prepared by Deloitte Touche Tohmatsu, the text of which is set forth in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of the Group for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025;
- (d) the report prepared by Deloitte Touche Tohmatsu on the unaudited pro forma financial information, the text of which is set forth in Appendix II to this prospectus;
- (e) the legal opinion from Zhong Lun Law Firm, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC laws;
- (f) the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in the section headed “Industry Overview” in this prospectus;
- (g) a copy of the PRC Company Law, the PRC Securities Law and the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies, together with their respective unofficial English translations thereof;

- (h) the service contracts referred to in “Statutory and General Information—3. Disclosure of Interests—Particulars of the Service Contracts” in Appendix IV to this prospectus;
- (i) the material contracts referred to in “Statutory and General Information—2. Further Information about Our Business—Summary of Material Contracts” in Appendix IV to this prospectus; and
- (j) the written consents referred to in “Statutory and General Information—4. Other Information—Qualifications and Consents of Experts” in Appendix IV to this prospectus.



Hebei Haiwei Electronic New Material Technology Co., Ltd.
河北海偉電子新材料科技股份有限公司