t about this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

t all your shares in t ., t ., you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

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深圳市星源材質科技股份有限公司

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

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A notice convening the EGM of the Company to be held at Conference Room, 10th Floor, Building 2, Xingyuan Advanced Materials Industrial Park, Tianyuan Road North, Gongming Subdistrict, Guangming District, Shenzhen, Guangdong Province, the PRC on Wednesday, 23 September 2026 at 2:30 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed and is also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.senior798.com).

If you intend to appoint a proxy to attend the EGM, you are required to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only), as soon as possible, but in any event, not later than 24 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish, in which event the instrument appointing a proxy shall be deemed to have been revoked.

4 September 2026

Page

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"A Share(s)"	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shenzhen Stock Exchange and traded in RMB
"Board"	the board of Directors of the Company
"Company"	Shenzhen Senior Technology Material Co., Ltd., a joint stock company with limited liability incorporated under the laws of the PRC
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Coral Xingci"	Changzhou Coral Xingci Venture Capital Partnership (Limited Partnership)* (常州珊瑚興瓷創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"Director(s)"	the director(s) of our Company
"Dongfang Jintai"	Yancheng Economic and Technological Development Zone Dongfang Jintai High-tech Venture Capital Fund (Limited Partnership)* (鹽城經濟技術開發區東方金泰高新技術創投基金(有限合夥)), a limited partnership established under the laws of the PRC
"EGM"	The 2026 sixth extraordinary general meeting of the Company to be held at 2:30 p.m. on Wednesday, 23 September 2026 at Conference Room, 10th Floor, Building 2, Xingyuan Advanced Materials Industrial Park, Tianyuan Road North, Gongming Subdistrict, Guangming District, Shenzhen, Guangdong Province, the PRC
"Equity Transfer Agreement(s)"	the Equity Transfer Agreement(s) entered into among the Company as Transferee, the Target Company and each of the Transferors, respectively, in relation to the Proposed Equity Transfer
"Fortune New Materials Phase II"	Shenzhen Fortune New Materials Phase II Venture Capital Investment Fund Partnership (Limited Partnership)* (深圳市富海新材二期創業投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC

"Fortune New Materials Phase III"	Xiamen Fortune New Materials Phase III Venture Capital Investment Partnership (Limited Partnership)* (廈門市富海新材三期創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"Future City Junluo"	Yancheng Economic and Technological Development Zone Future City Junluo Emerging Industry Investment Fund (Limited Partnership)* (鹽城經濟技術開發區未來城君濼新興產業投資基金(有限合夥)), a limited partnership established under the laws of the PRC
"Gongqingcheng Zhonghang Kaisheng No. 2"	Gongqingcheng Zhonghang Kaisheng No. 2 Venture Capital Partnership (Limited Partnership)* (共青城中航凱晟貳號創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"Group"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in HKD
"H Shareholder(s)"	holders of H Share(s)
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Third Party(ies)"	individuals or companies, as far as the Directors are aware after having made all reasonable enquiries, being not connected persons of the Company
"Latest Practicable Date"	4 September 2026, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

"PRC" or "China"	the People's Republic of China, and for the purpose of this circular only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed Equity Transfer"	the proposed transfer by the Transferors to the Transferee of an aggregate of 59.9806% equity interests in the Target Company pursuant to the Equity Transfer Agreements

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"Wotao Electronic"	Yancheng Economic and Technological Development Zone Wotao Electronic Technology Co., Ltd.* (鹽城經濟技術開發區沃陶電子科技有限公司), a limited liability company established under the laws of the PRC
"Wotao Management"	Yancheng Economic and Technological Development Zone Wotao Enterprise Management Partnership Enterprise (Limited Partnership)* (鹽城經濟技術開發區沃陶企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"%"	per cent

* *For identification purpose only*

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深圳市星源材質科技股份有限公司

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

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Executive Directors:
Prof. Chen Xiufeng *(Chairman)*
Dr. Zhang Xiaomin
Mr. Xu Liqiang

Non-executive Director:
Mr. Zhu Bide

Independent Non-executive Directors:
Mr. Tang Changjiang
Ms. Sun Zhenzhen
Mr. Leung Shu Sun Sunny

Registered Office and Headquarter in the PRC:
Tianyuan Road North
Gongming Town
Guangming District
Shenzhen, Guangdong
the PRC

Principal Place of Business in Hong Kong:
31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

4 September 2026

To the Shareholders

Dear Sir or Madam,

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On 13 August 2026, the Company entered into the Equity Transfer Agreements with each of the Transferors, pursuant to which the Company has conditionally agreed to acquire, and each Transferor has conditionally agreed to sell its respective equity interests in the Target Company, which amounted to an aggregate of 59.9806% equity interests in the Target Company, at a total consideration of RMB241,828,875.16. As at the Latest Practicable Date, the Company held approximately 13.50% equity interests in the Target Company, and upon completion of the Proposed Equity Transfer, the Company will hold approximately 73.4806% equity interests in the Target Company, and the Target Company will become a non-wholly owned subsidiary of the Company. The financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

The principal terms of each of the Equity Transfer Agreements are summarized as follows:

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, as at the Latest Practicable Date, each of the Transferors and their respective ultimate beneficial owners (if any) is an Independent Third Party.

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Pursuant to the Equity Transfer Agreements, the Company has conditionally agreed to acquire, and each Transferor has conditionally agreed to sell its respective equity interests in the Target Company, which amounted to an aggregate of 59.9806% equity interests in the Target Company.

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The total consideration for the Proposed Equity Transfer is RMB241,828,875.16. The consideration for the Proposed Equity Transfer shall be settled by the Company in cash and will be funded by the internal resources of the Group.

Details of the equity interests in the Target Company to be transferred by each Transferor to the Transferee and the respective consideration are set out below:

	t t t t q t t t t q t	t	t
	(RMB'0000)	*(%)*	*(RMB)*
Fortune New Materials Phase II	138.0451	15.3284	53,649,345.40
Future City Junluo	43.9034	4.8750	28,087,671.23
Coral Xingci	17.4603	1.9388	9,693,867.81
Gongqingcheng Zhonghang Kaisheng No. 2	27.5252	3.0564	11,000,000.00
Fortune New Materials Phase III	52.3810	5.8163	34,897,990.72
Wotao Electronic	225.1462	25.0000	87,500,000.00
Dongfang Jintai	35.7143	3.9657	17,000,000.00
t	**540.1755**	**5 . 80**	**241,828,875.1**

The consideration for the Proposed Equity Transfer was determined after arm's length negotiations between the Transferee and the Transferors on normal commercial terms with reference to, among others: (i) the appraised value of the total shareholders' equity of the Target Company assessed by the Valuer as at 31 March 2026 (“**t t**”), being RMB629 million (“**t**”); (ii) the historical operating performance, future business growth prospects and industry valuation level of the Target Company; (iii) the technology and business capabilities and customer resources of the Target Company, and synergy between the Target Company and the Group, as well as (iv) the reasons for and benefits of the Proposed Equity Transfer as stated under the section headed “Reasons For and Benefits of the Proposed Equity Transfer” in this circular. Please refer to Appendix I to this circular for a summary of the Valuation Report including, among others, the valuation method, the key assumptions and key inputs.

The Board has reviewed and considered the Valuation Report prepared by the Valuer and believes the Valuation has been conducted in accordance with the applicable compliance requirements based on an appropriate adoption of valuation method, which reflects the value of the Target Company and is fair and reasonable after taking into account the following factors:

(a) the Valuer has prepared the Valuation Report in compliance with the commonly adopted procedures, standards, laws and regulations of the PRC for the Valuation;

(b) the Valuer has reviewed key aspects, including the financial data, operating data and other relevant data, in relation to the Target Company (including but not limited to its financial statements, historical business operation records, fixed-asset purchase agreements, contracts signed during the forecast period, future business plans, technology and business capabilities and customer resources), allowing for the Target Company to be valued on a broad and comprehensive spectrum;

(3) within 15 business days from the date on which the Transferee confirms that the conditions precedent to the first instalment payment have been satisfied or waived, the Transferee shall pay the first instalment of the consideration to the bank account designated by the Transferor.

The detailed payment arrangements for the second instalment of the consideration are as follows:

(1) upon all of the conditions precedent to the second instalment payment set out in the Equity Transfer Agreement having been satisfied or waived by the Transferee, the Transferor shall promptly notify the Transferee in writing to pay the second instalment of the consideration and provide evidence demonstrating that such conditions precedent have been satisfied;

(2) within 3 business days after receipt of the payment notice issued by the Transferor, the Transferee shall confirm whether all conditions precedent to the second instalment payment have been satisfied or waived. If the Transferee fails to provide any feedback within the aforesaid period, the Transferee shall be deemed to have acknowledged that all such conditions precedent have been satisfied or waived;

(3) within 15 business days from the date on which the Transferee confirms that the conditions precedent to the second instalment payment have been satisfied or waived, the Transferee shall pay the second instalment of the consideration to the bank account designated by the Transferor.

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Upon all of the conditions precedent to the payment set out in the Equity Transfer Agreement having been satisfied or waived by the Transferee, the Transferee shall pay the consideration to the bank account designated by Future City Junluo.

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The consideration payable by the Company to Coral Xingci shall be paid in a one-off payment, and the detailed payment arrangements are as follows:

(1) upon all of the conditions precedent to the payment set out in the Equity Transfer Agreement having been satisfied or waived by the Transferee, the Transferor shall promptly notify the Transferee in writing to pay the consideration and provide evidence demonstrating that such conditions precedent have been satisfied;

(2) within 5 business days after receipt of the payment notice issued by the Transferor, the Transferee shall confirm whether all conditions precedent to the payment have been satisfied or waived. If the Transferee fails to provide any feedback within the aforesaid period, the Transferee shall be deemed to have acknowledged that all such conditions precedent have been satisfied or waived;

(3) within 15 business days from the date on which the Transferee confirms that the conditions precedent to the payment have been satisfied or waived, the Transferee shall pay the consideration in a one-off payment to the bank account designated by the Transferor.

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The detailed arrangements for the consideration payable by the Company to Gongqingcheng Zhonghang Kaisheng No. 2 are as follows:

(1) upon all of the conditions precedent to the payment set out in the Equity Transfer Agreement having been satisfied or waived by the Transferee, the Transferor shall promptly notify the Transferee in writing and provide evidence demonstrating that such conditions precedent have been satisfied; for the avoidance of doubt, in respect of the conditions precedent to the payment set out in items (4) and (5) under the Equity Transfer Agreement, the Transferor shall confirm in such written notice that, to the extent of its knowledge and awareness, such conditions precedent to the payment have been satisfied, but shall not be required to provide any other supporting documents separately;

(2) within 3 business days after receipt of the payment notice issued by the Transferor, the Transferee shall confirm whether all conditions precedent to the payment have been satisfied or waived. If the Transferee fails to provide any feedback within the aforesaid period, the Transferee shall be deemed to have acknowledged that all such conditions precedent have been satisfied or waived;

(3) within 15 business days from the date on which the Transferee confirms that the conditions precedent to the payment have been satisfied or waived, the Transferee shall pay the consideration to the bank account designated by the Transferor.

The conditions precedent to the first instalment payment include:

(1) the shareholders' meeting and/or board of directors of the Target Company having passed resolutions approving: (i) the current round of transaction, including the Proposed Equity Transfer; (ii) the waiver by the other shareholders of their rights of first refusal in respect of the equity interests involved in the current round of transaction; (iii) the confirmation that the Transferor is entitled to transfer the equity interests in the Target Company together with all rights and benefits attached thereto; and (iv) the execution, delivery and performance by the Target Company of the definitive transaction documents in connection with the current round of transaction;

(2) all approvals, consents and filings required under applicable laws and regulations in connection with the Proposed Equity Transfer having been obtained and remaining effective, other than the industrial and commercial changes registration/filings in relation to the Proposed Equity Transfer;

(3) each party having executed and delivered the Equity Transfer Agreement and other relevant transaction documents, and the Transferee and the remaining shareholders of the Target Company following completion of the Proposed Equity Transfer having signed the new articles of association of the Target Company;

(4) since the Signing Date, there having been no change constituting a material adverse effect in the Target Company or any entity directly or indirectly controlled by it, and no change in the equity or ownership structure of the Target Company or any of its subsidiaries having occurred. For the purpose hereof, "material adverse effect" means any event, circumstance, change or effect that, individually or in the aggregate, has resulted in or is reasonably expected to result in: (i) a reduction of more than RMB2 million in the net asset value of the Target Company; (ii) a decrease of more than 20% in the principal operating revenue of the Target Company; (iii) the departure of the general manager or chief technology officer of the Target Company; (iv) the loss by the Target Company of any key governmental permit or qualification required for carrying out its principal business; or (v) the commencement against the Target Company of any material litigation or arbitration involving an amount exceeding RMB5 million;

(5) since the Signing Date, there being no effective judgment, award, ruling or injunction of any PRC law, court, arbitral tribunal or relevant governmental authority which restrains, prohibits or invalidates the Proposed Equity Transfer, and, to the knowledge of the Transferor, there being no pending or threatened litigation, arbitration, judgment, award, ruling or injunction that may result in a material adverse effect;

(6) the Transferee having completed legal, business, financial and other due diligence investigations in respect of the Target Company and having been satisfied that no material adverse effect exists, or, with respect to issues identified during such due diligence investigations, the parties and the relevant persons having reached a consensus;

(7) since the Signing Date, any representation, warranty and undertaking made by the Transferor to the Transferee under the Equity Transfer Agreement or other document remaining true, accurate, complete and not misleading in all material respects.

The conditions precedent to the second instalment payment include:

(1) the conditions precedent to the first instalment payment continuing to be satisfied or having been waived by the Transferee;

(2) the director(s) jointly appointed by Fortune New Materials Phase II and Fortune New Materials Phase III to the Target Company (the "**Oriental Fortune Director**") having submitted written resignation letter(s) to the Target Company and resigned from the office of director;

(3) the resignation of the Oriental Fortune Director and the registration and filing procedures for the Proposed Equity Transfer having been completed with the competent market supervision administration authority of the Target Company;

(4) all matters required for completion as set out in the Equity Transfer Agreement having been completed and the completion date having occurred.

For the avoidance of doubt, item (2) and item (3) of the conditions precedent to the second instalment payment do not apply to the Equity Transfer Agreements with the aforesaid four Transferors. Among them, the conditions regarding the resignation of the Oriental Fortune Director and the completion of the registration and filing procedures for such resignation only apply to the Equity Transfer Agreements with Fortune New Materials Phase II and Fortune New Materials Phase III; the conditions regarding the registration and filing procedures for the Proposed Equity Transfer only apply to the Equity Transfer Agreements with Fortune New Materials Phase II, Fortune New Materials Phase III and Wotao Electronic.

The parties to each Equity Transfer Agreement shall cooperate with each other and actively perform their respective obligations to procure that the conditions precedent to the first instalment payment and the conditions precedent to the second instalment payment under such Equity Transfer Agreement are satisfied within 30 days and 60 days after the Signing Date, respectively.

If any First Instalment Payment Condition Precedent under the relevant Equity Transfer Agreement is waived by the Transferee, such waived condition shall automatically become part of the conditions precedent to the second instalment payment under the Equity Transfer Agreement.

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The conditions precedent for payment to Future City Junluo include:

(1) the Target Company having passed a shareholders' meeting resolution approving the current round of transaction (including the Proposed Equity Transfer), and the shareholders of the Target Company having waived the right of first refusal with respect to the equity involved in the current round of transaction; the shareholders' meeting resolution having approved the assumption of office by the personnel appointed by the Transferee as directors of the Target Company; and all shareholders' rights originally enjoyed by the Transferor under the equity transfer agreement entered into upon its acquisition of the target equity interests, the original shareholders' agreement of the Target Company and the articles of association of the Target Company (including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, repurchase rights, drag-along rights) being transferred to the Transferee together with the target equity interests;

(2) all approvals, consents and filings required under applicable laws and regulations in connection with the Proposed Equity Transfer having been obtained and remaining effective, other than the industrial and commercial changes registration/filings in relation to the Proposed Equity Transfer;

(3) each party having executed and delivered the Equity Transfer Agreement and other relevant transaction documents, and the Transferee and the remaining shareholders of the Target Company following completion of the current round of transaction having signed the new articles of association of the Target Company;

(4) since the Signing Date, there having been no change constituting a material adverse effect in the Target Company or any entity directly or indirectly controlled by it, and no change in the equity or ownership structure of the Target Company or any of its subsidiaries having occurred. For the purpose hereof, "material adverse effect" means any event, circumstance, change or effect that, individually or in the aggregate, has resulted in or is reasonably expected to result in: (i) a reduction of more than RMB2 million in the net asset value of the Target Company; (ii) a decrease of more than 20% in the principal operating revenue of the Target Company; (iii) the departure of the general manager or chief technology officer of the Target Company; (iv) the loss by the Target Company of any key governmental permit or qualification required for carrying out its principal business; or (v) the commencement against the Target Company of any material litigation or arbitration involving an amount exceeding RMB5 million;

(5) since the Signing Date, there being no effective judgment, award, ruling or injunction of any PRC law, court, arbitral tribunal or relevant governmental authority which restrains, prohibits or invalidates the Proposed Equity Transfer, and, to the knowledge of the Transferor, there being no pending or threatened litigation, arbitration, judgment, award, ruling or injunction that may result in a material adverse effect;

(6) the Transferee having completed legal, business, financial and other due diligence investigations in respect of the Target Company and having been satisfied that no material adverse effect exists, or, with respect to issues identified during such due diligence investigations, the parties and the relevant persons having reached a consensus;

(7) since the Signing Date, any representation, warranty and undertaking made by the Transferor to the Transferee under the Equity Transfer Agreement or other document remaining true, accurate, complete and not misleading in all material respects.

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The conditions precedent for payment to Coral Xingci include:

(1) the Target Company having approved Proposed Equity Transfer by way of a shareholders' meeting resolution, and the shareholders of the Target Company having waived their rights of first refusal in respect of the target equity interest under the Proposed Equity Transfer;

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(7) since the Signing Date, there being no effective judgment, award, ruling or injunction of any PRC law, court, arbitral tribunal or relevant governmental authority which restrains, prohibits or invalidates the Proposed Equity Transfer, and, to the knowledge of the Transferor, there being no pending or threatened litigation, arbitration, judgment, award, ruling or injunction that may result in a material adverse effect;

(8) the Transferee having completed legal,7rx7a7sns,financial nd o the dume)

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(4) since the Signing Date, there having been no change constituting a material adverse effect in the Target Company or any entity directly or indirectly controlled by it, and no change in the equity or ownership structure of the Target Company or any of its subsidiaries having occurred. For the purpose hereof, “material adverse effect” means any event, circumstance, change or effect that, individually or in the aggregate, has resulted in or is reasonably expected to result in: (i) a reduction of more than RMB2 million in the net asset value of the Target Company; (ii) a decrease of more than 20% in the principal operating revenue of the Target Company; (iii) the departure of the general manager or chief technology officer of the Target Company; (iv) the loss by the Target Company of any key governmental permit or qualification required for carrying out its principal business; or (v) the commencement against the Target Company of any material litigation or arbitration involving an amount exceeding RMB5 million;

(5) since the Signing Date, there being no effective judgment, award, ruling or injunction of any PRC law, court, arbitral tribunal or relevant governmental authority which restrains, prohibits or invalidates the Proposed Equity Transfer, and, to the knowledge of the Transferor, there being no pending or threatened litigation, arbitration, judgment, award, ruling or injunction that may result in a material adverse effect;

(6) since the Signing Date, any representation, warranty and undertaking made by the Transferor to the Transferee under the Equity Transfer Agreement or other document remaining true, accurate, complete and not misleading in all material respects.

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Each Equity Transfer Agreement shall become effective upon it being affixed with seals by the parties thereto, executed by their respective legal representatives or authorized representatives, and approved by the shareholders’ meeting of the Company.

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Within 30 days from the date on which the Transferee pays the first instalment of the consideration, the Target Company shall complete the following matters and other parties shall provide the necessary cooperation:

(1) complete the registration procedures for the change in equity interests with the registration authority of the Target Company;

(2) the Oriental Fortune Director has submitted an irrevocable written resignation letter to the Target Company resigning from his position as a director, and such resignation has taken effect; at the same time, the person appointed by the Transferee has assumed office as director of the Target Company, and the Target Company has completed the filing of the new director with the competent registration authority;

(3) complete the filing of the articles of association signed by the Transferee as a shareholder of the Target Company with the competent registration authority; and

(4) the shareholders' agreement signed by the Transferee, the founder of the Target Company and the other shareholders of the Target Company following the completion of the Proposed Equity Transfer has become effective and has been delivered to the Transferee.

The date on which all of the foregoing matters have been completed shall be the "completion date".

For the avoidance of doubt, among the aforesaid completion matters, the matter relating to the resignation of the Oriental Fortune Director and the effectiveness of such resignation applies only to the Equity Transfer Agreements relating to Fortune New Materials Phase II and Fortune New Materials Phase III.

After the Transferee has paid the first instalment consideration, (i) the Transferor shall cease to enjoy any shareholder rights corresponding to the target equity interests, including but not limited to, all rights enjoyed by the Transferor pursuant to the relevant capital increase agreement (as only set out in the Equity Transfer Agreements for Fortune New Materials Phase II and Fortune New Materials Phase III), the original shareholders' agreement of the Target Company and the articles of association of the Target Company, and shall no longer assume any corresponding obligations thereunder; and (ii) all shareholder rights and interests corresponding to the target equity interests (including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, repurchase rights, drag-along rights, veto rights at shareholders' meetings and/or board meetings, and the corresponding interests and benefits within all owner's equity, such as the capital reserve, surplus reserve and undistributed profits (if any) prior to the completion date) shall be enjoyed by the Transferee, and the Transferee shall assume corresponding obligations.

Within 30 days from the date on which the Transferee pays the first instalment of the consideration, the Target Company shall complete the following matters, and the other parties shall provide necessary cooperation:

(1) The directors of Dongfang Jintai have submitted irrevocable written resignation letters to the Target Company, resigning from their positions as directors, and such resignations have become effective; and at the same time, they consent to the persons appointed by the Transferee assuming office as directors of the Target Company, and cooperate in signing the shareholders' resolutions and other documents required for the filing of the director change;

(2) The Transferor has signed the shareholders' resolution of the Target Company in respect of the Proposed Equity Transfer, which resolution explicitly provides that all shareholders' rights originally enjoyed by the Transferor under the capital increase agreement entered into upon its acquisition of the target equity interests, the original shareholders' agreement and the articles of association of the Target Company (including but not limited to pre-emptive rights, right of first refusal, co-sale rights, anti-dilution rights, repurchase rights and drag-along rights) shall be transferred to the Transferee together with the Target Equity.

The date on which all of the foregoing matters have been completed shall be the "completion date".

In addition, the parties agree that, after the Transferee pays the first instalment of the consideration, the industrial and commercial change registration/filing formalities in respect of the Target Equity shall not be processed for the time being; upon the Transferor's receipt of a separate notice from the Transferee, the parties shall, within 10 business days, complete the equity change registration procedures with the registration authority of the Target Company, and the filing with the registration authority of the articles of association signed by the Transferee as a shareholder of the Target Company.

After the Transferee has fully paid the first instalment of the consideration, (i) the

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The parties agree that, upon the Transferee's payment of the consideration, the industrial and commercial changes registration/filing procedures in respect of the target equity interests shall not be processed for the time being; and upon the Transferor's receipt of a separate notice from the Transferee, the parties shall complete the following matters within 10 business days:

(1) complete the registration procedures for the equity change with the registration authority of the Target Company;

(2) the articles of association signed by the Transferee as a shareholder of the Target Company shall be filed with the registration authority.

The date on which all of the foregoing matters have been completed shall be the "completion date".

Upon the Transferee's payment of the consideration, (i) the Transferor shall cease to enjoy any shareholder rights corresponding to the target equity interests, including but not limited to all rights enjoyed by the Transferor under the capital increase agreement entered into upon its acquisition of the target equity interests, the original shareholders' agreement of the Target Company and the articles of association of the Target Company, and shall no longer assume any corresponding obligations thereunder; and (ii) all shareholder rights attached to the target equity interests (including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, repurchase rights, drag-along rights) shall be enjoyed by the Transferee, and the Transferee shall assume the corresponding obligations.

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Within 10 business days from the Transferee's payment of the consideration, the parties shall cooperate with each other to complete the following completion matters:

(1) the personnel appointed by the Transferee shall assume office as directors of the Target Company, and the filing of the new directors shall be completed with the registration authority of the Target Company;

(2) the shareholders' agreement signed by the Transferee, the founder of the Target Company and the other shareholders of the Target Company following the Proposed Equity Transfer shall have become effective and be delivered to the Transferee. Based on the new shareholders' agreement of the Target Company and the articles of association of the Target Company, the Transferee shall be entitled to all shareholder rights attached to the target equity interests that were originally enjoyed by the Transferor under the capital increase agreement entered into upon its acquisition of the target equity interests, the original shareholders' agreement and the articles of association of the Target Company, including but not limited to pre-emptive rights, rights of first refusal, co-sale rights, anti-dilution rights, repurchase rights, drag-along rights.

The date on which all of the foregoing matters have been completed shall be the "completion date".

In addition, the parties agree that, upon the Transferee's payment of the

(3) if, for reasons not attributable to the Transferee, any of the conditions precedent to the first instalment payment has not been satisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer has not occurred within the agreed timeframe, or any of the conditions precedent to the second instalment payment has not been satisfied within 60 days after the Signing Date, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance,

(2) if any stock exchange, the CSRC or its local branches, or any other competent

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Save as otherwise provided by law, the Equity Transfer Agreement may be rescinded in any of the following circumstances:

(1) upon mutual agreement between the Transferor and the Transferee, the Equity Transfer Agreement shall be rescinded;

(2) if any stock exchange, the CSRC or its local branches, or any other competent regulatory authority raises any objection to, inquiry regarding, or rectification requirement in connection with the transaction, and the parties fail to obtain the acceptance of the relevant competent authority within 30 days after the occurrence of such event despite their efforts, the Transferee shall be entitled to rescind the Equity Transfer Agreement by written notice to the Transferor, and such rescission shall not constitute a breach by any party;

(3) if, due to reasons attributable to the Transferor, the conditions precedent to payment have not been satisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer has not occurred within the agreed timeframe, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferee shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferor without liability;

(4) if, due to reasons attributable to the Transferee, the conditions precedent to payment have not been satisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer has not occurred within the agreed timeframe, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferor shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferee without liability;

(5) if the Transferee fails, without justification, to pay the consideration for the Transfer when due and such delay exceeds 20 business days, the Transferor shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferee without liability;

(6) if any party breaches any representation, warranty or undertaking under the Equity Transfer Agreement and fails to remedy such breach within a reasonable period (which shall not exceed 15 business days) after being requested by the other party to do so, the non-defaulting party shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the defaulting party without liability;

(7) during the transitional period, if the Target Company or its subsidiaries experiences any change that constitutes a material adverse effect, the Transferee shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferor without liability.

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Save as otherwise provided by law, the Equity Transfer Agreement may be rescinded in any of the following circumstances:

(1) upon mutual agreement between the Transferor and the Transferee, the Equity Transfer Agreement shall be rescinded;

(2) if any stock exchange, the CSRC or its local branches, or any other competent regulatory authority raises any objection to, inquiry regarding, or rectification requirement in connection with the transaction, and the parties fail to obtain the acceptance of the relevant competent authority within 30 days after the occurrence of such event despite their efforts, the Transferee shall be entitled to rescind the Equity Transfer Agreement by written notice to the Transferor, and such rescission shall not constitute a breach by any party;

(3) if, for reasons not attributable to the Transferee, the conditions precedent to payment have not been satisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer has not occurred within the agreed timeframe, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferee shall have the right to unilaterally rescind the Agreement by written notice to the Transferor without liability;

(4) if, due to reasons attributable to the Transferee, the conditions precedent to payment have not been satisfied within 30 days after the Signing Date, or the completion of the transaction has not occurred within the agreed timeframe, and the Transferee and the Transferor are unable to reach agreement on a waiver of such conditions or an extension of performance, the Transferor shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferee without liability; if the Transferee fails, without justification, to pay the consideration when due and such delay exceeds 20 business days, the Transferor shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferee without liability;

(5) if any party breaches any representation, warranty or undertaking under the Equity Transfer Agreement and fails to remedy such breach within a reasonable period (which shall not exceed 15 business days) after being requested by the other party to do so, the non-defaulting party shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the defaulting party without liability;

(6) during the transitional period, if the Target Company or its subsidiaries experiences any change that constitutes a material adverse effect, the Transferee shall have the right to unilaterally rescind the Equity Transfer Agreement by written notice to the Transferor without liability.

(7) Notwithstanding the foregoing, if the compe29 Td sdWa(nrtosstee Equi))8 ( )]TJ0.503 T
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Following the payment of the first instalment of consideration, if, due to reasons attributable to the Transferor, the completion of the Proposed Equity Transfer fails to take place within the agreed timeframe or any of the conditions precedent to the second instalment payment remains unsatisfied within 60 days after the Signing Date, the Transferor shall pay to the Transferee liquidated damages at the rate of 0.01% of the first instalment of consideration for each day of delay. If, in such circumstances, the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall further pay to the Transferee a one-off amount of liquidated damages equal to 10% of the first instalment of consideration.

If, due to reasons attributable to the Transferee, any of the conditions precedent to the first instalment payment remains unsatisfied within 30 days after the Signing Date, or the completion of the Proposed Equity Transfer fails to take place within the agreed timeframe, or any of the conditions precedent to the second instalment payment remains unsatisfied within 60 days after the Signing Date, and the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferor shall be entitled to require the Transferee to pay liquidated damages equal to 5% of the consideration.

If the Transferee, without justification, delays payment of any consideration payable under the Equity Transfer Agreement, the Transferee shall pay to the Transferor 429 Td[(take)0.5 (place)0.5 (w0(i)0.Der Tdng Dunpaidnt of a aff considerafails to)Tj0.073 Tw 0 -1ti

Any breach by a party of the Equity Transfer Agreement, any failure to perform its obligations under the Equity Transfer Agreement, any performance of such obligations that is not in accordance with the terms of the Equity Transfer Agreement, or any breach of any representation, warranty or undertaking made under the Equity Transfer Agreement shall constitute a default. The defaulting party shall indemnify the other party(ies) for all losses arising from such default, including but not limited to all direct economic losses suffered by the non-defaulting party, investigation costs, legal fees, litigation/arbitration costs, travel expenses, appraisal fees, and any other reasonable expenses incurred by the non-defaulting party in enforcing its rights.

If, due to reasons attributable to the Transferor, any of the conditions precedent to the first instalment payment remains unsatisfied within 30 days after the Signing Date, and the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall pay to the Transferee a one-off amount of liquidated damages equal to 5% of the consideration.

Following the payment of the first instalment of consideration, if, due to reasons attributable to the Transferor, the Equity Transfer fails to be completed within the agreed timeframe or any of the conditions precedent to the second instalment payment remains unsatisfied within 60 days after the Signing Date, the Transferor shall pay to the Transferee liquidated damages at the rate of 0.01% of the first instalment of consideration for each day of delay. If, in such circumstances, the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall further pay to the Transferee a one-off amount of liquidated damages equal to 10% of the first instalment of consideration.

If, due to reasons attributable to the Transferee, any of the conditions precedent to the first instalment payment remains unsatisfied within 30 days after the Signing Date, and the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferee shall pay to the Transferor a one-off amount of liquidated damages equal to 5% of the consideration; or if the Equity Transfer fails to be completed within the agreed timeframe or any of the conditions precedent to the second instalment payment remains unsatisfied within 60 days after the Signing Date, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the first instalment of consideration for each day of delay. If the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferee shall further pay to the Transferor a one-off amount of liquidated damages equal to 10% of the first instalment of consideration.

If the Transferee, without justification, delays payment of any consideration payable under the Equity Transfer Agreement, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the overdue and unpaid consideration for each day of delay. If such delay exceeds 60 days, the Transferor shall be entitled to rescind the Equity Transfer Agreement and require the Transferee to pay liquidated damages equal to 10% of the consideration. If the foregoing liquidated damages are insufficient to compensate the Transferor for the losses suffered as a result thereof, the Transferee shall further bear liability for damages to the Transferor separately.

If any party breaches any representation, warranty or undertaking made under the Equity Transfer Agreement, and the non-defaulting party (being limited to the non-defaulting Transferor and/or Transferee) rescinds the Equity Transfer Agreement pursuant to item (6) of the rescission provisions, the non-defaulting party shall be entitled to require the defaulting party to pay liquidated damages equal to 5% of the consideration.

If, due to reasons attributable to the Transferor, the registration/filing for the industrial and commercial changes as contemplated under the Equity Transfer Agreement fails to be completed within the agreed timeframe, the Transferor shall pay to the Transferee liquidated damages at the rate of 0.01% of the consideration for each day of delay. If such delay exceeds 60 days, the Transferee shall be entitled to require the Transferor to pay liquidated damages equal to 10% of the consideration. If the foregoing liquidated damages are insufficient to compensate the Transferee for the losses suffered as a result thereof, the Transferor shall further bear liability for damages to the Transferee separately.

If, due to reasons attributable to the Transferee, the registration/filing for the industrial and commercial changes as contemplated under the Equity Transfer Agreement fails to be completed within the agreed timeframe, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the consideration for each day of delay. If such delay exceeds 60 days, the Transferor shall be entitled to require the Transferee to pay liquidated damages equal to 10% of the consideration. If the foregoing liquidated damages are insufficient to compensate the Transferor for the losses suffered as a result thereof, the Transferee shall further bear liability for damages to the Transferor separately.

All the above liabilities for breach of contract may be accumulated and claimed concurrently.

Any breach by a party of the Equity Transfer Agreement, any failure to perform its obligations under the Equity Transfer Agreement, any performance of such obligations that is not in accordance with the terms of the Equity Transfer Agreement, or any breach of any representation, warranty or undertaking made under the Equity Transfer Agreement shall constitute a default. The defaulting party shall indemnify the other

If the Transferee, without justification, delays payment of any consideration payable under the Equity Transfer Agreement, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the overdue and unpaid consideration for each day of delay. If the Transferor rescinds the Equity Transfer Agreement pursuant to item (5) of the rescission provisions due to the Transferee's unjustified delay in payment, the Transferee shall pay to the Transferor a one-off amount of liquidated damages equal to 10% of the consideration payable and unpaid.

If any party breaches any representation, warranty or undertaking made under the Equity Transfer Agreement, and the non-defaulting party rescinds the Equity Transfer Agreement pursuant to item (6) of the rescission provisions, the non-defaulting party shall be entitled to require the defaulting party to pay liquidated damages equal to 5% of the principal amount of the equity investment.

All the above liabilities for breach of contract may be accumulated and claimed concurrently.

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Any breach by a party of the Equity Transfer Agreement, any failure to perform its obligations under the Equity Transfer Agreement, any performance of such obligations that is not in accordance with the terms of the Equity Transfer Agreement, or any breach of any representation, warranty or undertaking made under the Equity Transfer Agreement shall constitute a default. The defaulting party shall indemnify the other party(ies) for all losses arising from such default, including but not limited to all direct economic losses suffered by the non-defaulting party, investigation costs, legal fees, litigation/arbitration costs, travel expenses, appraisal fees, and any other reasonable expenses incurred by the non-defaulting party in enforcing its rights.

If, due to reasons attributable to the Transferor, any of the conditions precedent for payment remains unsatisfied within 30 days after the Signing Date, and the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall pay to the Transferee a one-off amount of liquidated damages equal to 5% of the consideration.

If, due to reasons attributable to the Transferee, any of the conditions precedent for payment remains unsatisfied within 30 days after the Signing Date, or the Proposed Equity Transfer fails to be completed within the agreed timeframe, and the Transferor rescinds the Equity Transfer Agreement pursuant to item (4) of the rescission provisions, the Transferor shall be entitled to require the Transferee to pay an amount of liquidated damages equal to 5% of the consideration.

If the Transferee, without justification, delays payment of any consideration payable under the Equity Transfer Agreement, the Transferee shall pay to the Transferor liquidated damages at the rate of 0.01% of the overdue and unpaid consideration for each day of delay. If the Transferor rescinds the Equity Transfer Agreement pursuant to item (5) of the rescission provisions due to the Transferee's unjustified delay in payment, the Transferee shall pay to the Transferor a one-off amount of liquidated damages equal to 10% of the consideration payable and unpaid.

If, due to reasons attributable to the Transferor, the completion matters under the Equity Transfer Agreement fail to be completed within the agreed timeframe, the Transferor shall pay to the Transferee liquidated damages at the rate of 0.01% of the consideration for each day of delay. If the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall pay to the Transferee liquidated damages equal to 10% of the consideration. If the foregoing liquidated damages are insufficient to compensate the Transferee for the losses suffered as a result thereof, the Transferor shall further bear liability for damages to the Transferee separately.

If any party breaches any representation, warranty or undertaking made under the Equity Transfer Agreement, and the non-defaulting party rescinds the Equity Transfer Agreement pursuant to item (6) of the rescission provisions, the non-defaulting party shall be entitled to require the defaulting party to pay liquidated damages equal to 5% of the consideration.

All the above liabilities for breach of contract may be accumulated and claimed concurrently.

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Any breach by a party of the Equity Transfer Agreement, any failure to perform its obligations under the Equity Transfer Agreement, any performance of such obligations that is not in accordance with the terms of the Equity Transfer Agreement, or any breach of any representation, warranty or undertaking made under the Equity Transfer Agreement shall constitute a default. The defaulting party shall indemnify the other party(ies) for all losses arising from such default, including but not limited to all direct economic losses suffered by the non-defaulting party, investigation costs, legal fees, litigation/arbitration costs, travel expenses, appraisal fees, and any other reasonable expenses incurred by the non-defaulting party in enforcing its rights.

If, due to reasons attributable to the Transferor, any of the conditions precedent for payment remains unsatisfied within the agreed timeframe or the Proposed Equity Transfer fails to be completed within the agreed timeframe, and the Transferee rescinds the Equity Transfer Agreement pursuant to item (3) of the rescission provisions, the Transferor shall pay to the Transferee a one-off amount of liquidated damages equal to 5% of the

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The Company is a joint stock company established under the laws of the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 6067) and the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 300568). The Group is principally engaged in the research and development, production and sales of lithium-ion battery separators, and its products primarily include dry process separators, wet process separators and coated separators. Founded in 2003, the Group has accumulated more than 20 years of industry experience in lithium-ion battery separators.

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Fortune New Materials Phase II is a limited partnership established under the laws of the PRC and is principally engaged in entrusted management of equity investment funds, equity investment in unlisted enterprises, equity investment and investment consultation. As at the Latest Practicable Date, it has 22 partners, all of whom hold less than 30% partnership interests. The general partner of Fortune New Materials Phase II is Shenzhen Fortune Xinwan Equity Investment Fund Management Enterprise (Limited Partnership)* ("t", 深圳市富海鑫灣股權投資基金管理企業(有限合夥)), which holds 0.5% partnership interests of Fortune New Materials Phase II and is in turn wholly controlled by Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. ("", 深圳市東方富海投資管理股份有限公司). OFC is ultimately controlled as to approximately 48.42% by CHEN Wei (陳瑋).

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Future City Junluo is a limited partnership established under the laws of the PRC and is principally engaged in equity investment and venture investment in unlisted enterprises. As at the Latest Practicable Date, it is owned as to approximately 99.67% partnership interests by Yancheng Oriental Investment & Development Group Co., Ltd. ("", 鹽城東方投資開發集團有限公司) and as to approximately 0.33% partnership interests by Shanghai Junluo Enterprise Management Partnership (Limited Partnership)* ("", 上海君濼企業管理合夥企業(有限合夥)) (also being the executive partner). OID Group is wholly controlled by Yancheng Municipal People's Government. Shanghai Junluo is owned as to approximately 68% partnership interests by Shanghai Junyu Business Information Consulting Co., Ltd.* (上海君禹商務信息諮詢有限公司) (also being the executive partner), which is in turn ultimately owned as to approximately 44.35% by WEN Wei (聞威).

Coral Xingci is a limited partnership established under the laws of the PRC and is principally engaged in venture investment in unlisted enterprises, investment with its own funds, and private fund equity investment, investment management and asset management activities upon completion of registration with the Asset Management Association of China. As at the Latest Practicable Date, it is owned as to approximately 64.94% partnership interests by Jingdezhen Jingcheng Venture Capital Fund Partnership (Limited Partnership)* (景德鎮市景城創業投資基金合夥企業(有限合夥)), as to approximately 1.95% partnership interests by Changzhou Coral Private Equity Fund Management Partnership Enterprise (Limited Partnership)* (“ ”, 常州珊瑚私募基金管理合夥企業(有限合夥)) (also being the executive partner), as to approximately 17.53% partnership interests by XU Xiaoyan (徐小燕) and each of the remaining two limited partners holds less than 10% partnership interests. Changzhou Coral is owned as to approximately 60.77% by CHEN Yanwen (陳燕文) and 39.23% by ZHANG Zhiyan (張志炎).

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Gongqingcheng Zhonghang Kaisheng No. 2 is a limited partnership established under the laws of the PRC and is principally engaged in private fund equity investment, investment management and asset management activities upon completion of registration with the Asset Management Association of China, and venture investment in unlisted enterprises. As at the Latest Practicable Date, it is owned as to 40% partnership interests by Shenzhen Tongyi Industrial Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code: 300538.SZ), as to 1% partnership interests by Kaisheng Nanshan Private Equity Investment Fund Management (Shenzhen) Co., Ltd.* (“**K** ”, 凱晟南山私募股權投資基金管理(深圳)有限公司) (also being the executive partner), as to approximately 25.67% partnership interests by LIN Zhendong (林震東), as to 20% partnership interests by Dongguan Yidong Holdings Co., Ltd.* (東莞市奕東控股有限公司) and as to approximately 13.33% partnership interests by JIAN Shiping (簡世平). Kaisheng Nanshan is owned as to 35% by Shenzhen Nanshan Heli Investment Management Partnership Enterprise (Limited Partnership)* (深圳南山合力投資管理合夥企業(有限合夥)), a limited partnership controlled by CHEN Chen (陳晨) as executive partner and holding 60% partnership interests, as to 33% by Kaihang Investment (Shenzhen) Co., Ltd.* (凱航投資(深圳)有限公司, a company wholly owned by State-owned Assets Supervision and Administration Commission of the State Council), and the remaining 32% equity interests owned by the remaining two investors (each less than 30% equity interests).

Fortune New Materials Phase III is a limited partnership established under the laws of the PRC and is principally engaged in private fund equity investment, investment management and asset management activities upon completion of registration with the Asset Management Association of China. As at the Latest Practicable Date, it has 38 partners, all of whom hold less than 10% partnership interests. The executive partner of Fortune New Materials Phase III is also Fortune Xinwan Fund (holding approximately 0.49% partnership interests).

Wotao Electronic is a limited liability company established under the laws of the PRC and is principally engaged in technology development, consultation, services and transfer in the fields of electronics technology, metal materials technology, computer network technology and energy technology, enterprise management consultation, trade information consultation, sales of computer hardware and software, building materials, communication equipment, electronic products and components, metal materials, plastic products and instruments, research and development of electronic components, electronic products, metal products and plastic products, and import and export agency business. As at the Latest Practicable Date, it is ultimately controlled as to 50% by WANG Yunfei (王雲飛) and 50% by WU Guobiao (武國彪).

Dongfang Jintai is a limited partnership established under the laws of the PRC and is principally engaged in industrial investment, asset management and investment consultation. As at the Latest Practicable Date, it is owned as to 46% partnership interests by OID Group, as to 30% partnership interests by Jiangsu China-Korea Yancheng Industrial Park Investment Co., Ltd. (江蘇中韓鹽城產業園投資有限公司), as to approximately 0.67% partnership interests by Jiangsu Yueda Jintai Fund Management Co., Ltd. (“[illegible]”, 江蘇悅達金泰基金管理有限公司) (also being executive partner) and each of the remaining two limited partners owns less than 20% partnership interests. Yueda Jintai is owned as to 45% by Jiangsu Yueda Shanda Equity Investment Fund Management Co., Ltd.* (江蘇悅達善達股權投資基金管理有限公司, a company ultimately controlled as to approximately 60% by WU Changchun (伍長春)), as to 35%

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The Target Company is a limited liability company established under the laws of the PRC. Its principal products can be classified into monolayer piezoelectric ceramic plates and multilayer piezoelectric ceramic stacks. Multilayer piezoelectric ceramic stacks generate precise (nano-scale) displacement under the action of an electric field, and can create

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The following table sets forth the financial information of the Target Company for the two financial years ended 31 December 2024 and 2025 based on the audited consolidated financial statements prepared in accordance with the International Financial Reporting Standards (“[illegible]”):

	[illegible] 31 [illegible]	
	2024	2025
	(RMB’000)	*(RMB’000)*
	(Audited)	*(Audited)*
Net profit before taxation	7,402	28,999
Net profit after taxation	7,144	26,221

According to the audited consolidated financial statements prepared in accordance with the IFRS Accounting Standards, the total assets of the Target Company as at 31 December 2024 and 2025 were approximately RMB130,661 thousand and RMB164,849 thousand, respectively, and the net assets of the Target Company as at 31 December 2024 and 2025 were approximately RMB119,560 thousand and RMB146,811 thousand, respectively.

The consolidated financial statements of the Target Company prepared in accordance with the IFRS Accounting Standards have been audited by ZSZH (HK) Fuson CPA Limited appointed by the Company. Please refer to Appendix II to the circular in relation to the accountants’ report on the financial information of the Target Company.

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As at the Latest Practicable Date, the Company held approximately 13.50% of the equity interests in the Target Company, and upon completion of the Proposed Equity Transfer, the Company will hold approximately 73.4806% equity interests in the Target Company, and the Target Company will become a non-wholly owned subsidiary of the Company. The financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

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The Directors are of the view that the acquisition of the equity interests in the Target Company represents the Company’s strategic deployment in the field of new materials and can broaden its product boundaries, and has the following principal reasons and benefits:

(1) Industry dynamics: Along with the continuous enhancement of the precision of domestic high-end manufacturing, the demand for high-performance piezoelectric ceramic drive components from precision equipment such as MFC (mass flow controller) and the demand for independent and controllable supply have been increasing in tandem. Currently, the localisation rate of this segment is relatively low, and the supply chain is exposed to risks of external constraints. The principal products of the Target Company can be classified into monolayer piezoelectric ceramic plates and multilayer piezoelectric ceramic stacks. Multilayer piezoelectric ceramic stacks generate precise (nano-scale) displacement under the action of an electric field, and can create piezoelectric micro-fluidic control and piezoelectric micro-displacement platforms. Among them, the principal application scenarios of piezoelectric micro-fluidic control include MFC mass flow controllers, lithium battery coating die heads, piezoelectric dispensing machines/ dispensing valves, medical micro-injection and others; the principal application scenarios of piezoelectric micro-displacement platforms include micro-displacement control for high-end semiconductor precision equipment, fast steering mirrors which are the core components of ATP (acquisition, tracking and pointing) in satellite laser communications, and deformable mirrors which are the core components of space-to-ground laser communications, and others. Monolayer piezoelectric ceramic plates are widely used in ultrasonic transducers, achieving functions such as ultrasonic welding and ultrasonic cleaning. Through the acquisition of the Target Company, the Company will enter the piezoelectric ceramic industry, and by leveraging the Target Company's technological accumulation in the piezoelectric ceramic industry, tap into the incremental market for semiconductor equipment and components, broaden its medium – and long-term growth boundaries, build its second growth curve, and simultaneously form industrial synergies between its new materials business and its lithium battery main business.

(2) Business: Based on due diligence and a review of its business operations, the Target Company's operating performance in 2026 has demonstrated rapid growth, with a sufficient order backlog and a high degree of certainty and sustainability in its business development. In respect of the Proposed Equity Transfer, the existing shareholders have

So far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled in all material respects in accordance with the assumptions adopted by the Board as set out in the valuation report. Please refer to the Report from RCHK in Appendix III. The Board has confirmed that the profit forecast has been made after due and careful enquiry by the Board. Please refer to the Letter from the Board in Appendix IV.

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A notice convening the EGM of the Company to be held at Conference Room, 10th Floor, Building 2, Xingyuan Advanced Materials Industrial Park, Tianyuan Road North, Gongming Subdistrict, Guangming District, Shenzhen, Guangdong Province, the PRC on Wednesday, 23

Pursuant to the Listing Rules, any holders of treasury Shares shall abstain from voting in the Company's general meetings. As at the Latest Practicable Date, the Company has 19,855,640 treasury A Shares.

To the best knowledge of the Directors and having made all reasonable enquiries, none of the Shareholders are considered to have a material interest in the resolution proposed at the EGM that would require them to abstain from voting on the approval of the resolution.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 this circular or any statement herein misleading.

The Directors are of the opinion that all the resolutions as set out in the notice of EGM for the Shareholders' consideration and approval are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of all the resolutions to be proposed at the EGM.

Yours faithfully,
For and on behalf of the Board

Executive Director and Chairman of the Board

The specific basis for this asset appraisal is as follows:

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1. The Asset Appraisal Law of the People's Republic of China (《中華人民共和國資產評估法》) (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. The Company Law of the People's Republic of China (《中華人民共和國公司法》) (amended at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (revised at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019);

4. Measures for the Fiscal Supervision and Administration of the Asset Appraisal Industry (《資產評估行業財政監督管理辦法》) (issued as Order No. 86 of the Ministry of Finance, amended by Order No. 97 of the Ministry of Finance);

5. The Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (revised for the second time at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

6. The Notice on Comprehensively Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36);

7. The Announcement on Policies Related to Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) (Announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration, and General Administration of Customs);

8. The Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) (adopted at the 13th Session of the Standing Committee of the 14th National People's Congress on 25 December 2024);

9. Implementation Regulations of the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法實施條例》) (Order No. 826 of the State Council);

10. Trademark Law of the People's Republic of China (《中華人民共和國商標法》) (revised for the fourth time at the 10th Session of the Standing Committee of the 13th National People's Congress on 23 April 2019);

11. The Patent Law of the People's Republic of China (《中華人民共和國專利法》) (revised for the fourth time at the 22nd Session of the Standing Committee of the 13th National People's Congress on 17 October 2020);

12. The Civil Code of the People's Republic of China (《中華人民共和國民法典》)

13th National People

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1. The latest Loan Prime Rate (LPR) authorized for publication by the National Interbank Funding Center;

2. The current benchmark deposit and lending interest rate table of the People's Bank of China effective on the valuation date;

3. Historical financial statements and audit reports of the appraised entity;

4. Materials related to current and future market forecasts for the main products of the appraised entity;

5. Future revenue, cost, and expense forecast tables provided by the management of the appraised entity;

6. In-hand contracts, orders, and target customer information provided by the management of the appraised entity;

7. Financial data and capital market information from the iFinD information system;

8. On-site inspection records by the asset valuer and other relevant valuation information collected.

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1. Financial statements, account books, vouchers, and asset appraisal declaration forms as of the valuation date provided by the appraised entity and its management;

2. Handbook of Commonly Used Methods and Parameters for Asset Appraisal (《資產評估常用方法與參數手冊》) (China Machine Press, 2011 Edition);

3. Regulations on the Compulsory Vehicle Scrapping Standards (《機動車強制報廢標準規定》) (Joint Order No. 12 [2012] of the Ministry of Commerce, the National Development and Reform Commission, the Ministry of Public Security, and the Ministry of Environmental Protection);

4. National macroeconomic, industry, regional market, and enterprise statistical analysis documents;

5. Technical statistical documents of Shanghai Orient Appraisal Co., Ltd.;

6. Other relevant reference documents.

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In accordance with the Basic Standards for Asset Appraisal and the Asset Appraisal Practice Standards – Asset Appraisal Methods, the methods for determining asset value include three basic methods: the market approach, the income approach, and the cost approach, as well as their derivatives.

According to the Asset Appraisal Practice Standards – Business Value, the three basic methods – the income approach, the market approach, and the cost approach (also known as the asset-based approach) – can be used for business valuation:

The income approach refers to the appraisal method that determines the value of the appraised object by capitalizing or discounting the expected income. When applying the income approach to business valuation, it emphasizes the overall expected profitability of the enterprise.

The market approach refers to the appraisal method that determines the value of the appraised object by comparing it with comparable listed companies or comparable transaction cases. Applying the market approach to business valuation features appraisal data sourced directly from the market, making the appraisal results highly persuasive.

The cost approach (asset-based approach) refers to the appraisal method that determines the value of the appraised object based on the balance sheet of the appraised entity as of the valuation date, reasonably appraising the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities. When the asset-based approach is applied to business valuation, there may be circumstances where not every asset and liability can be fully identified and individually appraised.

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According to the Asset Appraisal Practice Standards – Business Value, "In performing business valuation, the appraiser shall analyze the applicability of the three basic approaches – namely the income approach, the market approach, and the cost approach (asset-based approach) – based on factors such as the purpose of the appraisal, the appraisal object, the value type, and the availability of data, and shall select the appropriate appraisal approach(es) accordingly." "For business valuations suitable for using different appraisal methods, asset appraisal professionals shall use two or more appraisal methods."

From the perspective of the book asset composition, the appraised entity is a typical asset-light industry enterprise, characterized by numerous intangible resources such as new operating models, service platforms, marketing teams, and business qualifications that are difficult to be individually identified and quantified in terms of value. Therefore, using the cost approach (asset-based approach) cannot comprehensively and reasonably reflect the intrinsic value of the enterprise, so the cost approach is not adopted in this appraisal.

The income approach evaluates assets from the perspective of their expected profitability, which can fully reflect the overall value of the enterprise, and its appraisal results are relatively reliable and persuasive. Simultaneously, the appraised entity meets the prerequisite conditions for applying the income approach: sustainable future operations, a predictable future income period, a stable relationship between total shareholders' equity and business operating income, predictable and quantifiable future operating income, and estimable risk premiums related to the enterprise's expected income.

The two commonly used specific methods of the market approach are the guideline public company method and the transaction case comparison method. The prerequisite for applying the market approach is the existence of a developed, fair, and active open market with relatively sufficient market data and comparable transaction cases available in the open market. Currently, there are a considerable number of listed companies in the same industry as the appraised entity with similar product types, business structures, and operating models. The purpose of this appraisal is to provide a market value reference for equity acquisition, making it suitable to adopt the market approach.

Based on the above analysis, it is determined to use both the income approach and the market approach for this appraisal.

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According to the Asset Appraisal Practice Standards – Business Value, the Discounted Cash Flow (DCF) method is a common method under the income approach. It involves estimating the enterprise's future expected cash flows and applying an appropriate discount rate to discount the expected cash flows to present value, thereby obtaining the value of total shareholders' equity. The DCF method typically includes the Free Cash Flow to the Firm (FCFF) model and the Free Cash Flow to Equity (FCFE) model. Asset appraisal professionals shall appropriately select the cash flow discount model based on the industry, operating model, capital structure, development trends, etc., of the appraised entity.

4.

(1) The appraised entities included in the consolidated financial statements scope, namely, Bangci Electronic Technology (Yancheng) Co., Ltd. (邦瓷電子科技(鹽城)有限責任公司) and its wholly-owned subsidiary Jingdezhen Bangci Electronic Technology Co., Ltd. (景德鎮邦瓷電子科技有限公司), both focus their main businesses on the ceramic material industry. Their operations are essentially inseparable organic components within the same business system. Typically, the parent and subsidiary companies are treated as a whole and predicted under the consolidated caliber income approach, so as to more accurately and comprehensively reflect the revenue status and value creation capability of this complete business system. Meanwhile, the investee entity included in the consolidated financial statements scope is mainly a wholly-owned subsidiary with a stable equity structure, and non-operating

(4) Determine the discount rate. In accordance with the principle that the discount rate should be consistent with the caliber of the expected earnings, the Weighted Average Cost of Capital (WACC) is selected for this appraisal, namely, the weighted average of the expected return on equity and the expected return on debt adjusted by income tax. The calculation formula is as follows:

$$WACC = R_d \quad (1\text{-}T) \quad W_d + R_e \quad W_e$$

Where:

R_d : Expected return on debt;

R_e : Expected return on equity;

W_d : Percentage of debt capital in the capital structure;

W_e : Percentage of equity capital in the capital structure;

T : Effective corporate income tax rate.

The expected return on equity is determined by the modified Capital Asset Pricing Model (CAPM), and the calculation formula is as follows:

$$R_e = R_f + \beta$$

(4.1) Determination of the risk-free rate : According to domestic and foreign industry research results, combined with the requirements of the Expert Guidelines No. 12 on Asset Appraisal: Measurement of Discount Rate in Enterprise Value Assessment Using Income Approach issued by the China Appraisal Society (CAS), this risk-free rate is calculated by selecting the average of the most recent ten-year Chinese government bond yields. The data source is the China Government Bond Yield Curve provided by China Central Depository & Clearing Co., Ltd. (CCDC) and published on the official website of the CAS.

The government bond yield curve is a curve that describes the relationship between government bonds of various maturities and their corresponding yield levels. The China Government Bond Yield Curve is compiled based on the market interest rates of RMB-denominated government bonds issued in the Chinese mainland.

Considering that the 10-year government bond yield is released every working day, in order to avoid the impact of short-term market sentiment fluctuations on the value selection, the average value of the latest complete quarter is calculated and updated once a quarter in combination with the technical specifications of our company. The value on the valuation date of this appraisal is 1.82%.

(4.2) Calculation of the market risk premium (MRP, i.e. -): The market risk premium refers to the expected excess return required by investors on equity investments with the same average risk as the overall market, that is, the risk compensation exceeding the risk-free rate. The market risk premium can usually be measured using historical market risk premium data. We calculate the market risk premium using the historical risk premium data of China's securities market index.

Calculation of : Calculate the rate of return based on China's securities market index.

Index selection: According to the Expert Guidelines No. 12 on Asset Appraisal: Measurement of Discount Rate in Enterprise Value Assessment

Data frequency: Weekly. Given that China's capital market has a history of about 30 years and the index has experienced significant fluctuations, the return rate based solely on weekly closing index levels would be subject to substantial volatility and may lack reference value. To eliminate the impact of significant (abnormal) fluctuations, the annualized rate of return is calculated based on the 200-week average of closing prices preceding the relevant trading date (if less than 200 weeks, the average is calculated from the week when the index was launched).

Annualized rate of return averaging method: Calculate and analyze the arithmetic and geometric average annualized rates of return, and finally select the geometric average annualized rate of return.

Calculation of : The risk-free rate adopts the yield to maturity of the 10-year government bond of the same period (the data source is the same as before). Corresponding to the index rate of return, it is calculated using the average value of the complete calendar year of the current year.

Calculation of market risk premium (MRP, -):

The basic data of China's annual market risk premium is obtained through the above calculation. Considering that China's economy is shifting from the stage of high-speed growth to the stage of high-quality development and the growth rate is gradually slowing down, we use the average value of the latest 5 years to calculate the MRP, as follows:

	t t	**t t t 10- t**	**, – . 5%**
2025	8.12%	1.74%	6.38%
2024	8.66%	2.22%	6.44%
2023	9.29%	2.73%	6.56%
2022	9.71%	2.77%	6.94%
2021	9.95%	3.03%	6.92%

That is, the current risk premium for the Chinese market is approximately 6.65%.

(4.3) Determination of Beta value (coefficient): This coefficient measures the degree of risk premium of the appraised enterprise relative to the overall return of the capital market, and it is also an indicator that measures the extent to which an individual stock is affected by the entire economic environment, including stock price fluctuations. Since the appraised enterprise is currently a non-listed company, it is generally difficult to directly calculate the value of this coefficient indicator. Therefore, this appraisal takes the average value of the

The appraised entity is mainly engaged in the R&D, production, and sales of piezoelectric ceramics and components. According to the query conducted through the iFinD database, the subject industry is classified under the "Electronic Components – Passive Components" sector in the Shenwan industry classification system, with a total of 19 listed companies. These companies are then screened based on the aforementioned selection criteria.

The comparable listed companies ultimately identified are provided in the table below:

1	920491.BJ	Audiowell
2	002138.SZ	Sunlord
3	300408.SZ	Tri-Ring Group

(2) Make necessary adjustments for the differences between the appraised entity and comparable reference enterprises.

Compare and analyze the operating and financial information of comparable enterprises obtained from public and legal channels with the actual situation of the appraised entity, and make necessary difference adjustments.

(3) Select and determine value ratios.

Value ratios usually include profit ratios, asset ratios, revenue ratios, and other specific ratios, such as price-to-earnings (P/E) ratio, price-to-book (P/B) ratio, enterprise value-to-sales (EV/Sales) ratio, or enterprise value multiples (such as EV/EBIT and EV/EBITDA). The P/E ratio is selected as the value ratio for this appraisal after the correlation is compared and analyzed between each value ratio and the market value of the appraised entity. The following factors are fully considered in the selection process: The selected value ratio is conducive to reasonably determining the value of the appraisal object; the data caliber and calculation method for calculating the value ratio are consistent; when applying the value ratio, reasonable adjustments are made to the differences between comparable enterprises and the appraised entity as much as possible.

(4) Estimate the enterprise value.

After adjusting and calculating the value ratios of comparable enterprises, we combine the corresponding financial data or indicators of the appraised entity to

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(4) Consulted and collected the property right certification documents of the assets included in the appraisal scope, inspected the ownership documents provided by the appraised entity, and verified the ownership of the assets. Counted the situation of impaired assets, and asked the appraised entity to verify and confirm whether the ownership of these assets belongs to the enterprise and whether they are involved in property right disputes;

(5) For equipment assets, understood the management system and actual implementation situation, as well as the corresponding maintenance, reconstruction, and expansion situations, and consulted and collected relevant technical documents, contract documents, final settlement documents, completion acceptance documents, etc. For general-purpose equipment, obtained relevant information mainly through market research and inquiring about relevant price information and other documents;

(6) For the intangible assets involved, understood their cost composition, historical and future revenue situations, and the market conditions of corresponding products and other relevant information; consulted and collected legal documents, ownership validity documents, or other supporting documents of intangible assets; investigated the characteristics of intangible assets, asset portfolio situations, and usage status; the geographical scope, field scope, profitability, and revenue mode of intangible assets implementation; judged whether they can continue to function and bring economic benefits to the obligees; understood the legal protection period, revenue period, and protection measures of intangible assets; investigated the legal and administrative regulations or other restrictions encountered during the implementation of intangible assets, etc.;

(7) Mainly understood the actual debt situation that the appraised entity should bear for the liabilities within the appraisal scope.

2. Understood the historical operation situation, the current operating status of the appraised entity, and the actual situation of the industry it belongs to, and judged the possible development trend of the enterprise in the coming period. The details are as follows:

(1) Understood the relevant legal situations of the appraised entity's continuing operation, mainly including the articles of association, investment and capital contribution agreements, business premises, and operation capabilities;

(2) Understand the accounting system implemented by the appraised entity, including its fixed asset depreciation policies, methods for recording inventory costs and tracking inventory issuance, applicable tax rates and tax compliance status, as well as its debt, borrowings, and debt costs over the past few years;

(3) Understood the business type, operating model, and historical operating performance of the appraised entity, including the income proportion of main operating businesses, the distribution of main customers, and the related party transactions with related enterprises;

(4) Obtained audited financial information and data such as the balance sheet,

[illegible]

On the basis of the aforementioned work, compiled a preliminary asset appraisal report, communicated and exchanged opinions with the client on the content of the preliminary appraisal report, modified and improved the asset appraisal report after fully considering the communication of relevant opinions, and submitted the official asset appraisal report to the client after completing the company's internal review procedures.

[illegible]

The asset valuers followed the following appraisal assumptions and restrictive conditions in the appraisal of this project:

[illegible]

1. [illegible]

The transaction assumption assumes that all the appraised assets are already in the transaction process, and the asset valuers conduct value appraisal by simulating the market according to the transaction conditions of the appraised assets. The transaction assumption is the most basic precondition assumption for asset appraisal to be carried out.

2. [illegible]

The open market assumption is an assumption about the market conditions that the assets are about to enter and what kind of influence the assets will receive under such market conditions. An open market refers to a fully developed and perfect market condition, a competitive market with voluntary buyers and sellers. In this market, buyers and sellers are in equal positions, both have the opportunity and time to obtain sufficient market information, and the transactions between buyers and sellers are carried out under voluntary, rational, and non-mandatory or unrestricted conditions. The open market assumption is based on the premise that assets can be publicly bought and sold in the market.

3. [illegible]

The going concern assumption of the enterprise assumes that, under the current conditions of assets and resources and within the foreseeable future operating period, the production and operation business of the appraised entity can continue to operate legally in accordance with its current status, and no significant adverse changes will occur in its operating conditions.

4) It is assumed that after the valuation date, the cash inflow of the appraised entity is uniform, and the cash outflow is also uniform.

5) It is assumed that the appraised entity can raise the required funds according to its operation needs, and the operation of the enterprise will not be affected by financing issues.

6) The Certificate of High & New Technological Enterprise (《高新技術企業證書》) of the appraised entity was obtained on 19 November 2024, with a validity period of three years. It is assumed that no major changes will occur in the current laws and regulations related to the recognition of high-tech enterprises in the future. After analyzing the indicators such as the composition type of the enterprise's current main business, the composition of R&D personnel, and the proportion of future R&D investment in main business income, the appraisers, based on reasonable inferences about the future, assume that the appraised entity will have the conditions to continuously obtain the recognition of high-tech enterprises in the future and can continuously enjoy the preferential income tax policies.

7) According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises (《財政部稅務總局關於先進製造業企業增值稅加計抵減政策的公告》) (Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration), the appraised entity is entitled to the additional VAT credit policy for advanced manufacturing enterprises. It is permitted to credit an additional 5% of the current deductible input VAT against the output VAT payable from 1 January 2023 to 31 December 2027. It is assumed in this appraisal that the aforementioned policy will not be extended after its expiration in 2027, and the additional VAT input tax credit will no longer be projected in other income from 2028 onwards.

8) The current production and operation site of the appraised entity is half of the construction area (the southern half) of the 7# bonded warehouse in Phase II of Yancheng Comprehensive Bonded Zone. The current production and operation site of its wholly-owned subsidiary is the north side of the 1st floor, part of the 3rd floor, and part of the 4th floor of the No. 4 plant in the Acceleration Base of Changnan New Area, Jingdezhen. Both sites are obtained through paid lease. This appraisal assumes that, after the expiration of the lease contracts, both the appraised entity and its wholly-owned subsidiary can renew the leases in accordance with the agreed terms of the lease contracts to continue using the sites, or obtain operation sites with similar conditions and scales at the market rent level by then.

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1) It is assumed that the relevant financial data of comparable enterprises are true and reliable;

2) All transactions are assumed to be fair transactions conducted in an open, equal, and voluntary manner except for special explanations;

3) The asset appraisal professionals only select comparison dimensions and indicators based on the publicly disclosed information related to comparable transactions, and do not consider the impacts of other non-public matters on the value of the appraised entity;

4) The possible impacts of special transaction methods on the appraisal conclusion are not considered.

The appraisal conclusion of this asset appraisal report is valid as of the valuation date under the above assumptions. When the above assumptions change significantly, the signing asset valuers and this appraisal institution shall not be liable for the different appraisal conclusions derived as a result of such changes.

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In accordance with the relevant provisions of the state on asset appraisal, we have implemented the necessary appraisal procedures based on the principles of independence, impartiality, and objectivity. Under the appraisal purpose, appraisal assumptions, and restrictive conditions described in this report, we have obtained the appraisal conclusion of the market value of all shareholders' equity of the appraised entity as of the valuation date.

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The income approach is adopted to appraise the value of all shareholders' equity of the enterprise, and the appraisal result as of the valuation date is as follows:

The book value of the owner's equity (net assets) of the appraised entity on a consolidated basis is RMB163,625,300, the appraisal value is RMB629,000,000, and the appraisal appreciation is RMB465,374,700, with an appreciation rate of 284.41%.

2. ***t t***

The market approach is adopted to appraise the value of all shareholders' equity of the enterprise, and the appraisal result as of the valuation date is as follows:

The book value of the owner's equity (net assets) of the appraised entity on a consolidated basis is RMB163,625,300, the appraisal value is RMB665,000,000, and the appraisal appreciation is RMB501,374,700, with an appreciation rate of 306.42%.

(__) [illegible]

1. [illegible]

The value of all shareholders' equity obtained by the income approach in this appraisal is RMB629,000,000, which is RMB36,000,000 lower than the value of all shareholders' equity of RMB665,000,000 calculated by the market approach.

The main reason for the difference in the appraisal results of different appraisal methods is that various appraisal methods consider the asset value from different perspectives. The income approach takes it into account from the perspective of the enterprise's future comprehensive profitability; the market approach calculates it from the perspective of current market comparable prices, which leads to the difference in the appraisal results of various appraisal methods.

2. [illegible]

When multiple appraisal methods are adopted for the same appraisal object, the appraisal conclusion shall be formed in a qualitative or quantitative way by combining the appraisal purpose and the quality and quantity of data used in different appraisal methods according to the Asset Appraisal Practice Standards – Business Value.

The market approach appraises the value of the appraisal object by using the reference objects in the capital market. Due to the large fluctuations in the capital market, there are many factors affecting the capital market price, and each company has different business structures, operating models, enterprise scales, and asset allocations. Therefore, it is objectively difficult to accurately quantify the above differences. Given that the quality and quantity of data used in the income approach in this appraisal are better than those in the market approach, the result of the income approach is preferentially selected.

We select the appraisal result of the income approach as the appraisal conclusion of the value of all shareholders' equity of the appraised entity based on the above analysis. As a result of the appraisal, the total shareholders' equity value of the appraised entity is RMB629,000,000.00. In words: RMB Six Hundred and Twenty-Nine Million Yuan Only.

[illegible]

Based on the reason for adopting the appraisal conclusion of the income approach, the company has the value of important intangible resources that are not reflected in the book value of the enterprise, such as the advantages of technology and R&D team, customer resources, business network, service capabilities, management advantages, and brand advantages. Therefore, the appraisal conclusion derived from the income approach represents a significant increase over the book value.

As the appraised entity is a non-listed company and the object of this appraisal is the total shareholders' equity value, no control premium has been applied in the income approach, nor have liquidity factors been taken into account. In the market approach, no control premium has

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If the number of assets involved in the appraisal object and the pricing standards change within the validity period of the appraisal conclusion after the valuation date, the client can handle them in accordance with the following principles:

1. When the quantity of assets changes, the asset amount shall be adjusted correspondingly according to the original appraisal method;

2. When the asset price standards change and have a significant impact on the asset appraisal results, the client shall engage a qualified asset appraisal institution to re-determine the appraisal value in a timely manner;

3. The client shall give full consideration to the changes in the quantity of assets and price standards after the valuation date when implementing the economic behavior.

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1.

The appraised entities included in the consolidated financial statements scope, namely, Bangci Electronic Technology (Yancheng) Co., Ltd. and its wholly-owned subsidiary Jingdezhen Bangci Electronic Technology Co., Ltd., both focus their main businesses on the ceramic material industry. Their operations are essentially inseparable organic components within the same business system. Typically, the parent and subsidiary companies are treated as a whole and predicted under the consolidated caliber income approach, so as to more accurately and comprehensively reflect the revenue performance and value creation capability of this complete business system. Meanwhile, the investee entity included in the consolidated financial statements scope is mainly a wholly-owned subsidiary with a stable equity structure, and non-operating factors can be fully identified and considered, which meets the preconditions for consolidated caliber prediction. Therefore, this appraisal adopts the consolidated caliber for forecasting.

(1) ***t***

1) For assets and main businesses within the scope of reporting, expected earnings (net cash flows) are estimated based on historical operating trends and business types over recent years, and then discounted to determine the value of operating assets.

2) Assets included in the reporting scope but not considered in the estimation of expected earnings (net cash flows), such as surplus assets existing as of the valuation date, and non-operating assets (liabilities) defined as existing as of the valuation date, are valued separately.

3) Adding the values of the above-mentioned two assets yields the enterprise value of the appraisal object; deducting the interest-bearing debt value therefrom produces the equity capital value (total shareholders' equity) of the appraisal object.

(2)

The Free Cash Flow to Firm (FCFF) model is selected for this appraisal.

The basic model for this appraisal is:

$E = B - D$

Where:

E: Total shareholders' equity of the appraisal object

D: Value of interest-bearing debt of the appraisal object;

B: Business value of the appraisal object;

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1) Revenue Forecast

Bangci Electronic is a high-tech enterprise specializing in the research, development and manufacturing of piezoelectric ceramics and related devices. Its main products include multi-layer piezoelectric actuators, piezoelectric ceramic powder, diaphragms, ceramic plates, piezoelectric printheads, MFC actuators and all-ceramic multi-layer voltage bimorphs. These products deliver core functions such as nanoscale displacement control, sensing, energy harvesting, ultrasonic driving and high-precision inkjet printing. As core basic components, the Company's products are widely used in key national strategic fields, including 3C electronics, new energy, semiconductors, aerospace and defense, medical and automotive industries. Primary application scenarios encompass coating and calendering for new-energy lithium-ion batteries, semiconductor manufacturing, aerospace and defense, optical communications, industrial dispensing and displacement stages, medical micro-injection, wearable devices, and industrial inkjet printing.

The Company's main-business operations are divided into single-layer product business, multi-layer product business and toll-processing services. Both single-layer and multi-layer products fall under the category of piezoelectric ceramic products, and such businesses are operated by the parent company. Its wholly-owned subsidiaries undertake the toll-processing business of PT powder.

Made in China 2025 expressly calls for support for core basic components and devices. As functional basic components, piezoelectric ceramics and components have important applications in nearly all of the ten key sectors of national strategic demand, including the new-generation information technology industry, high-end CNC machine tools and robotics, aerospace equipment, marine engineering

The specific breakdown of the enterprise's operating revenue for the historical and forecast periods is as follows:

t	t	2024	2025	202	202 (t)	2027 (t)	2028 (t)	202 (t)	2030 (t)
t			2,1871.04	5,8 1.04					

From 2029 onwards, as the operating scale continues to expand, market penetration gradually increases and the industry gradually matures, the Target Company is expected to gradually transition from a period of rapid growth to a period of stable development, with the revenue growth rate gradually returning to a relatively stable and sustainable level. Despite the slowdown in revenue growth, the Target Company's total revenue will continue to increase, from RMB259.86 million in 2028 to RMB331.96 million in 2030. The above forecast reflects the normal development pattern of the Target Company's transition from a period of rapid growth to a mature operating stage, and is consistent with its business plans, industry development trends and the principle of prudent forecasting under the income approach to valuation.

2) Forecast for Operating Cost

The appraisers have systematically analyzed the patterns of cost variations and their correlation with revenue, establishing a reasonable cost forecasting model accordingly.

All of the enterprise's core products are manufactured on its in-house production lines. The upstream raw material inputs are mature, general-purpose commodities supplied by a large pool of suppliers with ample supply and relatively stable procurement prices. Based on historical gross profit margin levels, considering future market competition and a reasonable downward adjustment in product prices, the gross profit margin is expected to show a slight downward trend. The enterprise will further increase the revenue proportion of high-gross-margin multi-layer products in the future. Even if moderate price cuts are implemented for existing product lines due to adjustments in sales strategies, the overall gross profit margin can remain within its historical fluctuation range, which is consistent with the enterprise's development stage and strategic planning.

The specific breakdown of the enterprise's operating costs for the historical and forecast periods is as follows:

t	t	2024	2025	202	202 (t)	2027 (t)	2028 (t)	202 (t)	2030 (t)
t t t	'0,000	2, 1 .20	3,3 1.4	2,2 4.1	7,13 .25	,715.77	12,527.53	14, 33.43	1 ,332.14
Overall gross profit margin		*43.82%*	*57.59%*	*51.69%*	*52.38%*	*51.87%*	*51.79%*	*51.56%*	*50.80%*

3) Forecast for Taxes and Surcharges

The taxes of the appraisal object primarily include value-added tax, urban construction tax and education surtax, and income tax. Value-added tax: Tax rate is 13%; Urban construction tax and education surtax: Urban construction tax is 7% of payable turnover tax; Education surtax is 5% of payable turnover tax.

Amount of Value-Added Tax Paid = Output VAT – Input VAT

The enterprise has been certified as an advanced-manufacturing enterprise and is eligible for the preferential tax policy allowing an additional 5% of input VAT to be credited against its payable VAT for 2026-2027. Accordingly, the additional deduction amount of forecast input VAT during this period has been taken into consideration in this appraisal.

4) Forecast for Period Expenses

Appraisers subdivided period expenses into specific items such as selling expenses, administrative expenses and R&D expenses to separately analyze their occurrence characteristics and variation patterns. Based on the correlation between each expense item and operating revenue, respective historical growth trends and future business-expansion requirements, appraisers adopted different forecasting models for calculation to ensure that the models conformed to actual conditions.

5) Forecast for Corporate Income Tax

Bangci Electronic Technology (Yancheng) Co., Ltd. is recognized as a high-tech enterprise and enjoys a preferential corporate income tax rate of 15%. Jingdezhen Bangci Electronic Technology Co., Ltd., included in the consolidated forecast scope, is a small low-profit enterprise subject to a 20% income tax rate, and qualifies for a preferential tax policy whereby only 25% of its taxable income is taxable. Considering that the parent and subsidiary of the appraised entity are enterprises in the upstream and downstream of the industrial chain and that related-party transactions exist between them, from the perspective of commercial rationality for minimum tax burden, the parent company tends to pay corporate income tax at the preferential low tax rate of 15%. Given that the parent company will achieve substantial profits during the forecast period, appraisers deemed it reasonable under this premise to forecast consolidated corporate income tax based on consolidated profits at a uniform 15% income-tax rate, taking into account tax-planning-related factors such as additional deduction for R&D expenses and adjustments for business-entertainment expenses.

(2)

The forecast for depreciation and amortization is based on the depreciation policies and remaining useful lives of the enterprise's various fixed assets and other long-term assets, as well as considering future capital expenditures resulting from asset improvements, renewals, and new purchase plans. During the detailed forecast period, depreciation and amortization were estimated in accordance with the enterprise's current financial regulations and depreciation policies. For the perpetual period: First, the annual depreciation-and-amortization amounts of all types of long-term assets were discounted to their present values at the end of the forecast period over their remaining depreciable lives, and such present values were further converted into Annuity 1 over the perpetual period. Second, the annual depreciation-and-amortization amounts corresponding to renewal expenditures of long-term assets in their next life cycle were discounted to the renewal date of the next cycle, then discounted to present value at the end of the forecast period; this present value was subsequently converted into Annuity 2 based on the economic useful life. The perpetual-period depreciation-and-amortization amount was finally derived by summing the two annuities.

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During the detailed forecast period, capital expenditure forecasts were calculated based on the enterprise's production capacity plans, investment schedules and the normal renewal cycle of eper 9 norma2,0.5 (the)0.5 (enterprisuperiod deprlues at e Tf10.5333riothe normal)Tj0.1

Operating cash includes two parts:

A. Safety Operating Cash: The enterprise needs to maintain a certain amount of cash to sustain normal operations. Such cash shall, on the one hand, cover various expenses that must be paid on scheduled dates, such as employee compensation and taxes; on the other hand, a portion of the cash needs to be reserved for normal working capital investments in subsequent periods. The enterprise's working capital is not fixed but fluctuates. The amount of safety operating cash needs to cover both of the above situations.

   Based on the analysis of the changes in the enterprise's working capital in previous years, it is calculated according to the monthly cash expenditure cost.

   Monthly Full Cash Expenditure Cost = (Cost of Sales + Taxes Payable + Four Expenses – Depreciation and Amortization)/12

B. Restricted Funds: Restricted funds mainly include a certain proportion of deposits that the enterprise needs to pay to the bank when issuing bank acceptance drafts, guarantees, etc. These restricted funds will vary depending on the amount of notes payable, guarantees, letters of credit, etc. issued. In addition, funds collected from customers but with significant usage restrictions in some industries are also considered restricted funds. This fund is not surplus, but is also a part of the enterprise's working capital. It will change in the future according to the changes in the corresponding accounts.

The working capital for other accounts is calculated according to their respective turnover rates.

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Upon appraisal, no restrictive circumstances were encountered during the process of forecasting the net cash flows of the appraised entity during its future operating period. The appraisers have obtained sufficient and appropriate appraisal evidence. Under the relevant assumptions, the forecast results of the net cash flow for the future operating period of the appraised entity are shown in the table below. The forecast of future earnings in this valuation is a professional judgment based on market research and analysis of the enterprise's industry, as well as the operating conditions of comparable companies, market demand, and future industry development. Uncertain non-operating income and expenses, subsidy income, and profit or loss generated from other non-recurring operating items were excluded from the forecast.

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Amount Unit: RMB'0000

t	202	2027	2028	202	2030	2031
t tt t t t t	**3,13 . 0**	**,217. 5**	**8,172.40**	**,823.5**	**10,3 8.24**	**10,3 8.24**
Add: Depreciation and amortization	141.08	600.98	603.72	587.37	503.27	470.78
Less: Capital expenditures	2,574.58	552.60	43.56	27.11	51.12	509.01
Less: Increase in working capital	2,062.14	4,178.34	4,627.36	3,895.00	2,049.67	0.00
Add: Interest on interest-bearing debt after tax	0.00	0.00	0.00	0.00	0.00	0.00
t t	**-1,358.74**	**2,087.**	**4,105.20**	**,488.85**	**8,770.72**	**10,330.01**

The operating performance of the appraised entity in the historical and forecast periods is as follows:

t	2024	2025	202	202 (t)	2027 (t)	2028 (t)	202 (t)	2030 (t)	2031 (t)
Revenue growth rate		70.22%	/	89.11%	34.66%	28.73%	18.64%	7.68%	0.00%
Gross profit margin	43.82%	57.59%	51.69%	52.38%	51.87%	51.79%	51.56%	50.80%	50.80%
EBIT margin	34.43%	25.93%	38.30%	32.10%	31.02%	32.06%	33.12%	33.94%	33.94%

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A. Determination of the Risk-Free Rate

According to domestic and foreign industry research results, combined with the requirements of the Expert Guidelines No. 12 on Asset Appraisal: Measurement of Discount Rate in Enterprise Value Assessment Using Income Approach issued by the China Appraisal Society (CAS), this risk-free rate is calculated by selecting the average of the most recent ten-year Chinese government bond yields. The data source is the China Government Bond Yield Curve provided by China Central Depository & Clearing Co., Ltd. (CCDC) and published on the official website of the CAS.

The government bond yield curve is a curve that describes the relationship between government bonds of various maturities and their corresponding yield levels. The China Government Bond Yield Curve is compiled based on the market interest rates of RMB-denominated government bonds issued in the Chinese mainland.

Considering that the 10-year government bond yield is released every working day, in order to avoid the impact of short-term market sentiment fluctuations on the value selection, the average value of the latest complete quarter is calculated and updated once a quarter in combination with the technical specifications of Shanghai Orient Appraisal Co., Ltd. The value on the valuation date of this appraisal is 1.82%.

B. Determination of Market Risk Premium

The market risk premium refers to the expected excess return required by investors on equity investments with the same average risk as the overall market, that is, the risk compensation exceeding the risk-free rate. The market risk premium can usually be measured using historical market risk premium data. Shanghai Orient Appraisal Co., Ltd. calculates the market risk premium using the historical risk premium data of China's securities market index.

According to the Expert Guidelines No. 12 on Asset Appraisal: Measurement of Discount Rate in Enterprise Value Assessment Using Income Approach issued by the CAS, and considering that the CSI 300 Total Return Index is more accurate than the CSI 300 Index in calculating the rate of return because it corrects the dividend distribution of sample stocks, we select the CSI 300 Total Return Index to calculate the rate of return. The base period index is 1000 points, and the time is December 31, 2004.

Time span: The calculation period is from January 2005 to the end of the year before the valuation date.

Data frequency: Weekly. Considering that China's capital market has a history of about 30 years, and the index fluctuates greatly, if the weekly closing index is simply used for calculation, the return rate will fluctuate greatly and have no reference significance. In order to eliminate the impact of severe (abnormal) fluctuations, the annualized rate of return is obtained by calculating the average of the 200 weeks before the weekly closing price (if less than 200 weeks, the average is calculated from the week when the index was released).

Annualized rate of return averaging method: Calculate and analyze the arithmetic and geometric average annualized rates of return, and finally select the geometric average annualized rate of return.

Calculation of R*f*: The risk-free rate adopts the yield to maturity of the 10-year government bond of the same period (the data source is the same as before). Corresponding to the index rate of return, it is calculated using the average value of the complete calendar year of the current year.

The basic data of China's annual market risk premium is obtained through the above calculation. Considering that China's economy is shifting from the stage of high-speed growth to the stage of high-quality development and the growth rate is gradually slowing down, we use the average value of the latest 5 years to calculate China's annual market risk premium, which is approximately 6.65%.

C. Determination of the Capital Structure

Taking into account various factors including the enterprise's future profitability, the management's future financing strategy, differences in financing capacity and financing-cost levels between the appraised entity and comparable companies, as well as the stability of its capital structure, the appraisers determined to adopt the enterprise's target capital structure in this appraisal.

D. Determination of Beta Value

This coefficient measures the degree of risk premium of the appraised enterprise relative to the overall return of the capital market, and it is also an indicator that measures the extent to which an individual stock is affected by the entire economic environment, including stock price fluctuations. Since the appraised entity is currently a non-listed company, it is generally difficult to calculate this coefficient directly. Accordingly, the average beta coefficient of comparable listed companies in the same industry as the subject enterprise as of the valuation date *t* was selected as a reference in this appraisal. Calculations were then performed based on the enterprise's target capital structure to derive the estimated beta value, which represents the expected risk coefficient on the equity capital of the appraisal object.

E. Determination of the Specific Risk Premium

After comprehensively considering factors such as the risk characteristics, enterprise scale, business model, operation stage, core competitiveness, and main customer and supplier dependence of the appraised enterprise, as well as the differences with the selected comparable listed companies, the rate was set at 4.00%, mainly through scoring-based judgment relying on the appraisers' professional experience.

F. Determination of Expected Rate of Return on Debt

The expected return on debt is set as the 5-year loan prime rate (LPR) published by the National Interbank Funding Center.

G. Calculation of the WACC Discount Rate

Substituting the parameters obtained above into the formula, the WACC discount rate is calculated to be 13.50%.

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Expected earnings (net cash flows) were estimated for the assets within the scope of financial statements and main business operations, based on historical operating trends over recent years and business categories. These cash flow projections were then discounted to derive the value of the appraised entity's operating assets, which amounted to RMB576,651,000.

The appraisal institution has reviewed the key assumptions and input parameters adopted in the valuation. The range of reasonably possible changes in such assumptions and parameters was determined primarily based on historical operating data and the forecast range approved by management, and is consistent with the range of historical operating performance. Based on the assessment, within the abovementioned range of reasonably possible changes, changes in such assumptions and parameters, whether individually or in aggregate, would not have a material impact on the valuation results, and accordingly, no quantitative sensitivity analysis has been disclosed.

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The book balance of the appraised entity's monetary funds account amounts to RMB13,783,900. Based on the analysis of historical data by the appraisers, the full cash holding required for the enterprise's normal fund turnover is equivalent to one month's cash expenditure cost. In addition to this, approximately RMB3,989,000 in monetary funds are considered surplus assets.

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Based on asset verification, the appraised values of the enterprise's non-operating assets and liabilities are as follows:

Amount Unit: RMB'0000

t		
t t - t t	**4,8 .57**	**4, 1.22**
Trading financial assets	1,547.33	1,547.33
Other investments in equity instruments	200.00	261.65
Notes receivable	74.39	74.39
Other current assets	2,896.18	2,896.18
Long-term receivables	1.63	1.63
Other non-current assets	61.46	61.46
Deferred income tax assets	118.58	118.58

t		
t t - t t	**105.52**	**105.52**
Accounts payable	31.14	31.14
Other current liabilities	74.39	74.39

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The income approach is adopted to appraise the value of all shareholders' equity of the enterprise, and the appraisal result as of the valuation date is as follows:

The book value of the shareholders' equity of the appraised entity on a consolidated basis is RMB163,625,300, the appraisal value is RMB629,000,000, and the appraisal appreciation is RMB465,374,700, with an appreciation rate of 284.41%.

The following is the text of a report received from the Target Company's reporting accountants, ZSZH (HK) Fuson CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

中审众环
ZHONGSHENZHONGHUAN

We report on the historical financial information of Bangci Electronic Technology (Yancheng) Co., Ltd (邦瓷電子科技(鹽城)有限責任公司) (the " ") and its subsidiaries (together, the " ") set out on pages 88 to 147, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2023, 2024, 2025 and 31 March 2026, the statements of financial position of the Target Company as at 31 December 2023, 2024, 2025 and 31 March 2026, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2023, 2024 and 2025 and the three months ended 31 March 2026 (the " "), and material accounting information and other explanatory information (together, the " "). The Historical Financial Information set out on pages 88 to 147 forms an integral part of this report, which has been prepared for inclusion in the circular dated 4 September 2026 (the " ") issued by Shenzhen Senior Technology Material Co., Ltd. (the " ") in connection with the proposed acquisition of 59.9806% equity interest of the Target Group by the Company.

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target 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.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

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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 Circular* issued by the Hong Kong Institute of Certified Public Accountants (the “**HK**”). 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 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 88 have been made.

We refer to Note 13 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

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Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The underlying financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (“ ”) and were audited by us in accordance with Hong Kong Standards on Auditing (“**HK** ”) issued by the HKICPA (“ **t t t** ”).

The Historical Financial Information is presented Renminbi (“ ”), and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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		31			31	
	Notes	**2023**	**2024**	**2025**	**2025**	**202**
		RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
					(unaudited)	

			t 31		31
	Notes	**2023**	**2024**	**2025**	**202**
		RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
- t t					
Plant and equipment	*15*	9,988	12,842	14,935	14,450
Right-of-use assets	*16(a)*	921	691	460	404
Financial assets at fair value through other comprehensive income (“ ”)	*17*	2,000	2,000	2,000	2,000
Prepayments, other receivables and other assets	*22*	4,441	537	262	631
Deferred income tax assets	*19*	210	770	966	1,186
		17,560	16,840	18,623	18,671
t t					
Inventories	*20*	14,267	16,419	25,371	13,564
Trade and note receivables	*21*	28,916	31,360	50,242	65,251
Prepayments, other receivables and other assets	*22*	2,656	2,746	3,853	5,006
Prepaid income tax		–	–	245	242
Financial assets at fair value through profit or loss (“ ”)	*23*	5,007	5,145	15,408	15,473
Financial assets at FVTOCI	*17*	1,840	4,313	3,884	18,592
Time deposits	*24*	–	30,034	28,026	28,026
Cash and cash equivalents	*25*	55,581	23,804	19,197	13,784
		108,267	113,821	146,226	159,938
t t					
Trade payables	*26*	3,329	2,726	5,092	4,521
Contract liabilities	*27*	1,279	726	1,442	419
Other payables and accruals	*28*	7,196	5,462	8,806	8,094
Borrowings	*29*	–	1,000	–	–
Lease liabilities	*16(b)*	232	242	252	255
Income tax payable		1,649	430	2,183	1,496
		13,685	10,586	17,775	14,785
t t t		94,582	103,235	128,451	145,153
t t t t		112,142	120,075	147,074	163,824
- t t					
Lease liabilities	*16(b)*	756	515	263	198
t t		111,386	119,560	146,811	163,626
Share capital	*30*	5,006	5,006	5,006	5,006
Reserves	*31*	106,380	114,554	141,805	158,620
t q t		111,386	119,560	146,811	163,626

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	Notes	**2023**	**2024**	**2025**	**202**	20252025

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		31		31	
	2023	2024	2025	2025	202
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
				(unaudited)	
t t t					
Profit before income tax:	12,087	7,402	28,999	5,721	18,894
t t					
Depreciation of plant and equipment	1,933	2,339	2,131	435	651
Depreciation of right-of-use assets	231	230	231	56	56
Net fair value gains on financial asset at FVTPL	(7)	(138)	(263)	–	(65)
Loss on disposal and write-off of plant and equipment	356	36	–	–	–
Net impairment losses recognised on inventories	–	1,712	1,041	–	(279)
Finance costs	42	43	34	15	5
Interest income	(831)	(715)	(301)	(106)	(80)
Net impairment losses recognised on financial assets	1,814	1,393	2,386	–	1,142
Equity-settled share-based payment	1,030	1,030	1,030	258	258
Operating profit before working capital change	16,655	13,332	35,288	6,379	20,582
t					
Change in trade and note receivables	(17,082)	(3,734)	(21,290)	(349)	(16,092)
Change in prepayment and other receivables	(6,061)	3,769	(819)	2,723	(1,487)
Change in inventories	(1,244)	(3,864)	(9,993)	(11,017)	12,086
Change in financial assets at FVTOCI	(1,840)	(2,473)	429	4,313	(14,708)
Change in trade payables	(370)	(603)	2,366	425	(571)
Change in other payables and accruals	5,504	(2,003)	3,075	(1,892)	(779)
Change in contract liabilities	965	(553)	716	(726)	(1,023)
( ) t t	(3,473)	3,871	9,772	(144)	(1,992)
Income tax paid	(289)	(2,095)	(1,457)	(177)	(3,335)
t ( )/ t t t t	(3,762)	1,776	8,315	(321)	(5,327)

		31		t 31	
	2023	2024	2025	2025	202
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
				(unaudited)	
t t t					
Purchase of plant and equipment	(2,637)	(5,345)	(4,231)	(461)	(166)

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1.

Bangci Electronic Technology (Yancheng) Co., Ltd. (the “ t ”) is a company incorporated in the People’s Republic of China (the “ ”) as a limited liability company. The address of its registered office and principal place of business of the Target Company is Room 3306, Room 1218, Comprehensive Bonded Zone Business Building, No. 18 South Xiwang Avenue, Yancheng Economic and Technological Development Zone, Jiangsu Province, the PRC.

The Target Company acts as an investment holding company. The Target Company and its subsidiaries (together, the “ t ”) are principally engaged in the research and development, production and sale of high-performance piezoelectric ceramics and devices, which are mainly used as vibration components or for micro-displacement control in high-technology fields such as medical, electronics, aerospace and ordnance (the “ t ”).

The Historical Financial Information is presented in Renminbi (“ ”), which is also the functional currency of the Target Company and its subsidiaries.

The English names of all the companies established in the PRC presented in this Historical Financial Information represents the best efforts made by the management of the Target Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. H

The statutory financial statements of the Target Company for the three years ended 31 December 2023, 2024 and 2025 were prepared in accordance with China Accounting Standards for Business Enterprises (“ ”) and were audited by Deying (Fujian) Certified Public Accountants LLP (德赢(福建)會計師事務所(普通合夥)) registered in the PRC.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“ ”) and Interpretations approved by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The directors of the Target Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Target Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

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 Target 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 this 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, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5.

The material accounting policy information that has been used in the preparation of this Historical Financial Information are disclosed in Note 4. These accounting policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods. The adoption of the IFRS Accounting Standards do not have any significant impact on the financial positions or results of the Target Group during the Relevant Periods.

3.

The Target Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements* ("IAS 1"). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, 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. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of IFRS 18 has no impact on the Target Group's financial positions and performance, but has impact on presentation of the consolidated statements of comprehensive income.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in RMB, rounded to the nearest thousand, unless otherwise indicated.

4.

Subsidiaries are all entities over which the Target Group has control. The Target Group controls an entity when the Target Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Target Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group assets are reversed in consolidation, the underlying asset is also tested for impairment from the Target Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Target Group.

In the Target Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Target Company. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from there translation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Target Group’s presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

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Plant and equipment are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Target Group’s management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Leasehold improvements	Over the lease terms
Machinery	5 years
Transportation equipment	3 years
Others equipment	5 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

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Accounting policies of right-of-use assets are set out in “Leases” below.

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Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided, they meet all of the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Target Group’s ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Financial assets and financial liabilities are recognised when the Target Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 *Revenue from Contracts with Customers* (“**15**”), all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- FVTPL; or
- FVTOCI.

The classification is determined by both:

- the Target Group’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Target Group’s time deposits, cash and cash equivalents, trade and note receivables, other receivables fall into this category of financial instruments.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the financial assets comprise solely payments of principal and interest and are held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit loss (“ ”), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 *Financial Instruments* (“ ”) apply.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Target Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in “other comprehensive income reserve” in equity. Such elections are made on an instrument-by-instrument basis but only be made if the investment meets the definition of equity from the issuer’s perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in “other comprehensive income reserve” will not be reclassified to profit or loss upon disposal of the equity investments and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in “other income” in profit or loss.

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IFRS 9 *Financial Instruments’s* impairment requirements use forward-looking information to recognise ECL — the “ECL model”. Instruments within the scope included time deposits, cash and cash equivalents, trade and notes receivables, other receivables, and other financial assets measured at amortised cost.

The Target Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this general model approach, a distinction is made between:

t 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

t 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

t 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cash and bank deposits are considered to have low credit risk because the counterparties are banks and have a low risk of default, and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash and bank deposits are also subject to the impairment requirements of IFRS 9 Financial Instruments, while the identified credit loss was immaterial.

For trade and note receivables, the Target Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Target Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade and note receivables with significant outstanding balances which are assessed individually, the remaining trade and note receivables have been grouped based on shared credit risk characteristics.

For note receivables measured at FVTOCI, the Target Group assumes that the credit risk on note receivables measured at FVTOCI has not increased significantly since initial recognition if the note receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Note receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Target Group’s financial liabilities include trade and other payables and accruals, borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in “Leases” below.

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and other payables and accruals are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of semi-finished goods and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

At inception of a contract, the Target Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Target Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Target Group;

- the Target Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Target Group has the right to direct the use of the identified asset throughout the period of use. The Target Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Target Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Target Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Target Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term un

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each year for the Relevant Periods and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Target Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

An onerous contract exists when the Target Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Share capital are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Revenue mainly arises from sale of piezoelectric actuators and related piezoelectric ceramic products.

To determine whether to recognise revenue, the Target Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time, when the Target Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from sale of goods between the Target Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

Revenue for domestic sale of goods is recognised when the Target Group has delivered the products to the customers in accordance with the contract terms and has received acceptance and other proof of receipt from the customers.

Revenue for overseas sale of goods is recognised when the Target Company has obtained export-related documents such as the customs declaration form after completing export customs clearance and shipping the goods offshore.

Further information about the Target Group's accounting policies relating to revenue from contracts with customers is provided in Note 6 to the Historical Financial Information.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Target Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

The following assets are subject to impairment testing:

- Plant and equipment;
- Right-of-use assets; and
- The Target Company's investments in subsidiaries.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits to employees are provided through defined contribution plans. The employees of the Target Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Target Group's obligations under these plans are limited to the fixed percentage contributions payable.

Employees of the Target Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Target Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Target Group's liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods. Contributions to the housing funds, medical insurances and other social insurances are expensed is incurred.

Termination benefits are recognised at the earlier of when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognises restructuring costs involving the payment of termination benefits.

The Target Group operates share-based compensation plans for remuneration of its employees including share award schemes.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "capital reserve" in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

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Income tax comprises current tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint venture, except where the Target Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies the requirements in IAS 12 *Income Taxes* to the lease liabilities and the related assets separately. The Target Group recognises a deferred income tax asset related to the 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 income tax liability for all taxable temporary differences.

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each reporting period.

Changes in deferred income tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred income tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Target Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Target Group presents deferred income tax assets and deferred income tax liabilities in net if, and only if,

    - the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

- the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

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Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “ ”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

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For the purposes of these consolidated financial statements, a party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person’s family and if that person:

  (i) has control or joint control over the Target Group;

  (ii) has significant influence over the Target Group; or

  (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

(b) the party is an entity and if any of the following conditions applies:

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The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Target Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Target Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Target Group's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 37.

Inventories are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling

The Target Group is mainly engaged in sale of piezoelectric actuators and related piezoelectric ceramic products in the PRC.

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(i) The Target Group derives revenue from the transfer of goods at a point in time were analysed as follows:

				t	
		31		31	
	2023	**2024**	**2025**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
				(unaudited)	
Revenue from contracts with customers within the scope of IFRS 15					
Type of goods					
Sales of piezoelectric actuators and related piezoelectric ceramic products	50,390	46,571	79,271	13,006	

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	Notes	t 1 2023	t 31 2023	2024	2025	t 31 202
		RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
Trade receivables		13,213	25,467	31,198	50,349	67,450
Less: Impairments		–	(1,590)	(2,887)	(5,303)	(6,386)
		13,213	23,877	28,311	45,046	61,064
Note receivables		–	5,054	3,057	5,196	4,187
Less: Impairments		–	(15)	(8)	–	–
		–	5,039	3,049	5,196	4,187
Trade and note receivables	*21*	–	28,916	31,360	50,242	65,2510.0238,9Tf(4,187)Tj0.025 T

The Target Group enters into sales contracts with customers for each transaction. Revenue from the manufacturing of and trading of goods is recognised based on the price specified in the contract when the goods are delivered and titles have passed and services are provided. The Target Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. Delivery occurs when the products have been shipped to the specific location in accordance with the contracts with the customers.

No significant financing component is deemed present as the sales are made with a credit term ranging from 30 days to 180 days to its customers.

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(i) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(ii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Target Group will comply with the conditions attaching to them.

Further information about the Target Group's accounting policies relating to revenue from contracts with customers is provided in Note 4 to the Historical Financial Information.

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The Target Group has applied practical expedient in paragraph 121 of IFRS 15 *Revenue from Contracts with Customers*, to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date due to the majority of the Target Company's revenue contracts are short-term contracts and have a duration of less than one year, the practical expedient for contracts with durations of one year or less is applied and therefore the effect of the time value of money is not considered.

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		31		t 31	
	2023	**2024**	**2025**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest income	831	715	301	106	80
Government grants (Note below)	317	943	521	73	85
Others	160	146	9	4	–
	1,308	1,804	831	183	165

Note: Government grants and subsidies have been received from the PRC local government authorities in connection with the enterprise development support and innovation capability incentives. Those conditions attached to these grants have been met before receipt of the grants and are not related to assets; therefore, the Target Group recognized the grants as income upon receipt. There are no unfulfilled conditions or contingencies attached to the government grants recognized during the Relevant Periods.

8. H ( ) ,

				t	
		31		31	
	2023	2024	2025	2025	202
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000* (unaudited)	*RMB’000*
Exchange differences	(168)	(4)	(1)	–	–
Investment income of financial assets at FVTPL	145	–	–	–	–
Loss on disposal and written off of plant and equipment	(356)	(36)	–	–	–
Net fair value gains on financial asset at FVTPL	7	138	263	–	65
	(372)	98	262	–	65

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Expenses included in cost of sales, research and development expenses, selling expenses and general and administrative expenses are analysed as follows:

				t	
		31		31	
	2023	2024	2025	2025	202
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000* (unaudited)	*RMB’000*
Bank charge	7	5	7	–	4
Sub-contracting fee	138	237	54	–	67
Depreciation of plant and equipment	1,933	2,339	2,131	435	651
Depreciation of right-of-use assets	231	230	231	56	56
Employee benefit expenses (Note (a) below)	3,953	4,435	5,563	1,051	978
Energy and fuel costs	3,156	2,639	2,543	562	436
Entertainment	120	168	286	33	101
Legal and professional fees	1,597	2,095	2,085	–	727
Logistics fees	229	190	281	114	75
Maintenance expenses	17	89	93	45	–
Net impairment losses recognised (reversed) on inventories (Note (b) below)	–	1,712	1,041	–	(279)
Office expenses	40	29	52	8	10
Other expenses	1,590	1,726	1,484	201	119
Raw materials consumed and sales/ consumption of finished goods and semi-finished goods (Notes (c) below)	23,051	22,329	31,392	4,641	24,103
Equity-settled share-based payment expenses (Note (a) below)	1,030	1,030	1,030	258	258
Short term lease expenses	–	8	–	–	–
Tax and surcharges	187	191	445	20	311
Travelling expenses	104	183	227	29	58
	37,383	39,635	48,945	7,453	27,675

Notes

a. During the years ended 31 December 2023, 2024 and 2025, and the three months ended 31 March 2025 (unaudited) and 2026, the Target Group’s employee benefit and related expenses were approximately RMB4,983,000, RMB5,465,000, RMB6,593,000, RMB1,309,000 and RMB1,236,000, respectively and details of which are set out in Note 10 to the Historical Financial Information.

b. During the years ended 31 December 2023, 2024 and 2025, and the three months ended 31 March 2025 (unaudited) and 2026, the Target Group’s cost of sales were approximately RMB28,177,000, RMB28,495,000, RMB35,316,000, RMB5,449,000 and RMB22,975,000, respectively. Out of which, the net impairment losses recognised on inventories which was included in cost of sales were approximately nil, RMB1,712,000, RMB1,041,000 and nil for the years ended 31 December 2023, 2024 and 2025 and the three months ended 31 March 2025 (unaudited), and reversal of approximately RMB279,000 for the three months ended 31 March 2026.

c. During the years ended 31 December 2023, 2024 and 2025, and the three months ended 31 March 2025 (unaudited) and 2026, the Target Group’s research of development expenses were approximately RMB5,001,000, RMB7,559,000, RMB9,535,000, RMB1,276,000 and RMB3,526,000, respectively. Out of which, the raw materials consumed and consumption of finished goods and semi-finished goods which was included research and development expenses were approximately RMB2,177,000, RMB3,828,000, RMB4,963,000, RMB826,000 and RMB2,510,000 for the years ended 31 December 2023, 2024 and 2025, and the three months ended 31 March 2025 (unaudited) and 2026, respectively.

10. [illegible]

		31		31	
	2023	**2024**	**2025**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
				(unaudited)	
[illegible]					
Salaries, allowances, discretionary bonuses and benefits in kind	3,713	4,168	5,311	963	848
Retirement scheme contributions	240	267	252	88	130
Equity-settled share-based payment expenses	1,030	1,030	1,030	258	258
	4,983	5,465	6,593	1,309	1,236

Directors', chief executive officer' and supervisors' emoluments for the Relevant Periods, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 2023					
Li Jian	–	120	10	343	473
Wu Guobiao (Note (a) below)	–	547	–	–	547
Gao Jianguang	–	–	–	–	–
Zeng Chunxiang (Note (b) below)	–	60	5	172	237
Wu Jinhai	–	–	–	–	–
Zeng Tao (Note (d) below)	–	302	–	–	302
Qin Shichun (Note (e) below)	–	–	–	–	–
Huang Xiaohui (Note (f) below)	–	–	–	–	–
Jiang Lin (Note (g) below)	–	121	10	343	474
Li Lichen	–	60	10	–	70
Huang Li	–	–	–	–	–
Liu Nannan (Note (h) below)	–	65	10	–	75
	–	1,275	45	858	2,178
31 2024					
Li Jian	–	120	16	343	479
Wu Guobiao (Note (a) below)	–	667	–	–	667
Gao Jianguang	–	–	–	–	–
Wu Jinhai	–	–	–	–	–
Zeng Tao (Note (d) below)	–	298	–	–	298
Qin Shichun (Note (e) below)	–	–	–	–	–
Huang Xiaohui (Note (f) below)	–	–	–	–	–
Li Lichen	–	69	16	–	85
Huang Li	–	–	–	–	–
	–	1,154	32	343	1,529

RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*

Notes:

(a) Wu Guobiao was appointed as an executive director of the Target Company on 21 June 2023;

(b) Zeng Chunxiang resigned as a director of the Target Company on 21 June 2023 and was re-appointed as a director of the Target Company on 3 November 2025.

(c) Zeng Tao was appointed as an executive director of the Target Company on 21 June 2023;

(d) Zhao Yingjie was appointed as an executive director of the Target Company on 3 November 2025;

(e) Qin Shichun was appointed as an executive director of the Target Company on 21 June 2023 and resigned as an executive director of the Target Company on 3 November 2025.

(f) Huang Xiaohui was appointed as an executive director of the Target Company on 21 June 2023 and resigned as an executive director of the Target Company on 3 November 2025.

(g) Jiang Lin resigned as an executive director of the Target Company on 21 June 2023;

(h) Liu Nannan resigned as a supervisor of the Target Company on 21 June 2023.

The chief executive officer's, executive directors' and supervisors' emoluments shown above were for their services in connection with the management of the affairs of the Target Company and the Target Group during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by the Target Group to the chief executive officer, directors and supervisors as an inducement to join or upon joining the Target Group.

During the Relevant Periods, there was no arrangement under which the chief execution officer, a director or a supervisor waived or agreed to waive any remuneration.

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During the years ended 31 December 2023, 2024, 2025 and for the three months ended 31 March 2025 (unaudited) and 2026 include 5, 3, 3, 3 and 3 directors, respectively, whose emoluments are reflected in Note 10(a) above. The aggregate emoluments payable to the remaining nil, 2, 2 and 2 and 2 individuals during the years ended 31 December 2023, 2024, 2025 and for the three months ended 31 March 2025 (unaudited) and 2026 are as follows:

				t	
		31		**31**	
	2023	**2024**	**2025**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances, discretionary bonuses and benefits in kind	–	264	353	90	98
Retirement scheme contributions	–	16	34	9	9
Equity-settled share-based compensation expenses	–	343	343	172	86
	–	623	730	271	193

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Target Group. The emoluments of the remaining highest paid individuals fell within the following bands:

				t	
		31		31	
	2023	2024	2025	2025	202
				(unaudited)	
Nil – HK$1,000,000	–	2	2	2	2

During the Relevant Periods, no emoluments were paid by the Target Group to the five highest paid individuals as an inducement to join or upon joining the Target Group or as compensation for loss of office.

11.

				t	
		31		31	
	2023	2024	2025	2025	202
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest expenses on lease liabilities (Note 16(b))	42	38	27	15	5
Interest expenses on bank borrowings	–	5	7	–	–
	42	43	34	15	5

12.

				t	
		31		31	
	2023	2024	2025	2025	202
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Current income tax	1,403	818	2,974	79	2,557
Deferred income tax credit (Note 19)					

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from 1 January 2022 to 30 September 2022 and for the period from 1 October 2022 to 31 December 2025, respectively.

Reconciliation between the income expense and profit before income tax in the consolidated statements of profit or loss and comprehensive income is as follows:

				t	
		31		31	
	2023	**2024**	**2025**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before income tax	12,087	7,402	28,999	5,721	18,894
Tax charge at applicable tax rate at 15%	1,813	1,110	4,350	858	2,834
Effect of different tax rates applicable to subsidiaries	36	92	(177)	–	(21)
Tax effect of expenses not deductible for tax purpose	66	10	16	–	6
Additional deduction for research and development expenses	(750)	(954)	(1,411)	(779)	(482)
Income tax expense for the year/period	1,165	258	2,778	79	2,337

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The Target Group

		t t	t		t
		q t	q t	t	t
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
t 1 2023					

		t t q t	t q t	t	t
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
t 31 2025					
Cost	20,043	2,177	1,614	667	24,501
Accumulated depreciation	(6,968)	(966)	(965)	(667)	(9,566)
Net carrying amount	13,075	1,211	649	–	14,935
t 31 202					
Opening net carrying amount	13,075	1,211	649	–	14,935
Additions	–	–	166	–	166
Depreciation	(474)	(82)	(95)	–	(651)
Closing net carrying amount	12,601	1,129	720	–	14,450
t 31 202					
Cost	20,043	2,177	1,780	667	24,667
Accumulated depreciation	(7,442)	(1,048)	(1,060)	(667)	(10,217)
Net carrying amount	12,601	1,129	720	–	14,450

<u>The Target Company</u>

		t t q t	t q t	t	t
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
t 1 2023					
Cost	11,868	809	526	–	13,203
Accumulated depreciation	(2,776)	(447)	(340)	–	(3,563)
Net carrying amount	9,092	362	186	–	9,640
31 2023					
Opening net carrying amount	9,092	362	186	–	9,640
Additions	1,019	–	336	667	2,022
Depreciation	(1,257)	(193)	(153)	(288)	(1,891)
Disposals and written-off	(356)	–	–	–	(356)
Closing net carrying amount	8,498	169	369	379	9,415
t 31 2023					
Cost	12,308	809	862	667	14,646
Accumulated depreciation	(3,810)	(640)	(493)	(288)	(5,231)
Net carrying amount	8,498	169	369	379	9,415

		t t	t		
		q t	q t	t	t
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
31 2024					
Opening net carrying amount	8,498	169	369	379	9,415
Additions	844	27	183	–	1,054
Depreciation	(1,300)	(114)	(211)	(379)	(2,004)
Disposals and written-off	(152)	–	–	–	(152)
Closing net carrying amount	7,890	82	341	–	8,313
t 31 2024					
Cost	12,827	836	1,045	667	15,375
Accumulated depreciation	(4,937)	(754)	(704)	(667MB	
Net carrying amount	7,890	82	341	–	8,313
31 2025					
Opening net carrying amount	7,890	82	341	–	8,313
Additions	2,611	958	504	–	4,073
Depreciation	(1,345)	(27MB(236)		–	(1,608)
Disposals and written-off	(7)	–	–	–	(7)
Closing net carrying amount	9,149	1,013	609	–	10,771
t 31 2025					
Cost	15,427	1,794	1,314Td16414,24 446.29j7.911 0 Td(1,794)Tj7.411 0 Td(1,314Td164		

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The Target Group as a lessee

During the Relevant Periods, the Target Group has entered into lease contracts for properties and buildings for a lease term 5 years.

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The Target Group

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	t
	RMB’000
t	
t 1 2023	–
Additions	1,152
Depreciation	(231)
t 31 2023 1 2024	921
Depreciation	(230)
t 31 2024 1 2025	691
Depreciation	(231)
t 31 2025 1 202	460
Depreciation	(56)
t 31 202	404

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The Target Group

		31		**t** **31**
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Total minimum lease payments	1,075	807	538	471
Future interest expense on lease liabilities	(87)	(50)	(23)	(18)
	988	757	515	453
Analysed for reporting purposes as:				
Current	232	242	252	255
Non-current	756	515	263	198
	988	757	515	453

The maturity analysis of lease liabilities is disclosed in Note 37(e) to the Historical Financial Information.

( ) The amounts recognised in the consolidated statements of profit or loss and other comprehensive income in relation to leases are as follows:

The Target Group

				t	
		31		31	
	2023	2024	2025	2025	202
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Interest expenses	42	38	27	15	5
Depreciation of right-of-use assets	231	230	231	56	56
Expense relating to short-term leases	–	8	–	–	–

17.

The Target Group

					t
			t 31		31
	Notes	2023	2024	2025	202
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:					
– Note receivables measured at FVTOCI	*(a)*	1,840	4,313	3,884	18,592
Non-current:					
– Unlisted equity investments at fair value	*(b)*	2,000	2,000	2,000	2,000

The Target Company

					t
			t 31		31
	Notes	2023	2024	2025	202
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:					
– Note receivables measured at FVTOCI	*(a)*	1,840	4,313	3,884	18,525
Non-current:					
– Unlisted equity investments at fair value	*(b)*	2,000	2,000	2,000	2,000

Notes:

(a) The balance represents note receivables held by the Target Group and the Target Company which are issued or guaranteed by reputable PRC banks with high credit ratings. The note receivables had a maturity of within three months at the end of each reporting period. The note receivables are measured at FVTOCI since the notes are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. The Target Group and the Target Company believe that the note receivables do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair value of the note receivables are minimal due to its short-term nature.

In addition, the Target Group and the Target Company have discounted certain note receivables to banks and endorsed certain note receivables to its suppliers to settle its payables. The directors of the Target Company consider the probabilities on default of the discounted or endorsed note receivables are limited and the Target Group and the Target Company have derecognised the full carrying amount of these note receivables and the associated trade and other payables when the note receivables are endorsed or discounted.

The maximum exposure to the Target Group and the Target Company that may result from the default of these endorsed and discounted note receivables, which are derecognized in full of the carrying amount, as at 31 December 2023, 2024, 2025 and 31 March 2026 are approximately RMB1,886,000, RMB5,303,000, RMB6,331,000 and RMB7,599,000, respectively.

(b) These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Target Company have elected to designate these investments as accounted for FVTOCI as they believe that recognising short-term fair value fluctuations in these instruments in profit or loss would not be consistent with the Target Group's and the Target Company's strategy of holding these instruments for long-

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Deferred income tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

The Target Group

	t 31		t	31
	2023	**2024**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total deferred income tax assets	503	1,136	1,731	1,883
Set-off of deferred tax liabilities pursuant to set-off provisions	(293)	(366)	(765)	(697)
Net deferred income tax assets	210	770	966	1,186

The movements in the Target Group's deferred income tax assets and liabilities during the Relevant Periods are as follows:

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The Target Company

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Total deferred income tax assets	440	1,024	1,695	1,856
Set-off of deferred tax liabilities pursuant to set-off provisions	(246)	(331)	(742)	(677)
Net deferred income tax assets	194	693	953	1,179

The movements in the Target Company’s deferred income tax assets and liabilities during the Relevant Periods are as follows:

	t t	t t t q t	t	q t - tt - t	t
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	RMB’000
t 1 2023	–	–	–	13	13
(Reversal) recognised in profit or loss	(1)	(245)	272	155	181
t 31 2023 1 2024	(1)	(245)	272	168	194
(Reversal) recognised in profit or loss	(21)	(64)	429	155	499
t 31 2024 1 2025	(22)	(309)	701	323	693
(Reversal) recognised in profit or loss	(39)	(372)	516	155	260
t 31 2025 1 202	(61)	(681)	1,217	478	953
(Reversal) recognised in profit or loss	(10)	75	122	39	226
t 31 202	(71)	(606)	1,339	517	1,179

20.

The Target Group

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Raw materials	1,631	1,682	4,692	5,796
Semi-finished goods	4,663	6,514	7,169	6,076
Finished goods	7,973	9,935	16,263	4,166
	14,267	18,131	28,124	16,038
Less: Impairments	–	(1,712)	(2,753)	(2,474)
	14,267	16,419	25,371	13,564

The Target Company

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	1,612	1,682	4,692	5,796
Semi-finished goods	4,575	6,514	7,169	6,076
Finished goods	7,916	11,180	16,260	4,162
	14,103	19,376	28,121	16,034
Less: Impairments	–	(1,712)	(2,753)	(2,474)
	14,103	17,664	25,368	13,560

The directors of the Target Company review the condition of inventories and make allowance for inventories that are

The Target Company

				t
	t 31			31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Trade receivables	25,467	26,125	45,937	62,117
Less: Impairments	(1,590)	(2,646)	(5,082)	(6,120)
	23,877	23,479	40,855	55,997
Note receivables	5,054	2,857	4,380	3,269
Less: Impairments	(15)	(8)	–	–
	5,039	2,849	4,380	3,269
	28,916	26,328	45,235	59,266

The amount of the Target Group’s and the Target Company’s endorsed and discounted note receivables which are not derecognised as at 31 December 2023, 2024, 2025 and 31 March 2026 are approximately RMB3,900,000, RMB1,640,000, RMB3,450,000 and RMB744,000, respectively.

The credit period granted to customers is generally range from 30 days to 180 days during the Relevant Periods.

The ageing analysis of the Target Group’s trade receivables, net of impairments, based on recognition date is as follows:

				t
	t 31			31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Within 1 year	20,169	22,465	40,804	58,279
Over 1 year but within 2 years	3,339	3,982	1,968	1,828
Over 2 year but within 3 years	369	1,864	2,274	957
	23,877	28,311	45,046	61,064

The maturity date of the Target Group’s note receivables are within one year at the end of each reporting period.

Movements in impairment of the Target Group’s trade and note receivables are as follows:

				t
	t 31			31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
At the beginning of the year/period	–	1,605	2,895	5,303
Impairment recognised	1,605	1,290	2,408	1,083
At the end of the year/period	1,605	2,895	5,303	6,386

Movements in impairment of the Target Company’s trade and note re·eivables are as follows:

t

t 31

The Target Company

	t 31			t 31
	2023	2024	2025	202
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Other receivables	467	412	383	532
Less: Impairments	(182)	(225)	(233)	(268)
	285	187	150	264
Prepayment for acquisition of non-current assets	203	518	246	615
Prepayments materials and others	1,718	794	2,155	2,647
Contract assets	483	1,594	934	1,371
	2,689	3,093	3,485	4,897
Analysed for reporting purposes as:				
Current assets	2,486	2,575	3,239	4,282
Non-current assets	203	518	246	615
	2,689	3,093	3,485	4,897

The information about the credit risk exposure on the Target Group’s other receivables is disclosed in Note 37.

The movements on the impairment of the Target Group’s other receivables are as follows:

	t 1	t 2	t 3	t
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
t 1 2023	–	–	–	–
Impairment recognised	183	–	–	183
t 31 2023 1 2024	183	–	–	183
Impairment recognised	45	–	–	45
t 31 2024 1 2025	228	–	–	228
Impairment recognised	13	–	–	13
t 31 2025 1 202	241	–	–	241
Impairment recognised	35	–	–	35
t 31 202	276	–	–	276

The movements on the impairment of the Target Company’s other receivables are as follows:

	t 1 *RMB’000*	t 2 *RMB’000*	t 3 *RMB’000*	t *RMB’000*
t 1 2023	–	–	–	–
Impairment recognised	182	–	–	182
t 31 2023 1 2024	182	–	–	182
Impairment recognised	43	–	–	43
t 31 2024 1 2025	225	–	–	225
Impairment recognised	8	–	–	8
t 31 2025 1 202	233	–	–	233
Impairment recognised	35	–	–	35
t 31 202	268	–	–	268

23.

The Target Group and the Target Company

	t 31			**t 31**
	2023 *RMB’000*	**2024** *RMB’000*	**2025** *RMB’000*	**202** *RMB’000*
Bank wealth management products (“ ”)	5,007	5,145	15,408	15,473

The WMPs are mainly managed by licensed financial institutions in the PRC to invest principally in certain financial assets. They are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

24.

The Target Group and the Target Company

	t 31			**t 31**
	2023 *RMB’000*	**2024** *RMB’000*	**2025** *RMB’000*	**202** *RMB’000*
Short-term time deposits with original maturities of over three months and due within one year	–	30,034	28,026	28,026

25. H H

The Target Group

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Cash and cash in bank	55,581	23,804	19,197	13,784

The Target Company

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Cash and cash in bank	55,278	23,599	17,203	10,928

All of the Target Group’s and the Target Company’s time deposits (see Note 24) and cash and cash equivalents are denominated in RMB.

RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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The Target Group

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Trade payables	3,329	2,726	5,092	4,521

The Target Company

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Trade payables	3,328	2,702	5,064	4,504

The Target Group

The credit period granted by suppliers is generally within 90 days. The ageing analysis of the trade payables of the Target Group as at 31 December 2023, 2024 2025 and 31 March 2026 based on recognition date is as follows:

	t 31			t 31 202
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
– Within in 1 year	2,845	2,547	4,990	2,609
– Over 1 year but within 2 years	484	64	38	1,873
– Over 2 years but within 3 years	–	115	45	14
– Over 3 years	–	–	19	25
	3,329	2,726	5,092	4,521

27.

The Target Group and the Target Company

	t 31			t 31 202
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	1,279	726	1,442	419

The Target Group generally collected payments in advance from customers primarily for sale of piezoelectric actuators and related piezoelectric ceramic products.

The following table shows the amounts of revenue recognised in the Relevant Periods relating to carried-forward contract liabilities:

The Target Group and the Target Company

	t 31			t 31 202
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year/period	314	1,279	726	–

As permitted by IFRS 15.121(a) Revenue from Contracts with Customers, the Target Group has not disclosed information about remaining performance obligations as all contract liabilities at each of the reporting dates during the Relevant Periods are expected to be recognised as revenue within one year.

28. H

The Target Group

		t 31		t 31
	2023	**2024**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for acquisition of non-current assets	491	755	448	311
Endorsed note receivables that have not been derecognised and not yet due	3,900	1,640	3,450	744
Employee benefits payables	719	686	881	439
Other tax payables	1,349	1,336	2,737	5,322
Others	737	1,045	1,290	1,278
	7,196	5,462	8,806	8,094

The Target Company

		t 31		t 31
	2023	**2024**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for acquisition of non-current assets	480	275	393	256
Endorsed note receivables that have not been derecognised and not yet due	3,900	1,640	2,939	744
Employee benefits payables	694	628	865	422
Other tax payables	1,349	1,335	2,737	5,322
Others	537	575	553	472
	6,960	4,453	7,487	7,216

2 .

The Target Group and the Target Company

		t 31		t 31
	2023	**2024**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured Short-term bank borrowings due within one year	–	1,000	–	–

As at 31 December 2024, the Target Group's and the Target Company borrowings bear effective interest rates of 2.45% per annum.

The bank borrowings were fully repaid during the year ended 31 December 2025.

During the Relevant Periods, the Target Group and the Target Company did not violate any financial covenants under the agreements of borrowings. The Target Group's and the Target Company's borrowings were repayable within one year.

30. H

The Target Company’s authorised, issued and fully paid share capital are as follows:

	’000	t *RMB’000*
1		
t 1 2023	4,556	4,556
Issue of ordinary shares	450	450
t 31 2023, 1 2024, 31 2024, 1 2025, 31 2025, 1 202 31 202	5,006	5,006

Except as disclosed above, there were no movements in the Target Company’s share capital during the Relevant Periods.

31.

The Target Group

During the Relevant Periods, the amounts of the Target Group’s reserves and the changes therein are presented in the consolidated statements of changes in equity.

The Target Company

	t *RMB’000*	t *RMB’000*	t t t *RMB’000*	t *RMB’000*	t *RMB’000*
t 1 2023	4,556	45,530	2,278	22,070	74,434
Profit and total comprehensive income	–	–	–	11,261	11,261
Transfer to statutory surplus reserve	–	–	225	(225)	–
Issue of ordinary shares	450	24,550	–	–	25,000
Equity-settled share-based payment	–	1,030	–	–	1,030
t 31 2023 1 2024	5,006	71,110	2,503	33,106	111,725
Profit and total comprehensive income	–	–	–	8,016	8,016
Equity-settled share-based payment	–	1,030	–	–	1,030
t 31 2024 1 2025	5,006	72,140	2,503	41,122	120,771
Profit and total comprehensive income	–	–	–	24,539	24,539
Equity-settled share-based payment	–	1,030	–	–	1,030
t 31 2025 1 202	5,006	73,170	2,503	65,661	146,340
Profit and total comprehensive income	–	–	–	16,360	16,360
Equity-settled share-based payment	–	258	–	–	258
t 31 202	5,006	73,428	2,503	82,021	162,958

32. H -

Share-based compensation expenses during the Relevant Periods were as follows:

		31		t 31	
	2023	**2024**	**2025**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000* (unaudited)	*RMB’000*
Equity settled share-based expenses	1,030	1,030	1,030	258	258

The Target Company adopted the Restricted Share Unit (“ ”) Scheme on 1 December 2022. The objective of the RSU Scheme is to encourage and retain selected participants which include directors, employees, officers, and distributors of the Target Group, to work with the Target Group and to provide additional incentive for them to achieve performance goals.

In December 2022, the Target Company has granted 149,915 RSUs to three eligible participants with the vesting period of five years.

The fair value of the RSUs based on the most recent transaction price of the Target Company’s shares at the grant date. The equity settled share-based expenses is charged to profit or loss as employee benefit expenses of the Target Group over the vesting period of the awarded shares.

33. H H

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Reconciliation of liabilities arising from financing activities during the Relevant Periods are as follows:

		t	t
	RMB’000	*RMB’000*	*RMB’000*
t 1 2023	–	11	–
Cash flows	–	(11)	–
Interest expense	–	–	42
Recognition of lease liabilities	–	–	1,152
Transfer to other payables and accruals	–	–	(206)
t 31 2023 1 2024	–		

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8.626—

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Major non-cash investing and financing activities disclosed in other notes are as follows:

- Additions to right-of-use assets in respect of leased properties — See Note 16a

34.

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The Target Group entered into the following related party transactions during the Relevant Periods

t t	t t t t
Yancheng Economic and Technological Development Zone Wotao Electronic Technology Co., Ltd.	Parent
Yancheng Economic and Technological Development Zone Wotao Enterprise Management Partnership Enterprise (Limited Partnership)	Parent

( ) t t t

Saved as disclosed elsewhere in this Historical Financial Information, the Target Group had the following transactions and balances with related parties:

<u>The Target Group</u>

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Amounts due from related parties				
– Yancheng Economic and Technological Development Zone Wotao Electronic Technology Co., Ltd.	–*	–*	–*	–
– Yancheng Economic and Technological Development Zone Wotao Enterprise Management Partnership Enterprise (Limited Partnership)	–*	–*	–	–
	1	–*	–*	–*

<u>The Target Company</u>

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Amounts due from related parties				
– Yancheng Economic and Technological Development Zone Wotao Electronic Technology Co., Ltd.	–*	–*	–*	–
– Yancheng Economic and Technological Development Zone Wotao Enterprise Management Partnership Enterprise (Limited Partnership)	–*	–*	–	–
	1	–*	–*	–*

* *Less than one thousand*

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During the Relevant Periods, the details of the compensation of key management personnel are set out in Notes 10(a) and (b) to the Historical Financial Information.

35.

The carrying amounts of each financial instrument as at the end of each reporting period are as follows:

		t 31		t 31
	2023	**2024**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
t				
Financial assets at amortised cost				
– Trade and note receivables	28,916	31,360	50,242	65,251
– Other receivables	321	223	188	297
– Time deposits	–	30,034	28,026	28,026
– Cash and cash equivalent	55,581	23,804	19,197	13,784
Financial assets at FVTPL				
– Bank WMPs	5,007	5,145	15,408	15,473
Financial assets at FVTOCI				
– Note receivables measured at FVTOCI	1,840	4,313	3,884	18,592
– Unlisted equity investments	2,000	2,000	2,000	2,000
	93,665	96,879	118,945	143,423
t				
Financial liabilities at amortised cost				
– Trade payables	3,329	2,726	5,092	4,521
– Other payables and accruals	5,847	4,126	6,069	2,772
– Borrowings	–	1,000	–	–
– Lease liabilities	988	757	515	453
	10,164	8,609	11,676	7,746

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Financial assets measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The table below analyses the Target Group’s financial instruments carried at fair value as at 31 December 2023, 2024 and 2025 and 31 March 2026 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

( )

As at 31 December 2023, 2024 2025 and 31 March 2026, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	1	2	3	t
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
t 31 2023				
Financial assets at FVTPL				
– Banks WMPs	–	5,007	–	5,007
Financial assets at FVTOCI				
– Unlisted equity investments	–	–	2,000	2,000
– Note receivables measured at FVTOCI	–	–	1,840	1,840
	–	5,007	3,840	8,847
t 31 2024				
Financial assets at FVTPL				
– Banks WMPs	–	5,145	–	5,145
Financial assets at FVTOCI				
– Unlisted equity investments	–	–	2,000	2,000
– Note receivables measured at FVTOCI	–	–	4,313	4,313
	–	5,145	6,313	11,458
t 31 2025				
Financial assets at FVTPL				
– Banks WMPs	–	15,408	–	15,408
Financial assets at FVTOCI				
– Unlisted equity investments	–	–	2,000	2,000
– Note receivables measured at FVTOCI	–	–	3,884	3,884
	–	15,408	5,884	21,292
t 31 202				
Financial assets at FVTPL				
– Banks WMPs	–	15,473	–	15,473
Financial assets at FVTOCI				
– Unlisted equity investments	–	–	2,000	2,000
– Note receivables measured at FVTOCI	–	–	18,592	18,592
	–	15,473	20,592	36,065

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The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Target Group using valuation technique. The valuation models used mainly discounted cash flow approach and market approach. The inputs of the valuation technique mainly include expected rate of return, recent transaction price and discount rate.

Assets subject to Level 3 fair value measurement were mainly included note receivables measured at FVTOCI and equity investments in unlisted entities measured at FVTOCI. These assets were measured mainly using discounted cash flow approach and market approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

During the Relevant Periods, there was no transfer between Level 1 and Level 2 into or out of Level 3.

The quantitative information of fair value measurements as at 31 December 2023, 2024 2025 and 31 March 2026 for Level 2 and 3 is as follows:

		t 31			31	t t t q t( )	t t( ) t
		2023	**2024**	**2025**	**202**		
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
t t							
Bank WMPs	Level 2	5,007	5,145	15,408	15,473	Expected rate of return	The higher the expected rate of return, the higher the fair value
t t							
Unlisted equity investments	Level 3	2,000	2,000	2,000	2,000	Discounted cash flow approach, Discount rate	The higher the discount rate, the lower the fair value
Note receivables measured at FVTOCI	Level 3	1,840	4,313	3,884	18,592	Discount rate	The higher the discount rate, the lower the fair value.
t		8,847	11,458	21,292	36,065		

Below is a summary of quantitative sensitivity analysis disclosed for the financial assets subject to Level 3 fair value measurement at the end of each of the reporting period:

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The following tables present the changes in level 3 financial instruments (note receivables measured at FVTOCI) during the Relevant Periods:

	t t
	RMB'000
t 1 2023	–
Additions	3,726
Disposals	(1,886)
t 31 2023 1 2024	1,840
Additions	7,776
Disposals	(5,303)

	t t RMB’000
t 31 2024 1 2025	4,313
Additions	5,882
Disposals	(6,311)
t 31 2025 1 202	3,884
Additions	22,306
Disposals	(7,598)
t 31 202	18,592

There have no movements for the Target Group’s and Target Company’s unlisted equity investments during the Relevant Periods.

37. K

The financial instruments of the Target Group mainly comprise time deposits, cash and cash equivalents, trade and note receivables, other receivables and financial assets at FVTPL and FVTOCI, the main purpose of which is to support for the operations of the Target Group.

The risks of the Target Group’s financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The directors of the Target Company review and agree policies for managing each of these risks and they are summarised below.

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During the Relevant Periods, the Target Group did not have any significant exposure to foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB. Therefore, during the Relevant Periods, the Target Group did not have any formal hedging policy and did not use any financial instruments for hedging.

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The Target Group is exposed to cash flow interest rate risk in relation to its variable-rate bank deposits. No sensitivity analysis is presented as the management considers that the exposure to such interest rate risk is insignificant to the Target Group’s profit or loss and equity throughout the Relevant Periods.

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To manage its price risk arising from investments, the Target Group diversifies its portfolio. Diversification of the portfolio is conducted in accordance with the limits set by the Target Group. Each investment is managed by the senior management of the Target Group on a case-by-case basis. The Target Group is exposed to price risk mainly arising from its investments in bank WMPs (details of which are set out in Note 23).

The Target Group is not exposed to commodity price risk.

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The Target Group’s interest rate risk primarily arises from interest-bearing borrowings, and lease liabilities. The borrowings issued at variable rates expose the Target Group to cash flow interest rate risk. The borrowings issued at fixed rates, and lease liabilities bearing fixed rates expose the Target Group to fair value interest rate risk.

The Target Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Target Group.

The following tables list out the interest rate profiles of the Target Group’s variables interest-bearing financial instruments as at 31 December 2023, 2024, 2025 and 31 March 2026:

	t 31			31 t
	2023	2024	2025	202
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Floating rate instruments				
– Bank borrowings	–	1,000	–	–

If interest rates of floating rate instruments had been 50 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher approximately nil, RMB5,000, nil and nil, for the years ended 31 December 2023, 2024, 2025 and 31 March 2026, respectively.

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Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Target Group. The Target Group’s exposure

Trade receivables

Except for receivables assessed for credit risk on an individual basis, the Target Group groups its receivables into different portfolios based on common credit risk characteristics as below:

Group 1: trade receivables from overseas customers

Group 2: trade receivables from domestic customers

As of 31 December 2023, 2024 and 2025 and 31 March 2026, the allowance for impairment for the trade receivables were determined as follows.

	t *RMB’000*	t *RMB’000*	t t *%*
t 31 2023			
Assessed based on Group 1	22	2	9.00%
Assessed based on Group 2	25,445	1,588	6.24%
	25,467	1,590	
t 31 2024			
Assessed based on Group 1	20	2	10.00%
Assessed based on Group 2	31,178	2,885	9.25%
	31,198	2,887	
t 31 2025			
Assessed based on Group 1	20	2	10.00%
Assessed based on Group 2	50,329	5,301	10.53%
	50,349	5,303	
t 31 202			
Assessed based on Group 1	20	2	10.00%
Assessed based on Group 2	67,429	6,384	9.47%
	67,449	6,386	

Note receivables

Except for note receivables assessed for credit risk on an individual basis, the Target Group groups its note receivables into different portfolios based on common credit risk characteristics as below:

Group 1: management assesses banker’s acceptances as generally exhibiting low credit risk. Consequently, an allowance for expected credit losses is typically not recognised for these instruments.

Group 2: the classification of commercial notes not issued or guaranteed by bank are determined by the credit risk profile of the issuers. As of 31 December 2023, 2024 and 2025 and 31 March 2026, the allowance for impairment for the Target Group’s note receivables were determined as follows.

	t *RMB’000*	t *RMB’000*	t t *%*
t 31 2023			
Assessed based on Group 1	4,753	–	N/A
Assessed based on Group 2	301	15	5.00%
	5,054	15	

The following table sets forth the impairment for the Target Group’s other receivables as at 31 December 2023, 2024, 2025 and 31 March 2026:

	t 1 12- t	t 2 t	t 3 t	t
t 31 2023				
Expected loss rate	36%	–	–	36%
Gross carrying amount (RMB’000)	504	–	–	504
Allowance for impairment (RMB’000)	183	–	–	183
t 31 2024				
Expected loss rate	51%	–	–	51%
Gross carrying amount (RMB’000)	451	–	–	451
Allowance for impairment (RMB’000)	228	–	–	228
t 31 2025				
Expected loss rate	56%	–	–	56%
Gross carrying amount (RMB’000)	429	–	–	429
Allowance for impairment (RMB’000)	241	–	–	241
t 31 202				
Expected loss rate	48%	–	–	48%
Gross carrying amount (RMB’000)	573	–	–	573
Allowance for impairment (RMB’000)	276	–	–	276

( ) q t

	t 1	1 t 3	3	t
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
t 31 202				
Trade payables	4,521	–	–	4,521
Other payables and accruals	2,772	–	–	2,772
Lease liabilities	269	202	–	471
	7,562	202	–	7,764

t t

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Target Group sets the amount of capital in proportion to risk. The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Target Group is not subject to any externally imposed capital requirements. During the Relevant Periods, there were no changes in the Target Group's capital management objectives, policies or procedures.

	t 31			t 31
	2023	**2024**	**2025**	**202**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	125,827	130,661	164,849	178,609
Total liabilities	14,441	11,101	18,038	14,983
Liabilities-to-assets ratio	11.5%	8.5%	10.9%	8.4%

38.

Saved as disclosed elsewhere in the Historical Financial Information, the Target Group did not have any significant events after the end of the reporting period.

3 .

No audited financial statements of the Target Group, the Target Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 March 2026.

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material aspects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Group.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Based on the foregoing, in our opinion, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions.

(H K) t
Certified Public Accountants
K
Practising Certificate Number: P08415
Hong Kong

13 August 2026

* *For identification purpose only*

13 August 2026

Listing Division

The Stock Exchange of Hong Kong Limited

12th Floor, Two Exchange Square

8 Connaught Place, Central, Hong Kong

Dear Sirs,

We refer to the valuation report ("t t") dated 4 August 2026 in relation to the valuation of the total shareholders' equity of Bangci Electronic Technology (Yancheng) Co., Ltd.* (邦瓷電子科技(鹽城)有限責任公司), ("t ")Ltd.* (

1.

The following is the qualification of the experts who have given opinion or advice which is contained in this circular:

Rongcheng (Hong Kong) CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Shanghai Orient Appraisal Co., Ltd.	Independent Valuer
ZSZH (HK) Fuson CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor

As at the Latest Practicable Date, each of the above experts:

(1) has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report or opinion and reference to its name in the form and context in which they respectively appear;

(2) did not have any shareholdings in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and

(3) did not have any direct or indirect interests in any assets which had been 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 since 31 December 2025 (being the date to which the latest published audited consolidated financial accounts of the Company were made up).

Notes:

1. For details of the resolutions to be considered in the EGM, please refer to the Circular of the Company dated 4 September 2026.

2. The register of members of H Shares of the Company will be closed from Friday, 18 September 2026 to Wednesday, 23 September 2026 (both days inclusive), during which time no transfer of H Shares will be registered. Holders of Shares whose names appear on the register of members of H Shares of the Company on Wednesday, 23 September 2026 are entitled to attend and vote in respect of all resolutions to be proposed at the EGM.

   In order to attend the EGM, H Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Thursday, 17 September 2026.

3.