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Application Proof of
Boantong Technologies Limited
博安通物聯科技洛陽股份公司

(the “**Company**”)

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

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Boantong Technologies Limited

博安通物聯科技洛陽股份公司

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

[REDACTED]

Number of [REDACTED] under the : [REDACTED] H Shares (subject to
[REDACTED] [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation)

Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation
and the [REDACTED])

[REDACTED] : Not more than HK\$[REDACTED] per H share
and expected to be not less than
HK\$[REDACTED] per H share, plus brokerage
fee of 1%, SFC transaction levy of 0.0027%,
Stock Exchange trading fee of 0.00565% and
AFRC transaction levy of 0.00015% (payable in
full on application and subject to refund)

Nominal Value : RMB1.00 per H Share

[REDACTED] : [•]



[REDACTED]

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

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EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

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SUMMARY

This summary aims at giving you an overview of the information contained in this document. Because this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety, including our financial statements and the accompanying notes, before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED]. Various expressions used in this summary are defined in “Definitions” and “Glossary of Technical Terms” in this document.

OVERVIEW

We are an established IoT wireless communication and PCBA solutions provider in the PRC focusing on wireless module, antenna and PCBA solutions. With over 20 years of experience in the general IoT wireless communication industry, we provide comprehensive solutions spanning across consumer electronics, industrial electronics, and energy electronics. Leveraging such industry expertise, we are well-positioned to drive R&D and the implementation of wireless communications technologies for various IoT application scenarios.

Our portfolio of wireless communication solutions includes:

- (a) wireless modules, primarily designed for converting digital data into radio signals and processing incoming radio waves back into data to enable cloud connectivity and data transmission in devices such as smart thermostats and smart locks. We also provide SDKs that include coding tools, hardware drivers, libraries and software templates to support product development and integration with our modules;
- (b) antennas, primarily designed for capturing incoming radio waves from the air and radiating outgoing signals into space to achieve signal enhancement and wireless communication stability in outdoor routers and asset trackers; and
- (c) printed circuit board assemblies hosting electronic components such as wireless modules and antennas, which is the fully functional unit in smart products such as carbon monoxide sensors, temperature-controlled pots and alarm clocks.

As at the Latest Practicable Date, we offer over 160 specifications of solutions and serve more than 1,500 customers annually, enabling us to provide comprehensive solutions that address compatibility and connectivity between customers’ end products and their respective systems. We achieved a 11.4% year-on-year revenue growth between 2024 and 2025. Our major customers were primarily located in the PRC, which together accounted for 94.5%, 90.7%, 89.4% and 94.9% of our total revenue in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

SUMMARY

As at the Latest Practicable Date, we achieved:



OUR STRENGTHS

We believe the following strengths position us well to capitalise on future opportunities and deliver continued growth: (i) being an early-mover in the high growth general IoT wireless communication industry supported by over 20 years of technical experience, an end-to-end service model and a diversified customer base; (ii) having solid R&D capabilities driving scalable product innovation and platform integration; (iii) possessing robust production capabilities supporting versatile applications of solutions; and (iv) having an experienced and visionary management team with deep industry insights and strong academic backgrounds.

OUR STRATEGIES

We intend to implement the following strategies: (i) further investment in R&D to drive product innovations; (ii) strengthening our developer network to empower the strategic growth of SME customers; (iii) vertical expansion into developing PCBA end products by leveraging existing capabilities; and (iv) continuing to strengthen our manufacturing capabilities.

SUMMARY

OUR PRODUCTS AND SOLUTIONS

The following table sets forth a summary of our solutions as at the Latest Practicable Date:

<u>Our Solutions</u>	<u>Key Features</u>	<u>Key Components</u>
Wireless module	<ul style="list-style-type: none">– a compact circuit board that converts incoming RF electrical currents from an antenna into digital data for a device’s processor, and encodes outgoing digital data back into RF signals configured to specific wireless protocols such as Wi-Fi, Bluetooth, and LoRa for wireless transmission– features multiple configurable sleep modes to optimise battery longevity	<ul style="list-style-type: none">– system-on-chip that directly handles computation, wireless communication, power management, and hardware security– flash memory chip that stores firmware application and user data when the power is turned off– PCB that mechanically holds and connects all the components of the module
Antenna	<ul style="list-style-type: none">– a metal component that converts RF electrical currents from a wireless module into electromagnetic waves during transmission, and intercepts airborne electromagnetic waves to convert them back into electrical currents during reception	<ul style="list-style-type: none">– main metal wire or rod that sends out and picks up electromagnetic waves– cable that transports RF energy over a physical distance while minimising signal loss– connector at the end of the cable that connects the antenna to the device

SUMMARY

Our Solutions	Key Features	Key Components
PCBA	<ul style="list-style-type: none"> – PCBAs that combine our wireless modules and antennas with other hardware components into a single assembly that developers can plug into their end products 	<ul style="list-style-type: none"> – wireless module – antenna – hardware components like sensors, cameras, displays, speakers, microphones, storage cards and physical buttons – PCB to which all other components are attached and electrically connected

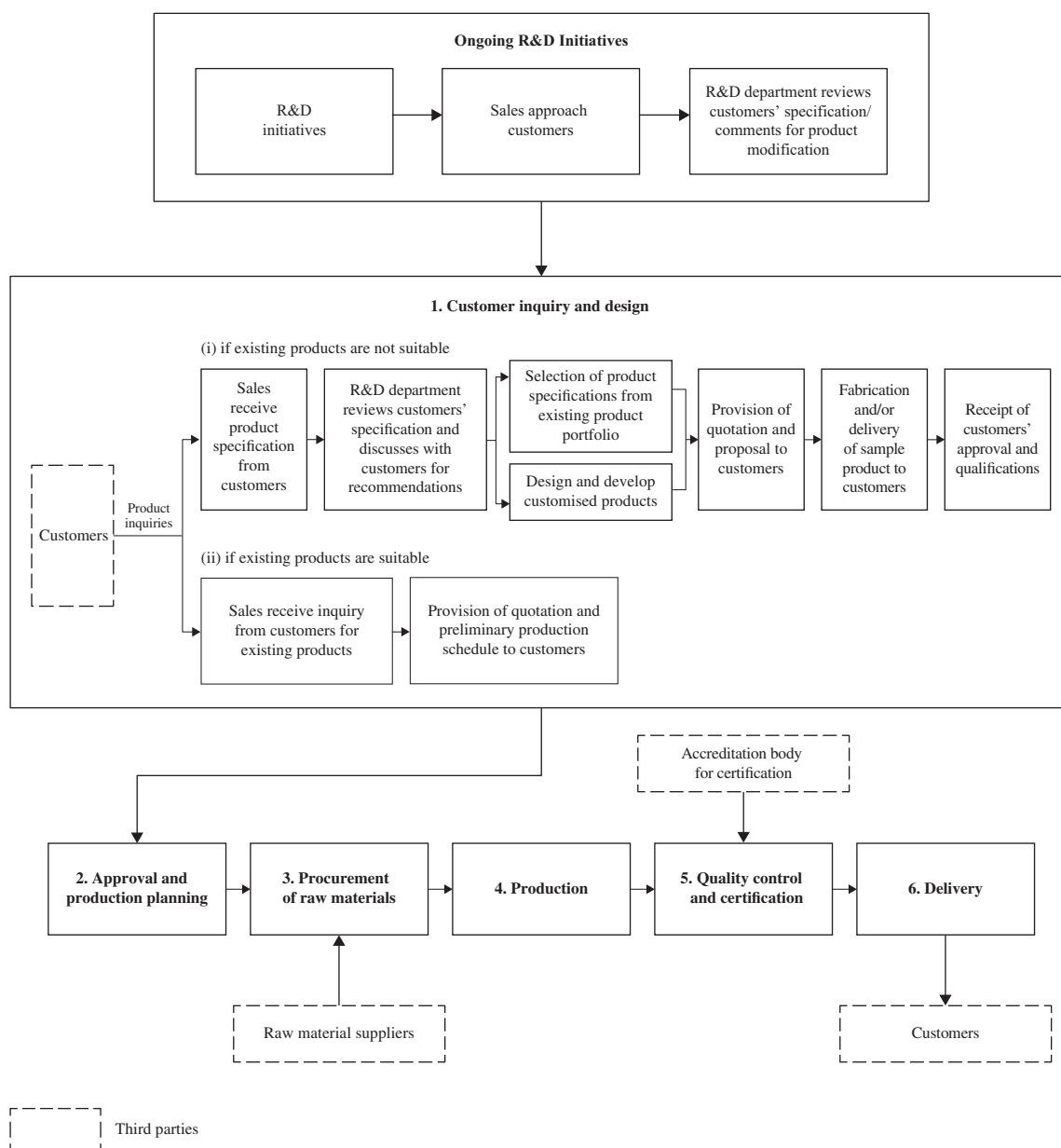
To give developers flexibility for end-product integration, we provide full access to hardware schematics, firmware, performance test results, and demonstration videos for certain solutions of our Company. Our module, antenna and PCBA solutions are generally applicable in smart home devices, general consumer electronic devices, supply chain and logistics, agriculture and automotive infrastructure.

During the Track Record Period, our sales channels primarily consist of direct sales and distributors.

SUMMARY

OUR BUSINESS MODEL

The following chart illustrates our business model in respect of our products and solutions:



SUMMARY

OUR CORE TECHNOLOGICAL CAPABILITIES

Our core technological capabilities enable us to develop, integrate and customise wireless communication solutions that cater to diverse industries. Our R&D efforts over the years have resulted in our own proprietary technologies built upon four fundamental pillars: (i) RF design and testing; (ii) inherited regulatory certifications; (iii) modular software and hardware components; and (iv) advanced manufacturing engineering capability.

OUR CUSTOMERS AND SUPPLIERS

During the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, revenue generated from our five largest customers in each period amounted to RMB34.6 million, RMB37.7 million and RMB21.6 million, respectively, representing 19.9%, 19.4% and 19.7% of our total revenue from continuing operations in the same periods, respectively. And revenue from our largest customer in each period accounted for 5.4%, 5.0% and 7.8% of our total revenue from continuing operations in the same periods, respectively. See “Business – Our Customers – Our major customers”.

During the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, purchases from our five largest suppliers in each period amounted to RMB41.8 million, RMB52.2 million and RMB30.8 million, respectively, representing 40.4%, 42.6% and 40.2% of our total purchases from continuing operations in the same periods, respectively. And purchases from our largest supplier in each period accounted for 12.8%, 14.2% and 13.1% of our total purchases from continuing operations in the same periods, respectively. See “Business – Our Suppliers – Our major suppliers”.

COMPETITION

The general IoT wireless communication modules market in the PRC is highly concentrated, with competition driven by scale, cost efficiency, and product differentiation through intelligent modules, edge AI, automotive-grade solutions, customised firmware, and integrated offerings. While price competition is intense for standardised modules, higher-margin opportunities exist in customised and AIoT solutions. The market is characterised by strong domestic leadership, ongoing consolidation, and a shift toward integrated solutions.

In contrast, the wireless communication terminal antennas market is relatively fragmented and highly competitive. Key differentiators include technical performance, multi-band support, miniaturisation, signal stability, cost control, customization, and the ability to deliver integrated RF solutions. Although standardised products face significant price pressure, customised, high-performance, and automotive-grade solutions offer better margins. Leading players maintain their positions through R&D capabilities, vertical integration, and strong relationships with module manufacturers and device OEMs. See “Industry Overview”.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table summarises our results of operations for the years/periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	174,406	194,365	85,031	109,655
Cost of sales	(119,724)	(136,983)	(59,984)	(76,335)
Gross profit	54,682	57,382	25,047	33,320
Investment and other income	2,698	2,210	1,002	1,170
Other gains and losses	(336)	(105)	(42)	185
Impairment losses under expected credit loss (“ECL”) model, net of reversal	(273)	(61)	110	(128)
Research and development expenses	(16,847)	(18,618)	(9,245)	(10,239)
Distribution and selling expenses	(13,263)	(15,502)	(7,483)	(9,495)
Administrative expenses	(23,244)	(25,599)	(14,079)	(11,571)
Impairment losses on prepayment	(500)	–	–	–
Finance costs, net	(277)	(229)	(108)	(343)
Profit/(loss) before [REDACTED]	2,640	(522)	(4,798)	2,899
[REDACTED]	–	–	–	(3,158)
Profit/(loss) before tax	2,640	(522)	(4,798)	(259)
Income tax (expense)/credit	(2,774)	(2,257)	10	(893)
Profit/(loss) and total comprehensive income/(expense) for the year/period	<u>(134)</u>	<u>(2,779)</u>	<u>(4,788)</u>	<u>(1,152)</u>

SUMMARY

Our revenue amounted to RMB174.4 million, RMB194.4 million, RMB85.0 million and RMB109.7 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. During the Track Record Period, we primarily generated our revenue from the provision of wireless module and antenna solutions. We primarily generated revenue from our sales in the PRC and also sold our solutions into geographic areas outside the PRC, including Mongolia and Vietnam.

Our revenue increased by 11.5% from RMB174.4 million in 2024 to RMB194.4 million in 2025, primarily attributable to (i) the significant increase in revenue from PCBA solutions from RMB0.8 million to RMB15.7 million following the commencement of sales to one of our major customers; (ii) the moderate growth in the sales of wireless module and PCBA solutions, both in absolute amount and as a proportion, as a result of increased market demand for IoT end device. Our overall revenue increased by 29.0% from RMB85.0 million in the six months ended 30 June 2025 to RMB109.7 million in the six months ended 30 June 2026, mainly as we continued to increase sales in wireless module and antenna solutions.

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

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Wireless module solutions:	123,044	70.5	133,568	68.7	58,222	68.5	80,221	73.2
Antenna solutions	50,608	29.0	45,059	23.2	20,871	24.5	26,160	23.8
PCBA solutions	754	0.5	15,738	8.1	5,938	7.0	3,274	3.0
Total	174,406	100.0	194,365	100.0	85,031	100.0	109,655	100.0

The following table sets forth a breakdown of our revenue by geographic area for the years/periods indicated:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
PRC	164,832	94.5	176,273	90.7	75,986	89.4	104,053	94.9
APAC	7,409	4.2	15,659	8.1	7,649	9.0	4,384	4.0
Others ^(Note)	2,165	1.3	2,433	1.2	1,396	1.6	1,218	1.1
Total	174,406	100.0	194,365	100.0	85,031	100.0	109,655	100.0

Note: Others mainly include Europe and Americas.

Our gross profit increased by 4.9% from RMB54.7 million in 2024 to RMB57.4 million in 2025, primarily attributable to an increase in the sales of our solutions. Our gross profit increased by 33.2% from RMB25.0 million in the six months ended 30 June 2025 to RMB33.3 million in the six months ended 30 June 2026.

SUMMARY

Our gross profit margin decreased from 31.4% in 2024 to 29.5% in 2025, primarily attributable to (i) an increase in raw material costs of 15.0% as affected by factors including the fluctuation of the unit price of chips and PCBs; (ii) a decrease in average pricing of our antenna solutions to boost our competitiveness; and (iii) an increase in manufacturing overhead of 47.9% due to higher level of automation. Our gross profit margin increased from 29.5% in the six months ended 30 June 2025 to 30.4% in the six months ended 30 June 2026, primarily because the growth rate of the cost of sales was lower than that of the revenue as we optimised the unit production costs by automating production processes and managing procurement costs.

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

	As at 31 December		As at 30 June 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Total non-current assets	38,547	43,264	40,203
Total current assets	97,945	112,581	127,568
Total current liabilities	58,617	84,834	107,338
Net current assets	39,328	27,747	20,230
Total assets less current liabilities	77,875	71,011	60,433
Total non-current liabilities	2,650	1,353	1,282
Net assets	75,225	69,658	59,151
Total equity	75,225	69,658	59,151

Our net assets decreased from RMB75.2 million as at 31 December 2024 to RMB69.7 million as at 31 December 2025, which was due to our net loss of RMB4.8 million for the year 2025 and dividend of RMB2.8 million declared and paid in 2025. Our net assets further decreased to RMB59.2 million as at 30 June 2026, which was due to our net loss of RMB1.1 million and repurchase of shares of RMB9.4 million.

SUMMARY

The following table summarises, for the years indicated, our statements of cash flows:

	Year ended 31 December		Six months ended 30 June 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	21,120	18,395	(12,753)
Net cash used in investing activities	(2,065)	(9,636)	(67)
Net cash (used in)/generated from financing activities	(9,775)	2,494	8,266
Net increase/(decrease) in cash and cash equivalents	9,280	11,253	(4,554)
Cash and cash equivalents at beginning of year/period	19,643	28,923	40,176
Cash and cash equivalents at the end of year/period	28,923	40,176	35,622

In the six months ended 30 June 2026, we had net cash used in operating activities of RMB12.8 million. The difference between net cash flows from operating activities and the loss before taxation of RMB0.3 million was primarily attributable to (i) certain non-operating and non-cash items, mainly including (a) depreciation of property, plant and equipment of RMB2.2 million; (b) write-down of inventories of RMB1.4 million; and (c) depreciation of right-of-use assets of RMB0.9 million, and (ii) changes in working capital, primarily comprising an increase in inventories of RMB11.1 million, an increase in trade and bills receivables of RMB12.1 million and an increase in deposits, prepayments and other receivables of RMB4.8 million. These were partially offset by changes in working capital that positively affected cash flows, primarily including an increase in trade payables of RMB10.2 million.

In 2025, we had net cash generated from operating activities of RMB18.4 million. The difference between net cash flows from operating activities and the loss before taxation of RMB0.5 million was primarily attributable to (i) certain non-operating and non-cash items, mainly including (a) depreciation of property, plant and equipment of RMB4.3 million; (b) depreciation of right-of-use assets of RMB1.7 million; and (c) write-down of inventories of RMB1.3 million, and (ii) changes in working capital, primarily comprising an increase in trade and bills receivables of RMB11.3 million, which was positively adjusted primarily by an increase in trade payables of RMB23.0 million and an increase in other payables and accrued expenses of RMB5.7 million.

In 2024, we had net cash generated from operating activities of RMB21.1 million. The difference between net cash flows from operating activities and the profit before taxation of RMB2.6 million was primarily attributable to (i) certain non-operating and non-cash items, mainly including depreciation of property, plant and equipment of RMB4.0 million, depreciation of right-of-use assets of RMB2.1 million and write-down of inventories of RMB1.5 million, and (ii) changes in working capital, primarily comprising an increase in trade payables of RMB18.6 million and an increase in other payables and accrued expenses of RMB5.7 million, which is negatively adjusted by an increase in trade and bills receivables of RMB15.0 million.

SUMMARY

Our Directors confirm that, taking into consideration the financial resources presently available to us, including banking facilities and other internal resources, and the estimated [REDACTED] from the [REDACTED], we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this document.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	Year ended 31 December		Six months ended 30 June 2026
	2024	2025	
Net Profit Margin (%) ⁽¹⁾	(0.1)	(1.4)	(1.1)
Return on equity (%) ⁽²⁾	(0.2)	(4.0)	(2)
Return on total assets (%) ⁽³⁾	(0.1)	(1.8)	(0.7)
	As at 31 December		As at 30 June 2026
	2024	2025	
Current ratio (<i>times</i>) ⁽⁴⁾	1.7	1.3	1.2
Quick ratio (<i>times</i>) ⁽⁵⁾	1.3	1.0	0.9
Gearing ratio (%) ⁽⁶⁾	10.3	20.1	55

Notes:

- (1) Net profit margin for 2024, 2025 and the six months ended 30 June 2026 was calculated by dividing the profit for the year/period by revenue for the respective year/period and multiplied by 100%.
- (2) Return on equity for 2024, 2025 and the six months ended 30 June 2026 was calculated by dividing the profit for the year/period by the total equity attributable to the Shareholders as at the end of the respective year/period and multiplied by 100%.
- (3) Return on total assets for 2024, 2025 and the six months ended 30 June 2026 was calculated by dividing the profit for the years/periods by the total assets for the respective year/period and multiplied by 100%.
- (4) Current ratio as at 31 December 2024 and 2025 and 30 June 2026 was calculated by dividing the total current assets by the total current liabilities as at the end of the respective year/period.
- (5) Quick ratio as at 31 December 2024 and 2025 and 30 June 2026 was calculated by dividing the total current assets less inventories by total current liabilities as at the end of the respective year/period.
- (6) Gearing ratio as at 31 December 2024 and 2025 and 30 June 2026 was calculated by dividing the total debt by total equity as at the end of the respective year/period and multiplied by 100%.

SUMMARY

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. These risks include, among others, the following:

- (i) the industry in which we operate is highly competitive, and if we fail to compete against other market players, our business, financial condition and results of operations may be materially and adversely affected;
- (ii) we have been and intend to continue investing in R&D activities and upgrade our solutions catering to varied customers’ needs, which may not generate the results we expect to achieve and may adversely affect our profitability and operating cash flow;
- (iii) we may not be able to grow our business as expected, and our business, financial condition and results of operations may be adversely affected;
- (iv) our success depends on the continued services and contributions of our senior management and other key employees, including senior R&D personnel and skilled engineers; and
- (v) our products and solutions are used by end customers of multiple industries and sectors, and factors that adversely affect these industries and sectors may adversely impact our business, financial condition and results of operations.

LEGAL PROCEEDINGS AND COMPLIANCE

We may, from time to time, become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, (i) we have not been involved in any actual or pending litigation, arbitration, or administrative proceedings that have caused or could cause a material adverse effect on our business, results of operations, financial condition, or reputation and compliance; and (ii) we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations, and financial conditions. See “Business – Legal Proceedings and Compliance”.

OUR SINGLE LARGEST SHAREHOLDER

As at the Latest Practicable Date, Mr. Fu was entitled to exercise the voting rights attaching to approximately 27.0877% of our total issued Share directly. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Fu will be able to exercise, in aggregate, [REDACTED] of the voting rights of our total issued shares and therefore will constitute our Single Largest Shareholder upon [REDACTED] pursuant to the GEM Listing Rules.

QUOTATION ON AND CESSATION OF QUOTATION FROM THE NEEQ

To broaden our access to equity financing in support of our business and technological development, we applied for the quotation of our Shares on the NEEQ, which commenced on 24 January 2014 under the stock code 430597. In light of our Group’s gradual development into an integrated wireless connectivity solutions provider and our increasing engagement with geographically diversified customers and application scenarios, we determined that an international capital markets platform would better support our next phase of development. Accordingly, we voluntarily ceased our quotation on the NEEQ on 28 May 2026 to pursue the

SUMMARY

[REDACTED]. Our Directors confirmed that, in connection with our application for quotation on the NEEQ, the cessation of quotation, and during the period in which our Shares were quoted on the NEEQ, we had complied, in all material respects, with the applicable PRC securities laws and regulations and the applicable rules and regulations of the NEEQ and the cessation of quotation on the NEEQ was duly completed and all applicable approvals have been obtained. Our PRC Legal Adviser confirmed that, no material regulatory measures or disciplinary actions have been taken by the NEEQ against us, and no material regulatory measures, administrative penalties or investigations have been imposed on us by the CSRC or its dispatched offices. In light of this, the Sole Sponsor is not aware of any matters in connection with our prior quotation on the NEEQ and the cessation of quotation that would adversely affect our suitability for [REDACTED].

[REDACTED] INVESTMENT

On 23 September 2022, our Company entered into a stock subscription agreement with Luoyang Chenghe, pursuant to which Luoyang Chenghe agreed to subscribe for 6,969,618 Shares at the consideration of RMB\$39,029,860. Luoyang Chenghe will hold [REDACTED]% of the issued share capital of our Company immediately upon the completion of the [REDACTED], assuming the [REDACTED] is not exercised. See “History, Development and Corporate Structure – [REDACTED] Investment”.

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization of our H Shares ⁽¹⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group per H Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of market capitalization is based on [REDACTED] H Shares expected to be in issue immediately upon completion of the [REDACTED].
- (2) The unaudited [REDACTED] adjusted net tangible asset per Share as at [30 June 2026] is calculated after making the adjustments referred to in “Unaudited [REDACTED] Financial Information” as set out in Appendix II to this document and on the basis that [REDACTED] Shares are expected to be in [REDACTED] immediately upon completion of the [REDACTED].

DIVIDENDS

We declared the dividends of approximately RMB2.8 million for 2024, which was paid in 2025. All these dividends declared during the Track Record Period have been paid as at the Latest Practicable Date.

Notwithstanding we recorded profits and declared dividends during the Track Record Period under PRC GAAP based on the then audited accounts of our Group in 2024, our historical financial information prepared in accordance with HKFRS recorded a loss for the year and accumulated losses in 2024 and 2025, primarily due to the provision made in relation to the social insurance and housing provident fund contributions in accordance with HKFRS. As a result, we do not expect to recommend the payment of any dividends in the foreseeable future until, among other things, our accumulated losses under HKFRS have been fully offset by profits generated in subsequent years.

Upon [REDACTED], the dividend distributions (if any) shall be determined in accordance with the Articles of Association with reference to the lower of the after-tax profits reflected in

SUMMARY

the financial statements prepared in accordance with PRC GAAP and those prepared in accordance with HKFRS, our capacity to declare and pay dividends will be constrained by the distributable profits available under both PRC GAAP and HKFRS, and the lower of the two amounts will form the basis for, and effectively cap, any dividend distribution.

The Articles also provides that when distributing after-tax profits for the year, we shall set aside 10% of its profits to be allocated to the statutory reserve fund. If the cumulative amount of the statutory reserve fund reaches 50% or more of our Company’s registered capital, no further allocation is required. If the statutory reserve fund is insufficient to make up for losses of previous years, the profits for the current year shall first be used to make up for the losses before allocations are set aside for the statutory reserve fund. After setting aside for the statutory reserve fund from the after-tax profits, we may also set aside a discretionary reserve fund upon a resolution of the shareholders’ meeting.

SUMMARY

FUTURE PLANS AND [REDACTED]

We intend to use the [REDACTED] of HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] (being the [REDACTED] of the [REDACTED] range), we will receive from the [REDACTED] for the following purposes, details of which are set out in “Future Plans and [REDACTED]”:

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to fund R&D for the expansion of our product portfolio, thereby further strengthening our capabilities in providing advanced IoT wireless communication products and services;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to fund our production for the increased market demand of our products and solutions;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to fund our sales and marketing activities, further strengthening our sales network, market presence and distribution capabilities across domestic and overseas market; and
- approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, is expected to be used for working capital and general corporate purpose.

[REDACTED]

We expect to incur a total of approximately RMB[REDACTED] million of [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the [REDACTED] of the indicative [REDACTED] range stated in this document and assuming that the [REDACTED] is not exercised), accounting for [REDACTED]% of our [REDACTED]. Our [REDACTED] mainly represent (i) [REDACTED]-related expenses of approximately RMB[REDACTED] million, including [REDACTED] and other fees and expenses, (ii) professional fees of approximately RMB[REDACTED] million, including expenses of legal advisers and reporting accountants, and (iii) other fees and expenses of approximately RMB[REDACTED] million.

During the Track Record Period, we incurred RMB[REDACTED] million of [REDACTED], of which RMB[REDACTED] million was charged to our consolidated income statements, while RMB[REDACTED] million will be recognised as a deduction in equity upon completion of the [REDACTED]. The [REDACTED] above are the latest practicable estimate and are for reference only and the actual amount may differ from this estimate.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We continue to research wireless communication solutions and launched two module models in July 2026, namely Ai-M64P-32S and Ra-20. The Ai-M64P-32S integrates an FPU and a DSP, enabling edge computing while maintaining the low power consumption required for consumer devices. Furthermore, its peripheral interfaces support multiple ports, allowing the model to accommodate a diverse range of IoT applications. Separately, the Ra-20 supports both Sub-GHz and 2.4GHz frequencies, enabling devices to combine long-range, low-power penetration with high-speed, globally compatible data transfer. We expect this continuous innovation and product iteration to drive our revenue growth.

Our Directors confirm that our business operations and business model have remained stable after the Track Record Period. Save as disclosed in this document, our Directors confirm that up to the date of this document, there has been no material adverse change in our Group's financial and trading position since 30 June 2026 and there is no event since 30 June 2026 which would materially affect the information shown in the Accountant's Report as set out in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Technical terms in relation to our Group’s industry and business operations are explained in “Glossary of Technical Terms” in this document.

“Accountants’ Report”	the accountants’ report of our Group from the Reporting Accountants, the text of which is set out in Appendix I to this document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“AFRCO”	the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“AiThinker Technology”	AiThinker Technology Limited (安信可科技有限公司) (formerly known as ANXINKE (CHINA) CO., LIMITED (安信可(中國)有限公司) and Ai-Thinker TECH Co., Limited (安信可科技有限公司)), a limited liability company incorporated under the laws of Hong Kong on 21 June 2022, and our direct wholly-owned subsidiary
“Articles of Association” or “Articles”	the articles of association of our Company, as amended from time to time, which will become effective on the [REDACTED], a summary of which is set out in “Appendix III” to this document
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“Business Day(s)” or “business day(s)”	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[REDACTED]

DEFINITIONS

[REDACTED]

“China” or “PRC” or the “People’s Republic of China” or “Chinese Mainland”	the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to “China”, “PRC” and the “Chinese Mainland” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan, China
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Boantong Technologies Limited (博安通物聯科技洛陽股份有限公司) (previously known as Shenzhen B and T Technology Co., Ltd.* (深圳市博安通科技有限公司)), a limited liability company established under the laws of the PRC on 6 March 2003, which was converted into a joint stock limited liability company on 11 July 2013
“Compliance Adviser”	Yue Xiu Capital Limited
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the GEM Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Designated Bank”	HKSCC Participant’s Designated Bank under [REDACTED]
“Director(s)” or “our Director(s)”	the director(s) of our Company
“ECLs”	expected credit losses
“EIT”	enterprise income tax

DEFINITIONS

“EIT Law”	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“ESG”	environmental, social and governance
“Exchange Participant(s)”	a person (a) who, in accordance with the Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Extreme Conditions”	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safely concern for a prolonged period

[REDACTED]

“F&S” or “Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research agency and an Independent Third Party
“Frost & Sullivan Report”	an independent market research report prepared by Frost & Sullivan, which was commissioned by our Company for the purpose of this document
“FVPL”	fair value through profit or loss
“GEM”	GEM of the Stock Exchange

[REDACTED]

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)

DEFINITIONS

“Guide”

the Guide for New Listing Applicants published by the Stock Exchange on 29 November 2023, which consolidated and enhanced all effective guidance letters and listing decisions related to New Listing (as defined under Chapter 1.01 of the GEM Listing Rules), as amended from time to time

[REDACTED]

“H Share(s)”

ordinary share(s) in the share capital of our Company, with a nominal value of RMB[1.00] each, which are to be subscribed for and traded in Hong Kong dollars and are to be [REDACTED] on the Stock Exchange

[REDACTED]

“HKFRS(s)” or “HKFRS Accounting Standards”

Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants

[REDACTED]

DEFINITIONS

“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IIT Law”	Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), as amended, supplemented or otherwise modified from time to time
“independent third party(ies)” or “Independent Third Party(ies)”	individual(s) or company(ies) who or which, as far as our Directors are aware after having made all reasonable enquiries, is/are independent and not connected person(s) of our Company within the meaning of the GEM Listing Rules

[REDACTED]

“Latest Practicable Date”	18 August 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication
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[REDACTED]

“Luoyang Bocheng”	Luoyang Bocheng IoT Technology Co., Ltd. (洛陽博誠物聯技術有限公司), a limited liability company established under the laws of the PRC on 19 October 2022, and our indirect wholly-owned subsidiary
“Luoyang Chenghe”	Luoyang Chenghe Rizhen Equity Investment Partnership (Limited Partnership)* (洛陽誠合日臻股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 8 June 2022, and one of our Shareholders and our [REDACTED] Investor

DEFINITIONS

“Luoyang Production Factory”	the production factory of our Company located in Luoyang, Henan, the PRC, primarily responsible for the production of our wireless module solutions and PCBA solutions. See “Business – Our Production and Quality Control”
“Luoyang Shiheng”	Luoyang Shiheng Intelligent Technology Co., Ltd.* (洛陽時恒智能科技有限公司), a limited liability company established under the laws of the PRC on 10 June 2026, and our indirect non-wholly owned subsidiary
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“Mianyang Production Factory”	the production factory of our Company located in Mianyang, Sichuan, the PRC, primarily responsible for the production of our antenna solutions. See “Business – Our Production and Quality Control”
“Ministry of Finance” or “MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Fu”	Mr. Fu Minggang (付明鋼), our executive Director, chairman of the Board and our Single Largest Shareholder
“Mr. Xue”	Mr. Xue Youdao (薛由道), our executive Director
“Mr. Zhao”	Mr. Zhao Qiguo (趙啟國), our executive Director
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NEEQ”	the National Equities Exchange and Quotations (全國中小企業股份轉讓系統), a PRC over-the-counter system for trading shares of public companies
“Nomination Committee”	the nomination committee of our Board

[REDACTED]

DEFINITIONS

[REDACTED]

“Overseas Listing Trial Measures” the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on 17 February 2023 and which took effect on 31 March 2023

“PBOC” the People’s Bank of China (中國人民銀行), the central bank of the PRC

[REDACTED]

“PRC Company Law” the Company Law of the PRC (《中華人民共和國公司法》), as amended and adopted by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, which was last amended on 29 December 2023 and became effective on 1 July 2024, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Adviser”	Beijing Dacheng Law Offices, LLP (Shenzhen), the legal adviser to our Company as to the PRC laws and data compliance matters
“PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

[REDACTED]

“[REDACTED] Investment”	the investment in our Company undertaken by the [REDACTED] Investor prior to the [REDACTED], the details of which are set out in the section headed “History, Development and Corporate Structure – [REDACTED] Investment” in this document
“[REDACTED] Investor”	Luoyang Chenghe, an investor making investment in our Group prior to the [REDACTED] as set out in the section headed “History, Development and Corporate Structure – [REDACTED] Investment” in this document
“[REDACTED] Share Incentive Scheme”	the [REDACTED] share incentive scheme of our Company adopted and approved by our Shareholders on 4 August 2026, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information – D. [REDACTED] Share Incentive Scheme” in Appendix V to this document

[REDACTED]

DEFINITIONS

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Accountants”	Moore CPA Limited
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) or its predecessor the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	the State Administration of Taxation of the PRC (中國國家稅務總局)
“SCNPC”	Standing Committee of the National People’s Congress, the permanent body of the National People’s Congress of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Share(s)” ordinary share(s) in the share capital of our Company with a nominal value of RMB[1.00] each, comprising our Unlisted Shares and H Shares

[REDACTED]

“Shareholder(s)” holder(s) of the Share(s)

“Shenzhen AiThinker” Shenzhen AiThinker Technology Co., Ltd. (深圳市安信可科技有限公司), a limited liability company established under the laws of the PRC on 17 April 2012, and our indirect wholly-owned subsidiary

“Sichuan Boantong” Sichuan Boantong Communication Technology Co., Ltd. (四川博安通通信技術有限公司), a limited liability company established under the laws of the PRC on 19 October 2020, our direct non-wholly owned subsidiary

“Single Largest Shareholder” Mr. Fu

“Sole Sponsor” Yue Xiu Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO

“State Council” the State Council of the PRC (中華人民共和國國務院)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed to it under the GEM Listing Rules

“substantial Shareholder(s)” has the meaning ascribed to it under the GEM Listing Rules

“Takeovers Code” the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time

“Track Record Period” the two years ended December 31, 2024 and 2025 and the six months ended 30 June, 2026

[REDACTED]

“Unlisted Share(s)” ordinary share(s) issued by our Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in RMB and not currently listed or traded on any stock exchange

DEFINITIONS

“USA”, “U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“VAT”	the PRC value-added tax

[REDACTED]

“Zhongshan Boantong”	Zhongshan Boantong Communication Technology Co., Ltd.* (中山市博安通通信技術有限公司), a limited liability company established under the laws of the PRC on 20 May 2014, and our direct wholly-owned subsidiary
“%”	per cent

In this document, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction” and “substantial shareholder” shall have the meanings given to such terms in the GEM Listing Rules, unless the context otherwise requires. The English translation of company names in Chinese or another language which are marked with “” is for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.*

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

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain subsidiaries) have been included in the document in both the Chinese and English names are for identification only and in the event of any inconsistency, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

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

“AI”	artificial intelligence
“AIoT”	artificial intelligence of things, the integration of artificial intelligence technologies with internet-of-things infrastructure to enable intelligent, automated decision-making at the device level
“AOI”	automated optical inspection, an automated quality control process that utilises high-resolution visual systems and computer vision software to rapidly scan, detect, and flag component defects and assembly errors during manufacturing
“baseband”	the signal processing unit in wireless devices that handles encoding, decoding, modulation, and demodulation
“beamforming”	an antenna technique that focuses radio signals in a specific direction to improve signal strength, coverage and interference resistance
“BLE”	Bluetooth low energy, a power-efficient Bluetooth technology designed for short-range data transmission, enabling prolonged battery life in smart, connected manufacturing devices and IoT sensors
“Bluetooth”	a short-range wireless communication protocol for data exchange between fixed and mobiles devices over short distances
“Cat.1 bis”	a simplified LTE category designed for mid-rate IoT applications, offering lower cost and lower complexity than standard LTE Cat.1 while remaining suitable for devices such as electric two-wheelers and public utilities
“CCC”	China Compulsory Certification, a mandatory product certification required for specified products sold in the PRC to demonstrate compliance with national safety and quality standards
“CCD”	charge-coupled device, a high-performance image sensor that converts light into digital signals, serving as the foundational optical component in high-resolution industrial inspection cameras
“CCL”	copper clad laminate, a base material for printed circuit boards consisting of an insulating substrate laminated with copper foil

GLOSSARY OF TECHNICAL TERMS

“CE”	Conformité Européenne, a mandatory conformity marking that certifies a product complies with the essential health, safety, and environmental protection standards required for sale within the European Economic Area
“CNC”	computer numerical control, an automated manufacturing process where pre-programmed computer software dictates the precise movement and operation of factory machinery and cutting tools
“crystal oscillator”	an electronic component that uses the mechanical resonance of a vibrating crystal to generate a precise frequency reference for timing and wireless communication circuits
“DIP”	dual in-line package, a traditional electronic component housing with two parallel rows of pins designed for through-hole mounting into printed circuit boards, typically utilised for high-durability or power-intensive applications
“DMS”	design and manufacturing services, an outsourcing model under which a specialist provider undertakes product design, engineering and/or manufacturing for brand owners and equipment manufacturers
“edge AI”	combination of artificial intelligence models with edge computing, allowing inference to run directly on local devices close to the data source for ultra-low latency processing
“electronic cloth”	a woven glass-fibre fabric used as the reinforcing substrate in copper clad laminates and printed circuit boards
“EMC”	electromagnetic compatibility, the ability of electronic equipment to operate as intended in its electromagnetic environment without causing or suffering unacceptable interference
“eMTC”	enhanced machine type communication, a cellular IoT technology based on LTE that supports moderate data rates, mobility and voice, typically used for applications requiring wider coverage than NB-IoT
“engineering plastics”	high-performance plastic materials used in antenna housings, structural parts and insulation, selected for mechanical strength, heat resistance and dimensional stability

GLOSSARY OF TECHNICAL TERMS

“ERP”	enterprise resource planning, a centralised management software system that integrates and automates core business processes, including manufacturing, supply chain, finance, and human resources, to optimise operational efficiency
“eSIM”	embedded subscriber identity module, a programmable SIM chip soldered onto a device that can be remotely provisioned without a physical SIM card
“FCC”	Federal Communications Commission, a mandatory regulatory approval certifying that electronic and electrical devices comply with United States limits for RF emissions and will not cause harmful electromagnetic interference
“FPC”	flexible printed circuit, a pliable electronic circuit patterned on a flexible plastic substrate, enabling components to fit into compact, complex, or moving geometries within devices
“generative AI”	a branch of artificial intelligence that focuses on generating new and original content
“GHz”	gigahertz, a unit of alternating current or electromagnetic wave frequency equal to one billion cycles per second, commonly used to measure the processing speed of microprocessors and wireless signal bandwidth
“GNSS”	global navigation satellite system, a collective term for satellite-based positioning systems (including GPS and other constellations) that provide location, timing and tracking data
“GPRS”	general packet radio service, a packet-based wireless communication service that enables continuous, moderate-speed data transmission over cellular networks for mobile devices and industrial tracking systems
“GPS”	global positioning system, a satellite-based navigation system that provides precise geographic location, synchronisation, and tracking data to assets and logistics operations worldwide
“HDI”	high-density interconnect, a printed circuit board technology that uses finer lines, smaller vias and higher layer density to support compact, high-performance electronic assemblies

GLOSSARY OF TECHNICAL TERMS

“IATF 16949”	an international quality management standard for the automotive industry, specifying requirements for the design, development, production and servicing of automotive-related products
“impedance matching”	an RF design technique that aligns the impedance of an antenna with that of the connected circuit to maximise power transfer and minimise signal reflection
“IoT”	internet of things, a network of interconnected devices that communicate and exchange data with each other over the internet
“ISO”	the International Organization for Standardization, an independent, non-governmental organisation that develops and publishes international standards
“ISO 14001”	Environmental Management Systems – Requirements with Guidance for Use, a standard for environmental management systems published by the ISO
“ISO 9001”	Quality Management Systems – Requirements, an international standard on quality management systems developed by the ISO
“Kingdee Cloud”	a leading enterprise cloud service and management software platform used by manufacturers to streamline digital operations, financial reporting, and supply chain tracking
“LCP”	liquid crystal polymer, a high-frequency engineering plastic with low dielectric loss, commonly used in compact, high-performance antennas and flexible circuits
“LoRa”	long range, a proprietary digital wireless communication protocol designed for long-range, low power transmissions
“LoRaWAN”	long range wide area network, a media access control layer protocol designed to manage communication between low-power, long-range wireless devices and internet-connected gateways across large-scale industrial sites
“LPWAN”	low-power wide-area network, a class of wireless technologies designed to transmit small amounts of data over long distances with low power consumption, including NB-IoT, eMTC and LoRa
“LTE”	long term evolution, a communication type of fourth generation wireless communication protocol for mobile devices

GLOSSARY OF TECHNICAL TERMS

“Matter”	an open interoperability standard for smart home devices that enables products from different brands to communicate and work together over local networks
“mature-process”	semiconductor manufacturing nodes that are relatively established and cost-focused, typically used for many IoT, baseband and RF chips rather than leading-edge logic
“MCU”	microcontroller unit, a compact integrated circuit designed to govern a specific operation in an embedded system, combining a processor core, memory, and programmable input/output peripherals on a single chip
“MES”	manufacturing execution system, a software system used in manufacturing operations to monitor, control, and optimise the production process in real-time
“MIMO”	multiple-input multiple-output, an advanced wireless communication technology that uses multiple antennas at both the transmitter and receiver to improve signal reliability, capacity, and data transmission speeds
“MLCC”	multilayer ceramic capacitor, a widely used passive electronic component that stores electrical charge and is commonly found in wireless modules and other compact electronic assemblies
“MRP”	material requirements planning, a production planning and inventory control system used to calculate the exact quantities and timing of raw materials needed to meet manufacturing schedules
“NB-IoT”	narrowband internet-of-things, a low-power, wide-area network technology specifically designed to connect IoT devices that require small amounts of data transmission over long distances
“OA”	office automation, a suite of interconnected software tools, hardware systems, and digital networks designed to automate, streamline, and optimise administrative and clerical manufacturing workflows
“ODM”	original design manufacturer, a company that designs and manufactures products that are then marketed and sold under another company’s brand
“OEM”	original equipment manufacturer, a company that uses its brand advantages, core technologies and sales channels to have products produced by a manufacturer with production capabilities and then sells them to the market

GLOSSARY OF TECHNICAL TERMS

“OTA”	over-the-air, a method of remotely delivering firmware, software or configuration updates to connected devices through a wireless network
“PCB”	printed circuit board, a medium used to connect or wire components to one another in a circuit
“PCBA”	printed circuit board assembly, a completed PCB assembly that contains electronic components, or the process of assembling electronic components on to a PCB
“plating materials”	metals and chemical materials used to coat connectors and other conductive parts, typically to improve conductivity, corrosion resistance and solderability
“polyimide film”	a high-temperature, flexible polymer film used as a substrate in flexible printed circuits and certain antenna structures
“Radar”	radio detection and ranging, an electromagnetic system that emits radio waves to detect, track, and measure the distance, angle, and velocity of physical objects
“REACH”	registration, evaluation, authorization and restriction of chemicals, the main European Union law to protect human health and the environment from the risks that can be posed by chemicals
“RedCap”	reduced capability, a new 5G device category with lower complexity, lower cost, lower power consumption and moderate data rates commonly used in the IoT industry
“RF”	radio frequency, the electronic components and circuits used to generate, amplify, transmit, and receive radio signals in wireless communication systems
“RF front-end”	the analog portion of a wireless communication system that sits between the antenna and the baseband or RF transceiver, typically comprising filters, amplifiers and switches used to transmit and receive radio signals
“RoHS”	restriction of hazardous substances, the European Union rules restricting the use of hazardous substances in electrical and electronic equipment to protect the environment and public health
“SDK”	software development kit, a collection of software tools, libraries, and documentation bundled into one package to help programmers build applications for a specific platform, operating system, or hardware device

GLOSSARY OF TECHNICAL TERMS

“shielding cover”	a metal or metallised enclosure mounted over RF or other sensitive circuits to reduce electromagnetic interference
“SIM”	subscriber identity module, a removable or embedded chip that stores subscriber credentials and enables a device to authenticate and connect to a cellular network
“SME”	small and medium-sized enterprise
“SMT”	surface mount technology, a modern electronics assembly method where components are mounted directly onto the surface of printed circuit boards, maximising production speed and circuit density
“SoC”	system-on-chips, an integrated circuit that integrates most or all components of a computer or other electronic system
“SoM”	system-on-module, a compact, board-level computing module that integrates a processor, memory and essential interfaces and can be mounted onto a carrier board for a specific application
“SPI”	solder paste inspection, an inline quality control process that uses optical sensors to measure the volume, alignment, and distribution of solder paste on circuit boards before component placement
“SRRC”	State Radio Regulatory Commission, a mandatory type approval issued by China’s Ministry of Industry and Information Technology that regulates RF limits to ensure all wireless transmitting equipment complies with national spectrum management standards
“Sub-GHz”	wireless communication operating at frequencies below 1 GHz, commonly used in long-range, low-power IoT applications such as metering, sensing and industrial control
“UWB”	ultra-wideband, a short-range wireless technology that uses a wide radio spectrum to enable high-precision ranging, positioning and data transmission with low power consumption
“Wi-Fi”	a wireless networking technology that uses radio waves to provide wireless internet access
“Wi-Fi 6”	the sixth generation of Wi-Fi (IEEE 802.11ax), offering higher throughput, improved efficiency in dense environments and better power management than earlier Wi-Fi standards

GLOSSARY OF TECHNICAL TERMS

“Wi-Fi 7”	the seventh generation of Wi-Fi (IEEE 802.11be), designed to deliver higher data rates, lower latency and improved multi-device performance than Wi-Fi 6
“Zigbee”	a low-power, short-range wireless communication protocol commonly used in mesh networks for smart home, sensing and industrial control applications
“2G”	second generation wireless communication protocol for mobile devices, typically used for basic voice and low-speed data services
“3G”	third generation wireless communication protocol for mobile devices, offering higher data rates than 2G and supporting early mobile internet applications
“4G”	fourth generation wireless communication protocol for mobile devices
“5G”	fifth generation wireless communication protocol for mobile devices
“5G-A”	an enhanced evolution of 5G, also known as 5G-Advanced, that improves capacity, coverage, latency and energy efficiency and supports more advanced IoT and industrial applications
“5G RedCap”	a 5G wireless communication protocol for mobile devices designed for medium-speed IoT application. It retains key features of 5G broadband while reducing complexity, power consumption and cost

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, belief, expectations or intentions for the future, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as “aim”, “anticipate”, “believe”, “can”, “consider”, “continue”, “could”, “estimate”, “expect”, “forecast”, “intend”, “may”, “might”, “ought to”, “plan”, “potential”, “project”, “propose”, “seek”, “should”, “will”, “would” and other similar terms. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our dividend distribution plans;
- our planned use of [REDACTED];
- our operations, business and financial prospects, including development plans for our business and future cash flows;
- our capital commitment plans;
- our future debt levels and capital needs;
- the future developments and competitive environment of the industry and markets in which we operate;
- the regulatory environment as well as the general industry outlook for the industry which we operate in;
- relationships with parties we contract and collaborate with to conduct our business;
- risks identified under the section headed “Risk Factors” in this document;
- general economic trends; and
- other statements in this document that are not historical facts.

FORWARD-LOOKING STATEMENTS

Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this document. See “Risk Factors”, “Business” and “Financial Information”.

Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Since we operate in an evolving environment where new risks and uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events.

Except as required by applicable laws and regulations, including the GEM Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information.

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

RISK FACTORS

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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The industry in which we operate is highly competitive. If we fail to compete against other market players, our business, financial condition and results of operations may be materially and adversely affected.

The wireless communication terminal antennas and general IoT wireless communication modules markets in which we operate are highly competitive. According to F&S, the general IoT wireless communication modules market in the PRC is highly concentrated, with the top five market participants accounting for an aggregate market share of 73.2% in 2025, while the wireless communication terminal antennas market in the PRC is relatively fragmented, with the top five market participants accounting for an aggregate market share of 43.4% in 2025. We compete with existing and potential competitors that offer similar products and solutions, including those with greater financial resources, technological capabilities or customer reach, or that price their products more competitively. We may also face competition from new entrants offering lower-priced alternatives, which could adversely affect our sales, pricing, profit margins and market share. To remain competitive, we may also incur additional costs to invest in R&D, marketing and sales, talent acquisition and technology. If we are unable to compete effectively, or if doing so requires substantial expenditure, our business, financial condition and results of operations may be materially and adversely affected.

In addition, our success depends on our ability to develop, enhance and integrate technologies to support our products and solutions in response to evolving market needs, technological advancements and industry standards. Technological advancements and changes in industry standards across our downstream application sectors, including consumer electronics, industrial electronics, and energy electronics, may alter customer requirements. We may upgrade our solutions to incorporate the latest technologies and cater to the needs of our customers. However, our R&D activities involve significant time, costs, risks and uncertainties. If we cannot timely develop products and solutions with reasonable cost, we cannot assure you that new products and solutions will achieve expected market acceptance or profitability. If we fail to offer products that address changing customer needs or if competitors provide more competitive alternatives, our ability to retain customers may be adversely affected. If our new products and solutions fail to receive market acceptance, or if we are unable to timely develop products and solutions that meet evolving market demand, our business, financial condition, results of operation and competitive position would be materially and adversely affected.

RISK FACTORS

We have been and intend to continue investing in R&D activities and upgrade our solutions catering to varied customers’ needs, which may not generate the results we expect to achieve and may adversely affect our profitability and operating cash flow.

The wireless communication terminal antennas and general IoT wireless communication modules markets in which we operate are characterised by rapid technological advancement, frequent introductions of new products, continual shifts in network architecture requirements, and expansion into new application scenarios such as IoT, automotive connectivity, and private networks, according to F&S. Therefore, our ability to provide quality solutions catering to customers’ needs is key to our success, and our business operation and financial performance may be adversely affected if we fail to:

- upgrade products in a timely and cost-effective manner in accordance with changing customer specifications, market conditions and regulatory standards;
- establish close collaborations with customers, suppliers, subcontractors and other partners to meet customers’ requirements;
- improve the reliability, scalability and intelligence of our products;
- incorporate performance-enhancing functions that differentiate our products from competitors; and
- respond promptly to technological changes and products announcements by our competitors.

As such, we invest significantly in R&D to expand our provision of IoT wireless communication and PCBA solutions, to remain competitive in a rapidly evolving industry, and we expect to continue incurring substantial R&D expenses. In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our R&D expenses were RMB16.8 million, RMB18.6 million, RMB9.2 million and RMB10.2 million, respectively, accounting for 9.7%, 9.6%, 10.9% and 9.3% of our total revenue for the respective periods.

However, R&D activities are inherently uncertain and may not result in products with the expected features, benefits or commercial viability. We may face difficulties in securing sufficient resources, including qualified personnel and equipment, or in successfully commercialising our R&D outcomes in a timely manner. By the time new products or solutions are introduced, technological advancements may render them less competitive or obsolete, potentially preventing us from recovering related R&D costs.

Even where commercialisation is successful, new products and solutions may not generate results within our expected timeframe, or at all, due to factors such as market demand, macroeconomic conditions and the pace of technological change. As a result, returns from our R&D efforts may fall short of expectations and materially and adversely affect our business, financial condition, results of operations and competitive position. If we fail to provide quality solutions catering to customers’ needs, our solutions may become less competitive or obsolete. In addition, any material delays or inefficiencies in upgrading our products may severely impair our ability to capitalise on emerging application scenarios or address evolving network mandates, which could, in turn, have a material and adverse effect on our business, financial condition, and results of operations.

RISK FACTORS

We may not be able to grow our business as expected, and our business, financial condition and results of operations may be adversely affected.

We may not be able to sustain our historical growth rates or achieve future growth. Our results of operations depend on our ability to successfully execute our growth strategy and manage expansion. Our growth relies on, among other things, our ability to develop and integrate core technologies, launch products that meet customer expectations, secure stable and cost-effective supplies, expand our sales network, attract and retain key personnel, control costs, enhance compliance and reporting systems, and respond to new market opportunities and challenges.

As such, we plan to continue investing in R&D and strengthening our developer network to empower the strategic growth of SME customers. In addition, we plan to strengthen our manufacturing capabilities and expand into the production of end products by leveraging our existing capabilities. See “Business – Our Strategies.”

The execution of these strategies requires significant capital, resources and management attention, and may be subject to delays, cost overruns or other implementation challenges. If we fail to execute these initiatives effectively or realise fewer benefits than expected, our business, financial condition and results of operations may be adversely affected. In addition, the success of these initiatives depends on various factors beyond our control, including economic and market conditions, competition, regulatory developments, technological changes and customer preferences, which may not develop as anticipated.

Our success depends on the continued services and contributions of our senior management and other key employees, including senior R&D personnel and skilled engineers.

Our continued success depends significantly on our ability to retain key members of our management team and ensure their ongoing involvement in management and strategic planning. The loss of any such individuals or ineffective leadership transitions could delay or impair the execution of our business strategy and adversely affect our business, financial condition, results of operations and prospects. Moreover, our success also depends on our ability to attract, retain and integrate qualified employees, particularly senior R&D personnel and skilled engineers. Competition for talent may increase personnel costs, and we cannot assure you that we will be able to recruit, develop or retain the personnel required to support our growth. Any of these workforce-related risks could materially and adversely affect our business, financial condition, results of operations and future growth.

Our products and solutions are used by end customers of multiple industries and sectors. Factors that adversely affect these industries and sectors may adversely impact our business, financial condition and results of operations.

Our products and solutions are primarily provided to downstream industries, including consumer electronics, industrial electronics, and energy electronics. Any adverse developments in these industries could materially and adversely affect our business, financial condition, results of operations and prospects. Such developments include declines in demand or negative publicity, reduced government support, regulatory or trade restrictions, economic downturns in key markets and changes in consumer behaviour. Any decrease in downstream demand may reduce customer orders for our products and solutions, and even if demand increases, we may not be able to identify or capitalise on market opportunities. In addition, if we fail to anticipate or adapt to changes in industry standards or technological advancements, our products and

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solutions may lose competitiveness, face reduced application or become obsolete, which could adversely affect our business, financial condition, results of operations and prospects.

Our profitability and financial performance could be adversely affected if we fail to effectively manage our production costs.

We manufacture products in-house to support the offering of our wireless communication solutions and PCBA solutions. Our success depends in part on our ability to effectively manage the costs and efforts involved in improving manufacturing efficiency through automation and modifying production lines to meet the varied demands for our solutions. If we fail to properly manage such costs, our production costs may increase, which could adversely affect our profitability and financial performance.

These efforts are subject to significant risks and uncertainties, including:

- the availability of funding for the additional capital expenditures, working capital and other corporate requirements to be used to improve our production efficiency and level of automation. We may be unable to obtain such funds in a timely manner or on commercially reasonable terms or at all;
- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control. These include increases in the prices of raw materials, parts, components and utilities, shortages of workers, transportation constraints, disputes with contractors, engineering firms and equipment vendors, as well as equipment malfunctions and breakdowns;
- the availability of the necessary technology or equipment from third parties or our internal R&D department;
- the diversion of management attention and other resources; and
- manufacturing interruption caused by natural disasters or other unforeseen events.

In addition, the upgrading of our production facilities and production lines to improve production efficiency and automation also requires significant capital investment upfront, and it may take considerable time before such investments yield the expected efficiency gains or cost savings. Failure to upgrade our production facilities in time or at all may drain our financial resources and adversely affect our business, results of operations and financial condition. If we are unable to effectively manage our production costs and offer high quality products and solutions, we may not be able to achieve the desired level of economies of scale in our operations, to reduce manufacturing costs to the level that will allow us to compete effectively or to maintain our pricing and other competitive advantages.

We are subject to risks related to collaborations with third-party platforms in promoting our solutions and enhancing customer engagement.

We cooperate with various third-party online and social media platforms. We engaged these third-party platforms for paid promotions of our solutions and enhanced our general online presence and consumer engagement during the Track Record Period. We rely on these platforms to reach and interact with consumers, execute innovative branding campaigns, and expand our business to overseas customers. In addition, we generate revenue from sales through a major

RISK FACTORS

e-commerce platform in the PRC. However, our reliance on these third-party platforms exposes us to several risks, including but not limited to the following:

- *Service interruptions or termination.* Our partners’ business operations may deteriorate, or they may temporarily suspend, interrupt, or permanently terminate our access to their services.
- *Relationship maintenance.* We may be unable to maintain our cooperative relationships with existing platform partners in a satisfactory manner, or at all.
- *Unfavourable changes in terms.* These third-party platforms operate under their own business policies and rules, which they may unilaterally revise from time to time. We may face adverse changes in platform policies or key contractual terms, such as increased fee rates or restricted operational access, that are no longer acceptable or commercially reasonable to us.
- *Lack of viable alternatives.* If we fail to maintain existing relationships, it may be difficult to identify and establish partnerships with comparable alternative platforms in a timely manner, or at all.

We adopted a sales model combining direct sales and distributorship and have limited control over distributors’ operations and effectiveness, which could materially and adversely affect our business, financial condition, results of operations and future growth.

During the Track Record Period, we engaged distributors in selling our wireless module solutions and antenna solutions to extend the market reach, and revenue generated from such sales amounted to RMB9.1 million, RMB6.7 million, RMB3.6 million and RMB6.6 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, accounting for approximately 5.2%, 3.5%, 4.2% and 6.0% of our revenue in the same periods, respectively. We expect to continue to engage distributors for the sale and marketing of our solutions in the future. Our business and future growth depend, in part, on our distributors’ ability to sell our wireless module solutions and antenna solutions, expand our sales networks and maintain strong relationships with customers. However, our distributors may not be able to market or sell our solutions as expected. If there is any reduction, delay or cancellation of orders from our distributors, or if we failed to renew distributorship agreements on commercially favourable terms or continue collaborations with existing distributors, we may not be able to expand our sales network or reach more customers, which may adversely affect our business, financial conditions and results of operations. In addition, we may not be able to timely identify and appoint additional qualified distributors, which may adversely affect our future growth.

Furthermore, we may not be able to effectively manage our distributors as we have limited control over the operations of the distributors. Our business may be negatively affected due to risks relating to the acts of our distributors and their potential breach of the distribution agreement. If our distributors fail to distribute our products to customers in a timely manner, our sales may be adversely affected. If any of our distributors are involved in any non-compliance incidents, our market reputation, the sales of our solutions and our financial condition may be materially and adversely affected. We may also engage new distributors and the cost of any consolidation or further expansion of our distributorship network may exceed the revenue generated. These factors may cause us to incur additional costs and affect our ability to carry out our operations as planned.

RISK FACTORS

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products and solutions. Any negative publicity, whether warranted or not, could adversely affect our business and financial performance.

Our brand is critical to our competitiveness, market position and execution of business plans. The strength of our brand depends on the quality and performance of our products and solutions, customer satisfaction, after-sales services, stable customer relationships and effective brand promotion. As at 31 December 2024 and 2025 and 30 June 2026, we had goodwill of RMB4.7 million. Any loss of trust in our products or negative publicity concerning us, our personnel, brand or products, whether justified or not, could damage our reputation, weaken customer confidence and adversely affect our ability to retain existing customers or attract new ones. If our brand or reputation is damaged, we may face difficulties in maintaining customer relationships or expanding into new markets, which could adversely affect our business, financial condition, results of operations and prospects.

Furthermore, we may be exposed to unethical, unlawful or anticompetitive conduct by third parties, including consultants, agents, suppliers, outsourced processing providers, customers or distributors, over whom we have limited control. Such misconduct could result in financial losses, reputational harm, regulatory penalties, revocation of licences or suspension of operations. In addition, we may be required to devote significant resources and incur additional costs to prevent, monitor or remediate third-party misconduct, which could adversely affect our business, financial condition and results of operations. Our risk management systems and internal control capabilities are limited by the information and risk management tools and technologies available to us. Our ability to implement and maintain strict internal controls may be affected by the continual expansion of our business scale. Any misconduct by third parties that harms our interests could result in negative publicity, damage our reputation and lead to litigation and other legal proceedings, as well as administrative or criminal penalties, thereby adversely affecting our business and financial performance.

Our business, financial condition and results of operations may be materially and adversely affected by the impact of geopolitics, international trade policies, export controls, and trade restrictions.

We offer wireless communication solutions and PCBA solutions to customers in the PRC and various overseas markets, such as Vietnam and Mongolia. As an active participant in the global wireless industry supply chain, our cross-border activities as part of our business operations included procurement of raw materials, such as chips imported into Hong Kong from suppliers in regions including Taiwan, as well as overseas sales and marketing. As such, we are sensitive to geopolitical dynamics and shifts in international trade regulations. Any introduction or escalation of trade barriers, tariffs, or restrictive trade protection measures in the jurisdictions where we or our customers operate could materially and adversely affect our procurement of key raw materials and components, our sales to overseas markets, and our international market penetration, business operations, and financial performance. Furthermore, our business could be substantially disrupted by stringent export control policies and trade restrictions. Political tensions or national security concerns may prompt relevant jurisdictions to expand their export control entity lists or impose trade restrictions. Such regulatory changes could restrict our ability to source key raw materials, technologies, or components essential to our solution offerings, or prohibit us from servicing certain overseas customers. If we fail to navigate these complex and evolving legal landscapes, or if we are inadvertently caught in compliance breaches, our supply chain stability could be compromised and we may incur additional compliance, certification, logistics or distribution costs, or may need to delay, limit or adjust our overseas expansion plans, which may in turn have a material adverse effect on our growth prospects and results of operations.

RISK FACTORS

We are exposed to inventory management risks and may incur high inventory-related expense, which may negatively affect our financial condition and results of operations.

Our inventories primarily consist of (i) raw materials; (ii) work in progress; and (iii) finished goods. As at 31 December 2024 and 2025, and 30 June 2026, we had inventories of RMB23.2 million, RMB24.6 million and RMB34.2 million, respectively. Failure to adequately manage inventory risks may lead to inventory obsolescence, decline in inventory value or inventory write-offs. In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, our average inventory turnover days were 77 days, 64 days and 69 days, respectively. Any fluctuation and extension of inventory turnover may adversely affect our cash flow and liquidity. See “Financial Information – Description of Certain Items from the Statement of Financial Position – Inventories”.

We manage inventory levels based on demand forecasts as per the Directors’ experience and maintain safety stock, but demand forecasting is inherently uncertain. If breakthroughs on the scientific and technological outcomes or trends lead to lower-than-expected actual demand, we may incur excess inventory, require price reductions, or record inventory write-downs, which could adversely affect our profit margins. Conversely, if actual demand exceeds forecasts, we may be unable to fulfil customer orders, potentially resulting in lost sales and reduced market share. Any such mismatch between forecast and actual demand could adversely affect our business, financial condition and results of operations.

Product recalls and significant returns or exchanges could damage our reputation and relationships with our customers and increase financial costs, thereby adversely affecting our business and financial performance.

As an established wireless communication and PCBA solution provider with in-house production capabilities, we generally do not accept sales returns other than for limited reasons in relation to product defects, such as design flaws or quality issues. During the Track Record Period, we did not experience any major product recalls or material quality disputes.

However, there is no assurance that product defects will not occur. Our products are technically complex and may contain defects arising from raw material quality issues, manufacturing errors or design flaws, and our quality control and assurance protocols may not always prevent such defects. We also rely on third-party suppliers whose product quality is outside our direct control (see “Business – Our Suppliers”), and enforcing contractual indemnities against them may be difficult, time-consuming or ineffective. As our products are deployed across various applications, failures in systems into which they are integrated could result in property damage, personal injury or product liability claims. Any such claims, regardless of outcome, could be costly, divert management and R&D resources, harm our reputation and reduce customer confidence. We may be required to recall products, cancel orders or face warranty claims. A material product recall could also negatively impact demand for our other products and solutions, which would have a broader adverse effect on our business.

In addition, we have not taken out product defect insurance, and our existing insurance coverage may be insufficient to cover potential warranty or product liability claims, or may be subject to prolonged claims processes (see “Business – Insurance”). Any material product liability claims or litigation not fully covered by insurance could result in significant expenses, reputational damage and adverse effects on our business, financial condition and results of operations.

RISK FACTORS

Our business may be adversely affected by inadequate intellectual property rights protection.

Our success depends in part on our ability to obtain, maintain and enforce intellectual property rights to protect our proprietary technologies, products and solutions. As at the Latest Practicable Date, we had 123 registered trademarks, 39 registered patents, 61 registered copyrights and six registered domain names in the PRC. However, our intellectual property rights protection may be inadequate. The application process is costly and time-consuming, and we may not be able to identify or secure protection for all patentable innovations in a timely manner, or at all. Even where applications are filed, approvals may be denied, limited in scope or later challenged, invalidated or circumvented by competitors developing non-infringing alternatives.

In addition, we may become involved in lawsuits to protect or enforce our intellectual property and our patent rights could be found invalid or unenforceable if challenged in court or before any related intellectual property agency in any jurisdiction. Our intellectual property may be infringed, misappropriated or otherwise challenged by competitors, and enforcing or defending our rights may require litigation that is costly, time-consuming and divert management attention. Such proceedings may expose us to counterclaims alleging infringement, invalidity or unenforceability of our intellectual property rights, and our competitors may have greater resources to pursue such actions. The outcomes of intellectual property litigation or administrative proceedings are unpredictable and could result in our patents being invalidated, amended or narrowly construed, or in the disclosure of confidential information. If we are unable to adequately protect our intellectual property, or if our rights are weakened or revoked, our competitive position could be adversely affected.

In addition, intellectual property rights provide protection for a limited duration, after which competitors may legally enter the market. As a result, our intellectual property protection may not provide meaningful competitive advantages or prevent competition, which could adversely affect our business, financial condition, results of operations and prospects.

We rely on external suppliers for raw materials and the manufacture of our products.

We procure from external suppliers for raw materials and components used in the manufacture of our modules and solutions. In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, the aggregate purchases from our five largest suppliers were approximately RMB41.8 million, RMB52.2 million and RMB30.8 million, respectively, accounting for 40.4%, 42.6% and 40.2% of our total purchases in the respective years/periods. Purchases from our largest supplier in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 accounted for 12.8%, 14.2% and 13.1% of our total purchases for the same periods, respectively. Any disruption to our relationships with these suppliers, due to factors such as geopolitical or trade tensions, quality issues, price increases or regulatory constraints, could require us to secure alternative sources, which may not be available on a timely basis.

In addition, our suppliers' operations may be affected by regulatory requirements, natural disasters, manufacturing disruptions, international trade policies, geopolitical developments and trade protection measures, including trade restrictions. If any key supplier fails to deliver materials or services as required, loses necessary qualifications or becomes subject to trade restrictions, and we are unable to identify suitable alternatives promptly or at all, our business, financial condition and results of operations may be adversely affected. See “Risks Relating to Our Business and Industry – Our business, financial condition and results of operations may be materially and adversely affected by the impact of geopolitics, international trade policies, export controls, and trade restrictions”.

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We may be exposed to risks relating to fluctuations in raw material costs.

Raw material costs account for a substantial portion of our cost of sales. In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, raw material costs accounted for 87.2%, 87.7%, 87.3% and 87.3% of our cost of sales, respectively. We may be exposed to fluctuations in raw material, transportation and related costs due to factors beyond our control, including foreign exchange movements, geopolitical and economic conditions, natural disasters and changes in global supply and demand. Our key raw materials include chips, PCBs, crystal oscillators, flash, shielding covers and various passive electronic components, whose prices have experienced significant volatility in recent years.

We cannot assure you that raw material prices will not increase further, and our cost-mitigation measures may not fully offset such increases. If we are unable to pass higher costs on to customers without adversely affecting demand or competitiveness, our profit margins may decline and we may lose sales or customers. As a result, our business, financial condition and results of operations may be materially and adversely affected.

An increase in labour costs and labour shortages could materially and adversely affect our solution development and manufacturing processes.

During the Track Record Period, cost of labour represented 10.5%, 9.3%, 9.6%, and 8.7% of our cost of sales, and staff costs and benefits represented (i) 83.7%, 78.1%, 82.7% and 82.5% of our R&D expenses; (ii) 63.6%, 71.2%, 67.1% and 81.5% of our distribution and selling expenses; and (iii) 77.3%, 77.6%, 76.6% and 81.1% of our administrative expenses, respectively.

In recent years, average labour costs in Chinese Mainland have increased due to higher living standards and the PRC government’s recent policies to raise the minimum wage for workers, according to F&S. The Labour Contract Law of the PRC (中華人民共和國勞動合同法) (the “**Labour Contract Law**”) imposes stringent requirements on employers in relation to entry into written labour contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labor Contract Law, the employer is required to make severance payment upon the termination of a labour contract in most cases, including termination of a fixed-term labour contract upon its expiry. A minimum wage requirement has also been incorporated into the Labor Contract Law. These requirements may affect our ability to significantly change or decrease the scale of our workforce cost-effectively or in the manner that we desire.

In addition, as the competition for skilled workers is increasingly intensive, we may need to enhance our remuneration packages and welfare to our employees in order to recruit and retain staff. There is no assurance that we will be successful in retaining and recruiting suitably qualified workers in sufficient numbers and in time for our existing and future operations at reasonable cost or at all, and any prolonged shortage of labour could materially and adversely affect our operations, relationship with customers, our market reputation and financial results.

Any significant increase in labour costs could adversely affect our margins and profitability if we are not otherwise able to raise the price we charge our customers. Any increase in the selling prices of our products may also affect the demand of such products, and we may not be able to pass on the increased cost to customers by increasing the selling prices of our products if the competitive pressure in the market continues to increase. In such circumstances and unless we are able to identify and employ other appropriate means to reduce our cost of production, our profit margin may decrease and our financial results may be adversely affected.

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We incurred net loss and generated net operating cash outflows in the past.

We recorded net losses in 2024, 2025 and the six months ended 30 June 2026. Our net loss of RMB0.1 million in 2024 was primarily due to the provisions for the underpayment of social insurance and housing provident fund contributions, among other things. Our net loss increased to RMB2.8 million in 2025 primarily due to an increase in research and development expenses of RMB1.8 million, an increase in RMB2.2 million in distribution and selling expenses and an increase in administrative expenses of RMB2.4 million. Our net loss in the six months ended 30 June 2026 was primarily due to [REDACTED] of RMB[REDACTED] million incurred. We had net cash used in operating activities of RMB12.8 million due to an increase in inventories and trade and bills receivables as we continued to expand our business. We may continue to incur net losses as we expect to continue to dedicate substantial resources to R&D. Our ability to achieve profitability and generate net operating cash inflows is dependent upon several factors, many of which are beyond our control, such as the continual development of the industry and markets in which we operate, development in the macroeconomic and regulatory environment or competitive dynamics and our ability to respond to these changes in a timely and effective manner. Therefore, there is no assurance that our revenues will offset our expenses, and we may continue to incur losses and may not be able to achieve or subsequently maintain profitability.

We are subject to credit risk due to delay in payment and defaults of customers.

We are exposed to credit risks arising from delays or defaults in the collection of trade, bills and other receivables from customers or related parties. As at 31 December 2024 and 2025 and 30 June 2026, our trade and bills receivables were RMB37.5 million, RMB38.3 million and RMB42.9 million respectively. In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, our average trade receivables turnover days were 56 days, 56 days and 54 days, respectively. Fluctuations or extended receivable turnover periods could adversely affect our cash flow and liquidity. See “Financial Information – Description of Certain Items from the Statement of Financial Position – Trade and Bills Receivables”.

If the credit-worthiness of our customers deteriorates or if receivables are not settled in a timely manner, we may incur impairment losses and may be unable to recover such receivables in full or at all. As a result, our business, financial condition and results of operations may be adversely affected.

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

We cannot assure you that the policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or are entitled to enjoy will not be terminated. According to the applicable tax regulations of the PRC, the statutory corporate income tax rate in the PRC is 25%. During the Track Record Period, Shenzhen AiThinker was qualified as a High and New Technology Enterprise (高新技術企業) and was subject to a preferential income tax rate of 15% for three years commencing from 16 October 2023, with an expiry date at 15 October 2026. See Note 12 to the Accountants’ Report in Appendix I to this document. If our preferential tax treatments are revoked, become unavailable, or if the calculation of our tax liability is successfully challenged by PRC tax authorities, the termination of any of the various types of preferential tax treatment we enjoy could adversely affect our business, financial condition and results of operations.

In addition, during the Track Record Period, we benefited from government subsidies. Some of such government subsidies are non-recurring in nature. We recorded government grants under investment and other income of RMB2.0 million, RMB1.4 million, RMB0.7 million and

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RMB1.0 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Any discontinuation, reduction or delay of any government subsidies would have an adverse impact on our business, financial condition and results of operations. See Note 8 to the Accountants’ Report in Appendix I to this document.

Our financial results may be subject to tax risks relating to our transfer pricing arrangement.

Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate. Under the laws and regulations in Chinese Mainland and Hong Kong, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, there were intra-group cross-border transactions among our subsidiaries in Chinese Mainland and Hong Kong. See “Business – Transfer Pricing Arrangement.”

We could face material and adverse tax consequences if the relevant tax authorities, for any reason, determine that certain intra-group cross-border transactions of ours do not represent arm’s length negotiations and consequently adjust any of those entities’ income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable by the relevant tax authorities in certain jurisdictions as a result of tax adjustments. There is no assurance that we could, in turn, successfully recover that tax from the relevant tax authorities. Our business, financial position and results of operations may therefore be materially and adversely affected.

We have granted and may continue to grant share-based awards, which may adversely affect our business, financial condition and results of operations.

We have implemented the [REDACTED] Share Incentive Scheme to incentivise employees, under which share-based compensation expenses are recognised over the vesting period and reduce our net profit. We may continue to grant share-based awards to attract, retain and motivate key personnel. However, such awards may adversely affect our financial performance and dilute existing shareholders’ ownership interests. Conversely, reducing or eliminating share-based incentives could impair our ability to attract and retain key talent, which may adversely affect our business.

We may not be able to obtain additional capital when desired, on favourable terms or at all.

We may need to raise additional capital to support our growth and operations, which may not be available on favourable terms or at all due to factors such as our financial performance, market position and macroeconomic conditions. Financing through debt may impose restrictive covenants or significant interest obligations, while equity financing could dilute existing shareholders’ ownership interests. If we are unable to secure additional funding when needed or on acceptable terms, our business, financial condition and results of operations may be adversely affected.

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We are subject to risks related to cybersecurity breaches and IT infrastructure failures.

We rely on our information technology and software systems to manage critical operational infrastructure, including customer, supplier, production, financial, and human resources data. However, these systems remain vulnerable to malfunctions, system capacity insufficiencies, or unexpected interruptions caused by factors beyond our control. These include, power outages, telecommunication failures, human errors, system upgrades, or catastrophic events such as fire and extreme weather conditions. Any major system failure could result in operational inefficiencies, transaction errors, loss of sales, or even legal proceedings.

Furthermore, our operations are subject to evolving cybersecurity threats, including cyber-attacks, malware, ransomware, unauthorised access, and hacking. While we maintain data security procedures and have implemented appropriate security measures, there can be no assurance that our measures will always be sufficient to prevent all privacy or security breaches. Any unauthorised disclosure, theft, or fraudulent misuse of confidential, proprietary, or personal data could severely damage our customer relations and market reputation. Moreover, such incidents may expose us to substantial litigation, third-party claims, regulatory investigations, and administrative fines or penalties. Additionally, our future operating costs may increase significantly as we incur further expenditures to enhance our cybersecurity infrastructure, secure higher insurance premiums, remediate technical damages, or comply with changing contractual and regulatory compliance requirements.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations.

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

We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We may be subject to claims, litigation, disputes and legal or administrative proceedings, from time to time, including commercial contract disputes, labour and employment disputes, intellectual property infringement or protection matters, and those arising from indemnification obligations under our agreements. Such proceedings, regardless of merit, may be costly, time-consuming and divert management attention. If any matter is resolved against us or an indemnified third party, we may incur significant damages, compliance costs or be required to take remedial actions, which could materially and adversely affect our business, financial condition and results of operations.

In particular, the industry in which we operate is highly patent-intensive, and some competitors hold extensive patent portfolios that may give rise to infringement claims against us. If any third parties claim that we have infringed upon their intellectual property rights, we may incur liabilities and penalties and may have to redesign or suspend the sales of products or solutions involved. In addition, they may allege that certain features of our products or solutions infringe their intellectual property rights, and we may not always be able to identify or avoid such risks due to the complexity and uncertainty involved in infringement analyses, including

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risks arising from former employees’ prior knowledge or undisclosed patent filings by third parties. Any actual or alleged infringement claims, regardless of merit, could be costly, time-consuming and divert management resources. If such claims are successful, we may be required to suspend sales, redesign or rebrand affected products or solutions, pay damages, or enter into licensing arrangements on unfavourable terms, which could materially and adversely affect our reputation, business, financial condition and results of operations.

Failure to comply with the PRC labour related regulations and rules may subject us to fines and other legal or administrative sanctions.

As required by laws and regulations in the PRC, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds. The amount we are required to contribute for each of our employees under such plan should be calculated between the minimum and maximum level as from time to time prescribed by national laws and regulations and local authorities. However, during the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain employees in compliance with the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》) and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), considering some employees’ preference not to contribute amounts strictly calculated in proportion to their salaries. During the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, we made a provision to cover the shortfall in social insurance and housing provident fund contributions, which amounted to RMB7.7 million, RMB7.1 million and RMB2.9 million, respectively. As advised by our PRC Legal Adviser, during the Track Record Period, no penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions.

As advised by our PRC Legal Adviser, pursuant to relevant laws and regulations of the PRC, the likelihood that the relevant social insurance authority would take initiative to carry out centralised collection of the historically unpaid social insurance from us due to our failure to provide full social insurance for our employees is relatively low. However, if we fail to make social insurance contributions in compliance with the relevant laws and regulations of the PRC in the future, we may be required to pay all outstanding social insurance contributions within a prescribed period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the outstanding social insurance contributions are due. If this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us. In addition, pursuant to relevant laws and regulations of the PRC, in case of a failure to pay housing provident fund in full, the relevant housing provident fund management centre may require us to pay the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the courts of the PRC for compulsory enforcement.

Failure to renew our leases or comply with PRC property-related laws and regulations regarding certain of our leased properties could adversely affect our business, financial condition and results of operations.

As at the Latest Practicable Date, in respect of seven of our leased properties, we have not been provided with property ownership certificates or construction project planning permits; in respect of one additional leased property, the lessor named in the relevant lease agreement is not the same as the party named in the construction project planning permit or real property ownership certificate for the relevant leased property, and we have not been provided with documents evidencing that such lessor is duly authorised or otherwise legally entitled to lease the relevant property. As advised by our PRC Legal Adviser and with reference to the

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inconsistencies relating to the identities of the lessors described above, lease agreements entered into in respect of properties that have not obtained the requisite construction project planning permits, or that were constructed in violation of such permits, may be deemed invalid. As a result, we cannot ascertain whether the lessors of these leased properties are legally entitled to lease such properties, and there is a risk that the relevant lease agreements could be determined to be invalid. In addition, we have not completed the lease registration and filing procedures in respect of nine leased properties as required under the relevant regulations of the PRC. However, the relevant authorities may require rectification within a prescribed period and may impose administrative penalties in the event of non-compliance. If any of the above lease-related risks materialise, we may be required to relocate, incur additional compliance or relocation costs, or face operational disruptions, which could materially and adversely affect our business, financial condition and results of operations.

Our business growth and results of operations may be adversely affected by changes in natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Our business may be adversely affected by natural disasters, public health events, security incidents or other unforeseen events, such as wars, acts of terrorism, infrastructure failures or power and communication disruptions. Such events could cause operational interruptions, system or network failures, data loss or damage to facilities, and may impair our ability to manufacture or deliver our products and solutions. We cannot assure that our contingency or backup measures will be sufficient to mitigate these risks, and any such disruption could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes and uncertainties in the economic, political and social conditions in the jurisdictions where we operate could materially and adversely affect our business, financial condition, results of operations and prospects.

We operate our business primarily in the PRC. Our business, financial condition, results of operations and prospects are influenced by the economic, political and social environment in China, and the Chinese economy, in turn, is affected by the global economy. Uncertainties in the global economy and the political environment around the world may also affect the Chinese economy. We cannot predict all of the risks to which we may be exposed as a result of the current economic and political environment and regulatory developments. These factors may be beyond our control and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Uncertainties in the legal system of certain geographic markets in which we operate could materially and adversely affect us.

The legal systems in the geographic markets where we operate vary significantly and continue to evolve. Some jurisdictions are based on civil law, where court precedents have limited binding effect, and laws and regulations may not comprehensively address all economic activities. The interpretation and enforcement of laws, regulations and contractual terms by local authorities may be uncertain, making it difficult to assess the outcome of administrative or court proceedings or the extent of legal protection available to us. In addition, local courts may refuse to enforce foreign judgements or arbitral awards, and proceedings may be protracted, resulting in substantial legal costs, and diversion of management attention.

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In recent years, the PRC government has introduced stricter laws, regulations and policies affecting, among other things, quality and safety control, as well as industry supervision and inspection. See “Regulatory Overview”.

Further changes in laws, regulations or regulatory scrutiny may increase our compliance burden, slow industry growth and adversely affect our business, financial condition and results of operations.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your investment.

Conversion of RMB into foreign currency and remittance of foreign currency out of the PRC are subject to foreign exchange regulations. Unfavourable exchange rate fluctuations or changes in regulatory policies of the PRC may limit our ability to convert RMB into foreign currency and meet our foreign exchange needs. While certain current account transactions may be conducted without prior SAFE approval if procedural requirements are met, capital account transactions are subject to SAFE approval or registration requirements. Any restrictions on foreign exchange availability or failure to obtain required approvals may limit our ability to pay dividends, meet other foreign exchange obligations, pursue offshore capital expenditure plans, and could materially and adversely affect our business.

Fluctuations in exchange rates could result in foreign currency exchange losses.

Exchange rate fluctuations between RMB, Hong Kong dollar, US dollar and other currencies are unpredictable and may be influenced by economic and political factors. There can be no assurance that Renminbi will not significantly appreciate or depreciate against the Hong Kong dollar or US dollar in the future. Such fluctuations may adversely affect our operations and the value of your investment, as currency movements could reduce the Renminbi or Hong Kong dollar amounts available to us when converting funds for operational use, dividend payments or other business purposes.

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

Under the current tax laws and regulations of the PRC, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realised upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Several Policy Issues Concerning Individual Income Tax (《財政部國家稅務總局關於個人所得稅若干政策問題的通知》) issued on 13 May 1994, foreign individuals are exempt from individual income tax on dividends received from foreign-invested enterprises. Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the Hong Kong (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable

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by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the STA, effective on 6 December 2019, stipulates that the arrangements or transactions made for the primary purpose of obtaining the abovementioned tax benefits are not subject to the abovementioned provisions.

For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and its implementation regulations, dividends paid by us and gains realised by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the abovementioned arrangements, the interpretation and application of applicable tax laws and regulations of the PRC are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your investment in our H Shares may be materially affected.

Any decrease or discontinuation of tax rebate for our exported products may have a negative effect on our profitability.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家稅務總局關於出口貨物勞務增值稅和消費稅政策的通知》), as promulgated and amended, export goods and services are generally eligible for VAT exemption and refund, subject to applicable laws of the PRC. We are entitled to VAT rebates on export sales, representing refunds of VAT incurred on raw materials used in producing exported products. However, there can be no assurance that the relevant VAT rebate policies will remain unchanged. Any reduction, suspension or cancellation of such rebates may adversely affect our VAT recoverability and our business, financial condition and profitability.

You may have limited resources in effecting service of legal process and enforcing judgements against us, our Directors and senior management.

We are incorporated in the PRC, and a majority of our assets, subsidiaries, directors and senior management are located in the PRC. As a result, it may be difficult for investors to effect service of process upon us or such persons, or to enforce judgements obtained in non-PRC courts against us or them in the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgements with many jurisdictions, including the United States, the United Kingdom and Japan.

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Although the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Chinese Mainland and of the HKSAR (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which came into effect on 29 January 2024, provides a mechanism for the recognition and enforcement of certain civil and commercial judgements between Hong Kong and the PRC, there can be no assurance that all judgements will fall within its scope or be recognised and effectively enforced.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

Under SAFE regulations, PRC residents who participate in a share incentive plan in an overseas, publicly listed company are required to register with SAFE or its local branch and complete certain other procedures.

We and our PRC resident employees who participate in our share incentive plans are subject to these regulations when we become an H-share listed company upon the completion of the [REDACTED]. If we or any of these PRC resident employees fail to comply with these regulations, we or such employees may be subject to fines and other legal or administrative sanctions. We also face uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under the laws of the PRC.

RISKS RELATED TO THE [REDACTED]

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

There has been no public market for our H Shares prior to the [REDACTED], and we cannot assure you that an active trading market will develop or be sustained thereafter. The [REDACTED] will be determined through negotiations with the [REDACTED] and may not reflect the trading price of our H Shares following the [REDACTED]. The market price of our H Shares may decline below the [REDACTED] after completion of the [REDACTED].

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world.

The trading price of our H Shares may be volatile due to factors beyond our control, including global market conditions and investor sentiment toward Chinese mainland-based companies listed in Hong Kong. Price fluctuations and post-[REDACTED] performance of such companies may adversely affect the trading price and volume of our H Shares.

Any further issue of Shares and subsequent conversion of such Shares into H Shares in the future could dilute your shareholding under H Shares, increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

We have applied to the CSRC for the conversion of [REDACTED] Unlisted Shares into H Shares, and such converted Shares may be [REDACTED] on the Stock Exchange upon completion of the conversion. In the case that there is any further issue of Shares and subsequent conversion of such Shares into H Shares in the future, your shareholding under the class of holders of our H Shares will be diluted.

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Further, the PRC Company Law provides that, in relation to the [REDACTED] of a company, the shares [REDACTED] prior to the [REDACTED] shall not be transferred within one year from the [REDACTED]. Such restriction will limit the number of H Shares tradable on the market, and the liquidity and trading volume of the H Shares may be significantly affected during the restriction period. Any future sales of converted H Shares by relevant Shareholders in the public market may affect the market price of our H Shares.

As the [REDACTED] of our H Shares is higher than our consolidated net tangible asset book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets value per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [REDACTED] adjusted consolidated net tangible asset value per Share of their Shares. In addition, to expand our business, we may consider offering and issuing additional Shares in the future. Holders of our H Shares may experience further dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

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

The market price of our H Shares may decline due to future sales or issuances of a substantial number of our Shares or other securities, or the perception that such sales or issuances may occur. Such sales, including upon the expiry of lock-up periods applicable to certain Shares held by our Single Largest Shareholder, or disposals by investors in the [REDACTED], could exert downward pressure on the market price and increase volatility. In addition, any future issuance of new Shares or shares-linked securities may dilute existing shareholdings or confer rights senior to those of the H Shares, and could adversely affect our ability to raise capital on favourable terms.

The interests of our Single Largest Shareholder may not be aligned with the interests of other Shareholders.

Upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Single Largest Shareholder will control approximately [REDACTED] of the voting rights, enabling him to exercise significant influence over our business and affairs, including major corporate decisions and management. His interests may not always align with those of other shareholders. To the extent that the interests of the Single Largest Shareholder conflict with the interest of other Shareholders, the interest of other Shareholders may be disadvantaged and harmed.

RISK FACTORS

Our future dividend payment of dividends may be subject to certain limitations, and the calculation of our profit under PRC GAAP may differ in certain respects from the calculation under the HKFRS.

During the Track Record Period, during the time our Shares were quoted on the NEEQ, the then Board resolved to declare the dividends of approximately RMB2.8 million for 2024 and was approved at the shareholders’ meeting, which was subsequently paid in 2025, pursuant to the then applicable PRC Company Law and the NEEQ Listed Companies Continuous Supervision Guidelines No. 6 – Distribution of Equity Interests.

In preparing for the [REDACTED], we prepared historical financial information in accordance with HKFRS and made provisions for the underpayment of social insurance and housing provident fund contributions, among other things, which resulted in a net loss of RMB0.1 million for 2024. These discrepancies arose solely from differences in the treatment of the timing of recognition and the amounts of social security contribution obligations between the two sets of accounting standards, and were not due to any misstatement in our statutory financial statements or any flaws in the declaration procedures of the dividend.

As advised by our PRC legal advisers, the Company carried out its 2024 annual dividend distribution based on the amount of undistributed profits as at 31 December 2024 disclosed in its 2024 Annual Report published on 25 April 2025, completed the requisite decision-making procedures, and complied, in all material respects, with the relevant requirements of the PRC laws then in effect. Our Directors further confirm that the dividend was lawfully declared and paid in accordance with our Articles of Association, the resolutions of the Board of Directors, the resolutions of the shareholders’ general meeting, and the relevant information disclosure procedures of the NEEQ.

However, there is no assurance that we will be able to declare or distribute dividends in the future. Under the applicable laws and regulations of the PRC, the payment of dividends may be subject to certain limitations, and the calculation of our profit under PRC GAAP may differ in certain respects from the calculation under the HKFRS. Moreover, the declaration, payment and amount of any dividends are subject to the discretion of our Directors, Shareholder approval, and compliance with our Articles and applicable laws and regulations of the PRC. See “Financial Information – Dividends”.

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

We strongly caution investors not to rely on any press or media coverage relating to us, our Shares or the [REDACTED]. Such coverage may contain information, including financial data, projections or valuations, that is not included in this document and has not been authorised by us. We make no representation as to the accuracy or completeness of any such information, and investors should not rely on press or media reports that are inconsistent with, or not contained in, this document.

Certain facts, forecast and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

Certain facts, forecasts and statistics in this document are derived from governmental and other official sources. While we believe such sources are appropriate and have taken reasonable care in extracting and reproducing the information, such information has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of their respective affiliates or advisers and, therefore, and no representation is made as to its accuracy or completeness. Differences in methodology or standards of compilation may exist, and such information may not be comparable to similar data presented elsewhere. Accordingly, investors should carefully consider the reliability and relevance of such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

In preparation for the [REDACTED], we have sought the following waiver from strict compliance with the relevant provisions of the GEM Listing Rules:

JOINT COMPANY SECRETARIES

Rule 11.07(2) of the GEM Listing Rules provides that an issuer must appoint a company secretary who satisfies Rule 5.14 of the GEM Listing Rules. Rule 5.14 of the GEM Listing Rules provides that an issuer must appoint as its company secretary an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 5.14 of the GEM Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (1) a member of The Hong Kong Chartered Governance Institute;
- (2) a solicitor or a barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (3) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 5.14 of the GEM Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual’s relevant experience:

- (1) length of employment with the issuer and other issuers and the roles he/she has undertaken;
- (2) familiarity with the GEM Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (3) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than 15 hours of relevant professional training in each financial year under Rule 5.15 of the GEM Listing Rules; and
- (4) professional qualifications in other jurisdictions.

Pursuant to paragraph 11 of Chapter 3.10 of the Guide, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 5.14 and 11.07(2) of the GEM Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include: (a) whether the issuer has principal business activities primarily outside of Hong Kong; (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification nor Relevant Experience (as defined under paragraph 9 of Chapter 3.10 of the Guide) as a company secretary; and (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to paragraph 11 of Chapter 3.10 of the Guide, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 5.14 of the GEM Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver will be revoked if there are material breaches of the GEM Listing Rules by the issuer.

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

Our Company has appointed Mr. Zhao Qiguo (趙啟國) as one of our joint company secretaries. Mr. Zhao joined our Group in August 2005 and is currently our executive Director, Board secretary and chief financial officer. In his capacity as the our Board secretary, Mr. Zhao has actively participated in the preparation of the application for the [REDACTED] and possesses extensive experience, well supported by his qualifications, and has accumulated abundant knowledge about the business operations and governance of corporations with a strong recognition of the corporate culture of our Group and being familiar with matters relating to our Board and corporate governance of our Company. Having considered Mr. Zhao’s expertise and backgrounds, our Directors consider that Mr. Zhao has the necessary nexus to our Board and close working relationship with management of our Company in order to perform the duties of a joint company secretary and to take the necessary actions in the most effective and efficient manner, and therefore is capable of discharging the functions of company secretary and is a suitable person to perform such role.

Notwithstanding the foregoing, Mr. Zhao, presently, does not possess the specified qualifications required by Rule 5.14 of the GEM Listing Rules, and may not be able to fulfil the requirements of the GEM Listing Rules on his own. We have appointed Ms. Liu Shengyun (柳聖雲), an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who is qualified under Note 2 to Rule 5.14 of the GEM Listing Rules, to act as the other joint company secretary to closely work with and provide support to Mr. Zhao during the initial period of three years commencing from the [REDACTED] so as to enable Mr. Zhao to acquire the relevant experience (as required under Rule 5.14 of the GEM Listing Rules) to duly discharge his duties as a company secretary of a listed issuer. See “Directors and Senior Management”.

Given Ms. Liu’s professional qualification and experience, he/she will be able to explain to both Mr. Zhao and us the relevant requirements under the GEM Listing Rules and other applicable Hong Kong laws and regulations. Ms. Liu will also assist Mr. Zhao in organising Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Liu is expected to work closely with Mr. Zhao and will maintain regular contact with Mr. Zhao, our Directors and the senior management of our Company. In addition, Mr. Zhao will comply with the annual professional training requirement under Rule 5.15 of the GEM Listing Rules to enhance his knowledge of the GEM Listing Rules during the three-year period from the [REDACTED]. He will also be assisted by our Compliance Adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the GEM Listing Rules and applicable laws and regulations.

Since Mr. Zhao does not possess the formal qualifications required of a company secretary under Rule 5.14 of the GEM Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements of Rules 5.14 and 11.07(2) of the GEM Listing Rules. Such waiver is valid for an initial period of three years from the [REDACTED] on condition that (a) Mr. Zhao must be assisted by Ms. Liu, who possesses the qualifications and experience required under Rule 5.14 of the GEM Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) such waiver will be revoked immediately if and when Ms. Liu ceases to provide such assistance to Mr. Zhao as a joint company secretary during the Waiver Period or if there are material breaches of the GEM Listing Rules by our Company. We will liaise with the Stock Exchange before the end of the Waiver Period to enable it to assess whether Mr. Zhao, having had the benefit of Ms. Liu’s assistance for three years, will have acquired the relevant experience within the meaning of Rule 5.14 of the GEM Listing Rules so that a further waiver will not be necessary.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Fu Minggang (付明鋼)	Unit 3C, Block 4 Chuangshiji Binhai Garden No. 3008 Shushan Road Nanshan District, Shenzhen City Guangdong Province PRC	Chinese
Mr. Xue Youdao (薛由道)	3/F, Block C3 Hengfeng Industrial City Xixiang Subdistrict Office Baoan District, Shenzhen City Guangdong Province PRC	Chinese
Mr. Zhao Qiguo (趙啟國)	4-4D Harbor City No. 283 Taoyuan Road Nanshan District, Shenzhen City Guangdong Province PRC	Chinese
<i>Non-executive Director</i>		
Ms. Li Yanling (李延玲)	Unit 305, Block 3 Champs Elysees Terrace No. 2 Fengtian Road Futian District, Shenzhen City Guangdong Province PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
<i>Independent Non-executive Directors</i>		
Mr. Gao Wen (高文)	Unit 25C2, Block A Shidai Jiaozi Mansion No. 2028 Nanshan Avenue Nanshan District, Shenzhen City Guangdong Province PRC	Chinese
Mr. Lei Jianming (雷鑑銘)	No. 73-502 East Unit 3 Yujia Mountain Villa Hongshan District, Wuhan City Hubei Province PRC	Chinese
Mr. Yang Yuangui (楊遠貴)	Unit 203, Block 11 Tianyuewan Garden No. 2 Haishan Road Daliang Subdistrict Office Shunde District, Foshan City Guangdong Province PRC	Chinese

Regarding our Directors, see “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Yue Xiu Capital Limited

Room 17–37, 49/F,
Sun Hung Kai Centre
30 Harbour Road
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[REDACTED]

Legal Advisers to the Company

as to Hong Kong laws

Loeb & Loeb LLP

2206–19 Jardine House
1 Connaught Place, Central
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as to PRC laws and data compliance matters

Beijing Dacheng Law Offices, LLP (Shenzhen)

3/F–4/F, 12/F, Block A
Shenzhen International Innovation Center
No. 1006 Shennan Boulevard
Futian District, Shenzhen
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisers to the Sole Sponsor
and the [REDACTED]**

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Shihui (Hong Kong) Law Office**
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Chaoyang District, Beijing 100022
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Reporting Accountants

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*Certified Public Accountants and
Registered Public Interest Entity Auditor*
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Tsim Sha Tsui, Kowloon
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Industry Consultant

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Branch Co.**
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Compliance Adviser

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[REDACTED]

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Henan Province
PRC

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Gushu Community Xixiang Street
Bao'an District, Shenzhen City
Guangdong Province
PRC

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Hong Kong under Part 16 of
the Companies Ordinance**

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Wan Chai
Hong Kong

Company's Website

www.tech-now.com
*(the information contained on this website does
not form part of this document)*

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(ACG, HKACG)
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CORPORATE INFORMATION

Audit Committee

Mr. Yang Yuangui (楊遠貴) (*Chairperson*)
Mr. Gao Wen (高文)
Mr. Lei Jianming (雷鑑銘)

Remuneration Committee

Mr. Gao Wen (高文) (*Chairperson*)
Mr. Lei Jianming (雷鑑銘)
Mr. Fu Minggang (付明鋼)

Nomination Committee

Mr. Lei Jianming (雷鑑銘) (*Chairperson*)
Mr. Gao Wen (高文)
Ms. Li Yanling (李延玲)

[REDACTED]

Compliance Adviser

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INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. The information from official government sources has not been independently verified by us, the Sole Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisers or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

INTRODUCTION OF WIRELESS COMMUNICATION INDUSTRY

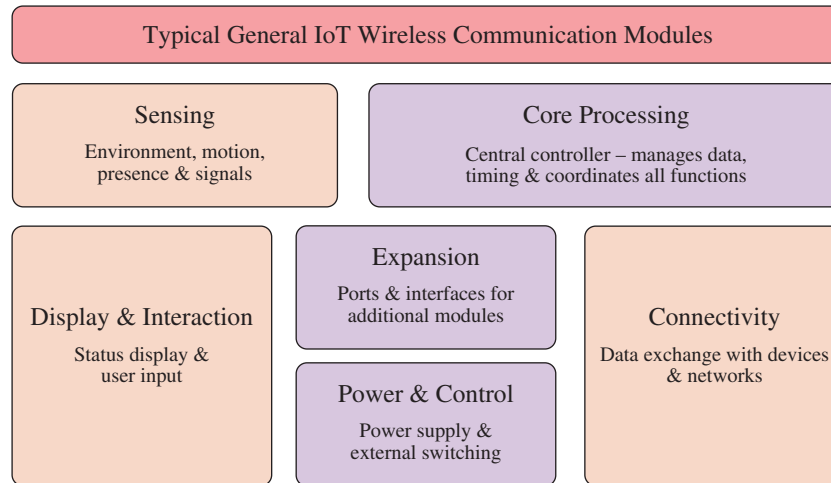
The wireless communication industry is a foundational pillar of modern connectivity, enabling seamless data exchange that underpins the rapid expansion of the Internet of Things. At its core are IoT Wireless Modules, integrated hardware units that provide wireless communication and connectivity across devices and systems. These modules encompass communication technologies such as Wi-Fi/Bluetooth, LoRa and other LPWAN, and cellular standards including GPRS, NB-IoT, and LTE-M, as well as positioning and sensing solutions including GPS/GNSS, UWB ranging, and radar, plus application-specific modules like offline voice-recognition SoMs, differentiated by power consumption, range, integration level, and deployment suitability. They are widely used in industrial manufacturing, smart agriculture, smart energy, consumer electronics, smart cities, metering, and public services, supporting flexible ODM/OEM models that accelerate product development and mass production. Within this landscape, Non-Cellular Modules operate independently of cellular networks using technologies such as Wi-Fi, Bluetooth, LoRa, Zigbee, UWB, and GPS/GNSS, offering low power consumption, cost-effectiveness, and suitability for short-to-medium range or localised applications in private networks. In contrast, Cellular Modules rely on public cellular networks including 2G, 3G, 4G LTE, 5G, NB-IoT, and eMTC, delivering reliable wide-area coverage, strong mobility support, global roaming, and SIM/eSIM functionality for long-distance, continuous, or remote connectivity in outdoor and mobile scenarios.

MARKET OVERVIEW OF GENERAL IoT WIRELESS COMMUNICATION MODULES

IoT wireless communication solutions comprise antennas and modules. Together, they are essential to the Internet of Things, serving as integrated hardware units that enable wireless communication and connectivity for various devices and systems. A wireless communication module solution provider typically integrates core components of the hardware including chips and antennas, and software layers including the software development kits (drivers & firmware, application layer API) – into a unified package. By consolidating these components into a single module-plus-SDK offering, the solution allows developers from underlying hardware complexity, provides a complete toolchain and ecosystem, and enables customers to focus on application-layer innovation, thereby significantly reducing development effort and accelerating time-to-market.

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The diagram presents a simplified functional architecture of a typical general IoT wireless communication modules. At the centre is the core processing unit, which acts as the central controller managing data, timing, and overall system coordination. Surrounding it are five key functional blocks: Sensing detects environmental conditions, motion, presence and remote signals; power & control supplies power and switches external devices; display & interaction shows status information and enables basic user input; connectivity supports data exchange with other devices and networks; and expansion provides interfaces for adding extra functions or connecting additional modules. Together, these blocks illustrate how an general IoT wireless communication modules integrates sensing, control, communication and expansion capabilities into a cohesive system.



Source: Frost & Sullivan

Non-cellular modules are general IoT wireless communication modules that operate independently of traditional cellular networks. These modules leverage alternative wireless technologies such as Wi-Fi, Bluetooth, LoRa, Zigbee, UWB, and GPS/GNSS to enable connectivity. They are characterised by low power consumption, cost-effectiveness, and suitability for short-to-medium range or localised applications, making them ideal for deployment in private networks and controlled environments.

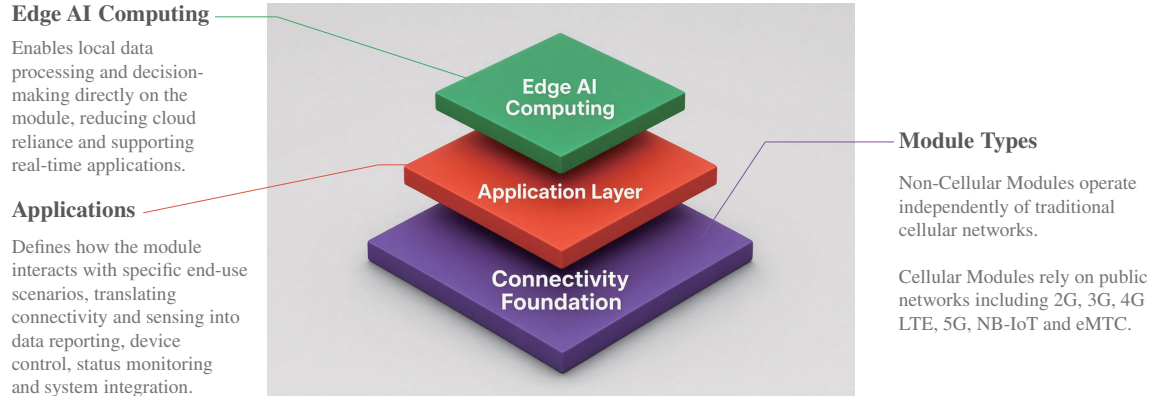
Cellular modules are general IoT wireless communication modules that rely on public cellular networks, including 2G, 3G, 4G LTE, 5G, NB-IoT, and eMTC technologies. They provide reliable wide-area coverage, strong mobility support, and global roaming capabilities, often incorporating SIM or eSIM functionality. These modules are particularly well-suited for applications requiring long-distance, continuous, or remote connectivity across outdoor and mobile scenarios. These wireless modules can be assembled individually or combined together depending on the application scenarios.

Sensing products, such as GPS/GNSS, UWB ranging, and radar provides application-specific functionalities, including offline voice-recognition SoMs. Across these families, key differentiators include power consumption, range, level of integration, and suitability for different deployment scenarios.

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Layered Functions of General IoT Wireless Communication Modules

From connectivity foundation to application capabilities



Source: Frost & Sullivan

The general IoT wireless communication modules can be assembled into PCBA and further integrated into IoT products for consumer and industrial applications. General IoT wireless communication modules are widely deployed in industrial manufacturing, smart agriculture, smart energy, consumer electronics, smart cities, metering, and public services. They support flexible ODM/OEM delivery models, allowing customers to accelerate product development and achieve efficient mass production.

Major Downstream Applications

Consumer electronics represent one of the largest and most relevant application areas for the Group’s general IoT wireless communication products and solutions. The rising penetration of smart homes and connected consumer devices has driven strong demand for wireless connectivity technologies that enable seamless data transmission, remote control, device interconnection and positioning, thereby enhancing user convenience and experience. Products in this segment typically prioritised compact size, low power consumption, cost efficiency and ease of integration.

Consumer electronics remain the primary application area. Solutions are also used in industrial, energy, commercial, and other emerging sectors, which typically require higher reliability, environmental adaptability, broader coverage, or more flexible deployment.

Value Chain Analysis

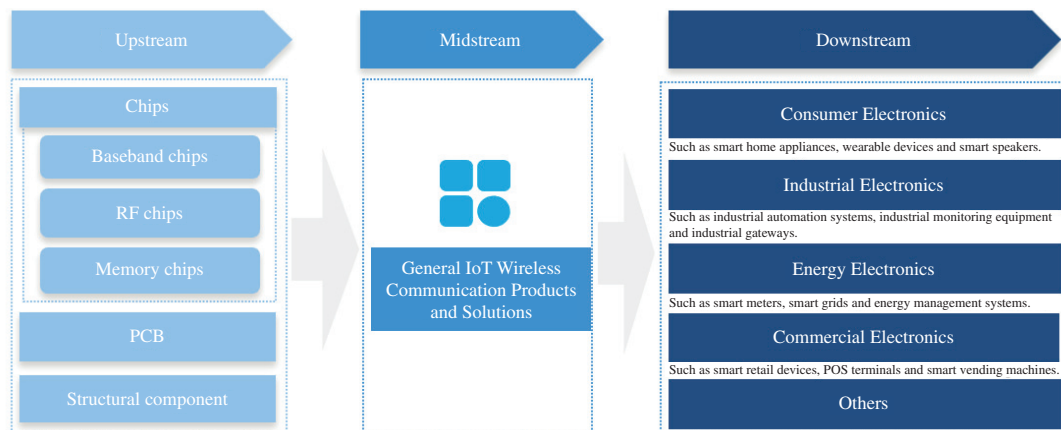
The general IoT wireless communication modules industry chain comprises three segments:

- (i) Upstream manufacturers and solution providers: Dominated by core components such as baseband chips and RF chips, primarily supplied by semiconductor manufacturers and fabless companies, as well as the PCB and substrate;
- (ii) Midstream manufacturers and solution providers: Design and transform upstream components into standardised modules and customised solutions for vertical customers to deploy at scale. Their main responsibilities include designing and integrating wireless SoCs, RF front-ends, PCBs, antennas and passive components into certified modules covering cellular, LPWAN, Wi-Fi/BLE and other technologies, as well as providing reference designs, SDKs and technical support to device OEMs and system integrators. Some midstream manufacturers further position themselves as “module + solution” providers by bundling hardware with firmware, cloud platforms, device management and application software.

INDUSTRY OVERVIEW

- (iii) Downstream manufacturers and solution providers: Connecting end-application scenarios including smart living, industrial and commercial IoT, smart infrastructure, and energy, agriculture and other emerging IoT applications.

Positioned in the midstream of the industry chain, general IoT wireless communication modules serve as the critical link between upstream components and downstream applications. They integrate key elements such as wireless communication chipsets, RF devices, antennas and memory into standardised products or customised solutions, delivering stable and high-performance wireless connectivity that enables downstream customers to rapidly deploy intelligent devices across various scenarios. As downstream demand for intelligence, customisation and system-level integration grows, midstream players are evolving beyond pure module supply into comprehensive solution providers. They create additional value through system integration, RF optimisation, firmware customisation, reference designs and cloud-based device management platforms. By combining hardware with software and technical support services, midstream manufacturers facilitate collaborative innovation between upstream suppliers and downstream users, accelerate application deployment and drive the large-scale implementation of IoT technologies.



Source: Frost & Sullivan

MARKET OVERVIEW OF WIRELESS COMMUNICATION TERMINAL ANTENNAS

Wireless communication terminal antennas refer to specialised antenna products and related components designed for IoT devices and other wireless communication terminals, primarily responsible for the efficient transmission and reception of wireless signals. Key product categories include built-in antennas, external antennas, combination antennas, and RF connection components, which cover a wide range of frequency bands, such as 2G/3G/4G/5G, Wi-Fi, Bluetooth, LoRa, and GNSS, and support various installation methods. These antennas are tightly integrated with wireless communication modules to deliver comprehensive RF solutions. By optimising antenna design, they significantly enhance signal stability, coverage range, transmission efficiency, and overall system reliability, while maintaining high compatibility and design flexibility. They are widely deployed in conjunction with wireless modules across diverse scenarios, including automotive communications, smart wearables, industrial equipment, smart cities, intelligent homes, and other IoT terminals requiring stable and high-performance wireless connectivity.

Value Chain Analysis

The wireless communication terminal antenna industry chain generally consists of upstream raw material and component suppliers, midstream wireless communication terminal antenna providers, and downstream application sectors. Midstream participants manufacture built-in

INDUSTRY OVERVIEW

antennas, external antennas, combination antennas and RF connection components, which are typically deployed in conjunction with wireless communication modules to support stable wireless connectivity. Major downstream applications include automotive communications, industrial IoT equipment, wearable devices, smart city infrastructure and other wireless-enabled IoT terminals.

Positioned in the midstream of the value chain, wireless communication terminal antenna providers transform upstream materials and components into antenna products covering multiple frequency bands and installation methods. Through antenna design, impedance matching, RF testing and performance optimisation, they enhance signal stability, transmission efficiency and coverage performance. Their products serve as critical components within wireless communication systems and enable reliable connectivity across diverse IoT applications.

As demand for wireless connectivity continues to increase across automotive, industrial IoT, wearable and smart city applications, customers are placing greater emphasis on compact design, multi-band compatibility and customised deployment requirements. As a result, wireless communication terminal antenna providers are evolving from standalone antenna manufacturers into providers of comprehensive RF solutions. In addition to antenna products and RF connection components, market participants increasingly offer RF design, testing and optimisation services, creating additional value through integrated full-stack RF solutions and strengthening their role within the wireless communication ecosystem.

The PRC General IoT Wireless Communication Modules Market Size

From 2021 to 2025, the PRC general IoT wireless communication modules market grew steadily from RMB10.7 billion to RMB13.6 billion at a CAGR of 6.2%. Cellular modules including 2G, 3G, 4G LTE, 5G, NB-IoT, and eMTC dominated the market, accounting for 69.1% of the total market in 2025, rising from RMB7.0 billion in 2021 to RMB9.4 billion in 2025 at a CAGR of 7.6%. This growth was driven primarily by large-scale deployments in smart metering, asset tracking, smart cities, and industrial applications, supported by government policies promoting NB-IoT, Cat.1 bis, and 5G infrastructure rollout. Non-cellular modules including Wi-Fi, Bluetooth, LoRa, Zigbee, UWB, and GPS/GNSS represented 30.9% of the total market in 2025, increasing from RMB3.7 billion in 2021 to RMB4.2 billion in 2025 at a CAGR of 3.2%. This segment was fueled by demand in localised scenarios such as smart homes, consumer electronics, and private industrial networks, benefiting from low power consumption and cost-effectiveness.

From 2026 to 2030, the market is projected to accelerate from RMB15.0 billion to RMB22.0 billion at a CAGR of 10.0%. Cellular modules are expected to grow from RMB10.5 billion in 2026 to RMB15.3 billion in 2030 at a CAGR of 9.9%. This expansion will be propelled by 5G RedCap commercialization, widespread Cat.1 bis adoption especially in electric two-wheelers and public utilities, smart city mandates, industrial IoT expansion, and automotive connectivity. Non-cellular modules are projected to grow from RMB4.5 billion to RMB6.7 billion at a CAGR of 10.5%, supported by AIoT integration in smart homes, agriculture, and short-to-medium range applications, though at a relatively slower pace due to competition from cellular wide-area solutions. The upward trends reflect policy-driven digital transformation, 5G and edge computing convergence, and cost reductions enabling broader adoption across manufacturing, energy, and public services.

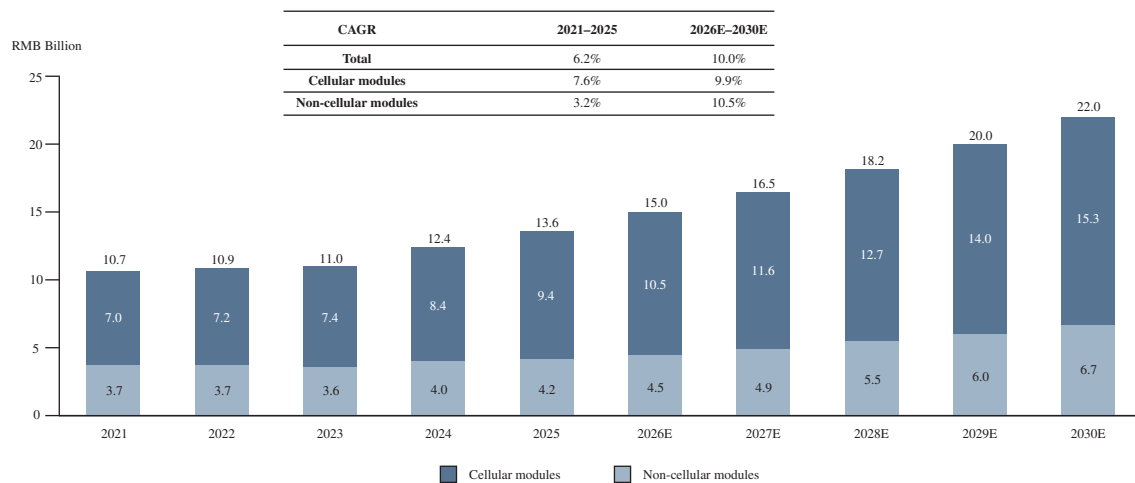
Industrial electronics was the largest segment throughout this period, growing from approximately RMB3.5 billion in 2021 to RMB4.6 billion in 2025 at a CAGR of 7.1%. This strong growth was primarily driven by national digital economy initiatives under the 14th Five-Year Plan, large-scale smart city and smart grid projects, and the acceleration of industrial automation and smart manufacturing. During 2021 to 2025, market growth was primarily driven by national digital economy initiatives under the 14th Five-Year Plan, along with large-scale smart city, smart grid, and industrial automation projects. Key demand came from widespread deployment of smart metering in utilities, the expansion of industrial IoT in manufacturing

INDUSTRY OVERVIEW

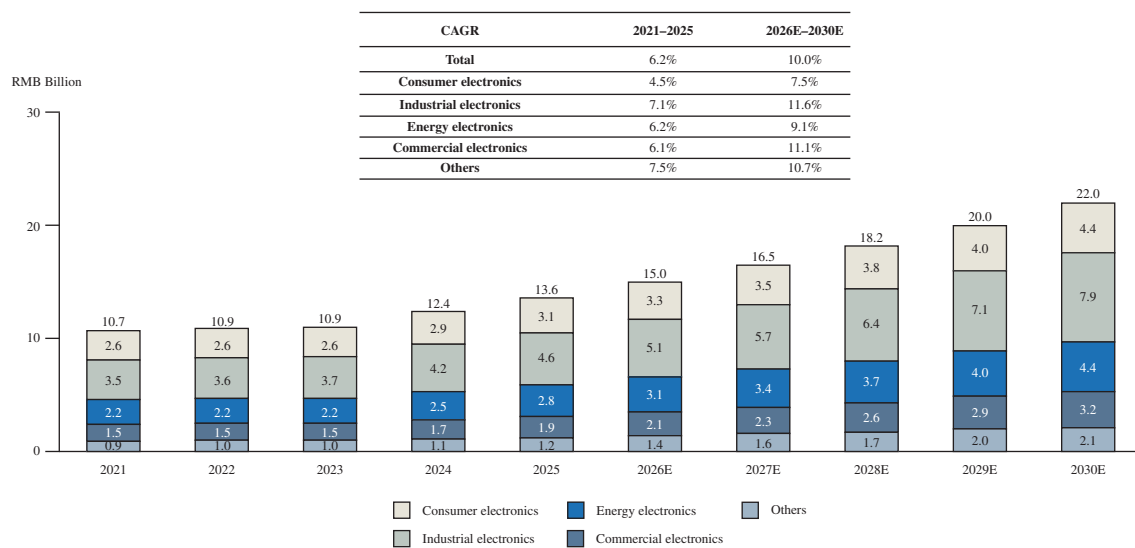
(including predictive maintenance, real-time monitoring, and production line automation), and increasing adoption of connected devices in commercial and logistics sectors, all supported by favourable government policies on mobile IoT and infrastructure upgrades.

Industrial electronics is expected to reach approximately RMB7.9 billion by 2030, followed by energy electronics and consumer electronics of RMB4.4 billion, commercial electronics of RMB3.2 billion, and Others of RMB2.1 billion. This faster growth will be propelled by deeper integration of edge computing, on-device AI, and advanced sensing technologies, as well as continued smart city development, private 5G networks, industry 4.0 initiatives, and large-scale applications in renewable energy, logistics, and intelligent manufacturing. Going forward, the PRC’s extensive standardised IoT deployments, robust policy support, and ongoing technological upgrades are enabling sustained market expansion that frequently surpasses global averages, with a clear shift toward higher-value, intelligent modules.

General IoT Wireless Communication Modules Market Size in The PRC (by categories), 2021–2030E, by Revenue



General IoT Wireless Communication Modules Market Size in The PRC (by Downstream Industries), 2021–2030E, by Revenue



Source: Frost & Sullivan

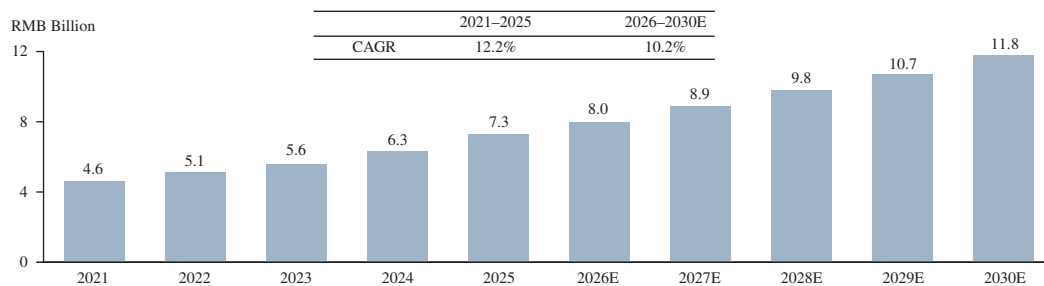
INDUSTRY OVERVIEW

The PRC Wireless Communication Terminal Antennas Market Size

From 2021 to 2025, the market for wireless communication terminal antennas in the PRC experienced steady and robust growth, expanding from RMB4.6 billion in 2021 to RMB7.3 billion in 2025 at a CAGR of 12.2%. This growth was primarily driven by the rapid deployment of 5G infrastructure, surging demand from consumer electronics, smart homes, and wearable devices, as well as the initial acceleration of intelligent connected vehicles. Increasing integration of antennas with IoT modules and the need for multi-frequency, high-performance solutions further supported market expansion during this period.

From 2026 to 2030, the wireless communication terminal antenna market in the PRC is projected to enter a phase of accelerated development, growing from RMB8.0 billion in 2026 to RMB11.8 billion by 2030 at a CAGR of 10.2%. This faster momentum will be fueled by the commercialization of 5G RedCap and 5G-A technologies, large-scale industrial IoT deployments, smart city initiatives, and deeper intelligence integration in automotive and industrial applications. The trend toward smarter, more integrated, and multi-scenario antenna solutions is expected to drive higher value-added growth and stronger demand across various IoT terminals.

The PRC Wireless Communication Terminal Antennas Market Size, 2021–2030E, by Revenue



Source: Frost & Sullivan

MARKET OVERVIEW OF IoT-RELATED PCBA SOLUTIONS

IoT-related PCBA solutions refer to the design, assembly, and integration of printed circuit board assemblies (“PCBA”) specifically tailored for IoT applications. These solutions involve mounting and interconnecting wireless communication modules, sensors, microcontrollers, power management units, and other application-specific components onto printed circuit boards to create fully functional, ready-to-install electronic assemblies.

Key characteristics include high integration of wireless connectivity, support for edge computing, low power consumption design, and compliance with IoT-specific performance and certification requirements. IoT-related PCBA solutions enable efficient mass production and accelerated time-to-market for various IoT terminals, such as smart home appliances, industrial sensors, smart metering devices, wearables, and logistics trackers.

They serve as a critical bridge between individual electronic components and complete IoT products, offering customised, reliable, and cost-effective hardware foundations for the rapidly expanding IoT ecosystem.

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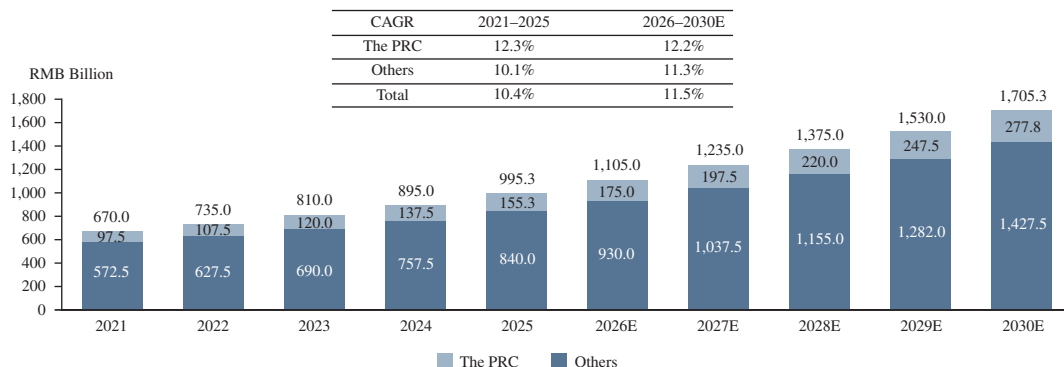
IoT-Related PCBA Solutions Market Size

From 2021 to 2025, the global IoT-related PCBA solutions market expanded steadily from approximately RMB670.0 billion to RMB995.3 billion. Growth during this period was primarily driven by the rapid adoption of smart home devices, expansion of industrial IoT deployments, and rising demand for connected consumer electronics, supported by the increasing integration of wireless modules and sensors into compact assemblies. From 2026 to 2030, the market is projected to accelerate from RMB1,105.0 billion to RMB 1,705.3 billion. This faster growth will be propelled by deeper AIoT integration, higher device complexity requiring advanced multi-layer and high-density assemblies, large-scale smart city and industrial automation projects, and continued expansion of smart home ecosystems worldwide.

The market for IoT-related PCBA solutions in China expanded steadily from approximately RMB97.5 billion to RMB155.3 billion, at a CAGR of 12.3%. This growth was primarily driven by the rapid adoption of smart home appliances, expansion of industrial IoT deployments, and increasing demand for smart metering and energy management systems. Rising consumer spending on intelligent home devices, government support for digital infrastructure, and the acceleration of industry 4.0 initiatives further boosted demand for integrated PCBA boards that combine wireless modules, sensors, and application-specific circuitry.

From 2026 to 2030, the market is projected to accelerate from RMB175.0 billion to RMB277.8 billion, with a CAGR of approximately 12.2%. This faster growth will be propelled by deeper integration of edge computing and on-device AI, widespread adoption of matter protocol in smart homes, continued smart city and industrial automation projects, and the expansion of renewable energy and logistics IoT applications. The shift toward higher-value, more complex IoT terminals requiring advanced PCBA solutions, along with ongoing policy support for digital transformation, will sustain strong momentum in this period.

Global IoT-Related PCBA Solutions Market Size, 2021–2030E, by Revenue



Source: Frost & Sullivan

IoT-Related PCBA Solutions for Smart Home Appliances Market Size

The global IoT-related PCBA solutions market for smart home appliances grew steadily from approximately RMB230.0 billion in 2021 to RMB380.0 billion in 2025. This expansion was mainly driven by rising consumer demand for connected devices such as smart speakers, lighting systems, security cameras and home hubs, supported by increasing disposable incomes and the early adoption of interoperable smart home ecosystems. From 2026 to 2030, the segment is expected to accelerate from RMB345.0 billion to RMB760.0 billion at a CAGR of 15.0%. Faster

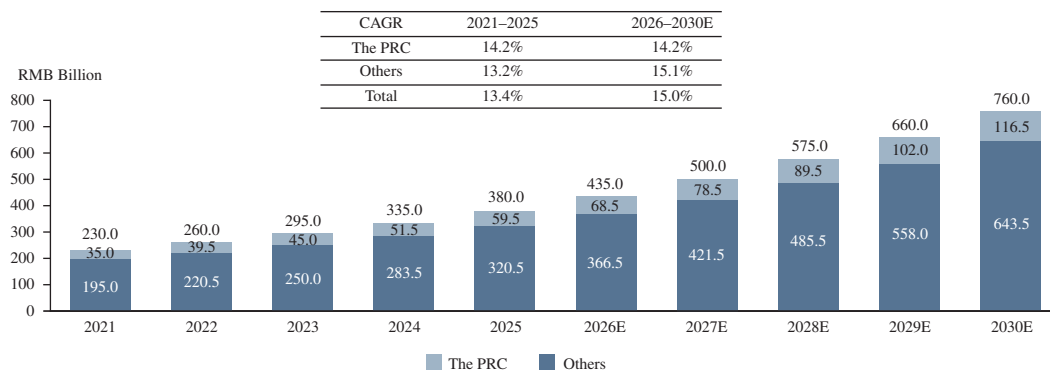
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growth will be propelled by the widespread adoption of the Matter protocol, deeper integration of AI and voice control, the trend toward whole-house intelligent systems, and continuous innovation in energy-efficient and multi-functional smart appliances.

The IoT-related PCBA solutions market for smart home appliances in China grew from approximately RMB35.0 billion in 2021 to RMB59.5 billion in 2025, at a CAGR of approximately 14.2%. This growth was mainly driven by rising consumer demand for intelligent home devices, increasing disposable income among urban households, and the popularisation of smart speakers, lighting, security systems, and home hubs. Supportive government policies promoting smart communities and the early adoption of connected appliances further accelerated market expansion during this period.

From 2026 to 2030, the segment is expected to accelerate from RMB68.5 billion to RMB116.5 billion, with a CAGR of approximately 14.2%. This faster growth will be propelled by the widespread adoption of the matter protocol for better interoperability, deeper integration of AI and voice control, the trend toward whole-house intelligent systems, and strong policy support for digital home ecosystems. Rising consumer preference for energy-efficient and health-oriented smart appliances, along with the development of new residential projects featuring pre-installed smart systems, will continue to drive robust demand in this period.

Global IoT-Related PCBA Solutions for Smart Home Appliances Market Size, 2021–2030E, by Revenue



Source: Frost & Sullivan

Market Drivers for General IoT Wireless Communication Modules

Supportive Government Policies and the Development of “New Quality Productive Forces”

China’s proactive national digital economy initiatives and sector-wide industrial upgrade programmes are serving as fundamental catalysts for the sustained growth of the general IoT wireless communication modules market. The State Council’s 2026 IoT action plan targets a core IoT industry value of over RMB3.5 trillion by 2028 and more than 10 billion IoT terminal connections, highlighting the scale of policy support behind device-side connectivity demand. The strategic emphasis on “New Quality Productive Forces” has accelerated the deployment of advanced digital infrastructure across public services, intelligent transportation, energy management, advanced manufacturing, and smart urban governance. These policies provide strong support through favourable spectrum allocation, subsidies for technology adoption, and regulatory frameworks that encourage the use of low-power wireless solutions.

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For non-cellular modules, the policy tailwind is particularly pronounced in private networks and localised deployments in smart cities and industrial parks, where Wi-Fi, Bluetooth, Zigbee and Sub-GHz/LoRa solutions are widely used in metering, sensing and control scenarios that do not require public cellular coverage but benefit from low power and low cost.

Explosive Growth in Downstream IoT Application Scenarios

The rapid proliferation of IoT deployments across key vertical industries continues to generate substantial demand for wireless communication modules. High-volume application areas such as smart metering, logistics tracking, video surveillance, connected vehicles, industrial gateways, and renewable energy systems are expanding at an accelerated pace.

For non-cellular modules, this growth is especially pronounced in consumer electronics, particularly smart home devices, smart agriculture, and new energy sectors. China’s smart home devices market reached an estimated RMB955.7 billion in 2025, with device shipments rising from 150 million units in 2018 to about 279 million units in 2025, dominated by categories such as smart appliances, lighting and home security that typically integrate Wi-Fi and Bluetooth modules. In agriculture and new energy, the extensive use of LoRa and Zigbee-based systems for smart irrigation, precision agriculture and remote monitoring, citing low power consumption, long range and cost effectiveness as key advantages.

Increasing Integration of AI and Edge Computing (AIoT)

The rapid advancement of artificial intelligence and its deepening convergence with IoT (AIoT) has become a major growth driver for the general IoT wireless communication modules market. The penetration of on-device AI in new IoT terminals rose from less than 10% in 2023 and is expected to reach 25 to 30% by 2026, driving demand for modules that combine wireless connectivity with local data processing, real-time analytics and intelligent decision-making capabilities. Non-Cellular Modules, particularly Wi-Fi and Bluetooth-based solutions, are well-positioned to benefit in privacy-sensitive and latency-sensitive applications such as smart homes, industrial automation, consumer electronics and intelligent buildings, where on-device processing and efficient local networking are essential. As enterprises and consumers increasingly require higher autonomy, privacy and responsiveness, the need for advanced modules supporting edge AI continues to accelerate and is expected to expand further through 2030 as AIoT transitions from pilot projects to large-scale commercial deployments.

Market Drivers for Wireless Communication Terminal Antennas

Strong Policy Support for 5G, IoT, and Digital Infrastructure Development

China’s robust national policy framework continues to provide powerful momentum for the wireless communication terminal antenna market to promote large-scale 5G commercialization, IoT infrastructure construction, and smart city development. These policies encourage widespread deployment of advanced wireless connectivity solutions across public services, intelligent transportation, industrial upgrading, energy management, and urban governance. In particular, supportive measures on spectrum allocation, technology innovation subsidies, and vertical industry application pilots have accelerated the adoption of high-performance terminal antennas. This policy environment benefits both Cellular and Non-cellular modules by driving demand for reliable, multi-frequency, and highly integrated antennas in applications such as smart metering, environmental monitoring, intelligent transportation, and industrial IoT networks.

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Rapid Expansion of Downstream IoT and Intelligent Device Applications

The explosive growth of IoT terminals, intelligent connected vehicles, smart homes, consumer electronics, and industrial automation is significantly boosting the demand for wireless communication terminal antennas. As non-cellular technologies such as Wi-Fi, Bluetooth, LoRa, and Zigbee proliferate in private networks and localised scenarios, there is increasing need for built-in, external, and combination antennas that deliver stable signal coverage, multi-frequency support, and compact designs. The rise of smart wearables, renewable energy systems, and industrial sensors further accelerates antenna requirements for enhanced performance and integration.

Technological Advancements and Higher Integration Requirements

Continuous innovation in antenna technology, including multi-band compatibility, smart antenna arrays, miniaturisation, and improved integration with wireless modules, is creating strong market momentum. The shift toward 5G RedCap, Wi-Fi 7, and AIoT applications demands more sophisticated terminal antennas capable of supporting higher data rates, lower latency, and better interference resistance. End customers increasingly require customised antenna solutions that deliver full-stack RF performance, driving demand for advanced design, simulation, and testing capabilities in the antenna segment.

Market Trends for General IoT Wireless Communication Modules

Accelerated Transition Toward 5G RedCap and Multi-Technology Integration

The general IoT wireless communication modules market in China is witnessing a clear trend toward deeper integration of multiple wireless technologies, with non-cellular modules playing an increasingly important role. Technologies such as Wi-Fi 6/7, Bluetooth, LoRa, and Zigbee are being widely adopted and combined with cellular modules to form hybrid connectivity solutions. This multi-technology approach allows for optimised performance in both wide-area and localised private networks, reflecting the industry’s shift toward more flexible and scenario-specific module designs.

Rapid Evolution Toward Intelligent and Edge-Computing Enabled Modules

General IoT wireless communication modules in China are evolving rapidly from basic connectivity components into highly integrated intelligent platforms. A prominent trend is the incorporation of edge computing capabilities, on-device AI processing, embedded processors, and advanced sensing functions into modules. This smart integration enables real-time data processing, OTA upgrades, and enhanced system autonomy, particularly in Non-cellular modules used for smart homes, industrial automation, and AIoT applications. As enterprises prioritise data privacy, low latency, and energy efficiency in private networks, demand for these intelligent non-cellular solutions is rising significantly. This trend is further reinforced by the growing platformization of modules, which now serve as critical nodes for device management and ecosystem collaboration.

Accelerated Product Innovation and Miniaturisation of General IoT Wireless Communication Modules

A prominent market trend in China’s IoT wireless modules industry is the continuous advancement toward higher functional complexity and miniaturisation to meet the evolving demands of downstream applications. As end-user devices become more sophisticated, particularly in wearable electronics, smart home appliances, and industrial sensors, there is rising demand for modules that integrate multiple functions such as wireless connectivity, edge computing, sensing, and power management within increasingly compact form factors. This trend is driving industry participants to strengthen their R&D capabilities, focusing on advanced

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antenna-module co-design, ultra-compact architectures, low-power optimization, and high-integration solutions. Such efforts enable the development of lightweight, high-performance modules that better address the growing requirements for space-constrained and multifunctional IoT terminals across various sectors.

Market Trends for Wireless Communication Terminal Antennas

Miniaturisation and High-Density Integration

There is a clear trend toward smaller, lighter, and more highly integrated antenna designs to meet the demands of compact IoT devices, smart wearables, and space-constrained applications. Manufacturers are increasingly embedding antennas directly into PCBA boards or developing ultra-thin, multi-layer structures that combine multiple frequency bands within limited physical space. This miniaturisation trend supports the growing need for sleek product designs while maintaining strong RF performance, particularly for non-cellular applications in consumer electronics and industrial sensors.

Growing Adoption of Smart and Adaptive Antenna Technologies

The market is shifting toward intelligent antenna solutions featuring beamforming, MIMO, and adaptive tuning capabilities. These smart antennas can dynamically optimise signal direction, reduce interference, and improve connection quality in complex environments. This trend is gaining momentum as 5G-A, Wi-Fi 7, and AIoT applications require higher data throughput and more reliable connectivity, driving innovation in software-defined and reconfigurable antenna systems for both industrial and consumer terminal devices.

Price Trends of Key Cost Components of General IoT Wireless Communication Modules

The key cost components of general IoT wireless communication modules mainly include chips, PCBs, crystal oscillators, shielding covers, resistors, capacitors, diodes, and transistors, flexible printed circuits and metal hardware components. Prices rose sharply in 2021 and 2022 amid the global semiconductor shortage and strong demand. Most categories corrected or stabilised lower in 2023 as inventories built and demand softened. From 2024 into 2025, trends diverged that mature-process chips remained relatively soft, while PCBs, specialty MLCCs, and copper-linked materials, such as shielding, FPCs and hardware, showed renewed upward pressure driven by rising raw material costs, AI/server demand, and tighter supply of key materials such as electronic cloth and high-end CCL.

Price Trends of Key Cost Components of General IoT wireless communication modules in the PRC, 2021–2025

2021=100	2021	2022	2023	2024	2025 (2021–2025)	CAGR
Chips (Baseband, RF, SoC, Memory – mature-process/IoT-relevant)	100.0	118.0	100.0	95.0	103.0	0.7%
PCBs (Printed Circuit Boards)	100.0	110.0	100.0	118.0	135.0	7.8%
Flexible Printed Circuits (FPCs)	100.0	110.0	100.0	113.0	123.0	5.3%
Capacitors (esp. MLCCs) & Resistors	100.0	118.0	98.0	108.0	128.0	6.4%
Diodes and Transistors	100.0	115.0	93.0	98.0	110.0	2.4%
Crystal Oscillators	100.0	107.0	98.0	102.0	104.0	1.0%
Shielding Covers & Metal Hardware Components	100.0	103.0	95.0	110.0	128.0	6.4%

Source: Frost & Sullivan

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Price Trends of Key Cost Components of Wireless Communication Terminal Antennas

Key raw materials for wireless communication terminal antennas mainly include copper, aluminium, engineering plastics, polyimide film, liquid crystal polymer, ceramic materials, connectors & plating materials. Prices rose broadly in 2021 and 2022 amid strong electronics demand and elevated commodity costs, corrected or stabilised in 2023, then diverged in 2024 and 2025. Copper and high-frequency materials showed renewed upward pressure, while standard engineering plastics faced continued downward pressure from domestic overcapacity. Polyimide film recovered moderately, and ceramic materials remained relatively stable.

Price Trends of Key Cost Components of Wireless Communication Terminal Antennas in the PRC, 2021–2025

2021=100	2021	2022	2023	2024	2025 (2021–2025)	CAGR
Copper	100.0	105.0	98.0	112.0	135.0	7.8%
Aluminium	100.0	102.0	95.0	105.0	115.0	3.6%
Engineering Plastics	100.0	108.0	95.0	90.0	88.0	-3.1%
Polyimide Film	100.0	110.0	105.0	108.0	115.0	3.6%
Liquid Crystal Polymer	100.0	115.0	110.0	112.0	118.0	4.2%
Ceramic Materials	100.0	105.0	100.0	103.0	108.0	1.9%
Connectors & Plating Materials	100.0	110.0	98.0	105.0	120.0	4.7%

Source: Frost & Sullivan

Market Challenges for General IoT Wireless Communication Modules

Rapid Technological Iteration and High R&D Investment Pressure

The general IoT wireless communication modules market faces continuous and rapid technological evolution driven by 5G RedCap, Wi-Fi 7, AIoT integration, and multi-frequency requirements. General IoT wireless communication modules manufacturers must constantly invest heavily in R&D, advanced simulation tools, and testing capabilities to develop smaller, higher-performance, and more integrated IoT wireless modules solutions.

Technological Standardisation, Supply Chain Vulnerabilities, and Security Concerns

The general IoT wireless communication modules market continues to encounter challenges related to fragmented technology standards, complex supply chain dependencies, and rising cybersecurity and data privacy requirements. Additionally, reliance on imported key components (such as high-end chips and RF materials) exposes the industry to supply chain disruptions and geopolitical risks. Heightened regulatory scrutiny on data security and network authentication further raises compliance costs and technical barriers for module developers and users.

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Market Challenges for Wireless Communication Terminal Antennas

Intensifying Market Competition and Downward Price Pressure

The wireless communication terminal antennas market in the PRC faces fierce competition from both domestic manufacturers and global players, resulting in significant pricing pressure and margin compression. With numerous local suppliers offering similar solutions for smartphones, consumer electronics, IoT devices, and automotive applications, product differentiation has become increasingly difficult, particularly in standard and mid-to-low-end antenna segments. This intense rivalry is forcing companies to continuously lower prices while increasing R&D investment in advanced technologies, such as 5G/mmWave, multi-band, and high-precision antennas, to maintain market share. These dynamics pose ongoing challenges to profitability and long-term sustainable growth, especially for mid- and small-sized antenna suppliers.

Rising Technical Barriers and Integration Complexity

The fast pace of technological advancement in 5G RedCap, Wi-Fi 7, AIoT, and multi-protocol integration presents considerable challenges for antenna manufacturers. There is continuous pressure to develop smaller, more efficient, multi-band, and smart antennas that can deliver superior signal stability and interference resistance while integrating seamlessly with wireless modules. This requires advanced simulation capabilities, and stringent testing, which creates high technical barriers, especially for smaller players in the market.

Market Drivers for IoT-related PCBA Solutions

Growing Requirement for Highly Customised and Integrated Assemblies

The expansion of non-cellular IoT applications is generating strong demand for PCBA solutions that seamlessly integrate wireless modules with other critical components such as sensors, power systems, and custom circuitry. As IoT device manufacturers aim to reduce design complexity and accelerate product development, professional PCBA providers are increasingly relied upon to deliver optimised, compact, and production-ready boards tailored for smart homes, industrial sensors, consumer electronics, and private network devices.

Continued Push for Supply Chain Localization and Manufacturing Efficiency

China’s ongoing efforts to strengthen domestic electronics supply chains and enhance cost competitiveness are significantly supporting the PCBA industry. In the Non-Cellular IoT segment, where price sensitivity and volume production are common, PCBA solutions help manufacturers achieve greater localization, shorter procurement cycles, and improved overall cost efficiency while upholding stringent quality and reliability standards.

Rising Need for Flexible and Scalable Manufacturing Capabilities

The diversification and rapid evolution of Non-Cellular IoT terminals require agile manufacturing support. PCBA solutions play a vital role by offering flexible high-mix production, rapid prototyping, and smooth scaling from pilot runs to mass manufacturing. This enables IoT companies to bring new products featuring advanced Wi-Fi, Bluetooth, LoRa, or Zigbee connectivity to market faster and respond effectively to shifting market demands in sectors such as intelligent buildings, wearables, and industrial automation.

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COMPETITIVE LANDSCAPE

The number of companies in the PRC that offer both wireless communication terminal antennas and general IoT wireless communication modules as core integrated solutions is relatively limited. The Group is one of the pioneers in the PRC in providing comprehensive general IoT wireless communication solutions that integrate both wireless communication terminal antennas and general IoT wireless communication modules. The number of specifications offered by the Group is significantly more diversified than those of other market participants in the general IoT wireless communication modules and wireless communication terminal antennas market in the PRC. In particular, the Group offers over 160 general IoT wireless communication solution models in the PRC, placing its portfolio above the industry average range of approximately 100 to 150 models. This scale exceeds the typical breadth of most market participants and approaches the coverage maintained by leading players, enabling broader technology and application coverage. As a result, the extensive model range constitutes a clear competitive edge, supporting stronger customer design-in capability and multi-scenario solution delivery relative to the majority of peers. As an general IoT wireless communication solutions provider offering both terminal antennas and general IoT wireless communication modules, the Group enjoys several strategic and operational advantages:

- **System-Level Optimization and Performance Enhancement:** By designing antennas and modules together, the Group can achieve improved overall system performance. This co-design approach is particularly valuable in complex or space-constrained applications such as smart home devices, wearables and industrial terminals.
- **One-Stop Solution Capability:** Customers benefit from a single supplier that can deliver both core connectivity components (modules) and antennas. This reduces coordination costs, shortens development cycles and simplifies supply chain management for downstream device manufacturers.
- **Stronger Customization and Application Fit:** Deep expertise across both product categories enables more precise customization. The Group can tailor antenna designs to specific module characteristics and application environments (e.g., smart home, pet care, entertainment devices or new energy systems), resulting in higher reliability and faster time-to-market for customers.
- **Higher Value Capture and Differentiation:** Offering integrated antenna-module solutions allows the Group to move beyond pure component supply and capture greater value through system-level solutions, technical support and long-term partnerships. This positions the Group more strongly against pure-play module or antenna competitors.
- **Enhanced R&D Synergies and Innovation Capability:** Cross-domain knowledge between antenna design and module development accelerates technological innovation, particularly in miniaturisation, multi-band support, low-power performance and AIoT integration. These synergies strengthen the Group’s ability to address evolving IoT application needs across consumer and industrial sectors.

The general IoT wireless communication modules market in the PRC is highly concentrated with the top five market participants accounting for the market share of 73.2%. Competition is driven by scale and cost advantages from large domestic demand and efficient supply chains, as well as product differentiation through intelligent modules with edge AI, automotive-grade solutions, customised firmware and integrated offerings. While price competition remains intense

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in standardised modules, higher-value customised and AIoT solutions provide better margins. Overall, the landscape is characterised by strong domestic dominance, ongoing consolidation among leading players, and a gradual shift from pure module supply toward integrated solutions.

Ranking in the PRC General IoT Wireless Communication Modules Market by Revenue, 2025

Ranking	Company	Revenue (RMB Million)	Market Share (%)
1	Company A	6,117.8	45.0%
2	Company B	1,508.4	11.1%
3	Company C	1,129.7	8.3%
4	Company D	680.6	5.0%
5	Company E	521.7	3.8%
	Others	3,641.8	26.8%
Total		13,600.0	100.0%

Source: Frost & Sullivan

Notes:

1. Company A is a global leading provider of IoT wireless communication modules and overall solutions. It offers a comprehensive portfolio of cellular, GNSS, short-range, and automotive modules, along with antennas and value-added services, serving industries such as automotive, industrial IoT, smart energy, and consumer electronics worldwide.
2. Company B is a global leading provider of wireless communication modules and AI solutions, and China’s first A+H dual-listed wireless module company. Founded in 1999, it focuses on cellular modules, smart modules, automotive-grade modules, and full-stack solutions that help industries transition from connectivity to intelligent applications.
3. Company C is a global leading provider of wireless communication modules and solutions, with a strong focus on smart modules and high-computing-power AI modules. Its products and solutions are widely applied in general IoT, intelligent connected vehicles (ICV), wireless broadband, and on-device AI scenarios.
4. Company D is a high-tech enterprise specialising in AIoT products and solutions centred on intelligent connectivity. Its main businesses include wireless communication modules, smart devices, communication equipment, and engineering services, serving telecom operators and various industry clients globally.
5. Company E is an IoT one-stop solutions provider engaged in the R&D, production, and sales of IoT modules and system solutions, as well as IC value-added distribution. It offers a wide range of wireless modules and serves smart metering, industrial, automotive, and other application fields.

The wireless communication terminal antennas market in the PRC is relatively fragmented and highly competitive with a mix of specialised antenna manufacturers and integrated solution providers. The top five market participants account for the market share of 43.4% in 2025. Competition focuses on technical performance, multi-band support, miniaturisation, signal stability and efficiency, cost control, customization capability, and the ability to provide full RF solutions that combine antennas with modules or PCBA. Price pressure is significant in standardised consumer and IoT antenna products, while higher-margin opportunities exist in customised, high-performance and automotive-grade solutions. Overall, the market is characterised by intense competition on technology and cost, with leading firms leveraging R&D

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strength, vertical integration and close relationships with module makers and device OEMs to maintain their positions.

Ranking in the PRC Wireless Communication Terminal Antennas Market by Revenue, 2025

Ranking	Company	Revenue (RMB Million)	Market Share (%)
1	Company F	1,050.0	14.4%
2	Company G	900.0	12.3%
3	Company A	600.0	8.2%
4	Company H	500.0	6.8%
5	Company I	125.0	1.7%
	Others	4,125.0	56.5%
Total		7,300.0	100.0%

Source: Frost & Sullivan

Notes:

1. Company F is a Chinese provider of wireless terminal antennas and modules, with products widely used in smartphones, automotive, AR/VR, satellite terminals, and other consumer and IoT devices. It also offers thermal management components, wire harnesses, and sensor modules.
2. Company G is a global leader in RF components and antennas, specialising in terminal antennas, wireless charging modules, connectors, and related precision components. Its products serve consumer electronics, automotive, satellite communication, and IoT applications worldwide.
3. Company H global manufacturer of precision components, connectors, cables, and system integration solutions for consumer electronics, automotive, and data centres. Antenna products form part of its broad portfolio of interconnect and electronic components supplied to leading international brands.
4. Company I is a Chinese communication antenna and RF products manufacturer, offering base station antennas, terminal antennas, microwave devices, and related components. Its products are mainly applied in mobile communication networks, microwave systems, and emerging scenarios such as low-altitude economy and satellite internet.

Entry Barriers

High Technical and R&D Thresholds

Entering the market requires deep expertise in RF engineering, electromagnetic simulation, antenna design, and wireless protocol integration. New entrants must invest heavily in advanced R&D capabilities, including professional simulation software, anechoic chambers, and extensive testing facilities for multi-frequency, high-performance products (such as 5G RedCap, Wi-Fi 7, and AIoT modules). The rapid pace of technological evolution further raises the bar, as companies need continuous innovation to meet stringent performance requirements in signal stability, power efficiency, and electromagnetic compatibility.

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Stringent Certification and Regulatory Compliance Requirements

The market is heavily regulated, demanding multiple mandatory certifications including SRRC, CCC, network access approvals from major operators, and industry-specific qualifications (e.g., IATF 16949 for automotive). The certification process is time-consuming, costly, and requires proven reliability and traceability in the supply chain. Foreign or new domestic players often face additional scrutiny, making regulatory compliance one of the most significant barriers to market entry.

Strong Established Customer Relationships and Economies of Scale

Leading companies have built long-term strategic partnerships with major downstream customers, including automotive OEMs, smart home brands, and industrial equipment manufacturers. New entrants face high switching costs for customers and must compete against incumbents' advantages in production scale, procurement bargaining power, and proven delivery reliability, making it difficult to secure sizable orders.

SOURCE OF INFORMATION

We engaged Frost & Sullivan, an independent market research and consulting company founded in 1961 with 40 offices and more than 2,000 industry consultants, market research analysts, technology analysts and economists globally, to conduct an analysis of, and to prepare a report on, the General IoT Wireless Communication Modules, Wireless Communication Terminal Antennas and IoT-related PCBA solutions market in the PRC in connection with the [REDACTED]. The report prepared by Frost & Sullivan for us is referred to in this document as the industry report. We agreed to pay Frost & Sullivan a fee of RMB440,000 which we believe reflects market rates for reports of this type.

RESEARCH METHODOLOGY

Frost & Sullivan's independent research consists of both primary research (in-depth interviews with leading industry participants and industry experts) and secondary research (reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database). Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors.

BASIS AND ASSUMPTIONS

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the industry report, various official government publications and other publications. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing such information.

REGULATORY OVERVIEW

RELEVANT LAWS AND REGULATIONS IN THE PRC

Regulations Relating to Company Establishment and Foreign Investment

Pursuant to the PRC Company Law, which was promulgated by the Standing Committee of the National People’s Congress (“**SCNPC**”) on 29 December 1993, subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023, respectively, and became effective on 1 July 2024, all companies established in the PRC are subject to the provisions of the Company Law, which governs, among other things, the establishment, corporate structure and corporate governance of companies, and also applies to foreign-invested companies. Where the laws relating to foreign investment provide otherwise, such provisions shall prevail.

The Foreign Investment Law and its Implementation Regulations

On 15 March 2019, the National People’s Congress of the PRC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which became effective on 1 January 2020 and replaced the three former laws governing foreign investment in the PRC, namely the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation regulations and supporting rules.

On 26 December 2019, the State Council promulgated the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which became effective on 1 January 2020. The Implementation Regulations for the Foreign Investment Law of the PRC further clarify that the State encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates the administration of foreign investment, continues to optimise the foreign investment environment and advances a higher level of opening-up. The investment authorities and the commerce authorities under the State Council are responsible for submitting the Negative List to the State Council for approval.

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

Catalogue of Encouraged Industries for Foreign Investment and the Negative List

Investment activities of foreign investors in the PRC are primarily governed by the Catalogue of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》) (the “**Encouraged Catalogue**”) and the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》) (the “**Negative List**”), each promulgated and amended from time to time by the MOFCOM and the National Development and Reform Commission (the “**NDRC**”). The Encouraged Catalogue and the Negative List form the basic framework for foreign investment in the PRC and classify businesses involving foreign investment into three categories, namely “encouraged”, “restricted” and “prohibited”. Industries not listed in the Encouraged Catalogue or the Negative List are generally deemed to fall within a

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fourth category of “permitted” industries. The NDRC and the MOFCOM promulgated the Catalogue of Industries Encouraged for Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》) (the “**2025 Encouraged Catalogue**”) on 15 December 2025 effective from 1 February 2026, and promulgated the 2024 Negative List on 6 September 2024, effective from 1 November 2024, to supersede the previous versions of the Encouraged Catalogue and the Negative List. Any industry not listed in the Negative List is administered under the principle of equal treatment of domestic and foreign investment. As at the Latest Practicable Date, our business operations did not fall within the scope of the Negative List, and were therefore not subject to the restrictions thereunder.

Regulations Relating to Outbound Investment

The Administrative Measures for Outbound Investment (《境外投資管理辦法》) were promulgated by the MOFCOM on 6 September 2014 and became effective on 6 October 2014. As defined under the Administrative Measures for Outbound Investment, outbound investment refers to the activities whereby an enterprise lawfully established in the PRC, through incorporation, merger and acquisition or other means, owns a non-financial enterprise outside the PRC or acquires the ownership, control or operation and management rights of an existing non-financial enterprise outside the PRC. Outbound investments by enterprises involving sensitive countries and regions or sensitive industries are subject to approval administration, while outbound investments by enterprises under other circumstances are subject to record-filing administration. A local enterprise shall file with the provincial competent commerce authority at the place where it is located, and qualified enterprises will be recorded by, and granted the Certificate of Outbound Investment by Enterprises (《企業境外投資證書》) by, the provincial competent commerce authorities. The Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) were promulgated by the NDRC on 26 December 2017 and became effective on 1 March 2018. As defined thereunder, outbound investment refers to the investment activities whereby an enterprise in the PRC, directly or through an overseas enterprise under its control, acquires ownership, control, operation and management rights and other relevant rights and interests outside the PRC by contributing assets or equity interests or providing financing or guarantees. Outbound investments are subject to certain procedures, including the approval and record-filing of outbound investment projects, the reporting of relevant information and cooperation with supervision and inspection.

The Provisions of the State Council on Outbound Investment (《國務院關於對外投資的規定》) (Order No. 837 of the State Council) were promulgated by the State Council on 5 May 2026 and became effective on 1 July 2026. Pursuant to such provisions, outbound investment refers to the activities whereby investors (including enterprises, other organisations and resident individuals within the PRC) directly or indirectly acquire the ownership, control, operation and management rights of, and other relevant rights and interests in, enterprises, assets or otherwise in other countries (regions) by contributing assets or equity interests or providing financing or guarantees; the administration of investments made by investors in the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the Taiwan region shall be implemented with reference to such provisions. Where an investor is required by law to complete procedures such as approval or record-filing, information reporting and cross-border capital registration for its outbound investment activities, such procedures shall be completed in accordance with the relevant provisions of the State; outbound investments which affect or may affect national security are subject to outbound investment security review. An investor making an outbound investment prohibited by the State will be ordered to cease such investment activities, dispose of the relevant shares and assets within a prescribed period and have its illegal gains confiscated, and, where it refuses to comply, will be subject to a fine of not less than 5‰ but not more than 10‰ of the investment amount; an investor failing to complete the

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approval or record-filing procedures for its outbound investment as required will be ordered to rectify and have its illegal gains confiscated, and will be subject to a fine of not less than 1‰ but not more than 5‰ of the investment amount, and, where it refuses to rectify, will be ordered to cease such investment activities and to dispose of the relevant shares and assets within a prescribed period, and will be subject to a fine of not less than 5‰ but not more than 10‰ of the investment amount.

Pursuant to Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》), which were promulgated by the SAFE on 13 July 2009 and implemented on 1 August 2009, and the Notice on Further Simplifying and Improving the Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which were promulgated by the SAFE on 13 February 2015, implemented on 1 June 2015 and partially repealed on 30 December 2019, upon obtaining the approval for overseas investment, a PRC enterprise shall apply for foreign exchange registration of its overseas direct investment with the bank at its place of registration.

Regulations Relating to Radio Transmitting Equipment

Pursuant to the Radio Regulations of the PRC (《中華人民共和國無線電管理條例》), which were promulgated by the State Council and the Central Military Commission on 11 September 1993, revised on 11 November 2016 and became effective on 1 December 2016, the state radio regulatory authority is responsible for radio administration nationwide. The production or import of radio transmitting equipment for sale or use within the PRC shall comply with the laws and regulations on product quality, national standards and the relevant provisions of the State on radio administration. Except for micro-power short-range radio transmitting equipment, the production or import of any other radio transmitting equipment for sale or use within the PRC shall be subject to an application for model approval to be filed with the state radio regulatory authority. Anyone who, in violation of such provisions, produces or imports radio transmitting equipment for sale or use within the PRC without obtaining model approval shall be ordered by the radio regulatory authority to rectify and shall be subject to a fine ranging from RMB50,000 to RMB200,000; if the violator refuses to rectify, the radio transmitting equipment without model approval shall be confiscated and a fine ranging from RMB200,000 to RMB1,000,000 shall be imposed. Anyone who sells radio transmitting equipment which is subject to but has not obtained model approval in accordance with the law shall be ordered by the radio regulatory authority to rectify, with the illegally sold radio transmitting equipment and illegal gains confiscated, and may also be subject to a fine of not more than 10% of the value of the illegally sold equipment; if the violator refuses to rectify, a fine of not less than 10% but not more than 30% of the value of the illegally sold equipment shall also be imposed.

Pursuant to the Announcement of the Ministry of Industry and Information Technology (the “MIIT”) on Further Regulating the Production, Import, Sale and Use of Micro-power Short-range Radio Transmitting Equipment (《工業和信息化部關於進一步規範微功率短距離無線電發射設備的生產、進口、銷售和使用的公告》) (Announcement No. 52 of 2019 of the MIIT) issued by the MIIT on 28 November 2019, the production or import, for sale or use within the PRC, of radio transmitting equipment which is listed in and complies with the Catalogue and Technical Requirements of Micro-power Short-range Radio Transmitting Equipment (《微功率短距離無線電發射設備目錄和技術要求》) is not subject to RF use licensing, radio station licensing or model approval of radio transmitting equipment, provided that such equipment shall comply with the laws and regulations on product quality, national standards and the relevant provisions of the State on radio administration.

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Pursuant to the Provisions on the Administration of Radio Transmitting Equipment (《無線電發射設備管理規定》) (Order No. 57 of the MIIT), which were promulgated by the MIIT on 22 December 2022 and became effective on 1 July 2023, the development, production, import, sale and maintenance of radio transmitting equipment within the PRC shall comply with such provisions. The production or import of radio transmitting equipment (other than micro-power short-range radio transmitting equipment) for sale or use within the PRC shall be subject to an application to the state radio regulatory authority for model approval of radio transmitting equipment, and the sale of radio transmitting equipment which is subject to model approval shall be subject to sales record-filing with the radio regulatory authority.

Laws and Regulations Relating to Product Quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on 22 February 1993 and most recently amended on 29 December 2018, producers and sellers shall establish and improve their internal product quality management systems, and strictly implement post-specific quality standards, quality responsibilities and the corresponding assessment measures. It is prohibited to forge or fraudulently use quality marks such as certification marks; to forge the origin of products or to forge or fraudulently use the factory name or address of another party; or to adulterate products in production or sale, to pass off fake products as genuine ones, or to pass off substandard products as quality ones. The product quality shall meet the following requirements: (i) no unreasonable dangers endangering the safety of persons and property; where there are national or industry standards ensuring the health and safety of persons and property, such standards must be complied with; (ii) the product shall possess the properties it is supposed to possess, except where the product’s flaws in their properties are explicitly stated; and (iii) the product shall comply with the product standards stated on the product or its packaging, and meet the quality conditions as represented in product descriptions, physical samples, etc.

Regulations Relating to the Filing of Enterprise Investment Projects

Pursuant to the Regulation on the Administration of the Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》) promulgated by the State Council on 30 November 2016, the government implements approval administration over fixed asset investment projects invested in and constructed by enterprises within the territory of the PRC that concern national security, or involve major national productivity distribution, strategic resource development or major public interests. The specific scope of such projects, as well as the approval authorities and their approval powers, shall be implemented in accordance with the catalogue of investment projects subject to government approval, and all other projects shall be subject to filing administration. For projects subject to filing administration, the enterprise shall, prior to the commencement of construction, notify the filing authority of the following information through the online platform: (i) the basic information of the enterprise; (ii) the project name and the location, scale and content of construction; (iii) the total investment amount of the project; and (iv) a statement that the project complies with industrial policies. If there are any significant changes to the information of a filed project, the enterprise shall promptly notify the filing authority.

For projects subject to filing administration, if the enterprise fails to notify the filing authority of the project information or of changes to the information of a filed project in accordance with the Regulation on the Administration of the Approval and Filing of Enterprise Investment Projects, the filing authority shall order it to make rectification within a prescribed time limit, and a fine shall be imposed if it fails to make rectification within such time limit.

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Laws and Regulations Relating to Construction Projects

Pursuant to the Regulation on the Administration of Construction Quality (《建設工程質量管理條例》) promulgated and implemented by the State Council on 30 January 2000 and amended on 23 April 2019, a construction entity that commences construction without obtaining a construction permit or without approval of its construction commencement report shall be ordered to suspend construction and make rectification within a prescribed time limit, and shall be subject to a fine of no less than 1% but no more than 2% of the contractual project price.

Pursuant to the Regulation on the Administration of Construction Quality and the Administrative Measures for the Filing of Inspection and Acceptance upon Completion of Buildings and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated and implemented by the former Ministry of Construction on 7 April 2000 and amended on 19 October 2009, a construction project may be delivered for use only after it has passed the inspection and acceptance. The construction entity shall, within 15 days from the date on which the construction project passes the inspection and acceptance upon completion, file a record with the competent construction administrative department of the local people’s government at or above the county level of the place where the project is located.

If the construction entity fails to complete the filing of the inspection and acceptance upon completion within 15 days from the date on which the construction project passes such inspection and acceptance, it shall be ordered by the filing authority to make rectification within a prescribed time limit and shall be subject to a fine of no less than RMB200,000 but no more than RMB500,000.

Regulations Relating to Work Safety

Pursuant to the Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) (the “**Work Safety Law**”), most recently amended by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on 10 June 2021 with effect from 1 September 2021, entities engaged in production and business activities in the Chinese Mainland must comply with the Work Safety Law and other relevant laws and regulations on work safety. Production and business entities shall strengthen work safety management, establish and improve the work safety responsibility system and work safety rules and regulations, improve work safety conditions, strengthen the standardisation and informatization of work safety, and enhance the level of work safety to ensure work safety. Violations of the Work Safety Law may result in administrative penalties, including fines, suspension of business and revocation of permits or licences.

Laws and Regulations Relating to Environmental Protection

Pursuant to the Code of the People’s Republic of China on the Ecological Environment (《中華人民共和國生態環境法典》) (Order of the President No. 70), which was adopted by the National People’s Congress on 12 March 2026 and became effective on 15 August 2026, entities and individuals discharging pollutants shall take effective measures to prevent and control environmental pollution – including atmospheric pollution, water pollution, marine pollution, soil pollution, solid waste pollution, noise pollution, radioactive pollution, chemical substance pollution, electromagnetic radiation pollution and light pollution – generated in the course of production, daily life and other activities. Where enterprises, public institutions and other producers and business operators, in violation of laws and regulations, cause or may cause serious consequences such as environmental pollution or ecological damage, or where the relevant evidence may be lost or concealed, the departments bearing supervision and

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administration responsibilities for the protection of the ecological environment may, in accordance with the law, seal up or impound the relevant premises, vessels, facilities, equipment, tools and items.

The State implements classified administration of the ecological and environmental impact assessment of construction projects according to the degree of their impact on the ecological environment, and a construction entity shall, as required, organise the preparation of a written report on ecological and environmental impacts (where significant impacts may be caused), or a written form of ecological and environmental impacts (where minor impacts may be caused), or complete a registration form for ecological and environmental impacts (where the impacts are minimal). The catalogue for such classified administration is formulated and published by the competent ministry for ecology and environment under the State Council. The pollution prevention and control facilities of a construction project must be designed, constructed and put into operation concurrently with the principal works, must meet the requirements of the approved report or form on ecological and environmental impacts, and may not be dismantled or left idle without authorization; before the project is put into production or use, the construction entity shall carry out acceptance inspection of such supporting facilities as prescribed by the State.

Based on factors such as the volume of pollutants generated and discharged and the degree of impact on the ecological environment, classified administration of pollutant discharge permitting is implemented for enterprises, public institutions and other producers and business operators subject to permit administration: key administration applies where the volume of pollutants generated or discharged, or the degree of impact on the ecological environment, is relatively large; and simplified administration applies where the volume of pollutants generated and discharged and the degree of impact on the ecological environment are all relatively small. Enterprises, public institutions and other producers and business operators whose pollutant generation, pollutant discharge and degree of impact on the ecological environment are all very small are not subject to pollutant discharge permit administration, but shall instead complete a pollutant discharge registration form, which is valid for five years. The relevant scope catalogues are formulated and published by the competent ministry for ecology and environment under the State Council.

Regulations Relating to Fire Control

Pursuant to the Fire Control Law of the PRC (《中華人民共和國消防法》), which was most recently amended by the SCNPC on and effective from 29 April 2021, the emergency management department of the State Council and the emergency management departments of the local people's governments at or above the county level supervise and administer fire control work. The fire control design and construction of construction projects must comply with the national fire control technical standards for engineering construction. Anyone who violates the provisions of this Law in committing any of the following acts shall be ordered by the housing and urban-rural development authority and the fire rescue department in accordance with their respective official powers, to stop construction, use or suspend production and business, and impose a fine ranging from 30,000 yuan to 300,000 yuan: (1) unauthorised construction of a development project which is required by law to undergo fire safety design examination does not undergo or pass the examination; (2) unauthorised use of a development project which is required by law to undergo fire safety inspection and acceptance but does not undergo or pass the inspection and acceptance; (3) does not suspend the use of a development project stipulated in Article 13 of this Law which does not pass a spot check following inspection and acceptance; or (4) use or operation of a public gathering venue without permission granted by the fire rescue

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department or the use or operation of a public gathering venue is not in conformity with the contents of the commitment after verification.

Regulations Relating to Leasing

Pursuant to the Law of the PRC on the Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on 5 July 1994 and most recently amended on 26 August 2019 with effect from 1 January 2020, for the leasing of a building, the lessor and the lessee shall enter into a written lease contract setting out the terms of the lease, including the lease term, purpose of the lease, rental price and responsibility for repair and maintenance, as well as the other rights and obligations of both parties. In addition, pursuant to the Law of the PRC on the Administration of Urban Real Estate and the Administrative Measures on the Leasing of Commodity Properties (《商品房屋租賃管理辦法》), which were promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, the parties to a property lease shall, within 30 days after the conclusion of the lease contract, complete property lease registration and record-filing with the competent real estate authorities. Where the lessor and the lessee fail to complete such registration procedures, they may be subject to a fine ranging from RMB1,000 to RMB10,000.

Regulations Relating to Intellectual Property in the PRC

Copyright and Software Registration

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) as amended in 2010 and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》), which were promulgated by the State Council on 2 August 2002 and most recently amended on 30 January 2013 with effect from 1 March 2013, copyright includes personal rights such as the right of publication and the right of authorship, as well as property rights such as the right of production and the right of distribution. Reproducing, distributing, performing, screening, broadcasting, compiling or communicating works to the public through information networks without the permission of the copyright owner constitutes infringement of copyright, except as otherwise provided in the Copyright Law of the PRC. The infringer shall, depending on the circumstances, undertake to cease the infringement, take remedial measures, make an apology and compensate for losses, among other liabilities. On 11 November 2020, the SCNPC adopted the amendment to the Copyright Law of the PRC (the “**2020 Copyright Law**”), which became effective on 1 June 2021.

The Copyright Law of the PRC identifies computer software as a category of works. Pursuant to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), which were promulgated by the State Council on 4 June 1991 and most recently amended on 30 January 2013 (with the latest amendment effective from 1 March 2013), software developed by PRC citizens, legal persons or other organisations, whether published or not, enjoys copyright, including the right of publication, the right of authorship, the right of alteration, the right of reproduction, the right of distribution, the right of lease, the right of communication through information networks, the right of translation and such other rights as shall be enjoyed by software copyright owners.

Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which were promulgated by the National Copyright Administration on 6 April 1992, amended on 20 February 2002 and most recently amended on 18 June 2004, software copyright and exclusive licensing contracts and assignment contracts of software

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copyright shall be registered. The National Copyright Administration is in charge of the administration of software copyright registration and has designated the Copyright Protection Center of China as the software registration authority. The Copyright Protection Center of China shall grant registration certificates to applicants for computer software copyright registration who satisfy the prescribed requirements.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》, the “**Trademark Law**”) was promulgated by the SCNPC on 23 August 1982 and last amended on 26 June 2026 which will become effective on 1 January 2027, respectively, and the Implementation Regulations on the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) were promulgated by the State Council on 3 August 2002 and last amended on 29 April 2014 and became effective on 1 May 2014.

These laws and regulations provide the basic legal framework for the regulations of trademarks. The Trademark Office of China National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the country. Trademarks are granted for a term of ten years, counted from the day the registration is approved. Twelve months prior to the expiration of the ten-year term, an applicant can renew the application and reapply for trademark protection. Using a trademark that is identical with or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc.

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on 12 March 1984 and most recently amended on 17 October 2020, and with implementation from 1 June 2021. The Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), were issued by the State Council on 15 June 2001, implemented on 1 July 2001, and most recently revised on 11 December 2023, with implementation from 20 January 2024. According to these laws, regulations and detailed rules, patents in China are categorised into three types: invention patents, utility model patents and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another’s patent must conclude a licensing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

Domain Names

Pursuant to the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》), which were promulgated by the MIIT on 24 August 2017 and became effective on 1 November 2017, the MIIT is responsible for the administration of Internet domain names nationwide. Domain name registration follows the “first-to-apply, first-to-register” principle, and an applicant becomes the holder of a domain name upon completion of registration.

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Layout-designs of Integrated Circuits

Pursuant to the Regulations on the Protection of Layout-designs of Integrated Circuits (《集成電路布圖設計保護條例》), which were promulgated by the State Council on 2 April 2001 and became effective on 1 October 2001, layout-designs created by PRC natural persons, legal persons or other organisations enjoy exclusive layout-design rights in accordance with such regulations. The exclusive right in a layout-design arises upon registration with the intellectual property administrative department of the State Council, and unregistered layout-designs are not protected under such regulations. The term of protection of the exclusive right in a layout-design is ten years, commencing from the date of application for registration of the layout-design or the date on which it was first put into commercial use anywhere in the world, whichever is earlier; provided that, regardless of whether it has been registered or put into commercial use, a layout-design shall no longer be protected under such regulations fifteen years after the date of completion of its creation.

Regulations Relating to Labour Protection in the PRC

Labour Law and Labour Contracts

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated on 5 July 1994 and amended on 27 August 2009 and 29 December 2018, employers in the PRC must establish and improve labour safety and health systems, strictly implement the national rules and standards on labour safety, and provide labour safety and health education to employees. Labour safety and health facilities must comply with the statutory standards. Employers and institutions must provide employees with a safe workplace and sanitary conditions that comply with the relevant labour protection laws and regulations.

The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated on 29 June 2007 and amended on 28 December 2012 with effect from 1 July 2013, and the Implementation Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on 18 September 2008, set out specific provisions on the conclusion, terms and termination of labour contracts and the relevant rights and obligations of employees and employers. When recruiting an employee, the employer shall truthfully inform the employee of the job description, working conditions, place of work, occupational hazards, production safety conditions and labour remuneration, as well as other matters which the employee requests to be informed of.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was adopted by the SCNPC on 28 October 2010 and amended on 29 December 2018, employers and individuals in the PRC are required to pay social insurance premiums, covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance, and such premiums are collected by the local administrative authorities. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999 and most recently amended on 24 March 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Where an employer fails to pay social insurance premiums, it shall be ordered to make the payment or make up the shortfall within a prescribed period, with a late payment surcharge of 0.05% per day accruing from the date of default; if the employer still fails to make the payment

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within the prescribed period, a fine of not less than one time but not more than three times the overdue amount shall be imposed by the relevant administrative authorities.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which were adopted by the State Council on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, employers and individuals in the PRC are required to make housing provident fund contributions, which are collected by the local administrative authorities. Where an employer fails to make or underpays housing provident fund contributions within the prescribed period, the housing provident fund management centre shall order it to make the contributions within a prescribed period; if the employer still fails to do so, an application may be made to the people’s court for compulsory enforcement.

Pursuant to the interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), promulgated by the Supreme People’s Court on 31 July 2025 and taking effect on 1 September 2025, regulates issues related to the responsibility of the employer, confirmation of labour relations, service period and non-competition period, termination of labour contract performance, social insurance payment, etc. It explicitly regulates disputes in the field of social insurance, stipulating that if the employer and the employee agree or the employee promises to the employer that they do not need to pay social insurance premiums, the people’s court shall determine that the relevant agreement or commitment is invalid. The employee has the right to terminate the labour contract based on this and request the employer to pay economic compensation, and the people’s court should support this in accordance with the relevant laws and regulations.

Interim Provisions on Labor Dispatch

Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), which were promulgated on 24 January 2014 and became effective on 1 March 2014, an employer may use dispatched workers only for temporary, auxiliary or substitute positions, and shall strictly control the number of dispatched workers used, which shall not exceed 10% of its total workforce.

Laws and Regulations on Prevention and Control of Occupational Diseases

Pursuant to the provisions of the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) promulgated on 27 October 2001 and amended on 31 December 2011, 2 July 2016, 4 November 2017 and 29 December 2018 respectively, where an employer’s workplace has any occupational disease hazard factors as listed in the catalogue of occupational diseases, the employer shall declare the hazardous items to the local health administrative department and accept supervision. Where a new construction, an expansion, or a reconstruction project or a technical transformation or technology introduction project may cause any occupational hazards, the construction entity of such project shall conduct the pre-assessment of occupational hazards at the feasibility study stage. The construction entity shall include the expenses necessary for the protective facilities against occupational diseases of a construction project into the project budget of the construction project, and shall synchronise the design, construction, use for production and other operations of such facilities with the main body of the project. The construction entity shall evaluate the control effect of occupational hazards before the completion acceptance of the construction project. For occupational disease protection facilities in construction projects other than those for radioactive occupational disease hazards in medical institutions, the construction entity shall organise the acceptance according to law, and only after passing the acceptance can the project be put into production and operation.

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Laws and Regulations Relating to Import and Export Trade

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》), which was promulgated by the SCNPC on 22 January 1987, became effective on 1 July 1987 and was most recently amended on and effective from 29 April 2021, the customs of the PRC is a governmental organisation responsible for supervision and control over all arrivals in and departures from the customs territory. All the transports, goods and articles shall enter into or exit from the territory of the PRC at a place where a customs office is established. The customs declaration and duty payment formalities may be undergone by the consignees or consignors of imported and exported goods, or by the customs clearing enterprises entrusted by such consignees or consignors. The consignees or consignors of imported and exported goods and the customs clearing enterprises shall file records with the customs when undergoing customs declaration formalities, otherwise may be imposed fines by the customs.

Pursuant to the Administrative Provisions of the Customs of the PRC on Record-Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC (the “GACC”) on 19 November 2021 and became effective on 1 January 2022, the consignees or consignors of imported and exported goods and the customs clearing enterprise that apply for the filing of records with the customs shall obtain the status of a market entity; where the consignees or consignors of imported and exported goods apply for the filing of records with the customs, the filing of foreign trade dealers shall also be completed. According to the Announcement on Fully Including the Filing of Customs Declaration Entities in the Reform of “Integrating Multiple Certificates into One” (《關於報關單位備案全面納入“多證合一”改革的公告》) jointly promulgated by the GACC and the SAMR on 20 December 2021 and became effective on 1 January 2022, where an applicant intends to be filed as a customs declaration entity when undergoing the registration formalities as a market entity with the market regulation authorities, it shall tick the box of filing as a customs declaration entity as required and fill in the relevant information for filing. The market regulation authorities will then complete the registration pursuant to procedures of “Integrating Multiple Certificates into One” and share the relevant information with the GACC on the SAMR level. Such applicants are no longer required to submit applications for filing as a customs declaration entity to the customs.

In addition, the Decision of the SCNPC on revising the Foreign Trade Law of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國對外貿易法》的決定) promulgated by the SCNPC on 30 December 2022 and became effective on the same date, deleted the requirements on the foreign trade dealers engaged in the import and export of goods or technologies to be registered with the competent administrative departments of foreign trade of the State Council or any institutions authorised thereby, namely the filing of foreign trade dealers.

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) (the “**Regulations on the Administration of Import and Export of Goods**”) promulgated by the State Council on 10 December 2001 and most recently amended on 10 March 2024 with effect from 1 May 2024, enterprises engaged in the trade activities of importing goods into the territory of the PRC or exporting goods outside of China must comply with the Regulations on the Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota system; and goods whose import or export is free shall not be subject to restriction. The consignee of imported goods or the consignor of exported goods shall submit an automatic import and export licence, an import and export licence or a quota certificate to the customs for customs clearance.

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Regulations Relating to Foreign Exchange Administration

Pursuant to the Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administration Regulations**”), which were promulgated by the State Council on 29 January 1996 and became effective on 1 April 1996, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People’s Bank of China on 20 June 1996 and became effective on 1 July 1996, all international payments and transfers are classified into current account items and capital account items. Most current account items are not subject to the approval of the foreign exchange administration authorities, while capital account items remain subject to approval. The Foreign Exchange Administration Regulations were subsequently amended on 14 January 1997 and on 1 August 2008 with the amendments effective from 5 August 2008. The Foreign Exchange Administration Regulations, as most recently amended, expressly provide that international payments and transfers under current accounts are not subject to restriction in the PRC.

Pursuant to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16), which was promulgated by the SAFE on 9 June 2016 and amended on 4 December 2023, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced and effective on 4 December 2023, it has been clarified under the relevant policies that foreign exchange income under capital accounts subject to discretionary settlement (including foreign exchange capital funds, foreign debt proceeds and funds repatriated from overseas listings) may be settled with banks in accordance with the actual operational needs of the relevant domestic entity. The proportion of discretionary settlement of foreign exchange income under capital accounts of domestic entities is tentatively set at 100%, and the SAFE may adjust such proportion in due course in light of the international balance of payments.

Pursuant to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business by the State Administration of Foreign Exchange (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE on 10 April 2020, eligible enterprises are allowed to make domestic payments by using receipts under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, with no need to provide the evidentiary materials concerning authenticity on a transaction-by-transaction basis to banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. Local foreign exchange authorities shall strengthen monitoring analysis and interim and post regulation.

Pursuant to the Notice on Issues Concerning the Management of Funds for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》) (“**Circular 252**”), which was promulgated by the PBOC and the SAFE on 24 December 2025 and became effective on 1 April 2026, a joint stock limited company registered in the PRC that directly issues securities overseas or issues overseas depository receipts (“**Overseas Listing**”) upon filing with the CSRC shall, within 30 working days from the first trading day of its Overseas Listing or upon completion of the over-allotment, take the relevant materials to the competent bank at its place of registration to apply for Overseas Listing registration; funds raised from the Overseas Listing shall, in principle, be repatriated to the PRC in a timely manner. Where the funds raised by a domestic enterprise from the Overseas Listing are repatriated in foreign currency, they shall

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be remitted to a capital account – foreign exchange settlement pending payment account for deposit and use, and may be settled at the enterprise’s discretion; where repatriated in Renminbi, they may be remitted to a capital account – foreign exchange settlement pending payment account or a domestic Renminbi bank settlement account for deposit and use. The use of funds raised from the Overseas Listing shall be consistent with the relevant contents set out in the publicly disclosed documents, such as the prospectus or the corporate bond offering circular, the shareholders’ circular and the resolutions of the board of directors or the general meeting of shareholders.

Regulations on Taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), which was promulgated by the SCNPC on 16 March 2007, became effective on 1 January 2008 and was most recently amended on 29 December 2018, and the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the “**EIT Implementation Regulations**”), which were promulgated by the State Council on 6 December 2007, became effective on 1 January 2008 and were most recently amended on 6 December 2024, effective on 20 January 2025, enterprises are categorised into resident enterprises and non-resident enterprises. Resident enterprises shall pay enterprise income tax on their income derived from both within and outside the PRC at a rate of 25%. High and new technology enterprises that the State needs to support on a priority basis are subject to a reduced enterprise income tax rate of 15%.

Pursuant to Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》), which were revised and issued by the Ministry of Science and Technology, the Ministry of Finance (the “**MOF**”) and the State Taxation Administration on 29 January 2016 and implemented with effect from 1 January 2016, the qualification of a High-tech Enterprise is valid for three years from the date of issuance of the certificate, and an enterprise is entitled to the preferential tax treatment from the year in which the certificate is issued.

Value-added Tax

Pursuant to the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which were promulgated by the State Council and most recently amended and implemented on 19 November 2017, and the Implementation Rules of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which were promulgated by the Ministry of Finance and most recently amended on 28 October 2011 with effect from 1 November 2011, entities and individuals selling goods or providing processing, repair and assembly services, or importing goods within the PRC are taxpayers of value-added tax (“**VAT**”) and shall pay VAT. Unless otherwise provided, the tax rate applicable to taxpayers selling or importing goods or providing processing, repair and assembly services is 17%, and 11%, 6% or 0% under certain specified circumstances.

On 25 December 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which came into effect on 1 January 2026, upon which the Interim Regulations of the PRC on Value-added Tax were simultaneously repealed. On 25 December 2025, the State Council promulgated the Implementation Regulations of the Value-added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), which also came into effect on 1 January 2026. Pursuant to such law, entities and individuals (including individual industrial and commercial households) selling goods, services, intangible assets or real property, or importing

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goods, within the PRC are taxpayers of VAT and shall pay VAT in accordance with such law. Unless otherwise provided, the tax rate applicable to taxpayers selling goods, processing, repair and assembly services or leasing services of tangible movable property, or importing goods, is 13%, and 9%, 6% or 0% under certain specified circumstances. For taxpayers of the value-added tax who sell self-developed software products, the Ministry of Finance and the State Taxation Administration issued the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (《財政部、國家稅務總局關於軟件產品增值稅政策的通知》), effective on 1 January 2011, which sets forth that the refund-upon collection policy is applied to self-developed software products, which is typically the portion of the taxpayers of the value-added tax actually paid that exceeds 3% of the taxpayers of the value-added tax taxable income.

Tax on Dividends

For Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), or the Individual Income Tax Law, amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷稅漏稅的安排》第五議定書), or the Fifth Protocol, issued by The State Administration of Taxation and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

For Enterprise Investors

Pursuant to the EIT Law (《中華人民共和國企業所得稅法》), and the EIT Implementation Regulations (《中華人民共和國企業所得稅法實施條例》), a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or

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due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation and effective on 6 November 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) promulgated by the State Administration of Taxation and effective on 24 July 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares. Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

Tax related to equity transfer income

For Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realised on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and The State Administration of Taxation and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised Individual Income Tax Law and Implementation Rules of the Individual Income Tax Law.

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For Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Laws and Regulations on Transfer Pricing in PRC

Pursuant to the EIT Law and its implement rules and the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》), which was first promulgated by the SCNPC on 4 September 1992 and amended on 28 February 1995, 28 April 2001, 29 June 2013 and 24 April 2015, related party transactions should comply with the arm's length principle. In the event that the related party transactions fail to comply with the arm's length principle resulting in the reduction of the enterprise's taxable income, the tax authority has power to make adjustments with reasonable methods within ten years from the tax paying year that the non-compliant related party transaction had occurred. Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form (年度關聯業務往來報告表) to the tax authority.

Based on the Announcement of the State Taxation Administration on Matters Relating to the Improvement of the Administration of Related Party Transaction Reporting and Contemporaneous Documentation (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》) promulgated and became effective on 29 June 2016, enterprises which have related-party transactions and meet corresponding conditions shall prepare their contemporaneous documentation (同期資料) per tax year and submit to the tax authority if required by the same. Contemporaneous documentation includes master file (主體文檔), local file (本地文檔) and special issue file (特殊事項文檔).

Pursuant to the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Agreement Procedures (《國家稅務總局關於發佈特別納稅調查調整及相互協商程序管理辦法的公告》) which was issued on 17 March 2017 and became effective on 1 May 2017 and was amended on 15 June 2018, an enterprise may adjust and pay taxes at its own discretion when it receives a special tax adjustment risk warning or identifies its own special tax adjustment risks, while the tax authorities may also carry out special tax investigation and adjustment in accordance with the relevant provisions in regard to enterprises that adjust and pay taxes at their own discretion.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, all entities and individuals who make taxable documents and conduct securities transactions within the territory of the PRC are the taxpayers of stamp duty and shall pay stamp duty. All entities and individuals who make taxable documents outside the territory of the PRC to be used within the territory of the PRC

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shall pay stamp duty. The disposal of H Shares by non-mainland China investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the PRC.

Laws and Regulations Relating to Overseas Listing

Securities Laws and Regulations

The Securities Law of the PRC (《中華人民共和國證券法》) (the “**Securities Law**”), which was promulgated by the SCNPC on 29 December 1998, most recently amended on 28 December 2019 and implemented on 1 March 2020, comprehensively regulates activities in the PRC securities market, including the offering and trading of securities, takeovers of listed companies, stock exchanges and securities companies, and the duties of the securities regulatory authorities, among others. The Securities Law further provides that domestic enterprises which directly or indirectly issue securities overseas or list their securities for trading overseas shall comply with the relevant provisions of the State Council, and that the specific measures for the subscription for and trading of shares of domestic companies in foreign currencies shall be separately formulated by the State Council. The CSRC is the securities regulatory authority established under the State Council, responsible for supervising and administering the securities market, maintaining market order and safeguarding the lawful operation of the market in accordance with the law. At present, the offering and trading of H shares are primarily governed by the regulations and rules promulgated by the State Council and the CSRC.

On 17 February 2023, the CSRC promulgated a number of regulations on the filing-based administration of overseas offering and listing by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”). Pursuant to the Overseas Listing Trial Measures, a PRC domestic company seeking to offer and list its securities in an overseas market, whether directly or indirectly, shall submit the required filing documents to the CSRC within three working days after the submission of its overseas listing application.

Pursuant to the Overseas Listing Trial Measures, an overseas offering and listing shall not be conducted under any of the following circumstances: (i) where such offering and listing is expressly prohibited by laws, administrative regulations or relevant provisions of the State; (ii) where the offering and listing may endanger national security as reviewed and determined by the competent authorities under the State Council in accordance with the law; (iii) where the domestic company intending to conduct the securities offering and listing, or its controlling shareholder or actual controller, has committed criminal offences of corruption, bribery, embezzlement of property, misappropriation of property or disruption of the order of the socialist market economy in the most recent three years; (iv) where the domestic company intending to conduct the securities offering and listing is under investigation in accordance with the law for suspected criminal offences or major violations of laws and regulations and no conclusion has been reached; or (v) where there are material ownership disputes over the equity held by the controlling shareholder of the domestic company or over the equity held by other shareholders controlled by the controlling shareholder and/or the actual controller.

On 24 February 2023, the CSRC, together with three other relevant governmental authorities, jointly promulgated the Provisions on Strengthening Confidentiality and Archives Administration in Connection with Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which became effective on 31 March 2023. Pursuant to such provisions, where a domestic enterprise provides or publicly discloses documents or materials involving state secrets or work secrets of

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state organs to relevant securities companies, securities service institutions, overseas regulators or other entities or individuals, it shall obtain approval from the competent authorities with the requisite approval power in accordance with the law and make a filing with the secrecy administrative department at the same level. Working papers formed within the PRC by securities companies and securities service institutions providing relevant services for the overseas offering and listing of domestic enterprises shall be kept within the PRC, and where such working papers need to be transferred outside the PRC, the relevant approval procedures shall be completed in accordance with the relevant provisions of the State.

Regulations Relating to “Full Circulation” of H Shares

“Full circulation” refers to the listing and circulation on a stock exchange of the domestic unlisted shares of an H-share company, including domestic unlisted shares held by domestic shareholders prior to the overseas listing, domestic unlisted shares additionally issued after the overseas listing, and unlisted shares held by foreign shareholders. On 14 November 2019, the China Securities Regulatory Commission (the “CSRC”) issued the Business Guidelines for “Full Circulation” Applications in Respect of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “**Full Circulation Business Guidelines**”), which were amended on 10 August 2023. Pursuant to the Full Circulation Business Guidelines, subject to compliance with the relevant laws and regulations and the policy requirements on state-owned assets administration, foreign investment and industry regulation, holders of domestic unlisted shares may determine through negotiation the number and proportion of shares for which circulation is to be applied, and entrust the H-share company to file with the CSRC. A domestic joint stock company that has not yet been listed may complete the filing for “full circulation” with the CSRC together with its overseas initial public offering and listing. On 31 December 2019, China Securities Depository and Clearing Corporation Limited (“CSDC”) and the Shenzhen Stock Exchange (the “SZSE”) jointly issued the Implementation Rules for the “Full Circulation” Business of H Shares (《H股“全流通”業務實施細則》) (the “**Business Implementation Rules**”). The “full circulation” business of H shares (such as cross-border re-registration, custody and maintenance of holding details, trading entrustment and order transmission, settlement, administration of clearing participants and nominee holder services) is governed by the Business Implementation Rules.

Laws Relating to Cybersecurity, Data Security and Personal Information Protection

Pursuant to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which became effective on 1 June 2017 and was most recently amended by the SCNPC on 28 October 2025, the construction and operation of networks, and the provision of services through networks, within the PRC shall comply with the provisions of laws and administrative regulations and the mandatory requirements of national standards. Any individual or organisation using networks shall abide by the Constitution and the laws, observe public order and respect social morality, and shall not endanger cybersecurity, or use networks to engage in activities that endanger national security, honour or interests, incite subversion of state power or the overthrow of the socialist system, incite separatism or undermine national unity, advocate terrorism or extremism, advocate ethnic hatred or ethnic discrimination, disseminate violent or obscene and pornographic information, fabricate or disseminate false information to disrupt the economic or social order, or infringe upon the reputation, privacy, intellectual property rights or other lawful rights and interests of others.

On 10 June 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which came into effect on 1 September 2021. The PRC Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data

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activities. The PRC Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organisations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. In addition, the PRC Data Security Law imposes export restrictions on certain data and information. No entity or individual within the territory of the PRC may provide foreign judicial or law enforcement authorities with the data stored within the territory of the PRC without the approval of the competent PRC authorities.

On 20 August 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which became effective on 1 November 2021. The PRC Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. “Personal information” refers to any information related to identified or identifiable natural persons recorded by electronic or other means, excluding anonymized information. The PRC Personal Information Protection Law also specified the rules for handling sensitive personal information, which includes biometrics, religious beliefs, specific identities, medical health, financial accounts, trails and locations, and personal information of children under fourteen years old and other personal information, which, upon leakage or illegal usage, may easily result in damage to the personal dignity or personal or property safety. The PRC Personal Information Protection Law requires, among other things, that (i) the processing of personal information should have a clear and reasonable purpose and should be directly related to its purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Entities processing personal information shall bear responsibility for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle.

On 28 December 2021 the CAC promulgated the Revised Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on 15 February 2022 and repeal the Cybersecurity Review Measures promulgated on 13 April 2020. The Revised Cybersecurity Review Measures provide that a CIIO purchasing network products and services and network platform operators engaging in data processing activities that affect or may affect national security shall be subject to cybersecurity review and that network platform operators that hold personal information of over one million users shall apply with the Cybersecurity Review Office for a cybersecurity review before listing abroad.

According to the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) promulgated by the State Council on 24 September 2024, effective from 1 January 2025, the Regulations apply to network data processing activities and their security supervision and administration conducted within China. The Regulations stipulate that no individual or organisation may use network data to engage in illegal activities, nor engage in illegal network data processing activities such as stealing or otherwise illegally obtaining network data, illegally selling or illegally providing network data to others. Network data processors shall, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, strengthen network data security protection on the basis of the cybersecurity multi-level protection system, establish and improve network data security management systems, adopt technical measures such as encryption, backup, access control, and security certification, and other necessary measures to protect network data from tampering,

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destruction, leakage, or illegal acquisition or use, handle network data security incidents, and prevent illegal activities and crimes targeting or utilising network data, and shall bear primary responsibility for the security of the network data they process.

RELEVANT LAWS AND REGULATIONS IN HONG KONG

Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong)

The Sale of Goods Ordinance (“SOGO”) governs the formation, performance and remedies of contract for the sale of goods in Hong Kong and the transfer of title of goods sold. The SOGO also sets out certain implied terms or conditions and warranties relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including: (a) where there is a sale of goods by description, the goods shall correspond with the description; (b) where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (i) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (ii) of such standard of appearance and finish; (iii) as free from defects (including minor defects); (iv) as safe; and (v) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all other relevant circumstances; and (c) where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose.

Under section 55 of the SOGO, where there is a breach of warranty by the seller, the buyer is not, by reason of such breach of warranty, entitled to reject the goods, but he may set up against the seller the breach of warranty in diminution or extinction of the price, or maintain an action against the seller for damages for the breach of warranty.

Any right, duty or liability which arises under a contract of sale of goods by implication of law may be negated or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract, subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong).

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)

The Trade Descriptions Ordinance (“TDO”) aims to prohibit false trade descriptions, false, misleading or incomplete information, false statements, etc., which shall be applicable to our Group’s products. All of the products supplied by our Group are required to comply with the relevant provisions therein.

Under the TDO, (a) use of false trade descriptions, (b) false, misleading or incomplete information, (c) false marks and misstatements in respect of products, and (d) false trade descriptions in respect of services supplied are prohibited. In addition, the TDO makes certain trade practices criminal offence, namely (a) misleading omission, (b) aggressive commercial practices, (c) bait advertising, (d) bait and switch and (e) wrongful acceptance of payment. The TDO also provides for offences relating to forged trademark, and falsely applying of trademark or resembling marks.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance (the “IRO”) imposes taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in

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Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the standard profit tax rate for corporations is at 16.5%. The IRO also contains provisions relating to, among others, permissible deductions for outgoing and expenses, set-offs for losses and allowances for depreciation. We, as a company carrying out business in Hong Kong, are subject to the profits tax regime under the IRO.

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

Every person, (a company or individual), who carries on a business in Hong Kong is required under the Business Registration Ordinance (“**BRO**”) to apply for a business registration certificate from the Inland Revenue Department (the “**IRD**”) within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business. Business registration does not serve to regulate business activities and it is not a licence to trade. Business registration serves to notify the IRD of the establishment of a business in Hong Kong. Business registration certificate will be issued on submission of the necessary document(s) together with payment of the relevant fee. A business registration certificate is renewable every year or every three years (if business operators elect for issuance of business registration certificate that is valid for three years). Any person who fails to apply for business registration shall be guilty of an offence and shall be liable to a fine of HK\$5,000 and to imprisonment for one year.

Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

Pursuant to section 776 under Part 16 of the Companies Ordinance (the “**CO**”) any non-Hong Kong company who has a place of business in Hong Kong has to register with the Companies Registry within one month after the establishment of the place of business. Upon successful registration, the non-Hong Kong company will receive from the Companies Registry a certificate of registration. Failure to register with the Companies Registry under Part 16 of the CO may entail consequences of a fine of up to HK\$50,000, whereas in the case of a continuing offence, to a daily penalty of HK\$700 for each day on which the offence is continued. Every responsible person of the non-Hong Kong company who authorises and permits such contravention may be held accountable under section 776 of the CO.

Part 16 of the CO also imposes several continuous obligations on such non-Hong Kong companies in parallel to the registration requirement. Amongst others, section 778 requires the non-Hong Kong company to notify the Companies Registry of any change in its corporate name, where section 786 also provides that the non-Hong Kong company shall notify the Companies Registry should there is any change of its authorised representative. Section 788 requires the non-Hong Kong companies to deliver annual return within 42 days after each anniversary of the date on which the certificate of registration was issued. Failure to adhere to those continuous obligations will attract a fixed fine and typically an additional fixed daily penalty for each day on which the offence is continued.

Laws, Regulations and Guidelines Relating to Transfer Pricing

The IRD may make transfer pricing adjustments by disallowing expenses incurred by Hong Kong residents under sections 16(1), 17(1)(b) and 17(1)(c) of the IRO and challenging the entire arrangement under general anti-avoidance provisions such as sections 61 and 61A of the IRO if the IRD considers that the related party transactions are not conducted on an arm’s length basis.

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The Departmental Interpretation and Practice Notes (“**DIPN**”) No. 46 provides clarifications and guidance on the IRD’s views on transfer pricing and how it intends to apply the existing provisions of the IRO to establish whether related parties are transacting at arm’s length prices.

In general the practices followed by the IRD are based on the transfer pricing methodologies recommended by the OECD Transfer Pricing Guidelines. DIPN No. 45 further provides that where double taxation arises as a result of transfer pricing adjustments made by the tax authorities of another country, a Hong Kong taxpayer may potentially claim relief under the treaty between Hong Kong and that country (countries that entered into tax arrangements with Hong Kong include the PRC). Furthermore, the Hong Kong Government has gazetted the Inland Revenue (Amendment) (No. 6) Ordinance 2018 (the “**Amendment Ordinance**”) on 13 July 2018. The main objectives of the Amendment Ordinance are to codify the transfer pricing principles and implement certain measures under the Base Erosion and Profit Shifting (“**BEPS**”) package promulgated by the Organisation for Economic Co-operation and Development, such as the transfer pricing documentation requirements. The BEPS package seeks to counter the exploitation of gaps and mismatches in tax rules by multinational enterprises to artificially shift profits to low or no-tax locations where there are little or no economic activity.

Section 50AAF of the IRO now codifies the arm’s-length principle and allows for an adjustment of a taxpayer’s profits upwards/losses downwards if the taxpayer has entered into transaction(s) with an associated person, and the pricing of such transaction(s) differs from that between independent persons and has created a Hong Kong tax advantage. Section 82A of the IRO stipulates that a person is liable to be assessed for penalties to additional tax of the amount of tax undercharged resulting from transfer pricing adjustments, unless it is proved that reasonable efforts have been made to determine the arm’s length price for the transaction(s).

Pursuant to section 58C of the IRO, Hong Kong entities engaged in transactions with associated enterprises will be required to prepare master and local files for accounting periods beginning on or after 1 April 2018, except where they meet either one of the following exemptions in respect of business size or relevant transaction volume: (i) exemption based on size of business; (ii) exemption based on related party transactions; or (iii) exemption where all types of controlled transactions for the relevant accounting period are not required to be covered in local files, neither local file for the accounting period and master file for the corresponding accounting period is required to be prepared or retained by a taxpayer under the IRO.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are an established IoT wireless communication and PCBA solutions provider in the PRC with over 20 years of experience in the IoT wireless communication industry.

Since our inception in 2003, we have continuously expanded our product portfolio while strengthening our core technical competencies. Initially concentrating on wireless terminal antenna-related products, we expanded into broader wireless communication technologies in 2006, marked by the launch of our antenna products and commencement of related research, development and production activities driven by the growth of IoT and connected device application scenarios, as well as the corresponding shift in customer demand towards more integrated wireless connectivity solutions.

In 2013, we converted from a limited liability company into a joint stock company with limited liability, and our Shares were quoted on the NEEQ in 2014. See “Previous quotation on the NEEQ”.

In 2016, we further expanded our product offerings to include wireless communication modules through the acquisition of a 25% equity interest in Shenzhen AiThinker, which became our indirect wholly-owned subsidiary in 2021. The acquisition of Shenzhen AiThinker was undertaken in light of the strong complementarity between our Group and Shenzhen AiThinker in terms of business focus and customer base, and to facilitate the integration of our operations, thereby supporting business development and enhancing our overall competitiveness. Since then, our Group has further ventured into the research and development, manufacturing and sale of wireless communication module under the established “Ai-Thinker” brand, integrating our proprietary intellectual property, including embedded software, firmware and RF design and testing. By leveraging and aligning antenna expertise with module-level intellectual property, internal testing capabilities and system-level engineering resources across our Group, we have developed into an integrated IoT wireless connectivity solutions provider. Subsequently, we voluntarily ceased our quotation on the NEEQ in May 2026 to pursue the [REDACTED]. See “Cessation of quotation from the NEEQ and reasons for the [REDACTED]”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

KEY MILESTONES

Set forth below is a summary of our key development milestones:

Year	Milestones
2003	We commenced our operations in Shenzhen, Guangdong Province, the PRC, focusing initially on the design, development and manufacturing of wireless terminal antenna products, and we completed and delivered to customers our first self-developed, in-house designed and manufactured wireless RF terminal antennas.
2014	Our Shares were quoted on the NEEQ on 24 January 2014 (stock code: 430597).
2016	We expanded our product offerings to include wireless communication modules through partial acquisition in Shenzhen AiThinker and relocated our entire production operations to Zhongshan, Guangdong Province, the PRC.
2020	We relocated the production of our antenna products from Zhongshan, Guangdong Province, the PRC and commenced operations at our Mianyang Production Factory.
2022	We completed the establishment of proprietary cloud platform-related product offering, further enhancing our integrated wireless connectivity solutions with cloud and edge capabilities.
2023	We launched a new Wi-Fi chip platform and achieved mass production of our first IoT SoC Wi-Fi 6 module (Ai-M62-12F series).
	We relocated our module production facility from Zhongshan, Guangdong Province, the PRC to our Luoyang Production Factory where we introduced automation production line to enhance the production efficiency.
	We delivered our first millimetre-wave radar module (RD03 series) solution.
2024	We expanded into the PCBA solutions segment.
2025	We started delivering IoT module solutions with embedded edge AI computing capabilities.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

MAJOR CORPORATE DEVELOPMENTS OF OUR GROUP

Our Company

Early development and conversion into joint stock company

Our Company was established on 6 March 2003 under the laws of the PRC as a limited liability company with an initial registered capital of RMB500,000, being owned as to 49.0% by Ms. Zuo Xiaoying, an Independent Third Party, 30.0% by Mr. Fu and 21.0% by Mr. Xue. Ms. Zuo Xiaoying was an early investor who did not participate in the management or daily operations of our Company. Since inception, our Company has been managed by Mr. Fu and Mr. Xue, who have been overseeing the overall management, technical development and strategic direction of our business.

In 2006, to support the expansion of our operations, our Company undertook a round of capital increase together with equity transfers by certain existing Shareholders, pursuant to which new Shareholders were introduced. Upon completion of the aforesaid capital increase and equity transfers on 23 June 2006, our registered capital increased to RMB2.0 million, and our Company was held as to 24.5% by each of Mr. Zhan Zhen'an and Mr. Lai Qinghui, 15.3% by Mr. Fu, 14.79% by Ms. Zuo Xiaoying, 13.26% by Mr. Xue and 2.55% each by Mr. Zhao, Mr. Bai Hao (“**Mr. Bai**”), being a director of Sichuan Boantong, and Mr. Hu Zhipeng.

Pursuant to a shareholders' resolution of our Company dated 22 March 2008, Ms. Mao Duozhi (“**Ms. Mao**”), Mr. Sun Yongzhan and Ms. Li Ning became our Shareholders through the acquisition of equity interests from certain then existing Shareholders, and Ms. Zuo Xiaoying disposed of her entire equity interests in our Company. The disposal by Ms. Zuo Xiaoying was effected through two equity transfers, comprising (i) a transfer of 11.0% equity interest to Ms. Li Ning, her sister-in-law, as part of a family arrangement; and (ii) a transfer of 3.79% equity interest to one of our founders, Mr. Xue. Upon completion of the aforesaid transfers on 8 April 2008, Ms. Zuo Xiaoying ceased to be our Shareholder. Immediately thereafter, our shareholding structure comprised 20.1% held by Mr. Xue, 17.4% by Mr. Fu, 12.5% each by Mr. Zhan Zhen'an, Mr. Lai Qinghui, Mr. Sun Yongzhan and Ms. Mao, 11.0% by Ms. Li Ning, and 0.5% each by Mr. Zhao, Mr. Bai and Mr. Hu Zhipeng.

Pursuant to a shareholders' resolution of our Company dated 15 April 2008, our registered capital was increased from RMB2.0 million to RMB6.0 million. Such capital increase of RMB4.0 million was with a view to enhancing our technical capabilities satisfied partly by non-cash contributions and partly in cash. Non-cash contributions, comprising proprietary technology relating to RF coaxial cable stripping with a total assessed value of RMB2.0 million, were made by Mr. Fu, Mr. Xue and Mr. Lai Qinghui, while the remaining RMB2.0 million was contributed in cash by the other then Shareholders. Upon the completion of the registered capital subscription on 9 May 2008, our Company was held as to 20.1% by Mr. Xue, 17.4% by Mr. Fu, 12.5% each by Mr. Zhan Zhen'an, Mr. Lai Qinghui, Mr. Sun Yongzhan and Ms. Mao, 11.0% by Ms. Li Ning, and 0.5% each by Mr. Zhao, Mr. Bai and Mr. Hu Zhipeng.

In the course of our development, we undertook a further restructuring exercise through a series of equity transfers completed on 6 May 2013, pursuant to which Mr. Fu acquired additional equity interests from certain then existing Shareholders, and Mr. Fu Huabin was introduced as a Shareholder through the acquisition of 10.0% equity interest in our Company from Ms. Mao. Immediately thereafter, our shareholding structure comprised 54.9% by Mr. Fu, 13.6% by Mr. Xue, 10.0% each by Ms. Li Ning, Mr. Sun Yongzhan and Mr. Fu Huabin, 0.5% each by Mr. Zhao, Mr. Bai and Mr. Hu Zhipeng. On 17 May 2013, for the purpose of

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

implementing equity incentives for our then directors, senior management and core technical personnel, Mr. Fu transferred his 5.0% equity interest to Shenzhen An'an Investment Management Center (Limited Partnership)* (深圳市安安投資管理中心(有限合夥)) (“**Shenzhen An'an**”), a limited partnership established in the PRC on 13 May 2013, at a nominal consideration of RMB1.0 per unit of registered capital. Upon completion of the aforesaid transfers, our Company was held as to 49.9% by Mr. Fu, 13.6% by Mr. Xue, 10.0% each by Ms. Li Ning, Mr. Sun Yongzhan and Mr. Fu Huabin, 5.0% by Shenzhen An'an, and 0.5% each by Mr. Zhao, Mr. Bai and Mr. Hu Zhipeng.

On 11 July 2013, we were converted into a joint stock company with limited liability under the name of “Shenzhen B and T Technology Co., Ltd.* (深圳市博安通科技股份有限公司)”, with 6,000,000 Shares of RMB1.0 each.

Previous quotation on the NEEQ

To broaden our access to equity financing in support of our business and technological development, we applied for the quotation of our Shares on the NEEQ, which commenced on 24 January 2014 under the stock code 430597.

During the initial stage following our quotation between 2014 and 2015, we conducted a series of directed issuances, with the 2014 round primarily involving certain of our then existing Shareholders together with members of our management team and core employees, pursuant to which certain core employees became our Shareholders while certain of our then existing Shareholders waived their preferential subscription rights. Such issuances were complemented by two capitalization exercises, pursuant to which Shares were allotted to all our then Shareholders on a pro rata basis through the conversion of capital reserves and retained earnings.

As our Shareholder base continued to broaden, subsequent non-public issuances carried out between 2015 and 2022 were subscribed for by an increasingly diversified group of qualified investors, including individual investors and institutional participants. Everbright Securities Co., Ltd. (光大證券股份有限公司) participated as an institutional subscriber in a non-public issuance, subscribing for 500,000 Shares, representing approximately 2.6% of our Company's enlarged issued share capital upon completion of such issuance on 11 June 2015. In a subsequent non-public issuance completed on 15 November 2022, Luoyang Chenghe, a PRC institutional investor, subscribed for 6,969,618 Shares, representing approximately 15.0% of our Company's enlarged issued share capital upon completion of such issuance as part of an industrial investment arrangement in connection with local investment promotion and business development initiatives. Thus, in connection with such industrial investment arrangement and the relocation of our operations to Luoyang City, Henan Province, the PRC, our Company's Chinese name was further changed to “博安通物聯科技洛陽股份公司” on 25 September 2023, which was accompanied later by a change in our English name to “Boantong Technologies Limited” on 20 July 2026.

Immediately prior to our Company's cessation of quotation on the NEEQ, following the completion of all non-public directed issuances and capitalization of reserves during the quotation period, the issued share capital of our Company was 46,464,118 Shares, which were held as to approximately 25.5% by Mr. Fu, 15.0% by Luoyang Chenghe, 9.3% by Mr. Xue, 6.8% by Ms. Li Ning, 6.2% each by Ms. Shi Shuhui and Mr. Fu Huabin, 5.2% by Mr. Sun Yongzhan, and the remaining interests by the other then Shareholders.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Cessation of quotation from the NEEQ and reasons for the [REDACTED]

In light of our Group’s gradual development into an integrated wireless connectivity solutions provider and our increasing engagement with geographically diversified customers and application scenarios, we determined that an international capital market platform would better support our next phase of development. Accordingly, we voluntarily ceased our quotation on the NEEQ on 28 May 2026 to pursue the [REDACTED], which we believe would enhance our access to international capital resources to support the continued expansion of our business, strengthen our corporate profile among global customers and partners, and provide a more appropriate platform to support our long-term strategic development.

The market capitalization of our Company upon our cessation of quotation on the NEEQ was RMB52.04 million based on the closing price of our Shares (RMB1.12 per Share) on the last trading day before such cessation of quotation.

Our Directors confirm that, to the best of their knowledge and belief, during the period in which our Shares were quoted on the NEEQ and up to the cessation of quotation thereon, our Company (i) was in compliance with all applicable PRC securities laws and regulations as well as applicable rules and regulations under the NEEQ in all material respects; (ii) was not subject to any disciplinary action by the relevant regulators nor breached the relevant rules governing its quotation on the NEEQ in any material respects; (iii) our Directors and the subsidiaries of our Company had not been subject to any administrative penalty by the NEEQ; and (iv) there were no other matters in relation to the prior quotation on the NEEQ and our cessation of quotation from the NEEQ that should be brought to the attention of potential investors of our Company.

Our PRC Legal Adviser is of the opinion that, in connection with the cessation of quotation, we had complied, in all material respects, with the applicable PRC securities laws and regulations and the applicable PRC rules and regulations of the NEEQ and the cessation of quotation on the NEEQ was duly completed and the relevant applicable approvals have been obtained. No material regulatory measures or disciplinary actions have been taken by the NEEQ against us in respect of any breach of laws or regulations, and no material regulatory measures, administrative penalties or investigations have been imposed on us by the CSRC or its dispatched offices.

In light of this, the Sole Sponsor is not aware of any matters in connection with our prior quotation on the NEEQ and the cessation of quotation that would adversely affect our suitability for the [REDACTED].

Share repurchases and rationalisation of our share incentive arrangements

Upon our cessation of quotation on the NEEQ, our Company had a total of 133 Shareholders. To protect the interests of dissenting Shareholders in connection with our cessation of quotation, we undertook to repurchase Shares held by eligible dissenting Shareholders in accordance with applicable PRC laws and regulations. Pursuant to such arrangements, our Company repurchased an aggregate of 2,770,807 Shares from 47 dissenting Shareholders who elected to dispose of their shareholdings, in accordance with applicable PRC laws and regulations. The repurchase price for such Shares was determined after arm’s length negotiations with reference to, among others, (i) our latest audited net asset value per Share attributable to the shareholders of the quoted company; and (ii) the original purchase price paid by the relevant dissenting Shareholders, and in any event was not lower than such price.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Pursuant to a partnership resolution passed on 29 June 2026, it was resolved, among others, all 375,082 Share in our Company held by Shenzhen An'an was transferred to the 13 partners of Shenzhen An'an in accordance with the agreed allocation arrangements.

On 30 June 2026, the partners of Shenzhen An'an resolved for its dissolution and commencement of its liquidation. As at 30 June 2026, being the liquidation reference date, Shenzhen An'an had no assets or liabilities other than the said Shares in our Company. As at the Latest Practicable Date, Shenzhen An'an is preparing the relevant documents for the application for deregistration.

Following the adoption of our [REDACTED] Share Incentive Scheme by the Shareholders' general meeting on 4 August 2026, an aggregate of 2,770,807 repurchased Shares were granted, in the form of restricted Shares, to eligible employees of our Group (including certain existing Shareholders) in accordance with the terms of the [REDACTED] Share Incentive Scheme and in compliance with the applicable PRC laws and regulations. See “Statutory and General Information – D. [REDACTED] Share Incentive Scheme” as set out in Appendix V to this document. The shareholding structure of our Company immediately following such grants of restricted Shares is set forth in the table below.

Name of Shareholder	Number of Shares held	Approximate shareholding percentage
Mr. Fu	12,586,057	27.0877%
Luoyang Chenghe	6,969,618	15.0000%
Mr. Xue	4,324,736	9.3077%
Ms. Li Ning	3,169,960	6.8224%
Mr. Fu Huabin	2,898,560	6.2383%
Ms. Shi Shuhui	2,898,020	6.2371%
Mr. Sun Yongzhan	2,407,972	5.1824%
Mr. Bai	1,448,020	3.1164%
Mr. Liu Xiaobin	1,420,010	3.0561%
Mr. Zhao	1,374,708	2.9586%
Mr. Lai Qinghui	1,248,373	2.6867%
Mr. Jia Limin	1,031,988	2.2210%
Mr. Wang Enting	960,000	2.0661%
Others ^(Note)	3,726,096	8.0193%
Total	46,464,118	100.0%

Note: Others comprise one institutional investor and 87 individual investors (among which, 132,336 Shares and 40,608 Shares, representing approximately 0.2848% and 0.0874% of the total Shares, were held by Mr. Li Weiyun, a director of Sichuan Boantong, and his spouse, Ms. Qin Guihua (秦桂華), respectively), holding 3,726,096 Shares in aggregate, with each holding less than 1% equity interest in our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our Principal Subsidiaries

As at the Latest Practicable Date, we had six subsidiaries incorporated in the PRC and Hong Kong. The following table sets forth the principal activities, the date and place of incorporation/establishment, and the equity interest attributable to our Group in respect of each of our principal subsidiaries that made a material contribution to our results of operations or were of strategic importance to us during the Track Record Period and as at the Latest Practicable Date:

Name of subsidiary	Place of establishment/ incorporation	Date of establishment/ incorporation	Initial registered capital	Equity interest attributable to our Group	Principal business activities ⁽¹⁾
Zhongshan Boantong	PRC	20 May 2014	RMB2.0 million	100%	Investment holding ⁽²⁾
Shenzhen AiThinker	PRC	17 April 2012	RMB0.5 million	100% ⁽³⁾	Domestic sales of modules and IoT solutions
Luoyang Bocheng	PRC	19 October 2022	RMB10.0 million	100%	Research and development, manufacturing and sales of modules and IoT solutions
Sichuan Boantong	PRC	19 October 2020	RMB10.0 million	65.0%	Research and development, manufacturing and sales of antennas and solutions

Notes:

1. The principal business activities of our subsidiaries include both existing businesses currently undertaken and those planned businesses which are of strategic importance to the Group and represent its future development direction.
2. Zhongshan Boantong was principally responsible for the manufacturing of wireless communication modules until such businesses have been gradually transferred to Sichuan Boantong and Luoyang Bocheng in 2020 and 2023, respectively, and as at the Latest Practicable Date, Zhongshan Boantong served as an investment holding company within our Group.
3. Following our initial acquisition of 25% interest in Shenzhen AiThinker by way of a capital increase completed on 1 February 2016, and pursuant to a series of subsequent equity transfers, the last of which was completed on 3 November 2021, Shenzhen AiThinker became wholly-owned by Zhongshan Boantong and an indirect wholly-owned subsidiary of our Company. As advised by our PRC Legal Adviser, the establishment, capital increases and equity transfers in relation to Shenzhen AiThinker were conducted in accordance with applicable PRC laws and regulations in all material respects and were duly completed and registered with the relevant PRC governmental authorities in all material respects.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Deregistered subsidiaries

During the Track Record Period and up to the Latest Practicable Date, we have two subsidiaries in the PRC which have been deregistered (the “**Deregistered Subsidiaries**”), namely Shenzhen Maker Intelligence Communication Technology Co., Ltd.* (深圳市創客智趣通信技術有限公司) (“**Shenzhen Maker**”) and Changsha Boantong Software Technology Co., Ltd.* (長沙博安通軟體科技有限公司) (“**Changsha Boantong**”). The Deregistered Subsidiaries were both wholly-owned subsidiaries of our Company and established to support specific stages of our business development. Shenzhen Maker was established to operate our RF laboratory functions and provide testing and technical services, while Changsha Boantong was established in connection with the planned independent operation of a private cloud platform project. Following the streamlining of our business strategy and operating model, the RF laboratory resources operated by Shenzhen Maker were reintegrated into our antenna business for unified operation, while the cloud platform capabilities originally intended to be operated by Changsha Boantong were integrated into our module and IoT solutions business.

Accordingly, in order to (i) streamline our corporate structure and improve operational efficiency; and (ii) better align our resources with our core business development, we voluntarily deregistered the Deregistered Subsidiaries in accordance with applicable PRC laws and regulations. At the time of their respective deregistration, the Deregistered Subsidiaries had no material operations, assets or liabilities.

The table below sets out the details of the Deregistered Subsidiaries:

<u>Name of subsidiary</u>	<u>Registered capital immediately before deregistration</u>	<u>Geographical location</u>	<u>Date of establishment</u>	<u>Date of deregistration</u>	<u>Reasons for deregistration of the below subsidiaries</u>
Shenzhen Maker	RMB10 million	Shenzhen, PRC	9 April 2015	25 December 2024	Voluntarily dissolved due to the cessation of business operations and adjustments to our development strategies
Changsha Boantong	RMB1 million	Changsha, PRC	9 March 2021	3 January 2024	

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENT

Our Company obtained investment from a [REDACTED] Investor through subscription for registered capital of our Company. See “Major Corporate Developments of Our Group – Our Company – Previous quotation on the NEEQ” in this section.

Principle terms of the [REDACTED] Investment

Name of [REDACTED] Investor	Luoyang Chenghe
Subscription method	Subscription of registered share capital by cash
Date of investment agreement	23 September 2022
Date on which the investment was fully and irrevocably settled by the [REDACTED] Investor	4 November 2022
Number of Shares subscribed for	6,969,618
Amount of consideration	RMB39,029,860 (equivalent to approximately HK\$44,301,771)
Shareholding in our Company immediately upon [REDACTED] (assuming the [REDACTED] is not exercised)	[REDACTED]%
Cost per Share⁽¹⁾	RMB5.60 (equivalent to approximately HK\$6.36)
Discount to the [REDACTED]	[REDACTED]%
Strategic benefits from the [REDACTED] Investment	Our Directors are of a view that our Group can benefit from the [REDACTED] Investment as it provided financial resources for our business development and it serves as an endorsement of our Group’s performance, strength and prospects.

Notes:

1. Cost per Share paid by the [REDACTED] Investor was calculated based on the amount of investment made by the [REDACTED] Investor and number of Shares held by him/her/it immediately upon completion of the [REDACTED].
2. The discount to the [REDACTED] is calculated based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the [REDACTED] of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED].
3. The exchange rate between Hong Kong dollars and Renminbi was calculated at the rate of HK\$1.00 to RMB\$0.881.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Basis of determination of the consideration

The determination of the valuation and consideration was based on arm’s length negotiations between the relevant parties with reference to, among others, (i) the timing and market conditions of the investments at the relevant time/period, (ii) the status of our business operation and financial performance at the relevant time/period, and (iii) the prospects of our business.

Lock-up period

The [REDACTED] Investor is not subject to any contractual lock-up arrangement pursuant to the terms of the [REDACTED] Investment. Pursuant to the applicable PRC laws, within 12 months following the [REDACTED], all existing Shareholders (including the [REDACTED] Investor) cannot dispose of any of the Shares held by them.

Rights of the [REDACTED] Investor

Pursuant to a stock subscription agreement entered into between our Company and the [REDACTED] Investor on 23 September 2022 and the supplemental agreements to the stock subscription agreement entered into among the [REDACTED] Investor, Mr. Fu and Mr. Xue dated 23 September 2022, 14 October 2022 and 21 July 2025, the [REDACTED] Investor had been granted by Mr. Fu and Mr. Xue certain special rights, including redemption rights, director nomination rights and pre-emptive right. Pursuant to a termination agreement to the stock subscription agreement dated 1 July 2026 entered into among our Company, the [REDACTED] Investor, Mr. Fu and Mr. Xue, it was agreed that the [REDACTED] Investor’s redemption rights, director nomination rights and pre-emptive right shall terminate and cease to have any force or effect with effect from the execution of the termination agreement, provided however that such rights (to the extent not involving any obligations or liabilities of our Company) shall be automatically restored if the [REDACTED] application to the Stock Exchange or any other relevant stock exchange is not accepted before 31 December 2028.

Use of proceeds from the [REDACTED] Investment

We utilised the proceeds from the [REDACTED] Investment for the principal business of our Group, including but not limited to the registered capital of the wholly-owned subsidiaries of our Group and general working capital purposes.

As of the Latest Practicable Date, all of the funds raised by the [REDACTED] Investment had been fully utilised.

Information about the [REDACTED] Investor

Luoyang Chenghe is a limited partnership fund established under the laws of the PRC on 8 June 2022 and is principally engaged in investment holding and equity investment, investment and asset management activities which is managed by its general partner, Zhejiang Chenghe Asset Management Co., Ltd.* (浙江誠合資產管理有限公司) (“**Zhejiang Chenghe**”), a PRC limited liability company holding 5.1% partnership interest of Luoyang Chenghe. Zhejiang Chenghe is owned as to 46.0% by Mr. Li Chuanchao (李傳超), and 44.0% by Hangzhou Zhuoqihua Investment Partnership (Limited Partnership)* (杭州灼其華投資合夥企業(有限合夥)) (“**Hangzhou Zhuoqihua**”), which is in turn owned as to 42.5% by Mr. Li Chuanchao. Luoyang Chenghe has two limited partners, among which Luoyang Sanxin Investment Co., Ltd.* (洛陽市三鑫投資有限公司) (“**Luoyang Sanxin**”) holds 90.0% partnership interest, being an Independent

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Third Party and wholly owned by the Finance Bureau of Chanhe Hui District, Luoyang City (洛陽市瀍河回族區財政局).

Save as disclosed herein, the [REDACTED] Investor and the ultimate beneficial owner of Zhejiang Chenghe do not have any other relationship with our Group, our Shareholders, our Directors, our senior management, any connected persons of our Company and any of their respective associates. Other than having a role as investor and a Shareholder, the [REDACTED] Investor and the ultimate beneficial owner of Zhejiang Chenghe, being Independent Third Parties, as of the Latest Practicable Date, (i) had no role and involvement in our Group and (ii) had not received or would not receive any remuneration and/or benefit in kind from our Company, our Single Largest Shareholder and/or any of their associates in connection with the [REDACTED].

Sole Sponsor’s confirmation

On the basis that (i) the [REDACTED] Investment was completed and irrevocably settled more than 28 clear days before the date of our first submission of the [REDACTED] application to the Stock Exchange; and (ii) all special rights of the [REDACTED] Investor will be terminated as disclosed in “– Rights of the [REDACTED] Investor” above, the Sole Sponsor confirms that the [REDACTED] Investments is in compliance with the [REDACTED] Investment Guidance (as defined in Chapter 4.2 of the Guide).

COMPLIANCE WITH LAWS AND REGULATIONS

All capital alterations, equity transfers, non-public issuances, capitalization issues and other corporate actions of our Company and our subsidiaries referred to above have been validly and legally completed, duly settled, properly implemented and are in compliance in all material respects with the applicable laws and regulations in the relevant jurisdictions.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

H-SHARE FULL CIRCULATION

Our Company [has applied] for H-Share Full Circulation to convert an aggregate of [REDACTED] Unlisted Shares into H Shares as per the instructions of [REDACTED] existing Shareholders, representing (i) [REDACTED]% of the issued share capital of our Company as at the Latest Practicable Date; and (ii) approximately [REDACTED]% of the total issued Share capital of our Company upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised). See “Share Capital”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PUBLIC FLOAT AND FREE FLOAT

Public Float

Immediately following completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the [REDACTED]), Mr. Fu, Luoyang Chenghe, Mr. Xue, Mr. Zhao, Mr. Li Weiyun, Mr. Bai and Ms. Qin Guihua, will constitute the core connected persons of our Company upon [REDACTED], holding approximately [49.17]% of the total issued Shares, which will not be counted towards the public float for the purpose of Rule 11.23(7) of the GEM Listing Rules following the [REDACTED].

Accordingly, immediately following completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the [REDACTED]), approximately [REDACTED]% of our issued Shares will be held by the public and be counted towards the public float, thus our Company is expected to satisfy the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules.

Free Float

Subject to the CSRC’s approval, an aggregate of [REDACTED] Unlisted Shares held by [REDACTED] existing Shareholders will be converted into H Shares under the H-Share Full Circulation application. The Shares held by such existing Shareholders will be subject to lock-up for a period of 12 months commencing from the [REDACTED] pursuant to the applicable laws of the PRC.

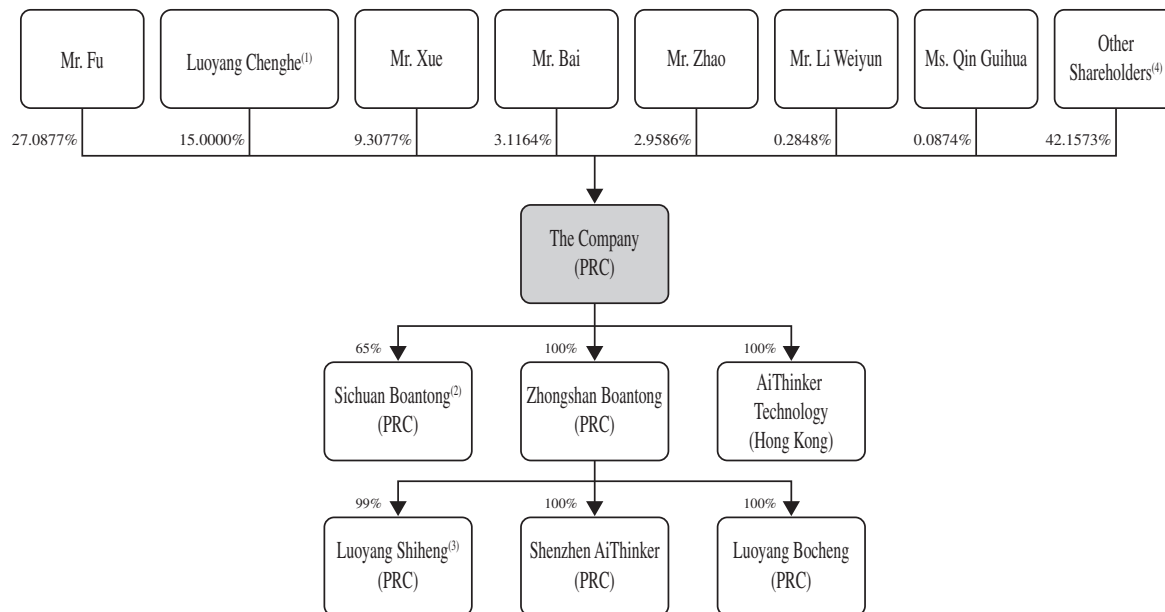
Rule 25.07B(1) of the GEM Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, there must be sufficient shares for which listing is sought that are held by the public and available for trading upon listing. This will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the GEM Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class of shares for which listing is sought (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$15,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000.

As the Shares held by our existing Shareholders are subject to a lock-up period of 12 months from the [REDACTED], H Shares held by them upon [REDACTED] should not be counted towards the free float of the H Shares of our Company at the time of the [REDACTED]. Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the low end of the indicative [REDACTED] range), our Company is expected to satisfy the free float requirement under Rule 11.23A(1) of the GEM Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Group immediately before the completion of the [REDACTED]:



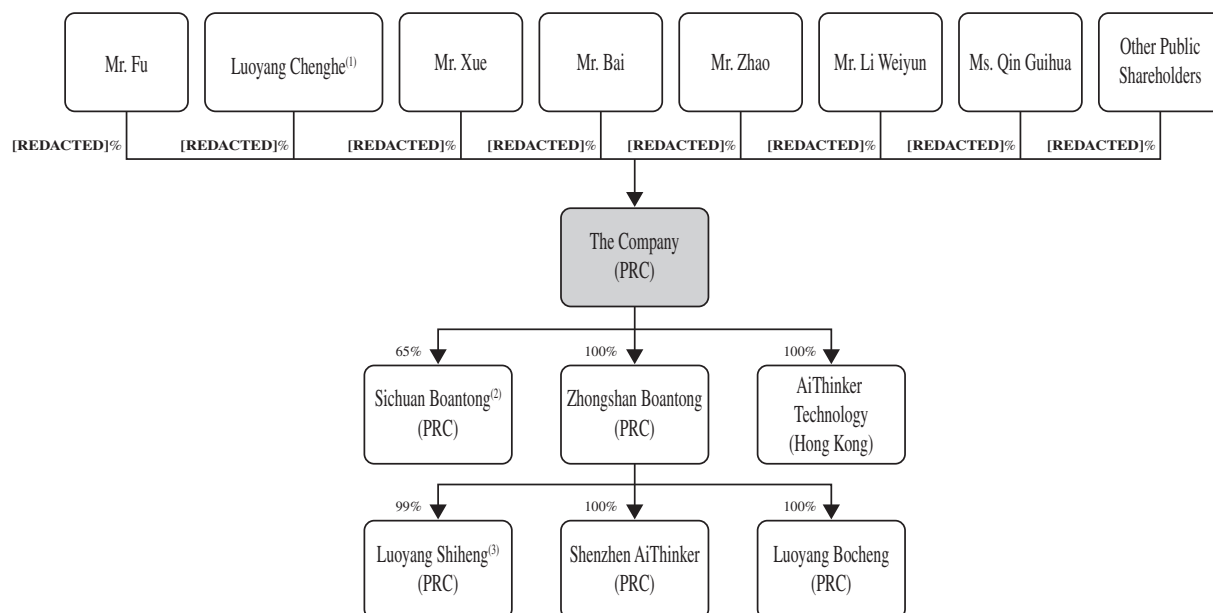
Notes:

1. See “[REDACTED] Investment – Information about the [REDACTED] Investor”.
2. Sichuan Boantong is held as to 65.0% by our Company, 30.0% by Mr. Bai (a Shareholder) and 5.0% by Mianyang Hangbo Enterprise Management Partnership (Limited Partnership)* (綿陽航博企業管理合夥企業(有限合夥)) (“**Mianyang Hangbo**”), which is a limited partnership established in the PRC on 18 April 2025. Mianyang Hangbo has, since its establishment, been held as to 90.0% by Mr. Zhou Hang (周航), an Independent Third Party, and 10.0% by Mr. Bai, who acts as its executive partner.
3. Luoyang Shiheng is owned as to 99.0% by Zhongshan Boantong and 1.0% by Mr. Luo Yongfeng (羅永峰), who is a director of Luoyang Shiheng.
4. Other 94 Shareholders immediately prior to the [REDACTED] who are Independent Third Parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The following diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Notes:

(1)–(3) Please refer to the respective notes under “Corporate Structure Immediately Before Completion of the [REDACTED]” above.

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OVERVIEW

Who We Are

We are an established IoT wireless communication and PCBA solutions provider in the PRC focusing on wireless module, antenna and PCBA solutions. With over 20 years of experience in the general IoT wireless communication industry, we provide comprehensive solutions spanning across consumer electronics, industrial electronics and energy electronics. Leveraging such industry expertise, we are well-positioned to drive R&D and the implementation of wireless communications technologies for various IoT application scenarios.

Our Solutions

Our portfolio of wireless communication solutions includes:

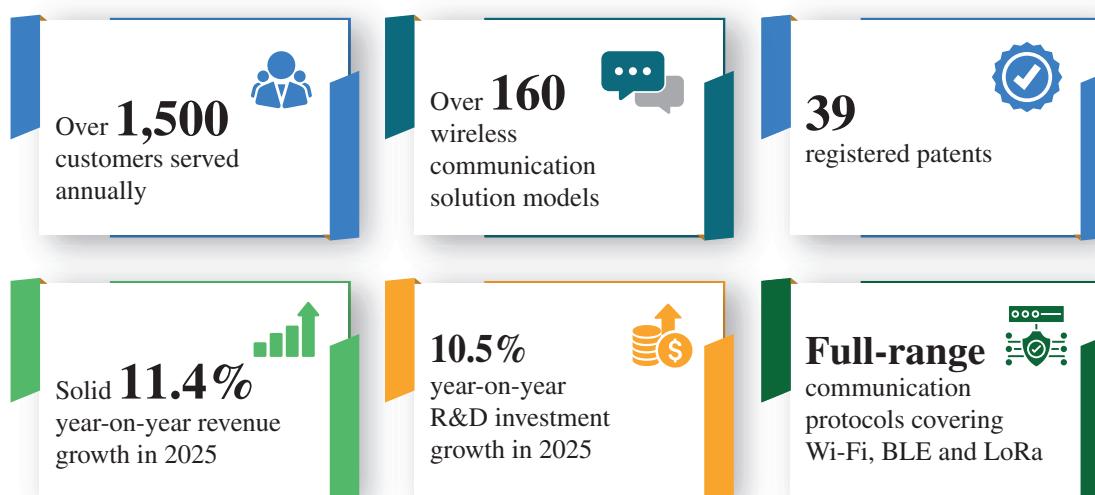
- (a) wireless modules, primarily designed for converting digital data into radio signals and processing incoming radio waves back into data to enable cloud connectivity and data transmission in devices such as smart thermostats and smart locks. We also provide SDKs that include coding tools, hardware drivers, libraries and software templates to support product development and integration with our modules;
- (b) antennas, primarily designed for capturing incoming radio waves from the air and radiating outgoing signals into space to achieve signal enhancement and wireless communication stability in outdoor routers and asset trackers; and
- (c) printed circuit board assemblies hosting electronic components such as wireless modules and antennas, which is the fully functional unit in smart products such as carbon monoxide sensors, temperature-controlled pots and alarm clocks.

Key Operating Highlights

During the Track Record Period, we generated revenue primarily from the provision of (i) wireless communication solutions, comprising module solutions and antenna solutions; and (ii) PCBA solutions, including carbon monoxide sensor assemblies. Our revenue increased from RMB174.4 million in 2024 to RMB194.4 million in 2025 and increased from RMB85.0 million in the six months ended 30 June 2025 to RMB109.7 million in the six months ended 30 June 2026. We recorded a net loss of RMB0.1 million, RMB2.8 million, RMB4.8 million and RMB1.2 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, respectively.

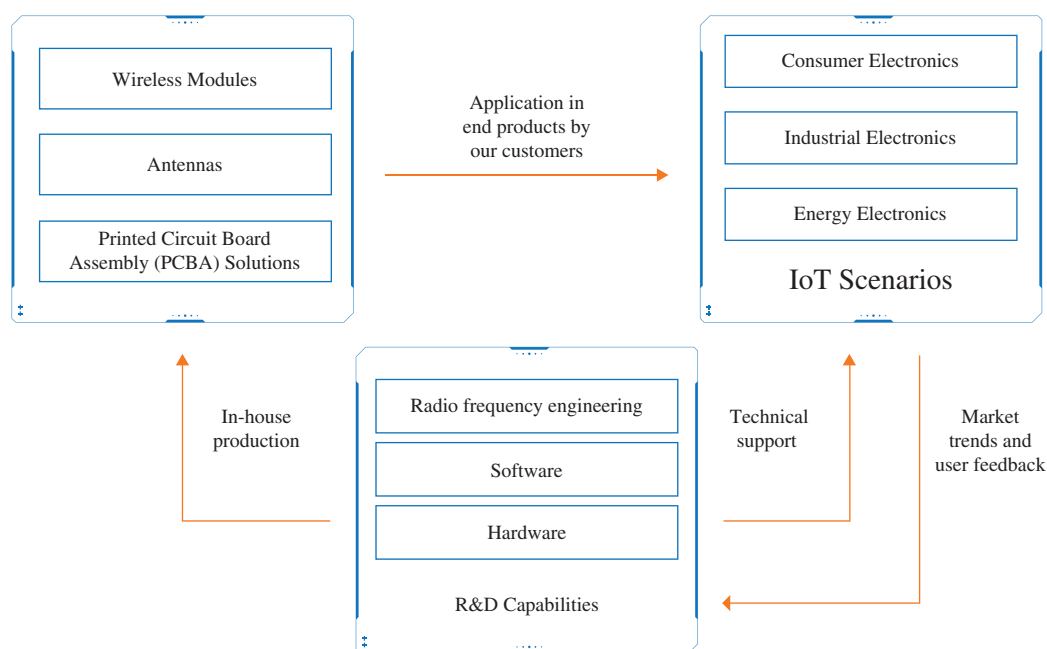
BUSINESS

As at the Latest Practicable Date, we achieved:



Our Business Model and Capabilities

The following diagram illustrates the synergy between (i) our own R&D and production capabilities and (ii) the wireless communication industry trends and user feedback, underpinned by our integrated R&D, in-house production and technical support capabilities:



Research and Development Capabilities

Our ability to provide comprehensive wireless communication solutions is supported by solid R&D capabilities in developing products using various communication technologies including Wi-Fi, Bluetooth, LoRa and Radar, supporting multiple IoT application and sensing scenarios. Driven by demand-side factors including (i) national digital-economy initiatives and programmes, (ii) the rapid expansion of downstream IoT markets across smart home, smart

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metering, logistics tracking, video surveillance, connected vehicles, industrial gateways, and renewable-energy systems, and (iii) the shift toward combining connectivity with edge computing and sensing functions, the wireless communication has grown rapidly, according to F&S. To seize the market opportunities, we are continuously developing module solutions for different end applications, which include embedded processors, on-device AI, or integrated sensing technologies, including radar-based environmental perception.

In-house Production Capabilities

We have established robust in-house production capacities, enabling us to provide solutions catering to customers’ requirements. Our production facilities are designed to offer wireless communication solutions that meet international and domestic telecommunication standards including SRRC, FCC and CE standards for modules, while supporting a highly flexible production model. Our production lines are configured with flexible process flows, allowing different manufacturing procedures to be combined and adjusted according to individual product designs and customer requirements. Our module products undergo both SMT and DIP manufacturing processes. While standard products can be produced through integrated SMT and DIP production lines, customised products can be configured during the DIP stage, where customer-specific firmware can be installed, laser markings applied, and RF performance validated, along with other tailored requirements. This flexible manufacturing approach allows us to integrate diverse customers’ requirements and provide quality solutions for our customers.

Our Customer Base

As at the Latest Practicable Date, we offer over 160 specifications of solutions and serve more than 1,500 customers annually, enabling us to provide comprehensive solutions that address compatibility and connectivity between customers’ end products and their respective systems. We achieved a 11.4% year-on-year revenue growth between 2024 and 2025. Our major customers were primarily located in the PRC.

OUR STRENGTHS

Early-mover in the high growth general IoT wireless communication industry supported by over 20 years of technical experience, an end-to-end service model and a diversified customer base

We have over 20 years of experience in the general IoT wireless communication industry, with a focus on the design, development and manufacturing of antennas and wireless modules. According to F&S, we are one of the early entrants in the IoT wireless communication industry in the PRC, offering both antenna and wireless module solutions, and a key participant in the mid-stream of the IoT industry chain. We integrate baseband chipsets, RF components, antennas and memory into standardised or customised modules and offer integrated hardware and software solutions to address increasingly complex downstream application requirements.

Our business initially focused on the manufacture of antenna products for applications such as landline phones. As market demand for wireless connectivity solutions evolved, we strategically expanded our capabilities into wireless communications modules through the acquisition of Shenzhen AiThinker in 2016. Leveraging our long-standing technical accumulation and industry know-how, we have progressively diversified our offerings and developed a comprehensive product matrix covering IoT wireless communication solutions and PCBA solutions across a broad range of wireless communication protocols (including Wi-Fi, BLE, LoRa and LoRaWAN), enabling us to serve a wide variety of application scenarios and customer requirements.

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For clients seeking a fully integrated end-product solution, we offer a one-stop service that combines hardware electronics (including wireless modules, antennas and sensors), software development (including customised firmware and IoT cloud platform services), and external casing design.

Our broad matrix of solutions is suited to serving a diversified customer base and can be applied in a wide range of application scenarios, including consumer electronics, industrial electronics, and energy electronics. Our current hybrid product development approach combines online engagement with offline efforts to closely monitor market trends and address emerging application scenarios. We share open-source software resources on third party platforms and our official website, while hosting technical tutorials and product demonstrations on third party social media platforms. These platforms equip developers with the tools and guidance to test our products across diverse use cases. By leveraging developer feedback, we continuously refine and expand our product portfolio. We also complement these efforts through direct customer engagement and dedicated R&D initiatives aimed at enhancing product functionality and performance. Together, these online and offline synergies accelerate our responsiveness to industry shifts, ensuring our product portfolio continuously evolves to meet market demands of our diverse and broadening customer base. During the Track Record Period, we served over 1,500 customers annually. This broad and diversified customer base, with a focus on SME customers across multiple end-markets, provides the Group with a solid foundation to scale alongside the structural expansion of the IoT wireless connectivity market.

As such, we are well positioned to capture growth opportunities arising from the fast growing wireless communication industry. According to F&S, the general IoT wireless communication modules market of the PRC grew from approximately RMB10.7 billion in 2021 to approximately RMB13.6 billion in 2025 and is expected to reach approximately RMB22.0 billion in 2030, representing CAGRs of 6.2% from 2021 to 2025 and 10.0% from 2026 to 2030. Leveraging our industry expertise and a diversified product portfolio, we are capable of offering wireless communication solutions supporting the increasing penetration of IoT solutions across consumer electronics, industrial electronics, and energy electronics applications, as well as meeting the growing demand for widespread, low-latency and reliable wireless connectivity driven by the rapid commercialisation of edge AI, AIoT and other data-applications.

Solid R&D capabilities driving scalable product innovation and platform integration

We continue to conduct research into the latest technologies in the general IoT wireless communication industry and downstream application markets. In doing so, we built a robust in-house R&D team comprising experienced engineers and specialists specialising in wireless communication technologies, RF engineering, antenna design, module integration and signal processing. As at 30 June 2026, we had 53 R&D personnel, representing over 18.0% of our total number of employees. In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, we recorded R&D expenses of RMB16.8 million, RMB18.6 million, RMB9.2 million and RMB10.2 million, representing 9.7%, 9.6%, 10.9% and 9.3% of our total revenue, respectively.

This expertise enables us to address complex customer requirements, including multi-band support (e.g., Wi-Fi and BLE), and IoT-specific optimisations. As at the Latest Practicable Date, our R&D efforts resulted in the development and introduction of a substantial number of product specifications, with over 160 new or customised product specifications/models launched or certified, demonstrating our ability to rapidly respond to market and customer needs in a fragmented ecosystem. According to F&S, the breadth of our solutions portfolio places us above the industry average range, approaching the coverage maintained by leading players, enabling

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broader technology and application coverage. As a result, the extensive model range constitutes a clear competitive edge, supporting stronger customer design-in capability and multi-scenario solution delivery relative to the majority of peers. As at the Latest Practicable Date, we have a total of 39 registered patents in the PRC. See “Research and Development”.

Our R&D team has also developed customisable IoT cloud platform services that enable customers to connect their IoT devices to the internet and manage them remotely. This platform allows these IoT devices to seamlessly integrate into leading IT platforms in the PRC, supporting the applications of downstream customers’ products, spanning consumer electronics, industrial electronics, and energy electronics. This seamless connection is achieved either through built-in software tools that allow our products to link directly with major cloud ecosystems.

Our R&D capabilities and the resulting product specifications have also been recognised and validated by leading IT platforms in the PRC and are included in their approved vendor lists or compatible device solution catalogues of their business partners. These collaborations further validate the reliability, interoperability and technical compatibility of our wireless communication solutions and PCBA solutions.

Robust production capabilities supporting versatile applications of solutions

Our ability to provide versatile solutions catering to customers’ requirements is supported by robust production capabilities. We operate two production facilities in the PRC, namely the Luoyang Production Factory (which focuses on the production of wireless modules and PCBA solutions) and the Mianyang Production Factory (which focuses on the production of antenna solutions). For instance, our Luoyang Production Factory has multiple automated production lines, which efficiently support in-line quality inspection throughout the production cycle. We also operate manual production lines to support small-batch manufacturing and products with special requirements. At the preparatory stage of module production, the production line enables precise feeding of raw materials and rapid soldering, thereby enhancing production efficiency and flexibility. During the mid-production stage, firmware is installed and configured to specific customer and application requirements. At the final stage, each module is subject to comprehensive functional testing to ensure performance, stability and quality compliance prior to delivery.

This combination of automated and manual production capability allows us to exercise a high degree of control over the entire manufacturing process and ensure product quality, while accommodating customised customer specifications and maintaining operational efficiency for small-batch customised orders. We are therefore able to meet the diverse and time-sensitive demands of customers driven by the rapid rollout of end applications in the downstream markets.

Experienced and visionary management team with deep industry insights and strong academic backgrounds

Our management team comprises experienced leaders who have played pivotal roles in guiding the Group’s strategic development and technological advancement. In particular, Mr. Fu and Mr. Xue, our founders, with an education background in electrical engineering, possessed over 27 years of industry experience in electronic engineering and wireless communication technologies. Prior to establishing our Group, both Mr. Fu and Mr. Xue held key technical and engineering positions at a leading telecommunications and technology enterprise in the PRC. Mr. Xu Fuqiang, the director of our product technology centre, holds bachelor’s and master’s degrees in engineering-related disciplines and brings over 15 years of information infrastructure and

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R&D leadership experience. Mr. Li Weiyun, the director of our sales centre, holds a bachelor’s degree in mechanical design, manufacturing and automation and has over 15 years of industry experience, including extensive product and customer-facing expertise developed within the Group.

Under the leadership of our founders, we have built an experienced and professional core management team with keen insight into industry developments. This has enabled us to establish a proven track record of developing and commercialising products and solutions as detailed in the section “Business – Our Products and Solutions” below. Our management team has focused on identifying market opportunities across consumer electronics, industrial electronics, and energy electronics.

OUR STRATEGIES

Further investment in R&D to drive product innovations

Leveraging our R&D capabilities and technological achievements in developing wireless communication solutions during the Track Record Period, we intend to continue investing in R&D to further strengthen our capabilities and drive product innovation in the industry. We aim to achieve this through the following strategies.

Advancing product compatibility and seamless end-product integration for existing products

For our existing products and solutions, we intend to focus our R&D efforts on developing technologies that can be seamlessly integrated into our customers’ product designs and functionalities, thereby expanding the application scenarios of our solutions. Accordingly, we plan to expand our in-house R&D team and collaborate closely with our customers to enhance solution compatibility and integration efficiency. For customers with substantial order volumes, we plan to establish dedicated R&D project teams to optimise conversion and implementation efficiency.

Diversifying our product portfolio through new functionalities

We plan to focus on the R&D of additional functionalities for our existing wireless communication solutions to support diverse end-product applications. Leveraging our strengths in designing and producing antenna solutions and wireless module solutions, we aim to provide one-stop integrated solutions for the smart home appliance segment, as smart home products require low-power, multi-protocol and sensing-capable PCBA solutions which we are already capable of developing independently. To achieve this, we intend to expand our R&D team and procure advanced testing equipment, which we expect will broaden the commercial applications of our offerings and enhance our economies of scale.

Innovating products and solutions to capture future growth

We also plan to conduct research into the latest technologies in the IoT wireless communication industry, with an aim to develop more solution product to enhance the integration of Wi-Fi and Bluetooth connectivity with human presence detection technologies, which are increasingly applied in smart home scenarios for automated lighting and energy management, according to F&S. As such, we plan to collaborate with higher education institutions and research institutions on joint R&D and product commercialisation, while expanding our in-house R&D team to keep pace with evolving technological developments and industry trends.

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Enhancing computing capacity to support R&D data expansion

During the Track Record Period, both the number of users and content views across our social media accounts increased gradually. We intend to further invest in cloud-based infrastructure and services to significantly enhance computing power as the volume of data generated from simulations, testing, code repositories and collaborative projects continues to grow. With increased capability, we intend to process large datasets more efficiently, support resource-intensive tasks such as AI-assisted design and complex simulations, maintain high system responsiveness for our global collaborators, and accommodate an increasing number of concurrent R&D projects without performance degradation.

Strengthening our developer network to empower the strategic growth of SME customers

We intend to further strengthen our developer ecosystem and deepen engagement with other market stakeholders to drive innovation in wireless communication solutions that capture future industry growth opportunities, thereby further empowering SME customers. We aim to achieve this through the strategies below.

Deepening collaborations with developers

We plan to collaborate with developers by providing technical resources, and encouraging them to provide feedback and contribute insights that support the refinement of our products and solutions. Our collaborations include: (i) online technical training, where we utilise digital platforms to share technical tutorials, software development kits and product applications; (ii) offline outreach, where we participate in international industry exhibitions and engage in in-depth technical collaborations with business customers on product architecture and design. Through these efforts, we seek to encourage developers to use our modules and software development kits, ultimately foster long-term brand loyalty and generate high-quality sales leads.

Harnessing market insights for strategic growth planning

By engaging closely with developers, customers and industry participants, we gain valuable insights into emerging technologies, market trends and evolving customer needs. We intend to leverage these insights to refine our products and solutions, identify new growth opportunities and guide strategic planning. To support this process, we also plan to expand our operational team and upgrade our computerised information technology systems to efficiently process and analyse the data and feedback obtained through our interactions with developers and market stakeholders.

Enhancing market reach and customer adoption

We intend to broaden awareness and adoption of our products and solutions through a combination of digital marketing promotions, social media engagement, webinars, industry trade exhibitions, developer conferences, technical workshops and partnership events. During the Track Record Period, we have participated in five trade shows in the PRC, Germany and India where we showcased our products to potential customers and industry experts. In addition, we intend to build a dedicated outreach team to engage directly with potential enterprise users. We expect to increase visibility, drive new registrations, showcase community project achievements and facilitate the conversion of active developers into paying customers, with a particular focus on SMEs seeking reliable connectivity solutions.

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Vertical expansion into developing PCBA end products by leveraging existing capabilities

We plan to extend downstream into developing PCBA end products, leveraging our strengths in designing and developing antenna solutions and wireless module solutions to offer one-stop integrated solutions. We aim to provide one-stop integrated solutions for the smart home appliance segment, as smart home products require low-power, multi-protocol and sensing-capable PCBA solutions, which we are already capable of developing independently. We plan to utilise third-party OEMs to manufacture and deliver end products that incorporate our PCBA solutions. As at the Latest Practicable Date, no OEMs have been engaged. In addition, our existing customer base in consumer electronics and IoT devices substantially overlaps with smart home appliance manufacturers, enabling us to leverage established relationships, sales channels and technical collaboration experience. The IoT-related PCBA solutions market for smart home appliances in China also exhibited favourable growth potential, having grown from approximately RMB35.0 billion in 2021 to RMB59.5 billion in 2025, at a CAGR of approximately 14.2%, according to F&S.

In June 2026, we have established a new subsidiary (namely Luoyang Shiheng) to develop and produce our own end products, mainly smart home appliances, which allows us to provide more value to our customers, moving from component supplier to solution provider and offer differentiated products incorporating our communication technologies. We plan to establish (i) a sales network focusing on introducing the end product to the market; and (ii) a comprehensive administrative function of the new subsidiary in order to improve visibility and strengthen operational execution. This vertical expansion represents a strategic shift from component supply toward end-to-end solution delivery, allowing us to integrate connectivity, sensing, computing and application-level functionality into differentiated products.

Continuing to strengthen our manufacturing capabilities

We intend to further enhance our manufacturing capabilities to support growth, improve efficiency, maintain quality and meet increasing demand by introducing upgrades to the following production processes:

- (a) *Assembly Lines*. Production lines will undergo a complete upgrade to become fully automated;
- (b) *Testing & Quality Inspection*. Quality control will be fully automated by deploying single-PCS instrument automated testing lines, 3D AOI testers, multi-channel wireless network testers, and other specialised testing equipment; and
- (c) *Warehousing & Material Handling*. Logistics will become fully digital through the integration of smart logistics and warehouse systems.

Through these upgrades, we aim to scale capacity efficiently, improve operations and continue delivering high-quality products cost-effectively.

These initiatives are designed to expand the scope of services provided to existing customers, diversify our customer base, and maintain long-term, high-integration customer relationships. Over time, we aim to cultivate and assist high-potential SME customers in scaling into influential market players across different industries, enabling a grow-together model that reinforces customer loyalty and drives sustainable, solution-led growth for the Group.

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OUR PRODUCTS AND SOLUTIONS

Overview

With over 20 years of experience in the IoT wireless communication industry, we provide comprehensive solutions spanning across consumer electronics, industrial electronics and energy electronics. Leveraging such industry expertise, we are well-positioned to drive R&D and the implementation of wireless communications technologies, thereby delivering innovative solutions for various IoT application scenarios. Since late 2024, we further expanded our service offerings to include PCBA solutions, which are fully assembled circuit boards that integrate firmware with electronic components such as modules, antennas, and sensors.

Our solutions primarily include (i) wireless communication solutions, comprising wireless module solutions and antenna solutions that operate across a broad range of wireless communication protocols (including Wi-Fi, BLE and LoRa); and (ii) PCBA solutions.

The following table sets forth a summary of our solutions as at the Latest Practicable Date.

Our Solutions	Key Features	Key Components
Wireless module	<ul style="list-style-type: none"> – compact circuit board that converts incoming RF electrical currents from an antenna into digital data for a device’s processor, and encodes outgoing digital data back into RF signals configured to specific wireless communication protocols such as Wi-Fi, Bluetooth, and LoRa for wireless transmission – features multiple configurable sleep modes to optimise battery longevity 	<ul style="list-style-type: none"> – system-on-chip that directly handles computation, wireless communication, power management, and hardware security – flash memory chip that stores firmware application and user data when the power is turned off – PCB that mechanically holds and connects all the components of the module
Antenna	<ul style="list-style-type: none"> – a metal component that converts RF electrical currents from a wireless module into electromagnetic waves during transmission, and intercepts airborne electromagnetic waves to convert them back into electrical currents during reception 	<ul style="list-style-type: none"> – main metal wire or rod that sends out and picks up electromagnetic waves – cable that transports RF energy over a physical distance while minimising signal loss – connector at the end of the cable that connects the antenna to the device

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Our Solutions	Key Features	Key Components
PCBA	<ul style="list-style-type: none"> – PCBAs that combine our wireless modules and antennas with other hardware components into a single assembly that developers can plug into their end products 	<ul style="list-style-type: none"> – wireless module – antenna – hardware components like sensors, cameras, displays, speakers, microphones, storage cards and physical buttons – PCB to which all other components are attached and electrically connected

To give developers flexibility for end-product integration, we provide full access to hardware schematics, firmware, performance test results, and demonstration videos for certain solutions of our Company. Our module, antenna and PCBA solutions are generally applicable in smart home devices, general consumer electronic devices, supply chain and logistics, agriculture and automotive infrastructure.

The following table sets forth the key non-cellular protocols used by our wireless modules, antennas and PCBA solutions:

Communication protocols	Power Consumption	Typical Range	Data Rate	Main Applications	Other Key Features
Wi-Fi	Medium to High	50–100m (indoor)	High (up to Gbps)	Smart home, video streaming, office IoT	High bandwidth, easy internet access
Bluetooth (BLE)	Very Low	10–100m	Low to Medium	Wearables, beacons, short-range control	Low cost, mesh support (Bluetooth 5+)
LoRa	Very Low	2–15km (rural)	Very Low	Smart agriculture, metering, asset tracking	Long range, excellent penetration

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

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Wireless module solutions	123,044	70.5	133,568	68.7	58,222	68.5	80,221	73.2
Antennas solutions	50,608	29.0	45,059	23.2	20,871	24.5	26,160	23.8
PCBA solutions	754	0.5	15,738	8.1	5,938	7.0	3,274	3.0
Total	174,406	100.0	194,365	100.0	85,031	100.0	109,655	100.0

The following table sets forth the sales volume of our solutions during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	<i>'000</i>	%	<i>'000</i>	%	<i>'000</i>	%	<i>'000</i>	%
Wireless module solutions	17,246	20.2	16,859	17.6	7,355	18.8	9,843	17.4
Antenna solutions	67,945	79.6	77,310	80.8	31,426	80.4	46,035	81.5
PCBA solutions	194	0.2	1,518	1.6	306	0.8	617	1.1
Total	85,385	100.0	95,687	100.0	39,087	100.0	56,495	100.0

The following table sets forth the average selling price of our solutions during the Track Record Period^(Note):

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Wireless module solutions	7.1	7.9	7.9	8.2
Antenna solutions	0.7	0.6	0.7	0.6
PCBA solutions	3.9	10.4	19.4	5.3

Note: The average selling price is derived from dividing the revenue by the sales volume of the respectively solution in the same periods.

BUSINESS

Wireless Module Solutions

We specialise in the provision of non-cellular modules, capable of Wi-Fi, Bluetooth, LoRa, LoRaWAN connectivity and integrating radar sensing technologies, depending on the requirements of customers and end applications. The following table sets forth three examples of our module solutions:

Representative Modules	Features of our Modules	Application Scenario	Examples of End Products using our Modules
Wi-Fi and BLE Modules  <p>Our Ai-M61-32S module</p>	<ul style="list-style-type: none"> Supports Wi-Fi 6 and BLE 5.3 transmission protocols Supports transmission of up to 0.3 kilometres Requires power consumption with an operating current of 500 mA during transmission Provides comprehensive suite of connection ports to support cameras, displays, audio and networking, 	<ul style="list-style-type: none"> Smart home devices General consumer electronic devices 	<ul style="list-style-type: none"> Bluetooth speaker Smart watch, electric bicycle dashboard
LoRa and LoRaWAN Modules  <p>Our Ra-08 module</p>	<ul style="list-style-type: none"> Supports multiple radio transmission languages, including LoRa and other traditional languages Supports transmission of up to 4.8 kilometres Requires power consumption with an operating current of 107 mA during transmission Capable of normal operation in complex signal interference environments 	<ul style="list-style-type: none"> Supply chain and logistics Agriculture 	<ul style="list-style-type: none"> Temperature and humidity sensor Remote irrigation system

BUSINESS

Representative Modules	Features of our Modules	Application Scenario	Examples of End Products using our Modules
Radar Modules  Our Rd-01 module	<ul style="list-style-type: none"> Supports Wi-Fi 4 and BLE 5.0 transmission protocols Supports object detection of up to 5 metres Requires power consumption with an operating current of 500 mA during transmission High detection angle of ± 60 degrees 	<ul style="list-style-type: none"> Automotive infrastructure 	<ul style="list-style-type: none"> Electric vehicles charging system

The unit selling price of our modules typically ranges between RMB2.35 to RMB35.

Our wireless modules are organised into product families based on the underlying chip supplier. To streamline product development, we provide dedicated SDKs for each of our module families. These SDKs combine the core operating system for the modules with the necessary coding tools, hardware drivers, libraries, and software templates required for application development. This software platform enables developers to build applications that can be more easily reused, maintained, and adapted for future product enhancements, such as migrating to newer chip architectures or upgrading wireless connectivity capabilities. By reducing the need to rewrite foundational software when transitioning between hardware generations within the same module family, our SDKs shorten development cycles and encourage continued adoption of our wireless modules across successive product generations.

BUSINESS

Case Study 1: Electric Bicycle Dashboard

The AiPi-SCP-4.3 is a PCBA dashboard solution featuring an integrated 4.3-inch LCD screen. Powered by our Ai-M61-32S wireless module, this versatile display platform serves as a control hub for a wide range of electronic systems, including modern electric bicycles.

Functions provided by our wireless module

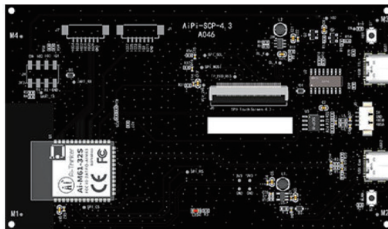
The Ai-M61-32S wireless module acts as the central control processor for the entire dashboard unit. It manages power delivery through a USB Type-C interface, gathers real-time telemetry from external bicycle sensors, and seamlessly renders this data onto the high-resolution LCD display.

Functions of other components

A standard electric bicycle relies on three core electrical components to function, which includes a lithium-ion battery that stores and delivers high-capacity electrical energy, an electric motor that converts battery power into physical propulsion, and the central controller that acts as the vehicle’s brain, regulating power flow based on user inputs from the throttle or pedal sensors.

Integration of our wireless module with other components

The AiPi-SCP-4.3 unifies these components into a single, cohesive user experience. The lithium-ion battery continuously transmits its exact remaining energy levels, while internal motor sensors instantly calculate the bicycle’s current travelling speed. The Ai-M61-32S module aggregates these various data streams, converting complex system metrics into clean speedometers and battery gauges on the dashboard screen.



Our AiPi-SCP-4.3 board



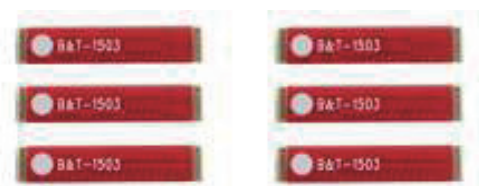
**A 4.3-inch LCD screen
functioning as a dashboard
connected to our AiPi-SPC-4.3 board**

BUSINESS

Antenna Solutions

Our antennas products and solutions are characterised by high-precision machining and comprehensive testing. The following table sets forth an example of our antenna solutions:

Features of our Antennas Solutions	Application Scenario	Examples of End Products using our Antenna Solutions
<ul style="list-style-type: none"> We offer various antennas operating at a wide range of frequencies and protocols, including Wi-Fi, BLE, 2.4 GHz, LoRa, LoRaWAN, GPS, GPRS, NB-IoT, and 4 GHz, which are fully customisable to meet customer’s specific signal transmission and power management needs Our antennas can be designed as either internal or external component, depending on the specific technical requirements and product design considerations of our customers’ end products 	Smart home devices	Optical network unit with external antennas to broadcast Wi-Fi signals



Internal Antennas



External Antennas

The unit selling price of our antennas typically ranges between RMB0.3 to RMB8.

BUSINESS

Case Study 2: Optical Network Unit

Our antenna solutions are widely integrated into electronics and telecommunications hardware requiring robust wireless connectivity, including optical network units.

Functions provided by our antenna

During transmission, the antenna accepts high-frequency currents from a wireless module and converts this guided energy into freely propagating electromagnetic waves, shaping them to maximise signal reach and efficiency. The antenna intercepts airborne electromagnetic waves, capturing the fluctuating fields and converting them back into electrical currents delivered directly to the module for decoding.

Functions of other components

The optical transceiver acts as the primary gateway, converting incoming light signals from the fibre optic cable into electrical data and converting outbound electrical signals back into light pulses. This data is processed by a central chip or processor, which routes traffic, manages bandwidth, and ensures secure communication with the service provider’s network. Internal voltage regulators stabilise power delivery from the main source, while ethernet ports and telephone interfaces provide the physical connections needed to distribute high-speed internet and voice services directly to user devices.

Integration of our antenna with other components

When the optical transceiver converts incoming fibre-optic light signals into electrical data, the central processor routes this information to the wireless module, which feeds high-frequency currents to the antenna to broadcast them as radio waves to local devices. When the antenna intercepts wireless signals from local devices, it converts them back into electrical currents and feeds them to the processor, which translates the data so the optical transceiver can flash it back into the fibre-optic network as light pulses.



Optical Network Unit

PCBA Solutions

By leveraging prior certifications and validated reference designs, our customers can directly reference our existing certifications where permissible under applicable regulations, thereby avoiding the need to undertake separate certifications. We also possess the specialised equipment and experience to test the RF performance of our PCBA solutions, ensuring their consistent and stable performance.

BUSINESS

The following table sets forth the details of our PCBA solutions:

Major PCBA Solutions	Features of our PCBA Solutions	Application Scenario	Examples of End Products using our PCBA Solutions
PCBA with integrated carbon monoxide sensor	<ul style="list-style-type: none"> – Powered by our LoRaWAN module – Detects carbon monoxide molecules with an accuracy of ± 1 part per million – Achieves up to a 5-year battery life operating on a replaceable 3.6V cell 	Environmental hazard detector	Carbon monoxide sensor that converts chemical data from the sensing element into digital readings, triggers acoustic and visual alarms during a gas hazard, and continuously monitors the device’s battery life and overall system health.
Our AiPi-LRW-TH1 LoRaWAN sensor board	<ul style="list-style-type: none"> – Powered by our Ra-08 LoRaWAN module – Supports a 4-kilometre transmission range when connected to our RG-02 indoor LoRaWAN gateway – Supports a wide range of sensors 	Smart home devices	Temperature and humidity sensor

The unit selling price of our PCBAs typically ranges between RMB4 to RMB50.

Case Study 3: Carbon Monoxide Sensor

Carbon monoxide sensors are environment monitoring devices designed to continuously detect and measure toxic, odourless, and invisible carbon monoxide gas before it reaches hazardous concentrations, commonly used in residential smart homes, commercial parking garages, and industrial manufacturing plants. We provided a cloud service provider in Mongolia with a complete, end-to-end solution by designing and manufacturing the core PCBA for its carbon monoxide sensor that integrated our proprietary LoRa module, enabling long-range and low-power connectivity. We then assisted the customer with procuring the sensing components and assembling the enclosure, ultimately delivering fully finished sensors.

Functions Provided by our PCBA

Our PCBA performs three major functions inside the sensor: (a) it converts chemical reactions from the sensing element into digital electrical signals to calculate exact carbon monoxide levels; (b) it triggers visual and acoustic hardware in the sensor if gas levels exceed safe safety thresholds; and (c) it tracks battery voltage and runs self-diagnostic tests.

BUSINESS

Functions of other components

The sensing element is a component that generates a tiny current proportional to the concentration of carbon monoxide molecules detected. The exterior housing is an enclosure that allows ambient air to naturally drift into the sensing zone while physically protecting the sensitive inner electronics from dust, moisture, and impact.

Integration of our PCBA with other components

When carbon monoxide is detected, the exterior housing allows ambient air to flow into the unit and reaches the electrochemical sensing element, which undergoes a chemical reaction to generate a tiny, proportional electrical current. The PCBA instantly captures this current, processes the data to calculate the exact gas concentration, and automatically triggers the loud acoustic horn and warning LEDs if the levels cross safe thresholds.

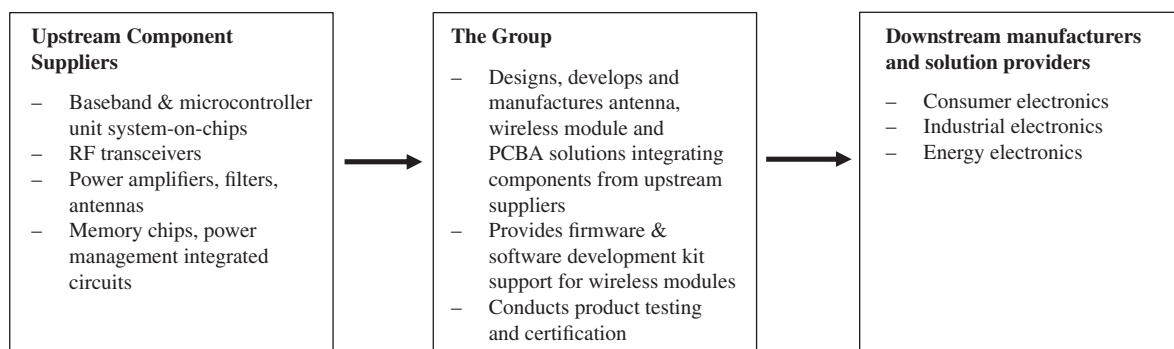


Carbon Monoxide Sensor

OUR BUSINESS MODEL

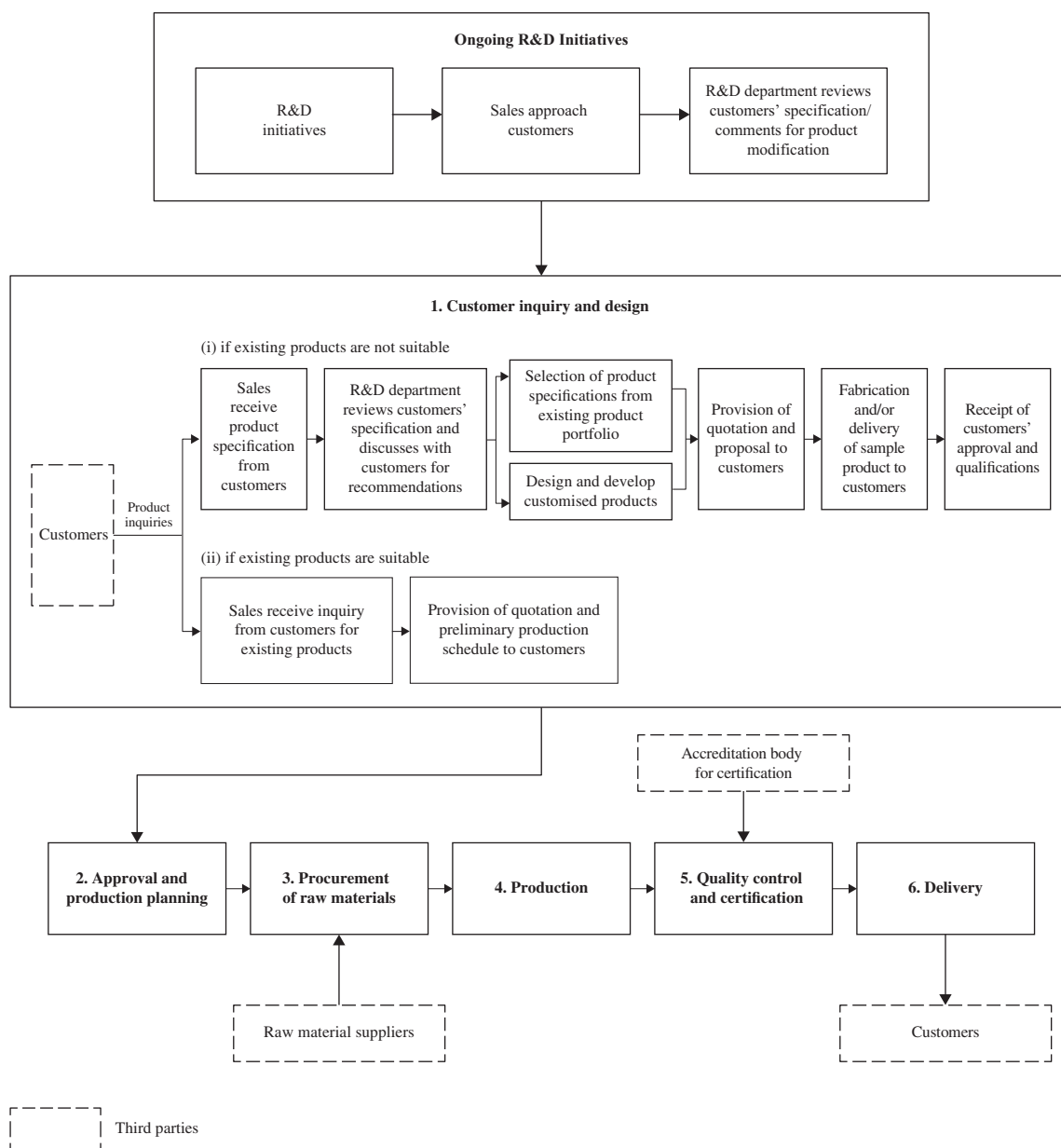
Our business model follows a one-stop services approach, covering (1) customer inquiry and design, (2) approval and production planning, (3) procurement of raw materials, (4) production, (5) quality control and certification and (6) delivery. We maintain flexibility to handle both standardised products and highly customised small-batch orders, supported by multi-supplier sourcing, modular production lines and direct customer engagement.

The following chart illustrates our business in the industry value chain:



BUSINESS

The following chart illustrates our business model in respect of our products and solutions:



BUSINESS

We receive inquiries directly from downstream customers including enterprise customers and developers and distributors. The project management team coordinates internally based on the customer’s requirements to evaluate whether they can be fulfilled by the existing solutions. If existing solutions are suitable, we provide quotation and preliminary production schedule to customers. If clients require customised solutions, our R&D department work closely with them to evaluate technical feasibility, carry out hardware or firmware customisation, and address certification or integration requirements. Once the product specifications and production plan are finalised, we coordinate with the procurement department to source the required raw materials if necessary.

OUR PRODUCTION AND QUALITY CONTROL

Our production is mainly conducted in our dedicated facilities using fully automated, semi-automated and manual production lines, allowing us to balance efficiency with flexibility for both high-volume standardised orders and small-batch customised orders. Our module, antenna, and PCBA production assets are owned rather than leased. As at the Latest Practicable Date, we operate two production factories, namely (i) Luoyang Production Factory; and (ii) Mianyang Production Factory. Our Mianyang Production Factory is primarily responsible for the production of our antenna solutions. Our Luoyang Production Factory is primarily responsible for the production of our wireless module solutions and PCBA solutions. Set out below are the details of our production factories as at the Latest Practicable Date:

Production factory	Location	Number of production lines	Year of commencement of operation	Approximate GFA (sq. m.)
Luoyang Production Factory	Luoyang, Henan, the PRC	4	2023	3,085.95
Mianyang Production Factory	Mianyang, Sichuan, the PRC	21	2020	4,035.04

Production Department

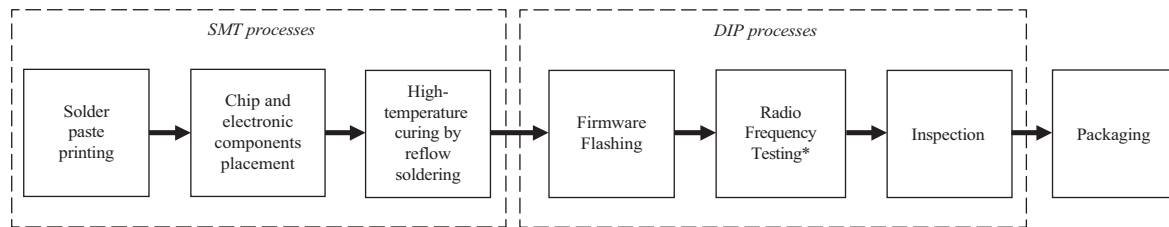
Key roles include (i) production managers overseeing overall operations including but not limited to designing and monitoring the daily production plan of the production plant, (ii) line leaders managing daily workshop activities arranged by the production managers and executing the production plan, and (iii) frontline operators handling assembly, testing and packaging.

BUSINESS

Production Flow and Data

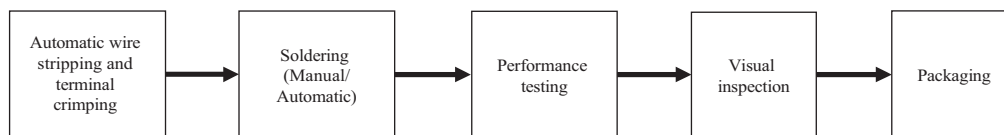
Production follows the “production based on sales, and procurement based on production” principle (以銷定產、以產定採), with plans formulated based on, among others things, sales forecasts as per the Directors’ experience and confirmed orders. Plans undergo reviews and adjustments to reflect order changes, material availability and market conditions.

For wireless module solutions and PCBA solutions, production is divided into two stages, namely SMT and DIP. During the SMT stage, key electronic components, including the microcontroller and other chips, are soldered onto the PCB. The assembly then undergoes the DIP stage, where firmware is installed, laser markings are applied, and functional tests are conducted to ensure proper operation. The average production time for modules and PCBAs are approximately 14 seconds and 34 seconds per unit, respectively. Production flow is typically illustrated below:



* The time required for RF design and testing varies based on product complexity, as PCBA solutions typically incorporate more functionality than wireless modules, they require more time for testing.

Antenna products are manufactured using a mix of fully automated and semi-automated/manual processes. Antenna production times vary significantly based on design complexity and the number of manual assembly steps. Production typically includes these steps, as illustrated below:



BUSINESS

Major machinery and equipment

Details of the key machinery and equipment involved in the production process are set out below:

Machinery/ equipment	Principal Usage	Approximate number of units	Approximate average age (years)	Approximate average remaining useful life (years)
Wireless modules and PCBAs				
<i>SMT process</i>				
Solder paste printer	Applying solder paste onto PCB pads before component placement	5	4	6
Pick-and-place machine	Placing electronic components onto the PCB with high speed and precision	8	3.8	6.2
Reflow oven	Melting solder paste to permanently solder components onto the PCB	2	2.5	7.5
<i>DIP process</i>				
Automatic programming machines	Uploading firmware or configuration data into modules prior to testing	3	2.3	7.7
Shielding test machines	Verifies EMI shielding performance and electrical functionality of the assembled module	3	2.3	7.7

BUSINESS

<u>Machinery/ equipment</u>	<u>Principal Usage</u>	<u>Approximate number of units</u>	<u>Approximate average age (years)</u>	<u>Approximate average remaining useful life (years)</u>
Antennas				
Automatic wire stripping and terminal crimping machine	Cutting wires to length and crimping terminals onto wire ends	21	5	5
Soldering iron	Performing manual soldering of wires and components	40	5	5
Ultrasonic welding machine	Joining plastic or component parts using ultrasonic welding	4	7	3

For details of depreciation method of our machineries and equipment, see “Financial Information – Description of certain items from the statement of financial position – Property, plant and equipment”.

The table below sets forth the production capacity, production output and utilisation rate by major product type:

	Year ended 31 December						Six months ended 30 June		
	2024			2025			2026		
	Production Capacity ¹	Production Output ²	Utilisation Rate ³	Production Capacity	Production Output	Utilisation Rate	Production Capacity	Production Output	Utilisation Rate
	'000	'000		'000	'000		'000	'000	
Wireless modules and PCBAs	19,800	17,361	87.7%	22,440	20,258	90.3%	12,600	11,609	92.1%
Antennas	102,820	80,069	77.9%	112,180	84,011	74.9%	56,100	50,163	89.4%

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Notes:

- (1) The calculation of the maximum production capacities is based on the following assumptions:
 - (i) In relation to wireless modules, production lines operate for 20 hours per day, with daily output of approximately 140,000 units, 160,000 units and 180,000 units for the two years ended 31 December 2025 and the six months ended 30 June 2026. The increase in daily output was primarily driven by the introduction of additional automated and semi-automated production lines. These lines operate approximately 20 days per month (excluding employee rest days and public holidays). The production capacity was adjusted to account for routine maintenance, equipment downtime, and defective units. Wireless modules and PCBAs are manufactured on the same production lines. As PCBAs are generally more complex and require more extensive testing during the DIP stage, their hourly output is lower than that of wireless modules. In addition, PCBAs are produced in significantly lower volumes than wireless modules.
 - (ii) In relation to antennas, production lines operate for 22 hours per day, with daily output of approximately 438,000 units, 558,000 units and 558,000 units for the two years ended 31 December 2025 and the six months ended 30 June 2026. The increase in daily output from 2024 to 2025 was primarily driven by the introduction of additional automated production lines. These lines operate approximately 20 days per month (excluding employee rest days and public holidays). The production capacity was adjusted to account for routine maintenance, downtime, and defective units.
- (2) The actual volume of finished non-defective products completed, inspected, and put into storage.
- (3) Production output divided by production capacity and multiplied by 100.

OUR CORE TECHNOLOGICAL CAPABILITIES

Our core technological capabilities enable us to develop, integrate and customise wireless communication solutions that cater to diverse industries.

RF design and testing

We subject our wireless modules and antennas to comprehensive RF design and testing using advanced anechoic chambers and network analysers, evaluating key metrics such as signal intensity, radiation efficiency, and radiation patterns to ensure wireless coverage, stable connectivity, and strict compliance with wireless communication protocols across a wide range of frequencies.

Inherited regulatory certifications

Our products carry built in SRRC, FCC, and CE certifications. By utilising these pre-certified designs, customers can leverage our existing test reports and certifications where permissible by local laws. This drastically minimises the need for costly, repetitive testing, slashes regulatory compliance expenses, significantly reducing their global time-to-market and compliance costs.

Modular software and hardware components

We utilise modular software and hardware components. This approach enables us to rapidly customise, adapt, and iterate on highly fragmented customer specifications across diverse and complex IoT ecosystems. By combining standardised core building blocks with flexible peripheral configurations, we can efficiently deliver tailored solutions without restarting the development cycle from scratch.

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Advanced manufacturing engineering capability

Our module production process utilises high-precision SMT equipment to achieve precise component placement. To maintain low-defect rates, every production batch undergoes automated 3D SPI and AOI, alongside rigorous functional circuit testing. This multi-layered manufacturing process guarantees the long-term performance reliability for consumer products.

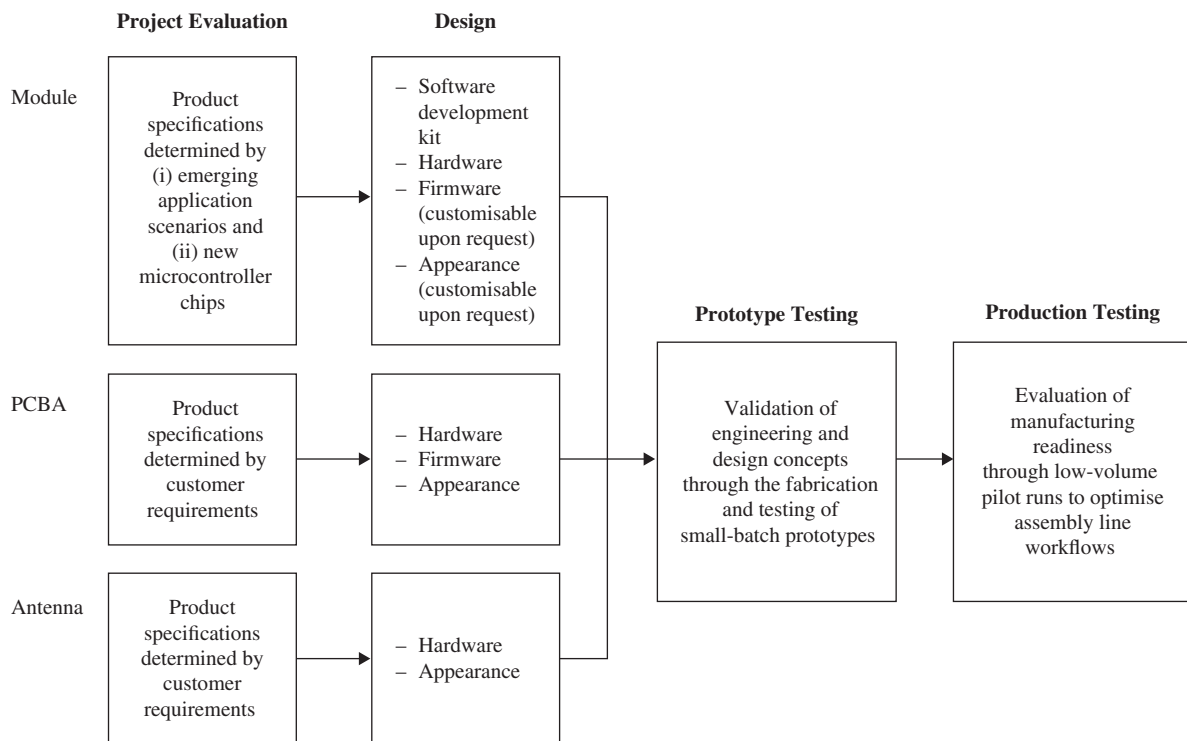
RESEARCH AND DEVELOPMENT

Continuous R&D supports our wireless module, antenna and PCBA solution businesses. We focus on iterative product design, technical enhancement and process optimisation to meet customer requirements and support diversified IoT application scenarios.

Our R&D principally focuses on (i) the continual improvement of mature product lines, including Wi-Fi, Bluetooth and LoRa modules, and (ii) the development of newer product lines, including radar modules for human presence detection, fall detection and cycling scenarios and modules capable of edge AI computations. Projects are driven by customer requirements, our internal market analysis and strategic planning for emerging trends.

R&D workflow

The following diagram describes the workflow of our R&D projects:



BUSINESS

Project Evaluation

We tailor our R&D project evaluation methods to the specific requirements of our module, PCBA, and antenna product lines.

For module projects, we identify key product features and technical specifications based on two main factors: (i) emerging application scenarios within the general IoT wireless communication modules market, and (ii) the latest microcontroller chips and associated development platforms provided by our suppliers. Conversely, for antenna and PCBA projects, product features and technical specifications are driven directly by customer inquiries. Following this initial alignment, all projects undergo a technical feasibility analysis to define hardware and software requirements, evaluate potential risks, and establish mitigation strategies.

Design

Once product specifications are finalised, they are translated into internal technical requirements and distributed to the responsible departments. Following internal reviews, the formal design process begins. For module projects, the core design is tightly governed by these product specifications, though we can customise the firmware and product aesthetics to meet specific client needs. In contrast, antenna and PCBA designs are entirely custom-built, dictated by the exact specifications established during our collaborative discussions with customers.

Prototype Testing

Following the finalisation of the product design, we transition into the prototyping phase to validate our underlying engineering concepts and design feasibility. During this stage, we manufacture small-batch engineering prototypes and subject them to targeted functionality tests, performance evaluations, and environmental stress screenings. For custom-built products, these physical prototypes are submitted to customers for evaluation, adjustment, and formal sign-off before any manufacturing infrastructure is engaged.

Production Testing

Upon prototype approval, the project advances to production testing, which focuses on testing manufacturing readiness. We initiate low-volume pilot runs to verify that full functionality and customer requirements can be reliably replicated using mass production assembly lines and tooling. Units from these trial runs undergo a series of tests spanning performance consistency, regulatory safety and reliability to guarantee compliance with industry standards. This stage allows us to uncover and resolve factory-floor anomalies, successfully optimising our manufacturing processes for mass production.

R&D expenses

For our existing customer base, R&D expenditure is directed towards shortening development cycles through modularised hardware and software platforms, enhanced simulation, verification and RF design and testing capabilities. For new product portfolios, R&D expenditure is focused on low-power and multi-protocol wireless modules, AI edge computing, integrated sensing, and PCBA solutions, enabling entry into new industries and different stages of the value chain.

BUSINESS

In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, our R&D expenses amounted to RMB16.8 million, RMB18.6 million, RMB9.2 million and RMB10.2 million, respectively. The following table sets out a breakdown of our R&D expenses for the years/periods indicated:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs and benefits	14,095	83.7	14,540	78.1	7,643	82.7	8,448	82.5
Depreciation and amortisation	1,269	7.5	1,853	10.0	700	7.6	746	7.2
Technical service fee	407	2.4	853	4.6	288	3.1	359	3.5
Office expenses	653	3.9	855	4.6	331	3.6	373	3.6
Raw materials	419	2.5	490	2.6	259	2.8	312	3.0
Others ⁽¹⁾	4	–	25	0.1	23	0.2	– ⁽²⁾	–
Total	16,847	100.0	18,618	100.0	9,244	100.0	10,239	100.0

Notes:

(1) Others refer to miscellaneous expenses incurred during daily R&D operations, mainly including travel expenses in relation to business trips of R&D staff.

(2) The amount is minimal.

The increase in R&D expenses during the Track Record Period is mainly due to increase in (i) depreciation and amortisation of properties and equipment for R&D facilities, and (ii) increased technical service fees incurred for the external testing and certification for new products. Reflecting the Group's commitment to maintaining its technological competitiveness, R&D expenditure as a percentage of revenue amounted to 9.7%, 9.6%, 10.9%, 9.3% for the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. See “Financial Information – Results of Operations – Research and Development Expenses”.

R&D Team

We maintain a dedicated R&D department organised into specialised teams to support efficient and customer-driven innovation including (i) the hardware team which develops core hardware architecture of our solutions; (ii) the software team develops firmware and SDKs; (iii) the RF technology team which conducts RF design and testing and validation for our solutions; (iv) the application development team which customises solutions to address specific client application scenarios; (v) the engineering team which bridges R&D and production by managing technical document release, process verification and manufacturing transfer; and (vi) the cloud development department which customises and deploys our IoT private cloud platform for client-specific private environments.

We have established an experienced and dedicated R&D team. As at 30 June 2026, our R&D team comprised 53 employees, the majority of whom held bachelor's degrees or higher, primarily graduating from disciplines such as telecommunications, computer science, and automation. They bring strong expertise in technology development and product innovation,

BUSINESS

along with extensive experience in wireless communication technologies, RF engineering, antenna design, module information and signal processing.

The R&D team is responsible for the end-to-end development of the Company’s products and solutions. The R&D team works with the production department via the engineering department to ensure designs are production-ready, partners with sales and customer-facing teams to translate customer needs into technical solutions, and coordinates with procurement on supplier sourcing and component quality validation.

In addition, we have established online channels to share open-source software resources with independent developers and engineers who use our open-source hardware and software, including development boards and cloud-based resources. These developers primarily serve as a lead-generation and validation channel by contributing application ideas, providing technical feedback and validating product features, rather than acting as direct revenue-generating customers.

R&D facilities

As at the Latest Practicable Date, our R&D facilities are primarily located in Shenzhen, Hangzhou and Changsha. The core of our R&D capability is centralised within our Shenzhen R&D facility, which drives end-to-end product development, quality testing and project management. Our Hangzhou facility operates as a dedicated regional centre, positioned to support local product development and deliver localised technical support.

Location of R&D facility	No. of staff at facility	Year of commencement of operation	Approximate gross floor area (sq. m.)	R&D focus
Shenzhen, Guangdong Province, the PRC	39	2003	984.3	Developing new hardware and software platforms, carrying out RF design and testing for our solutions, managing R&D projects and providing technical support to customers
Hangzhou, Zhejiang Province, the PRC	2	2023	124.7	Supporting local product development and providing technical support to customers
Changsha, Hunan Province, the PRC	6	2023	114.6	Developing IoT cloud platform integration solutions

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R&D achievements

As at the Latest Practicable Date, our R&D efforts resulted in the development and introduction of over 160 new or customised product specifications that combine multi-protocol connectivity, rich multimedia support and peripherals onto a single module. As at the Latest Practicable Date, we have a total of 39 validly registered patents in the PRC. Our core achievement lies in delivering a complete, developer-centric ecosystem that pairs module hardware with open-source software development kits, comprehensive developer manuals, and product test reports. By making these vital technical resources freely accessible, we actively encourage developers to pioneer and explore innovative downstream IoT applications. This open ecosystem fosters a powerful, collaborative feedback loop. As developers experiment, they provide valuable real-world data on bug troubleshooting, feature expansions, and hardware performance. This community-driven input in turn shapes our ongoing research and development direction, ensuring our hardware and software continually evolve to solve real engineering challenges.

SALES, MARKETING AND DISTRIBUTION

Our sales network

We have established a comprehensive sales network that primarily focuses on the PRC. As at the Latest Practicable Date, we sell mainly to PRC-based downstream customers, with a smaller portion of revenue derived from overseas markets, including Mongolia and Vietnam.

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

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
PRC	164,832	94.5	176,273	90.7	75,986	89.4	104,053	94.9
APAC	7,409	4.3	15,659	8.1	7,649	9.0	4,384	4.0
Others ^(Note)	2,165	1.2	2,433	1.2	1,396	1.6	1,219	1.1
Total	174,406	100.0	194,365	100.0	85,031	100.0	109,655	100.0

Note: Others mainly include Europe and the Americas.

During the Track Record Period, we derived the majority of our revenue from PRC markets. For a detailed analysis of our revenue by geographical region of our customers, see “Financial Information – Results of Operations – Key Components of Our Results of Operation – Revenue.”

BUSINESS

Our sales channels

During the Track Record Period, we utilised a multi-channel distribution model to reach a diverse customer base ranging from individual developers to global brand owners. Our sales channels primarily consist of direct sales and distributors.

The table below sets forth a breakdown of revenue from continuing operations by sales channels:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Direct sales	165,345	94.8	187,649	96.5	81,429	95.8	103,098	94.0
Distributorship	9,061	5.2	6,716	3.5	3,602	4.2	6,557	6.0
Total	174,406	100.0	194,365	100.0	85,031	100.0	109,655	100.0

Our direct sales

Our direct sales efforts target developers and SMEs across consumer electronics, energy electronics and industrial electronics sectors. By dealing directly with these customers, we can provide one-stop customisable solutions, including the design and development of hardware electronics and software platforms.

Principal contractual terms with direct sales customers

During the Track Record Period, we typically entered into long-term or framework agreements with our direct sales customers. The major terms generally included in the framework agreements with our direct sales customers are set out below:

Term and Termination	The duration of the framework agreements with our direct sales customers is typically one to five years.
Payment and Credit Term	Credit terms vary by solution category, generally around 30 days for wireless module solutions and 150 days for antenna solutions.
Shipment and Delivery	We engage third-party logistics service providers to deliver our products to locations specified by our direct sales customers.
Product Return Arrangements	We typically do not allow our direct sales customers to return products to us except for product quality issues upon delivery and inspection.
Product Warranty	We generally provide a standard warranty period of one to three years.

BUSINESS

Our distribution channels

Although our business is primarily conducted through direct sales to downstream customers, we engaged a limited number of distributors during the Track Record Period for our wireless module solutions and antenna solutions, the majority of which are located in the PRC. These distributors are Independent Third Parties that resell our products to their downstream customers or end-users, and we do not appoint or manage any sub-distributors. During the two years ended 31 December 2024, 2025 and the six months ended 30 June 2025 and 2026, we generated revenue of RMB9.1 million, RMB6.7 million, RMB3.6 million and RMB6.6 million from sales to distributors, respectively, accounting for 5.2%, 3.5%, 4.2% and 6.0% of our revenue in the same periods, respectively.

We maintain a seller-buyer relationship with our distributors. Revenue is recognised upon the transfer of control of our products, which occurs when the products are delivered to and accepted by our distributors. As at the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, we engaged 14, 14 and 17 distributors, respectively. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, we do not have material unresolved disputes or lawsuits with our distributors.

Principal contractual terms

During the Track Record Period, we generally entered into framework distribution agreements with each of our distributors. The key terms of our distribution agreements included the following:

Term	The term of the distribution agreement is typically one year, subject to renewal based on our evaluation of our distributors.
Pricing Policy	Products are supplied to distributors at an agreed price and sold by distributors to customers at the manufacturer’s suggested retail price set by us.
Sales Targets	We may set a minimum monthly purchase for some of our distribution.
Returns	We typically do not allow our distributors to return products to us except for product quality issues after they accept the delivery.

Pricing

Our product and solution pricing is structured on a case-by-case basis to reflect the specific commercial realities of each transaction, leading to natural variations across different clients, projects, and offerings. We calculate these rates by evaluating four core areas: (i) the technical attributes and customization level of the product; (ii) the underlying expenses of raw materials and R&D; (iii) total order volume, where bulk agreements qualify for tier discounts; and (iv) external market forces, such as industry trends.

BUSINESS

Marketing

We utilise global social media platforms to share technical tutorials and product applications. We also participate in core international industry exhibitions and engage in deep technical exchanges with business-end customers during product development. Our online and offline marketing efforts foster long-term brand loyalty and generate high-quality sales leads for future mass production.

Product return and warranty

All products are manufactured and inspected in accordance with our internal quality benchmarks or standards mutually agreed upon by us and our customers, a majority of which are backed by a comprehensive one-year limited warranty. Within this warranty period, we will provide free repair services for any operational defects resulting strictly from intrinsic product quality or original manufacturing issues. However, this coverage excludes any damages, faults, or failures caused by improper handling, incorrect installation, or misuse on the customer’s end.

During the Track Record Period, we did not experience any major product recalls or material disputes regarding product quality and the amount of warranty provision was minimal. Since we engage closely with downstream customers starting from the product design stage, the risk of product returns or repairs arising from customer complaints and quality issues remains unlikely. In addition, our after-sales team closely follows up with customers to ensure the timely resolution of any issues that arise.

Seasonality

Our sales performance is affected by seasonality. We generally record relatively stable sales revenue around the year, save for the period near the Chinese New Year holidays. Since most of our customers are located in the PRC, they would generally place orders prior to the Chinese New Year holidays as Chinese New Year is often the off-season, as most of the manufacture workers would cease to work during this period.

OUR CUSTOMERS

During the Track Record Period, our customers consisted of (i) direct customers, including end-product brands and OEMs designated by those brands, and (ii) distributors. OEMs typically purchase our non-cellular wireless modules to integrate them into their own single-board systems or end-product designs for brand owners.

Our major customers

In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, revenue generated from our five largest customers in each period amounted to RMB34.6 million, RMB37.7 million and RMB21.6 million, respectively, accounting for 19.9%, 19.4% and 19.7% of our total revenue from continuing operations in the same periods, respectively. And revenue from our largest customer in each period accounted for 5.4%, 5.0% and 7.8% of our total revenue from continuing operations in the same periods, respectively.

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The following table sets forth the details of our five largest customers in each period during the Track Record Period:

Six months ended 30 June 2026

Rank	Customer	Sales Amount	Approximate percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)	(%)			
1	Customer A ⁽¹⁾	8,523	7.8	Wireless modules	30 days	2022
2	Customer B ⁽²⁾	3,725	3.4	Wireless modules	30 days	2017
3	Customer C ⁽³⁾	3,539	3.2	Antennas	60 days	2020
4	Customer D ⁽⁴⁾	2,946	2.7	Antennas	120 days	2020
5	Customer E ⁽⁵⁾	2,833	2.6	Antennas	120 days	2011

2025

Rank	Customer	Sales Amount	Approximate percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)	(%)			
1	Customer F ⁽⁶⁾	9,740	5.0	PCBA solutions	100% payment upon delivery	2025
2	Customer G ⁽⁷⁾	7,716	4.0	Wireless modules	100% payment upon delivery	2022
3	Customer B	7,583	3.9	Wireless modules	30 days	2017
4	Customer D	6,531	3.4	Antennas	150 days	2020
5	Customer A	6,111	3.1	Wireless modules	30 days	2022

2024

Rank	Customer	Sales Amount	Approximate percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)	(%)			
1	Customer H/Supplier D	9,358	5.4	Chips and wireless modules	30 days	2016
2	Customer E	7,916	4.5	Antennas	120 days	2011
3	Customer B	6,172	3.5	Wireless modules	30 days	2017
4	Customer D	5,952	3.5	Antennas	150 days	2020
5	Customer I ⁽⁹⁾	5,213	3.0	Antennas	180 days	2016

Notes:

- (1) Customer A is a PRC-based company specialises in the manufacturing of solar-powered household appliances, energy-storage systems, and related components.

BUSINESS

- (2) Customer B is a PRC-based company specialises in providing distributed-energy solutions including photovoltaic inverters, energy-storage systems, and intelligent energy-management platforms.
- (3) Customer C is a PRC-based company specialises in the design, manufacture, and sale of AI-driven smart home products.
- (4) Customer D is a PRC-based company specialises in the R&D, manufacturing, and sales of digital audio-visual terminals and data-communication terminal equipment.
- (5) Customer E is a PRC-based company specialises in the R&D and sales of digital video broadcasting systems, smart terminals, communication equipment, and smart-city solutions.
- (6) Customer F is a Mongolia-based company specialises in software publishing and supply.
- (7) Customer G is a PRC-based company specialises in providing software and information-technology services.
- (8) Customer H/Supplier D is a PRC-based company specialises in the research, development, production, and sales of whole-house intelligent home systems.
- (9) Customer I is a PRC-based company specialises in the R&D, manufacturing, and sales of smart home appliances, core electronic components, and new energy technologies.

We have maintained stable relationships with our five largest customers. During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with any of our five largest customers, and currently there is no indication or sign that they will alter the existing relationship with us in any aspect in the near future.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date: (i) our five largest customers were Independent Third Parties, and none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers; and (ii) each of our top five customers are independent from each other.

RAW MATERIAL AND PROCUREMENT

The key raw materials we procure for modules include chips, PCBs, crystal oscillators, shielding covers, resistors, capacitors, diodes, and transistors. Key raw materials for antennas include metal wires and cables. Procurement prices are primarily driven by movements in international supply and demand dynamics. In the event of significant cost fluctuations, the Group engages in two-way communication with both suppliers and customers, seeking to share cost pressures where appropriate, taking into account specific order size or product type.

We formulate procurement plans taking into account forecasts based on the Directors' experience, customer orders, inventory levels, R&D needs and production requirements, coordinated through our MRP and ERP systems. Sample and trial-production purchases follow internal request and approval procedures, while mass production material plans are prepared by the supply chain team and executed by procurement.

All incoming materials undergo required quality checks before warehousing. Materials are issued and tracked through the ERP system during assembly, inspection and testing, with in-process and final quality control to ensure compliance. Finished goods are stored on a first-in-first-out basis and delivered per customer schedules. We monitor market conditions, maintain backup suppliers and adjust procurement strategies to manage supply risks and cost fluctuations.

BUSINESS

OUR SUPPLIERS

We procure all materials externally. Before initiating procurement, the Company first reviews existing inventory levels and evaluates them against the production plan to determine whether additional raw materials or components are required. Supplier sourcing is managed through a qualified supplier list and ERP system, with most materials having multiple qualified suppliers and backups available for critical components, reducing our reliance on any single source. Given the availability of substitute materials in the market and our Group’s ongoing R&D efforts to explore alternative materials and production processes, the risk of raw material shortages and supplier concentration is considered relatively low.

Supplier selection includes credential checks, capacity assessment and on-site audits. Performance is monitored through monthly quality and delivery evaluations and annual audits. Suppliers are graded, and low performers are rectified or removed.

To mitigate concentration and price volatility, we adjust allocations based on performance, and use bulk purchasing or cost-locking for sensitive materials (e.g., copper-related PCBs and metal parts) and secure favourable terms through scale consolidation, supplier competition, strategic stockpiling and collaborative cost-reduction initiatives.

We generally do not enter into procurement or framework arrangements with our suppliers and typically enter into transaction-based orders with them. The following sets out the major terms generally included in the transaction-based orders with our suppliers:

- Scope and Product Specifications. Each purchase order specifies the product type, specifications, quantity, price and delivery schedule.
- Product Return. We may reject or return materials that do not meet agreed standards or quantities.

Supplier management

During the Track Record Period, our suppliers mainly comprised raw material suppliers such as chip, PCB/FPC, hardware, wire and passive component providers.

New suppliers undergo capability and compliance checks, sample testing and required agreement execution before approval, while existing suppliers are subject to structured monthly and annual assessments. Low-performing suppliers may be suspended or removed.

We maintain a supplier management system to closely monitor and continuously improve supplier performance, which includes addressing and correcting errors in raw material deliveries, as well as analysing and resolving logistics issues to ensure operational efficiency and supply chain reliability.

Suppliers must comply with environmental, safety and hazardous-substance requirements, including RoHS and REACH, and may undergo on-site environmental and operational audits. We also require execution of quality and environmental agreements specifying standards, inspection requirements and non-conformance handling, supported by our incoming quality control and traceability systems.

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Our major suppliers

In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, purchases from our five largest suppliers in each period amounted to RMB41.8 million, RMB52.2 million and RMB30.8 million, respectively, accounting for 40.4%, 42.6% and 40.2% of our total purchases in the same periods, respectively. Purchases from our largest supplier in each period accounted for 12.8%, 14.2% and 13.1% of our total purchases in the same periods, respectively.

The following table sets forth the details of our five largest suppliers in each period during the Track Record Period:

Six months ended 30 June 2026

Rank	Supplier	Purchase Amount (RMB'000)	Approximate percentage of total purchases (%)	Type of product provided	Credit terms	Year of commencement of business relationship
1	Supplier A ⁽¹⁾	10,015	13.1	Chips	60 days	2021
2	Supplier B ⁽²⁾	7,774	10.1	Chips	30 to 120 days	2022
3	Supplier C ⁽³⁾	5,415	7.1	Chips	30 days	2020
4	Customer H/Supplier D ⁽⁴⁾	5,050	6.6	Chips and wireless modules	100% payment upon delivery	2022
5	Supplier E ⁽⁵⁾	2,531	3.3	PCB	30 days	2023

2025

Rank	Supplier	Purchase Amount (RMB'000)	Approximate percentage of total purchases (%)	Type of product provided	Credit terms	Year of commencement of business relationship
1	Supplier A	17,375	14.2	Chips	60 days	2021
2	Supplier B	12,848	10.5	Chips	30 to 120 days	2022
3	Supplier C	8,519	7.0	Chips	30 days	2020
4	Supplier F ⁽⁵⁾	7,264	5.9	Chips	30 days	2021
5	Customer H/Supplier D	6,160	5.0	Chips and wireless modules	100% payment upon delivery	2022

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2024

Rank	Supplier	Purchase Amount (RMB'000)	Approximate percentage of total purchases (%)	Type of product provided	Credit terms	Year of commencement of business relationship
1	Supplier A	13,226	12.8	Chips	60 days	2021
2	Customer H/Supplier D	10,821	10.5	Chips and wireless modules	100% payment upon delivery	2022
3	Supplier C	7,852	7.6	Chips	30 days	2020
4	Supplier B	5,895	5.7	Chips	30 to 120 days	2022
5	Supplier G ⁽⁶⁾	4,033	3.9	Chips	30 days	2019

Notes:

- (1) Supplier A is a Taiwan-based company which supplies semiconductors and IoT chips and provides technical support and related supply chain services for consumer electronics and automotive industries.
- (2) Supplier B is a PRC-based company specialises in providing integrated-circuit, software, and network-technology development and services, along with system integration and the distribution of semiconductors, electronics, and communication equipment. To the best of our knowledge, it holds the entire equity interest of a minority limited partner of Luoyang Chenghe, our substantial shareholder.
- (3) Supplier C is a Taiwan-based company listed on the Taiwan Stock Exchange specialises in distributing electronic components and providing application solutions.
- (4) Customer H/Supplier D is a PRC-based company specialises in the research, development, production, and sales of whole-house intelligent home systems.
- (5) Supplier E is a PRC-based company specialises in the manufacturing of PCB, HDI and rigid-flex board.
- (6) Supplier F is a PRC-based company specialises in the development and technical services of electronic products, machinery, instruments, integrated electrical equipment, and network devices.
- (7) Supplier G is a PRC-based company specialises in providing IoT solutions for applications including smart cities, logistics, asset management, and smart home devices.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date: (i) our five largest suppliers were Independent Third Parties, and none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers; and (ii) each of our top five suppliers are independent from each other.

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OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, and up to the Latest Practicable Date, to the best knowledge and belief of our Directors, three of our suppliers were also our customers, in particular, Customer H (which is also Supplier D), our largest customer in 2024, was also our second and fifth largest supplier in 2024 and 2025, respectively. The table below sets forth the percentage of our revenue and purchases attributable to Customer H/Supplier D, Supplier B and Supplier G (together, the “**Overlapping Customers and Suppliers**”) during the Track Record Period:

For the year ended 31 December 2024

	Revenue	% of total revenue	Gross Profit/ (Loss)	Average gross profit/ (loss) margin	Purchases of goods and services	% of total purchase of goods and services
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Customer H/Supplier D	9,358	5.4	3,186	34.0	10,821	10.5
Supplier B	206	0.1	61	29.6	5,895	5.7
Supplier G	553	0.3	(99)*	(17.9)	4,033	3.9

* In late 2022, a major long-term customer who had regularly placed large-volume orders for antennas suspended shipments, leaving us with substantial stagnant inventory. Shifting market conditions later drove market prices below our 2022 selling price. To mitigate capital tie-up and obsolescence risks, we negotiated a clearance sale with a new buyer in late 2024. Selling this long-held stock at 2024 market rates to recover capital resulted in a negative gross profit.

For the year ended 31 December 2025

	Revenue	% of total revenue	Gross Profit	Average gross profit margin	Purchases of goods	% of total purchase
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Customer H/Supplier D	2,405	1.2	660	27.4	6,160	5.0
Supplier B	137	0.1	16	11.7	12,848	10.5
Supplier G	459	0.2	150	32.7	3,521	2.9

For the six months ended 30 June 2026

	Revenue	% of total revenue	Gross Profit	Average gross profit margin	Purchases of goods	% of total purchase
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Customer H/Supplier D	531	0.7	140	26.4	5,050	6.6
Supplier B	22	0.03	2	9.1	7,774	10.1
Supplier G	286	0.4	107	37.4	1,051	1.4

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Customer H/Supplier D specialises in the research, development, manufacturing and sale of hardware and software for smart home systems. During the Track Record Period, we sourced RF transceivers from Customer H/Supplier D to build wireless module solutions. Additionally, we use these chips to manufacture specifically branded module solutions and sold to Customer H/Supplier D.

Supplier B specialises in distributing global electronic components and providing technical IoT design services, focusing on RF transceivers and wireless module solutions. During the Track Record Period, we sourced microcontroller chips from Supplier B to build wireless module solutions. Supplier B is one of our distributors, purchasing a portion of finished module solutions for resale.

Supplier G specialises in designing ultra-low-power, highly integrated wireless SoCs (Wi-Fi/Bluetooth/Zigbee) with edge-AI audio and video capabilities for smart IoT devices. During the Track Record Period, we sourced RF transceivers from Supplier G to build wireless module solutions. Additionally, we use these chips to manufacture specifically branded modules and sold to Supplier G. Supplier G then use these modules to validate their chip functionality and sell to its own customers.

Since (i) the gross profit margins generated from providing our products to Overlapping Customers and Suppliers (except for the gross loss incurred from our sales to Supplier G for the year ended 31 December 2024) were comparable to our overall gross profit margins during the Track Record Period; (ii) the credit period granted by us to Overlapping Customers and Suppliers was consistent with those in our normal business operation; (iii) pricing and other key commercial terms of our agreements with Overlapping Customers and Suppliers are independently negotiated and not influenced by the overlapping relationship; and (iv) to the best knowledge and belief of our Directors after making all reasonable enquiries, these Overlapping Customers and Suppliers and its respective ultimate beneficial owners are Independent Third Parties, our Directors confirmed that the transactions with Overlapping Customers and Suppliers were entered into on arm’s length negotiations and at comparable terms to contracts with other customers and suppliers.

TRANSFER PRICING ARRANGEMENT

Overview

During the Track Record Period, for sales of module solutions outside the PRC to overseas customers, our Group generally procured raw materials (semiconductor component) from various independent suppliers located outside the PRC through AiThinker Technology, and the relevant materials were sold by AiThinker Technology to Shenzhen AiThinker for onward distribution to Luoyang Bocheng for production of wireless communication module products in our Luoyang Production Factory. The finished goods were then sold to Shenzhen AiThinker for export distribution to AiThinker Technology for further sales to overseas customers. Since March 2026, our Group has refined the above approach such that AiThinker Technology directly sells raw materials to and purchase finished goods from Luoyang Bocheng, while finished goods are sold from Luoyang Bocheng to Shenzhen AiThinker for onward sales to overseas customers directly via online channel.

During their respective courses of business, AiThinker Technology, Shenzhen AiThinker and Luoyang Bocheng carried distinct functions. AiThinker Technology undertook the primary trading functions inclusive of sales and marketing of finished goods as well as purchase and procurement of raw materials in both the original and refined operational structure, while

BUSINESS

Shenzhen AiThinker undertook the goods export function to distribute finished products to Shenzhen AiThinker for onward sales to end customers in the original operational structure, and undertook the sales function in the refined operational structure for direct sales of finished products to overseas independent customers via online channel. Luoyang Bocheng undertook the manufacturing and production of the finished products.

Transfer pricing review

We have engaged SHINEWING Tax and Business Advisory Limited (the “**Transfer Pricing Consultant**”), to review the above cross-border transactions conducted among the relevant subsidiaries of our Group during the Track Record Period, and the corresponding transfer pricing compliance status of the relevant group companies.

The Transfer Pricing Consultant has followed the relevant transfer pricing guidance in Hong Kong and the PRC when performing the transfer pricing review and benchmarking analysis (“**Transfer Pricing Analysis**”), in which the transactional net margin method (TNM method) is applied as the transfer pricing methodology and operating margin ratio is adopted as the indicator in measuring AiThinker Technology’s profit levels in the above-mentioned cross-border sales and purchase transactions and whether the relevant profit margin is comparable to independent third parties and hence achieved the arm’s length principle.

Under the Group’s existing business model, the Transfer Pricing Consultant has identified and conducted Transfer Pricing Analysis on the cross-border related party transactions during FY2024 and FY2025 (the “**Cross-border Transaction**”) as follows:

- i. Sales of finished goods from Shenzhen AiThinker to AiThinker Technology;
- ii. Sales of raw materials by AiThinker Technology to Shenzhen AiThinker.

<u>Name of Group Company</u>	<u>Nature of the transaction</u>	<u>Name of the receiving Group company</u>	<u>Approximate amount in FY2024</u>	<u>Approximate amount in FY2025</u>
			<i>(RMB’000)</i>	<i>(RMB’000)</i>
Shenzhen AiThinker	Sales of finished goods	AiThinker Technology	5,333	10,775
AiThinker Technology	Sales of Raw materials	Shenzhen AiThinker	8,399	25,972

Regarding the pricing terms of the above related party transactions, AiThinker Technology primarily adopted market-oriented pricing approach to set the price of raw materials sold to and finished products purchased from Shenzhen AiThinker as well as finished products purchased from Luoyang Bocheng (since March 2026).

For raw materials sold to Luoyang Bocheng under the refined approach for which AiThinker Technology adopted cost-plus pricing approach to set the relevant selling price, the relevant prices are primarily determined by the management of the Group with reference to (i) the cost of purchase and (ii) market selling price of comparable products.

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The Transfer Pricing Analysis focused on reviewing whether the profit margin derived by (i) AiThinker Technology with respect to its sales of raw materials to Shenzhen AiThinker; (ii) AiThinker Technology purchase of finished goods from Shenzhen AiThinker respectively during FY2024 and FY2025 were comparable to independent third parties and hence achieved the arm’s length principal.

Transfer pricing analysis on cross-border related party transactions

Based on the findings of our transfer pricing consultant, in particular the analysis on the functions and risks undertaken by AiThinker Technology as a trader of wireless communication module products, data of relevant comparable companies is extracted from the TP Catalyst database for comparison. According to the data selection procedures and analysis performed under the Transfer Pricing Analysis, the operating margin ratio of AiThinker Technology calculated for FY2024 (-0.14%) and FY2025 (1.10%) fell within the inter-quartile ranges of the average operating margin ratios for the comparable companies for 2022 to 2024 (i.e. between -0.87% and 2.23%, with a median of 0.89%). On this basis, AiThinker Technology could have basis to be regarded as carrying on related party transactions on an arm’s length basis during FY2024 and FY2025.

For the cross-border related party transactions conducted during the six-month period ended 30 June 2026, since the financial period does not constitute a complete financial year, formal transfer pricing benchmarking study is therefore not feasible to be conducted.

Pursuant to the Transfer Pricing Analysis, the subject cross-border related party transactions arrangement conducted during the Track Record Period did not appear to create any significant challenge by the relevant tax authorities in the transfer pricing policy adopted by the relevant subsidiaries of the Group for the relevant years from the respective regulatory framework perspectives, and the risk of being challenged by the relevant tax authorities for profits shifting is regarded as relatively low. According to the Transfer Pricing Consultant, no material transfer pricing risk has been identified for the intercompany transactions mentioned above.

Commercial rationale and the measures for the related party transactions

Shenzhen AiThinker and Luoyang Bocheng were companies established in the PRC and was engaged in manufacturing and sales of products while AiThinker Technology was a company incorporated in Hong Kong and was engaged in trading of products to customers located in overseas regions. In order to enhance the effectiveness of the Group’s management and business operations, to enhance our sourcing flexibility, to utilise the relevant strengths of the respective entities, and to avoid the concentration of sales and procurement/manufacturing functions into a single entity within our Group, our Group arranged Shenzhen AiThinker and Luoyang Bocheng to sell finished goods to AiThinker Technology for onward sales to overseas customers. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties, investigations, inquiries or transfer pricing audits carried out by local tax authorities in relation to these intercompany transactions. We are committed to ensure that the Cross-border Transaction will be conducted on an arm’s length basis going forward and would take various measures to ensuring its compliance with the relevant transfer pricing laws and regulations in jurisdictions where it operates. The management of our Group have been and will continue to closely monitor the Group’s transfer pricing arrangement including reviewing the reasonableness of the pricing policy of its intra-group transactions from time to time, and where necessary, appoint a tax adviser to review such transfer pricing arrangements to ensure compliance with the arm’s length principle and measures to ensure on-going compliance.

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LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We engage third-party logistics service providers to deliver finished products to customers. Logistics companies provide compensation based on cost or freight-based formulas when transportation defects occur. We coordinate shipment arrangements with logistics providers and conduct necessary quality checks upon receipt and dispatch. To the best of our knowledge, all logistics service providers during the Track Record Period were Independent Third Parties.

Inventory management

We attach importance to the health and turnover of our inventories. Our supply chain and warehouse teams conduct routine inventory checks supported by ERP-based tracking, and inventory information is monitored through internal coordination among procurement, PMC, production and finance personnel.

We apply first-in, first-out principles for routine inventory handling and maintain controls for the identification and disposal of slow-moving or obsolete items. Materials assessed as obsolete or unused are submitted for internal approval and written off based on established procedures. For products, we maintain obsolescence control by timely product iteration and phasing-out of products with weaker market response or declining competitiveness. We monitor goods in transit and adjust procurement and production plans based on rolling forecasts, historical consumption and customer delivery requirements.

QUALITY CONTROL

We strive to maintain quality across our products and services. Our quality management practices cover R&D, supply chain, production, and customer services. Our quality activities aim to ensure stable product performance and support the needs of our customers.

Quality governance and system framework

We operate a structured quality management system that defines responsibilities for quality planning, inspection and improvement. Our production department coordinates with sales, R&D and other departments to manage quality-related tasks, conduct inspections and address quality issues. We follow documented quality procedures governing incoming inspection, in-process inspection, final inspection, testing requirements, and non-conformance management. Procedures also define acceptance criteria, sampling rules and handling of quality exceptions.

Our major production entity holds ISO 9001 certification for its quality management system and ISO 14001 certification for environmental management. We comply with relevant environmental and hazardous-substance requirements applicable to raw materials and finished goods, including RoHS and REACH obligations through supplier certification and documentation controls.

R&D quality control

Quality control is integrated into new product introduction processes for both antenna and module products. Engineering teams conduct product feasibility assessments, define product specifications and review manufacturability requirements. Validation activities include testing of RF performance, functional verification and compliance tests in designated engineering stages.

Our engineering teams operate dedicated RF design and testing facilities, including anechoic chambers, test instruments and qualified engineers, enabling evaluation of RF characteristics across design and validation stages. These facilities support antenna, module and solution-level development activities.

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Supply chain quality control

We implement supplier quality management measures to ensure stability of incoming materials. Suppliers undergo qualification, including capability evaluation and on-site audits, before being added to the approved list. Monthly and annual supplier assessments cover material quality, delivery performance, cooperation and pricing factors. Suppliers rated as non-compliant may be subject to corrective actions, suspension or removal from the approved supplier list.

Incoming materials are inspected based on engineering drawings, acceptance standards and sampling rules. Inspections may include dimensional checks, performance tests, mechanical testing and environmental compliance verification. Materials failing inspection are handled through corrective action and improvement processes.

We maintain environmental compliance through supplier environmental agreements, RoHS/REACH documentation and periodic reviews.

Production quality control

Each production process requires first article inspection before production starts. The first piece from every process is submitted to quality inspectors for verification, and mass production can proceed only after approval. During production, in-process quality control inspections are conducted at defined intervals, such as every two hours, to monitor ongoing quality. Finished products then undergo final quality control, including 100% inspection of finished goods.

We also ensure compliance with applicable certification requirements, including SRRC, FCC and CE standards for wireless modules. The use of pre-certified module designs enables customers to streamline downstream certification processes.

Customer services quality control

We support customers through technical communication, quality troubleshooting and product-related documentation. We review customer feedback and address returned-product cases using root-cause analysis and corrective actions.

INTELLECTUAL PROPERTY

We regard intellectual property rights as core assets. We firmly believe that the patent and proprietary technologies built through independent R&D are the cornerstones for maintaining our competitiveness in the global wireless connectivity field and driving sustainable business growth.

Comprehensive and synergistic intellectual property matrix

Through years of continuous technical accumulation and strategic layout, we have established an intellectual property system that integrates hardware innovation, software capabilities, and brand assets. As at the Latest Practicable Date, our IP portfolio is strategically distributed among our key operating subsidiaries to align with their respective technical focuses.

Brand assets

Our “Boantong (博安通)”, “B&T博安通”, “Ai-Thinker” and “NODEMCU” trademarks have an established reputation within the developer and IoT maker communities, further broadening our market reach. For details of our intellectual property rights, see “Appendix V – Statutory and General Information – Further Information about Our Business – Intellectual Property Rights” to this document.

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Hardware innovation

Our subsidiary, Sichuan Boantong, serves as the hub for our antenna technology innovations. We hold a significant number of utility model patents covering critical areas such as MIMO antennas, 5G network-compatible Wi-Fi antennas, dual-frequency antennas for screen mirroring devices, and advanced heat dissipation antenna assemblies. These patents demonstrate our capabilities in solving complex hardware challenges related to signal stability, miniaturisation, and thermal management in high-performance wireless devices.

Software and AI capabilities

Our subsidiary, Shenzhen AiThinker, spearheads our software R&D. We possess extensive software copyrights covering Wi-Fi and BLE module firmware and AI large model-based voice dialogue software, which are primarily developed as embedded applications supporting the Group’s products, rather than as standalone AI platforms or commercial AI services. This software portfolio complements our hardware offerings, enabling us to provide intelligent, ready-to-deploy solutions that significantly reduce development time for our customers.

Ownership stability and talent protection mechanism

Most of our core technologies and related intellectual property rights were generated through internal independent R&D activities, supplemented by strategic transfers to bolster specific technical domains. As at the Latest Practicable Date, we legally owned the full ownership of all registered patents, trademarks, and software copyrights, and there were no circumstances of joint ownership or sharing with third parties that could impede our business operations. To ensure the security of our technical assets, we have signed employment agreements with all core R&D and technical personnel. According to these agreements, the intellectual property rights of all inventions and related achievements completed by employees during their tenure or using our resources belong unequivocally to us. We also make certain software code available in open source format in accordance with applicable open-source licences. Our rights in such code are protected and governed by the terms of these licences.

Compliance records and potential dispute prevention

We are committed to maintaining high standards of compliant operations. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any proposed, pending, or threatened major intellectual property infringement disputes initiated against third parties or by third parties. Furthermore, we have not been subject to any administrative penalties for violating intellectual property laws and regulations, and there are no known legal proceedings that could have a material adverse effect on our business, financial condition, or results of operations.

INFORMATION TECHNOLOGY SYSTEM

Our information technology systems support our operational efficiency, data management and internal coordination. Our IT infrastructure reflects our organisational structure and business requirements. To streamline core workflows, we utilise enterprise systems that centralise procurement, inventory, production, finance, and general administration, allowing for continuous process refinement and improved traceability across all business units. This digital ecosystem is further enhanced by office automation tools that facilitate routine workflow management, internal communication, approvals, and strict documentation control. Additionally, we deploy dedicated manufacturing and specialised platforms to drive batch tracking, quality management, engineering coordination, and real-time data visualisation, ultimately maximising overall manufacturing efficiency and product traceability.

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During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations. See “Risk Factors – Risks Relating to Our Business and Industry – We are subject to risks relating to cybersecurity breaches and IT infrastructure failures.”

INFORMATION SECURITY AND DATA PRIVACY

We recognise the importance of safeguarding the confidentiality, integrity and availability of the information used in our operations. Our information security practices focus on protecting business data, ensuring system reliability and maintaining stable internal operations.

Data collection and usage

Our business activities involve the handling of operational and transaction-related data. This may include information relating to enterprise customers, suppliers, production activities, logistics, procurement, testing, and customer project coordination. Our target customers are enterprises and institutions, and our business model is not designed to involve the collection of personal data from individual consumers. The data we process generally includes (i) business records generated through ERP, office automation and production systems; (ii) supplier and procurement data; (iii) production, quality and inventory data; and (iv) business contact information, customer order and coordination information for online and offline channels. We do not engage in the collection of sensitive consumer information. Our platform and systems support certain R&D, testing, module provisioning and engineering activities, including simulation and RF design and testing. Data used in product testing, antenna laboratories or RF verification is collected in controlled engineering environments. Internal systems manage operational data through controlled workflows. Data transmission to external parties is limited to what is necessary for business operations, such as logistics documents, supplier qualifications or customer-required materials.

Data protection framework

We maintain enterprise systems that support internal control and operational transparency. Kingdee Cloud ERP and DingTalk workflows enable process traceability and structured access to data records. MES systems under pilot operation support production-level data management and traceability enhancements. We maintain internal procedures governing access rights data security. The ERP system tracks procurement, production, inventory and delivery data, while OA systems support approval controls and documentation management. Data access within ERP and MES systems is restricted based on job responsibilities. Quality records, inspection reports and traceability logs are stored within controlled systems.

During the Track Record Period, we did not identify any major system failures or information-related incidents that caused material disruption to our operations. We have also established procedures and policies for reporting, investigating or responding to information security incidents.

During the Track Record Period, we did not experience any breach of confidential information of users or any other user information related incidents which could cause a material adverse effect on our business, financial condition or results of operations. We remain committed to enhancing data security, strengthening compliance with evolving regulations, and investing in cybersecurity technologies to mitigate potential risks and maintain the highest standards of data protection. As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines, administrative penalties, or other sanctions from relevant regulatory authorities for violations of data privacy and security laws and regulations.

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COMPETITION

We operate in the competitive IoT wireless communication industry. Competitors includes companies active in developing Wi-Fi/BLE, LoRa and radar modules, as well as numerous antenna manufacturers.

Key competitors

Our direct competitors are established wireless module and antenna manufacturers that directly target downstream IoT device developers with similar product portfolios. Upstream chip suppliers may also choose to compete directly with us by manufacturing their own wireless modules. These suppliers possess the core technology that may allow them to offer highly integrated solutions at competitive price points.

Measures to strengthen our competitiveness

We offer a comprehensive, continuously iterated portfolio of wireless modules integrated with our open-source software development platform. By equipping developers with a familiar development environment alongside ready access to the latest wireless communication technologies, we foster deep platform loyalty and enhance customer stickiness. Furthermore, we continue to expand our PCBA offerings. By bundling our wireless modules and antennas with advanced, multi-functional capabilities in a single PCBA, we deliver comprehensive solutions that differentiate us from traditional, single-component manufacturers. See “Risk Factors – Risks Relating to Our Business and Industry – The industry in which we operate is highly competitive. If we fail to compete against other market players, our business, financial condition and results of operations may be materially and adversely affected.”

EMPLOYEES

As at 30 June 2026, we had a total of 294 employees (including dispatched staff and interns). Our employees are primarily located in (i) Shenzhen and Zhongshan of Guangdong Province, (ii) Luoyang, Henan Province, (iii) Hangzhou, Zhejiang province, (iv) Mianyang, Sichuan Province, and (v) Changsha, Hunan Province, with functions covering key areas such as production and procurement, R&D, sales and marketing, administrative and human resources, information technology support, finance and overall management. The following table sets forth a breakdown of our employees by function as at 30 June 2026.

Function	Number	Percentage of Total (%)
Production and Procurement	155	52.7
R&D	53	18.0
Sales and Marketing	52	17.7
Administrative and Human Resources	17	5.8
Information Technology Support	5	1.7
Finance	5	1.7
Management	7	2.4
Total	294	100.0

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Recruitment and human resources management

We follow principles of openness and merit-based selection, supported by standardised human resources procedures. Annual manpower planning requires departmental applications and management approval. Recruitment is conducted through multiple channels, and candidates undergo structured screening and background checks for key positions. We comply with PRC labour laws, prohibit child and forced labour, and ensure equal employment opportunities.

We offer competitive compensation and benefits to attract, motivate, and retain top talent. In addition to market-aligned base salaries, we provide performance-based bonuses and long-term incentive plans for eligible employees to align individual contributions with the Company’s long-term growth objectives. We conduct regular performance evaluations and implement merit-based promotions and salary adjustments to recognise and reward outstanding performance. Committed to the long-term development of our workforce, we also provide periodic internal training programmes designed to enhance employees’ technical capabilities and deepen their industry knowledge and expertise.

Employee training and development

We operate a multi-level training system covering onboarding, job-specific skills and external professional development. Training is delivered through departmental instruction, mentorship and external programmes for management and technical staff. Training outcomes are assessed and linked to regularisation, promotion and compensation.

Employment contracts and employee benefits

We sign standardised employment contracts in full compliance with PRC law and utilise labour dispatch for certain roles. Our compensation system includes base salary, performance bonuses, allowances and year-end bonuses, alongside statutory leave entitlements. We also implement equity incentive arrangements for key personnel.

As required by laws and regulations in the PRC, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans and housing provident funds. As at the Latest Practicable Date, we had not been subject to any material fines or administrative penalties imposed by any regulatory authorities due to non-compliance regarding social insurance and housing provident funds.

Our employees based in Zhongshan and Mianyang are currently represented by labour unions. We believe that we maintain good working relationships with our employees and we have not experienced any material labour disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Failure to make full contributions to social insurance and housing provident funds

We are also required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated between the minimum and maximum level as from time to time prescribed by national laws and regulations and local authorities. During the Track Record Period, we and certain of our PRC subsidiaries did not make full contributions to social insurance and housing provident fund for all employees in accordance with the Regulations on Administration of Housing

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Provident Fund (《住房公積金管理條例》) and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), because certain employees were not willing to pay the social insurance and housing provident funds in full as it requires additional contributions from these employees.

As advised by our PRC Legal Adviser, pursuant to relevant PRC laws and regulations, if we fail to make social insurance contributions in compliance with the relevant PRC laws and regulations in the future, we may be required to pay all outstanding social insurance contributions within a prescribed period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the outstanding social insurance contributions are due. If this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us. In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay housing provident fund in full, the relevant housing provident fund management centre may require us to pay the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. During the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, we made a provision to cover shortfall in social insurance and housing provident fund contributions, which amounted to RMB7.7 million, RMB7.1 million and RMB2.9 million, respectively.

If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we would make full contributions and take rectification measures as soon as possible within the specified period. As at the Latest Practicable Date, no penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. As advised by our PRC Legal Adviser, based on the above, the likelihood that the relevant social insurance authority would take initiative to carry out centralised collection of the historically unpaid social insurance from us due to our failure to provide full social insurance for our employees is relatively low.

We have enhanced our internal control measures with respect to social insurance and housing provident fund requirements, including (i) designating our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a regular basis; (ii) monitoring closely any updates of the laws, regulations and policies from time to time so as to ensure that we can respond to any changes with respect to social insurance and housing provident fund requirements; and (iii) consulting our PRC Legal Adviser for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments. In addition, we have obtained confirmations from relevant local authorities that, in respect of the relevant periods stated therein, no administrative penalties had been imposed due to non-compliance regarding social insurance and housing provident funds.

INSURANCE

Pursuant to PRC social insurance regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in the PRC.

In line with general market practice, we do not maintain any business interruption insurance or insurance policies covering damages to our network or information technology systems. We regularly review our insurance policies to ensure compliance with statutory requirements. We believe that our existing insurance coverage is adequate for our operations and aligns with industry standards.

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During the Track Record Period, we were not subject to any material claim of insurance. However, we may still be exposed to potential claims and liabilities exceeding our insurance coverage. See “Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations.”

PROPERTIES

Properties overview and portfolio

As at the Latest Practicable Date, our property portfolio in the PRC primarily consisted of leased properties used to support our R&D, manufacturing, and daily administrative operations. As a light-asset technology enterprise, we do not currently own any properties. Our headquarters is located in Luoyang, Henan Province, which is the site of our largest production base and operational hub. Simultaneously, we have established key R&D laboratories and auxiliary production facilities in Shenzhen, Guangdong Province, and Mianyang, Sichuan Province. We believe that our existing property facilities are sufficient in terms of area, location, and function to meet our current business operations and anticipated capacity expansion needs. With the continuous growth of our business, we also maintain the flexibility to seek additional office and production space at appropriate times in the future and have formulated corresponding property expansion plans to support our long-term development strategy. As at the Latest Practicable Date, we did not own any properties in the PRC.

Leased properties

As at the Latest Practicable Date, we leased 16 properties in the PRC with a total gross floor area (GFA) of approximately 9,600 sq.m, and one property in Hong Kong with a GFA of approximately 56 sq.m. These leased properties are primarily used for our manufacturing plants, R&D centres, and administrative offices. In terms of geographical distribution, we lease 2 properties in Luoyang, Henan Province, mainly used for production and office purposes, located at Liandong U Valley, Chanhe Hui District, serving as the Our headquarters and core manufacturing base; we lease five properties in Shenzhen, Guangdong Province, mainly used for R&D and administrative office purposes; we lease properties in Mianyang of Sichuan Province, Hangzhou of Zhejiang Province, Zhongshan of Guangdong Province, and Changsha of Hunan Province, to support R&D, local production and office needs; in addition, we lease a property in Hong Kong for office purposes. Our lease agreements generally have terms ranging from one to four years. We maintain long-term and stable cooperative relationships with major lessors and, except for the title defects described below, do not foresee any material commercial difficulties in renewing the leases.

As at the Latest Practicable Date, no single property interest of ours had a carrying amount of 15% or more of our total assets. Accordingly, pursuant to Rule 8.01A of the GEM Listing Rules and Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempt from compliance with the requirements of Rule 8.01 and Rule 8.05 to Rule 8.35 of the GEM Listing Rules regarding the inclusion of a valuation report in the document, and Section 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the requirement to include a valuation report with respect to all the Our interests in land or buildings.

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Title defects of leased properties and compliance analysis

As at the Latest Practicable Date, seven of our leased properties had situations where the lessors had not obtained the relevant property ownership certificates or construction project planning permits (“**Title Defective Leased Properties**”). Specifically, for certain leased properties in Shenzhen and Hangzhou, we have not been provided with the relevant property title documents or construction project planning permits. In addition, for one leased property in Hangzhou, the lessor under the relevant lease agreement differs from the party named in the relevant construction project planning permit or real property ownership certificate, and we have not been provided with any documents evidencing that such lessor is duly authorised or otherwise legally entitled to lease the relevant property.

Subject to the aforementioned title defects and objective administrative processes, we have not registered and filed the relevant lease agreements with the competent housing administration authorities in the PRC. According to the Civil Code of the PRC and relevant judicial interpretations, the non-registration of lease agreements does not affect the legal validity of the contracts. According to the opinion of our PRC Legal Adviser, if the lessors do not have the right to lease such properties, we may face risks of the lease contracts being deemed invalid and being required to relocate; if the lease registration is not completed, the competent authorities have the right to order rectification within a prescribed period, and failure to rectify may result in a fine ranging from RMB1,000 to RMB10,000 for each lease.

Risk assessment and mitigation measures by the board

Despite the aforementioned defects, the Directors believe that they do not constitute a material adverse effect on our business operations. Firstly, our production equipment consists mainly of assembly and testing equipment, which possesses high mobility. If we are forced to relocate due to title issues, it would not be difficult for us to find alternative properties, and the relocation costs and impact on production interruption are controllable. Secondly, our PRC Legal Adviser has advised that, we have not been subject to any material administrative penalties imposed by the competent authorities in connection with the aforementioned property defects during the Track Record Period. Finally, our Single Largest Shareholder has provided an irrevocable indemnity to indemnify us in full against any fines, relocation losses, or third-party claims that may be suffered by us as a result of the aforementioned property defects. Based on the above, we have not made any provisions in the financial statements for this matter.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We recognise the importance of Environmental, Social, and Governance (the “**ESG**”) factors in our path towards sustainable development. Our primary goal is to create a positive impact on our employees, customers and business partners. Simultaneously, we strive to enhance our environmental accountability and our role in the public sphere. To comply with applicable laws and regulations, our Board of Directors periodically reviews our policies and, if needed, makes adjustments to accommodate substantial modifications in labour and workplace safety regulations.

During the Track Record Period, as advised by our PRC Legal Adviser, we had been in compliance with the applicable-ESG-related PRC laws and regulations in all material aspects.

ESG governance

We are committed to comply with the ESG reporting requirements upon [REDACTED]. We have established an ESG policy (the “**ESG Policy**”) in accordance with the standards of Appendix C2 to the GEM Listing Rules, which outlined, among others, (i) the appropriate risk governance on ESG matters, including climate-related risks; (ii) identification of key stakeholders and the

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communication channels to engage with them; (iii) ESG governance structure; (iv) ESG strategy formation procedures; (v) ESG risk management and monitoring; and (vi) the identification of key performance indicators (“KPIs”), the relevant measurements and mitigating measures.

Our ESG policy also sets out the respective responsibility and authority of different parties in managing the ESG matters. Our Board has an overall responsibility for overseeing and determining our Group’s environmental, social, and climate-related risks and opportunities impacting our Group, establishing and adopting the ESG policy and targets of our Group, reviewing our Group’s performance annually against ESG-related targets and revising the ESG strategies as appropriate if significant variance from the target is identified.

Our Board has established an ESG working group that comprises of the deputy general manager, the assistant of the general manager, a system engineer and various head of department including sales department, procurement department, human resources and administration department and information technology department. The ESG working group serves as a supportive role to the Board in implementing the agreed ESG policy, targets and strategies; taking involvement into the annual enterprise risk assessment; conducting materiality assessments of ESG areas and assess how our Group adapts its business in light of climate change; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures to address our Group’s ESG related risks. The ESG working group is also responsible for the investigation of deviation from targets and liaise with the relevant functional department to take prompt rectification actions for such deviation. The ESG working group has to report to our Board on a semi-annually basis via board meetings on the ESG performance of our Group and the effectiveness of the ESG systems.

Strategies in addressing ESG-related risks

We will conduct enterprise risk assessment at least once a year to cover the current and potential risks faced by our Group, including, but not limited to the risks arising from the ESG aspects and strategic risk around disruptive forces such as climate change. Our Board will assess the risks and review our Group’s existing strategy, target and internal controls, and necessary improvement will be implemented to mitigate the risks. Our Board, Audit Committee and the ESG working group will maintain oversight of our Group’s approach to risk management, including climate-related risks and risks are monitored as part of the standard operating processes to ensure the appropriate mitigations are in place as part of the regular management reviews. The decision to mitigate, transfer, accept or avoid a risk is resulted after our enterprise risk assessment process and directly influence the mitigating steps of those identified risks. Our Group will incorporate climate-related issues, including physical and transition risk analysis, into our risk assessment processes and risk appetite setting. If the risk and opportunities are considered to be material, our Group will make reference to them in the course of the strategy and financial planning process. Upon annual review of the ESG-related risks, and our Group’s performance in addressing the risks, we may revise and adjust the ESG strategies as appropriate.

We have adopted various strategies and measures to evaluate and manage the material ESG related areas and to ensure our compliance with the Stock Exchange’s requirements on ESG, including but not limited to, discussing among our management team from time to time to ensure all the material ESG areas are recognised and reported, and ensuring the recommendations and the requirements on ESG under the GEM Listing Rules are complied with. For ESG reporting purpose, our Board has also conducted stakeholder engagement through different communication channels, and materiality assessment on ESG areas to identify the key ESG areas towards our Group and our stakeholders in accordance with the standards of Appendix C2 to the GEM Listing Rules. During the materiality assessment, our Group has identified several key ESG areas, including environmental and resources management, occupational health and work safety, product quality and product return, supply chain management and anti-corruption. We have established a set of ESG policies to mitigate risks in these areas to ensure that we comply with local laws and regulations.

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Impacts of ESG-related risks

In assessing the materiality of ESG risk factors, the Group has taken aspects and extents of impacts of the issues on the daily operation of the Group as a major consideration as shown below:

<u>Material ESG-related risks</u>	<u>Potential impacts</u>
Environmental and resources management (short and long term)	<p>Climate-related risks may reduce our revenue and increase our operating cost. See “Tackle with climate change”.</p> <p>Lack of monitoring for energy and water consumption may increase operating cost.</p> <p>Improper or delayed treatment or leakage of various wastes may cause adverse impacts on surrounding environment, resulting in complaints and environmental penalties.</p>
Occupational health and work safety (short term)	Our production process involves the use of chemicals, fire and generation of hazardous waste. Failure to maintain safe work conditions and improper treatment of chemical, fire and waste may cause occupational hazards with fine and compensation to employee.
Product quality (long term)	Any health or safety incident or quality concern related to our products and newly developed products of our R&D achievements and innovation could lead to compliance risks, loss of business and damage to business reputation.
Supply chain management (short term)	Responsible and sustainable supply chain is vital to our safety, reliability and sustainability of products. Any failure to screen and assess the suppliers seriously could lead to an increase in our operating cost by potential stoppage of production and recall of our products.
Anti-corruptions (long term)	Violation of business ethics by our employees with customers or suppliers may damage our reputation and materially and adversely affect our business, financial conditions and results of operations.

Mitigating steps to addressing ESG-related risks

Environmental

Environmental and resources management

Our operations are subject to the relevant environmental protection laws and regulations promulgated by the PRC government. See “Regulatory Overview – Laws and Regulations Relating to Environmental Protection”. We have implemented internal environmental protection measures and have been accredited with ISO 14001:2015 environmental management system

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standard. In addition, the construction of any new production facility or any improvement or expansion of any existing production project must comply with environmental impact evaluation regulations. For each production project which shall conduct an environmental impact evaluation, we submit environmental impact assessment documents for approval by the relevant environmental authority as required by relevant PRC laws and regulations.

Waste management

During the production process of our products, we generate solid waste, wastewater, waste gases and noise. Set forth below are the major governance measures towards our major environmental related risks.

- *Solid waste*

We would separate the solid waste into three categories:

- hazardous solid waste such as waste fluorescent tubes, waste chemical containers and waste oil;
- recyclable non-hazardous solid waste such as packaging materials and containers; and
- non-recyclable non-hazardous solid waste.

We have engaged qualified third party service providers to transport and process our hazardous solid waste. Recyclable solid waste are collected and recycled by designated third-party recycles. Routine domestic waste generated from the daily operation is stored according to the local garbage classification requirements and then will be transferred to waste treatment plant by the local environment and hygiene authority.

- *Wastewater*

Wastewater generated during our production process and domestic wastewater are treated through the septic tank system of the production sites to make sure those wastewater after treatment are discharged within local sewage discharge standard.

- *Waste gases*

Waste gases generated during our production process are mainly collected and treated by UV dust filter device, UV photooxidation device and activated carbon adsorption equipment before discharging to a higher atmosphere.

- *Noise control*

Noise may be generated during our operation of the production equipment. We minimise our noise emission by conducting maintenance and proper lubrication of equipment regularly to reduce the level of noise.

Save for the noncompliance incidents disclosed in this document, our Directors confirm that we have obtained applicable permits and licences under PRC environmental laws and regulations that are material to our operations. See “Business – Licences, Approvals and Permits”. Our PRC Legal Advisers confirms that during the Track Record

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Period, based on the compliance certificates obtained by the relevant members of our Group from the competent government authorities and the results of public searches conducted by our PRC Legal Adviser, no administrative sanctions, penalties or punishments have been imposed upon us for material violation of any environmental laws or regulations in the PRC and, so far as our Directors are aware after making all reasonable enquiries, there was no threatened or pending action by any PRC environmental government agencies in respect thereof. For FY2024, FY2025 and 6M2026, our annual cost of compliance with applicable environmental protection rules and regulations were in total less than RMB20,000 in each year that mainly for recycling our hazardous solid waste generated and conducting annual environment evaluation. Our Group’s budgets for environmental compliance and related risk mitigation for FY2027 will be approximately RMB20,000 as expenses to meet our Group’s upcoming targets in environmental related issues.

Resources management

Our energy consumption is mainly derived from electricity consumption for use of various equipment during our production process. We endeavour to proactively conserve energy in response to the government’s initiatives and thus we have implemented measures to increase energy efficiency in our operations to fulfil our environmental and social responsibility. See “Metrics and targets of ESG-related risks”.

Metrics and targets of ESG-related risks

Greenhouse gas (“GHG”) emissions are closely related to climate change, which presents businesses with both long-term risks and opportunities. To better understand, quantify and manage the carbon and climate change related impacts, risks, and opportunities in our operation, it is integral to measure and disclose our carbon footprint as a first step in our ESG journey.

We conduct GHG emissions inventory in accordance with requirements set forth in the Appendix C2 of the GEM Listing Rules and the Greenhouse Gas Accounting Standard (A Corporate Accounting and Reporting Standard (2004) from the GHG Protocol) issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). GHG emissions mainly consists of scope 1 direct emissions from consumption of unleaded petrol and diesel by daily use of vehicles, scope 2 indirect emissions derived from electricity consumption for use of equipment during our production process and scope 3 other indirect emissions occurred from sources not owned or controlled by us. Regarding scope 3 other indirect emissions, we have identified 11 categories amongst the 15 categories that relevant to our business according to the GHG Protocol. The other categories are not included (i.e. Categories 8,13,14 and 15) as they are irrelevant to our business. During the Track Record Period, we have begun to disclose our scope 3 GHG emissions for selected category (i.e. Categories 6 business air travel by employee). We recognise that there are still data gaps within the data reported and aim to expand our data disclosure for other categories going forward.

Regarding climate-related metrics, assets especially all items under category of “Property, plant and equipment” and “Inventories” in the consolidated statements of financial position are materially exposed to extreme weather events (physical risks). Besides, all items that related to production such as machineries under category of “Property, plant and equipment” and “Inventories” in the consolidated statements of financial position are materially exposed to shifts in customer preferences for our products (transition risks). Our Directors expect that amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities are not significant in light of our measures taken to address climate-related risk. See “– Tackle with climate change”.

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The table below sets forth the quantitative disclosure of GHG emissions, energy consumption and waste generated during the Track Record Period of our operation in the PRC.

		Year ended 31 December		Six months ended 30 June 2026
Environmental KPIs (Note 1)	Unit	2024	2025	
GHG emissions (Note2)				
Scope 1 direct emissions	tonnes CO ₂ equivalent	5.01	3.85	1.36
Scope 2 indirect emissions (location-based)	tonnes CO ₂ equivalent	623.32	634.21	355.20
Scope 3 other indirect emissions (Categories 6 business air travel by employee)	tonnes CO ₂ equivalent	38.80	46.07	21.54
Total	tonnes CO ₂ equivalent	667.13	684.13	378.10
Intensity	tonnes CO ₂ equivalent/Revenue (RMB'000)	0.004	0.004	0.003
Energy consumption				
Unleaded petrol	kWh	193.83	4,264.20	2,315.27
Diesel	kWh	19,276.54	10,435.66	2,809.60
Purchased electricity	kWh	1,503,200.32	1,521,808.54	849,424.97
Total	kWh	1,522,670.69	1,536,508.40	854,549.84
Intensity	kWh/Revenue (RMB'000)	8.73	7.91	7.79
Water consumption				
Usage	tonnes	2,944.00	2,670.00	1,523.80
Intensity	tonnes/Revenue (RMB'000)	0.02	0.01	0.01
Waste generation				
Hazardous waste	tonnes	0.43	0.36	0.23
Non-hazardous waste	tonnes	8.61	8.41	4.86
Total	tonnes	9.04	8.77	5.09
Intensity	tonnes/Revenue (RMB'000)	0.00005	0.00005	0.00005

Notes:

1. The calculation of environmental KPIs are with reference to “A Corporate Accounting and Reporting Standard” from The GHG Protocol and the “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the HKEx.
2. Our measurement approach to measure greenhouse gas emissions is by operational control due to the ability to take full ownership of all greenhouse gas emissions we can directly influence and reduce.

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Going forward, we plan to control the consumption of energy, GHG emissions and waste generation and aim to reduce by 5% in intensity per RMB1,000 revenue by 2030 (compared to 2026 baseline). In order to achieve the above target, we have adopted an array of measures in mitigating GHG emissions, energy consumption and generation of wastes during the course of our operations, including but not limited to:

- implementing recycling policy to ensure solid waste and liquid waste will be collected and recycled by qualified third-party service providers;
- adopting green procurement practices to manage scope 3 other indirect emissions from the upstream supply chain with preference given to suppliers with relevant certificate for environmental protection;
- encouraging our employees to make their travelling and commuting as energy efficient as possible. For instance, our practice requires our employees to select economy class as a preference for business travel;
- requiring employees to turn off lights, equipment, and other electronic devices when the devices are not in operation and before they leave the premises;
- using lighting products that are more energy-efficient, such as LED lighting and automatic temperature control air-conditioning system;
- implementing the use of online system for internal administrative procedures to reduce the use of paper documents and avoid waste of paper by promoting printing on both sides;
- conducting regular inspection and monitoring of water-pipe and metre to avoid leakage;
- procuring electronic devices that are more energy efficient, such as those with Grade 1 or 2 energy label; and
- conducting regular inspection and maintenance of vehicles and equipment to ensure that they are running at optimal conditions with highest energy efficiency.

Our Company will continue to monitor emission of various waste regularly and our human resources and administration department will continue to keep record of pollutant emissions.

BUSINESS

Tackle with climate change

Regarding climate change, the potential climate change risks can be categorised into (a) transition risks: being the risks arising from compliance with the applicable environmental laws and regulations and the stringent environmental protection standards; and (b) physical risks: being the risks for the damages arising from acute weather-related events and longer-term chronic shifts in climate patterns. Set forth below is a summary of the climate-related risks our Group identified over the short, medium and long term.

Risks	Sources	Potential Impacts
Physical risks	Extreme weather conditions (Short term)	Typhoons, heavy rains, and other extreme weather events disrupt production and impact supply chain logistics.
	Chronic natural disasters (Long term)	Supply chain is affected due to climate change, increased likelihood of fires, and altered product transportation and storage conditions.
Transition risks	Regulatory risk (Medium to long term)	Increasing regulations on carbon neutrality goals lead to rising carbon emission costs and greater compliance demands, including environmental information disclosure.
	Technical risks (Long term)	Transition to clean energy and energy-efficient production equipment requires significant investment in technology, equipment, and human resources, increasing operational costs.
	Market risk (Medium to long term)	Growing environmental awareness among customers and consumers leads to a preference for eco-friendly products.
	Reputation risk (Medium to long term)	Rising expectations from customers, investors, and stakeholders for green and low-carbon initiatives; inadequate action or disclosure may harm reputation.

BUSINESS

With respect to physical risks, such as the increase of extreme weather events which may disrupt our normal operations, destroy our equipment or cut our supply chain, the Group implemented various emergency response mechanism and purchase adequate insurance against natural disasters in order to avoid potential losses. See “Business – Insurance”.

In response to transition risks, particularly (1) the evolving environmental and climate regulatory requirements and (2) the shifts in customer preferences that could lead to negative financial impact such as increase in our environmental compliance costs and decrease in revenue due to reduced demand for our products, therefore, we have adopted a series of measures to minimise the risks of environment pollution and non-compliance with the applicable environmental laws and regulations. See “Environmental and resources management” in this section. During the Track Record Period, we had not experienced any material impact on our business operations or financial performance as a result of climate change or extreme weather conditions.

Social

Occupational health and work safety

We are required to comply with workplace safety laws and regulations in the PRC. See “Regulatory Overview – Regulations Relating to Work Safety”. We regard occupational health and safety as an important part of our responsibilities. We have also adopted and implemented a number of measures relating to occupational health and safety including but not limited to:

- formulating safety policies to manage cases that may cause potential occupational health hazards especially for use of fire in soldering process and treatment of chemicals. For example, our Safety Policy for Chemical Management clearly stipulated those safety measures required during procurement, storage, usage and waste treatment of harmful chemicals and its division of management responsibility;
- providing safety training and emergency drills to our employees from time to time. This ensures employees fully understand and comply with our safety procedures and policies;
- conducting regular safety inspections that based on our assessment to reduce the risk of accidents and hazardous situations occurred in our identified risky areas;
- requiring all employees to wear appropriate personal protective equipment especially for handling chemicals;
- placing warning signs and labelling the container that holding those chemicals legibly with the name of the substance, hazard classification and symbol, particular risks inherent in the substance, and required safety precautions; and
- prohibiting smoking in working areas and equipped with appropriate fire safety facilities.

We have also implemented systems and processes to cope with various emergency cases. We maintain a comprehensive emergency response plan that outlines procedures for each scenario such as measures taken before, during and after those emergency incidents. Our human resources and administration department is responsible for investigation, and thorough documentation will be maintained for review and continuous improvement.

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As at the Latest Practicable Date, we had complied with applicable laws and regulations on occupational health and work safety in all material respects. During the Track Record Period, we did not record any accidents that had a material impact on our business or operations.

Supply chain management

We integrate sustainable development into supply chain management. We have established a systematic process to strictly standardise the management of suppliers throughout the entire process, including selection, onboarding, certification, review, and elimination.

- At least 2 suppliers are under assessment for each materials during the supplier selection process;
- During the supplier selection process, for materials subject to environmental requirements (such as environmental laws, regulations, and customer requirements), suppliers are required to provide test reports issued by authoritative third-party testing institutions, and the validity of these reports shall be verified;
- In the supplier evaluation process, suppliers with certification that related to environmental protection and social responsibility are highly preferred;
- After suppliers pass the evaluation, we will include them in our approved supplier list and sign supplementary agreements with them, including but not limited to the Code of Conduct and the Environmental Protection Agreement for requirements under the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Restriction of Hazardous Substances (RoHS);
- We conduct monthly performance evaluations of suppliers based on criteria such as pricing, quality, delivery and after-sales services. Every year, based on the suppliers' overall performance in the previous year, we formulate a supplier audit plan, and conduct the annual supplier management work in accordance with the audit plan; and
- For suppliers rated Grade D in our evaluation process and failing to improve after guidance, we will not continue to cooperate with them and terminate the co-operation.

Through scientific supplier screening criteria, strict scoring systems, and dynamic daily management mechanisms, we have built a green, efficient, and shared-responsibility supply chain ecosystem to support our long-term sustainable development. These management measures have not only improved supply chain efficiency and transparency but also comprehensively ensured supply chain stability and compliance with responsibilities, setting an industry benchmark for the brand in the fields of green development and social responsibility, and promoting the full implementation of the sustainable development strategy.

Anti-corruption

We uphold a zero-tolerance policy towards all forms of corruption and bribery. Anti-corruption and integrity governance form an integral part of our corporate governance framework, with compliance requirements deeply embedded in our corporate culture and daily operations. We have implemented various strict internal policies to ensure our operations comply with applicable anti bribery and anti-corruption regulations in jurisdictions where we operate. These policies explain potential bribery and corruption conduct and our anti-bribery and anti-corruption measures. Improper payments prohibited by those policies include bribes,

BUSINESS

kickbacks, excessive gifts, or any other payment made or offered to obtain an undue business advantage. Violations are met with our disciplinary actions, including termination and legal consequences, reinforcing our zero-tolerance stance on bribery and corruption.

We require (1) all of our employee to sign the Integrity Agreement and (2) all of our suppliers to sign Supplier Code of Conduct, thereby upholding our reputation for integrity and showing our acceptable ethical conduct with mentioned parties.

We have also established whistleblowing channels such as through call and email for suppliers to report suspected cases to us. Upon receiving any whistleblowing reports suspected of violations of business ethics, our human resources and administration department is responsible to conduct a thorough investigation and report to senior management afterwards.

During the Track Record Period and up to the Latest Practicable Date, neither our Group nor any of its Directors, officers or employees is, or has ever been, a party to any claim, litigation, investigation or proceedings against any of them in respect of bribery, corruption, kickbacks, fraud or other similar improper or unlawful conduct.

Social KPIs

We have adopted policies on compensation and dismissal, equal opportunities, diversity, anti-discrimination, and other benefits and welfare. See “– Employees”.

We are committed to building a diversified and inclusive working environment. The information of composition of our employees in the PRC and turnover rate by different categories are set out in the table below:

	As at 31 December 2024			As at 31 December 2025			As at 30 June 2026		
	Number of staff	%	Turnover rate	Number of staff	%	Turnover rate	Number of staff	%	Turnover rate
By gender									
Male	143	49.1%	37.8%	145	49.5%	46.9%	146	49.7%	11.6%
Female	148	50.9%	27.0%	148	50.5%	31.1%	148	50.3%	14.2%
Total	291	100.0%		293	100.0%		294	100%	
By age group									
30 or below	94	32.3%	46.8%	80	27.3%	70.0%	84	28.6%	13.1%
31–40	133	45.7%	23.3%	139	47.5%	33.8%	141	48.0%	14.2%
41–50	59	20.3%	20.3%	64	21.8%	12.5%	63	21.4%	4.8%
51 or above	5	1.7%	100.0%	10	3.4%	30.0%	6	2.0%	66.7%
Total	291	100.0%		293	100.0%		294	100%	

For further discussion on the other key ESG areas we have identified, namely, the areas of product quality and product return, see “– Quality Control”.

BUSINESS

To sum up, we attach great importance to our ESG management and recognise that an effective and efficient ESG management requires our continuous efforts and investment and contribution from a variety of departments and subsidiaries. We endeavour to further improve the environmental and social data metrics. Furthermore, we plan to prepare and launch our first ESG report in accordance with the standards of Appendix C2 to the GEM Listing Rules which will include more qualitative and quantitative ESG information and analysis by the first half of 2027.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any actual or pending litigation, arbitration, or administrative proceedings that have caused or could cause a material adverse effect on our business, results of operations, financial condition, or reputation and compliance. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations, and financial conditions.

However, given the continued expansion of our business scale and the increasing complexity of global operations, we not only face conventional commercial risks but may also encounter legal proceedings involving commercial contract disputes, labour disputes, or intellectual property protection in the ordinary course of business. Such potential legal risks are inherent to commercial activities and have been comprehensively and prudently disclosed in the section headed “Risk Factors.” We have established a sound legal response mechanism to ensure that, when facing potential disputes, we can promptly assess the situation and take appropriate legal measures to safeguard the overall interests of the Company and its shareholders.

INTERNAL CONTROL AND RISK MANAGEMENT

We maintain a comprehensive internal control and risk management system covering financial reporting, information security, compliance, IP protection, capital management and human resources. The Board oversees overall risk management, while senior management implements daily controls across all subsidiaries. Policies and procedures are reviewed periodically to ensure effectiveness and regulatory alignment.

Financial reporting risk management

We operate structured financial controls covering financial reporting, taxation and inter-group transactions. Transfer pricing follows a cost-plus model for PRC manufacturing entities, while our Hong Kong entity adopts a service-fee model.

Inventory management differentiates short-cycle customised antennas from standard-stock modules, with strict provisions for obsolescence. To control sales and credit risks, we adopt an ERP credit-limit system and hold monthly reviews to manage overdue receivables, and channel partners may assist with advance payments to protect cash flow.

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Information systems and data security risk management

We operate a multi-layered data security framework. Core ERP data is hosted in the cloud, while OA and R&D files are stored locally with magnetic tape redundancy as backup. System stability is reinforced through weekly system inspections and routine data backups. To further enhance digitalisation and security, we are increasing our annual IT investment from approximately 1% to 2% of revenue. Other security measures include closer collaboration with system vendors, more disciplined upgrade scheduling, and contingency plans for outsourced system development.

Compliance risk management

We enforce zero tolerance for non-compliance, corruption and unfair competition. Compliance for listing is overseen by the Board Office, with external legal support. Customer and supplier contracts include integrity and anti-fraud clauses; core executives sign ethics commitments. We comply with RoHS, REACH and other environmental standards, with dedicated monitoring roles and on-site audits where required. Past rectification matters were resolved and internal reporting channels established. We apply strict controls on major contracts and performance bonds for antenna tenders, and maintain product traceability measures for module orders.

Intellectual property risk management

We have identified risks relating to historical use of unlicensed software and allocated a budget of around RMB2.5 million for full compliance in 2026. We prioritise open-source platforms (primarily MIT licence) and protect confidential information via NDAs. IP management is led by our product technology centre, with antennas protected mainly by patents and modules by 61 software copyrights. Key technical staff are subject to non-compete agreements, with post-employment scope assessed case-by-case.

Treasury management and investment risk management

Funds are centrally managed through an online banking platform to optimise liquidity and ensure secure allocation across subsidiaries. We follow prudent investment principles and require strict approval for all fund outflows to prevent misuse and ensure alignment with strategic objectives.

Human resources risk management

We adopt a vertical management structure where subsidiaries report to central functional departments to ensure consistent execution. Key R&D and sales personnel sign non-competition agreements, applied post-employment based on role and risk considerations.

Internal control and board oversight

The Board holds ultimate responsibility for internal control effectiveness. The Audit Committee reviews financial and internal control systems, and an independent internal control consultant has been engaged to conduct a comprehensive review of the listing process. We are actively managing regulatory qualifications, including overseas direct investment filings and radio equipment approvals, and plan to apply for High-Tech Enterprise status for additional subsidiaries to enhance compliance and tax efficiency.

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LICENCES, APPROVALS AND PERMITS

The following table sets out details of the material licences held by us for our operations as at the Latest Practicable Date:

<u>Licence/Permit</u>	<u>Holder</u>	<u>First Grant Date</u>	<u>Expiry Date</u>
Customs Registration Proof for Customs Declaration Entities	Shenzhen AiThinker	11 August 2015	31 December 2099
QMS Certification of Registration (ISO9001:2015)	Shenzhen AiThinker	18 August 2023	13 August 2029
EMS Certification of Registration (ISO14001:2015)	Shenzhen AiThinker	9 September 2024	13 August 2029

As at the Latest Practicable Date, we had obtained all requisite licences, approvals and permits from relevant government authorities that are material to our business operations in the PRC and overseas. We are required to renew such certificates, permits and licences from time-to-time, and we are continuously overseeing the compliance with the relevant laws and regulations.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as at the Latest Practicable Date:

<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
Excellent Community Partner (優質合作社區)	2025	OSHWHub (立創開源硬件平台)
IoT Strategic Partner (IoT戰略合作夥伴)	2024	Boliu Intelligent (博流智能)
Honorary Certificate – Ecosystem Partner (榮譽證書 – 生態合作夥伴)	2024	Xiaomi Open-Source Summit (小米開源峰會)
Strategic Cooperation Solution Provider (戰略合作方案商)	2023	Nanjing Sitianwei Microsystems Co., Ltd. (南京矽典微系統有限公司)
Authorisation Certificate	2023	Boliu Intelligent Technology (Nanjing) Co., Ltd. (博流智能科技(南京)有限公司)

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Award/Recognition	Award Year	Awarding Institution/Authority
High-Tech Enterprise Certificate (高新技術企業證書)	2023	Shenzhen Science & Technology Innovation Commission/Shenzhen Finance Bureau/Shenzhen Tax Bureau (深圳市科技創新委員會/深圳市財政局/ 國家稅務總局深圳市稅務局)
Most Influential Partner (最具影響力夥伴)	2022	Tmall Genie (天貓精靈)
National Low Power Wide Area Network Industry Alliance – Member (全國低功耗廣域網絡 產業聯盟 – 會員單位)	2017	National LPWAN Industry Alliance (全國低功耗廣域網絡產業聯盟)

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

OVERVIEW

As at the Latest Practicable Date, Mr. Fu was entitled to exercise the voting rights attaching to approximately 27.0877% of our total Shares directly. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Fu will be able to exercise, in aggregate, attaching to [REDACTED]% of the voting rights of our total issued Shares and therefore will constitute our Single Largest Shareholder upon [REDACTED] pursuant to the GEM Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Single Largest Shareholder and his close associates after the [REDACTED].

Management Independence

We are able to carry on our business independently from our Single Largest Shareholder from a management perspective. Our Board consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors.

Our executive Directors and senior management team are responsible for the day-to-day management of our operations. Our Directors are of the view that our Company is able to function independently from our Single Largest Shareholder for the following reasons:

- (a) all of the independent non-executive Directors are independent of our Single Largest Shareholder;
- (b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (c) our daily management and operations are carried out by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (d) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and
- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Shareholder which would support our independent management.

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

Based on the above, our Directors believe that our Board as a whole, together with our senior management, will be able to perform the managerial role in our Group independently from our Single Largest Shareholder and their close associates after the [REDACTED].

Operational Independence

We have independent operating capabilities and management systems. We do not rely on any operational or administrative resources of our Single Largest Shareholder or his close associates for business development, staffing, administration, sales and marketing activities.

We have independent access to our suppliers and customers, and an independent management team to handle our day-to-day operations. We are in possession of all relevant licences which are material to carrying on and operating our business and have sufficient operational capacity in terms of capital and employees to operate independently from our Single Largest Shareholder and/or his respective close associates.

Based on the above, our Directors are satisfied that we had been operating independently of our Single Largest Shareholder and his close associates during the Track Record Period and up to the Latest Practicable Date and will continue to maintain such operational independence upon and after the [REDACTED].

Financial Independence

We have the ability to operate independently from our Single Largest Shareholder and his close associates from the financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function for cash receipts and payments, independent access to third party financing, and our Audit Committee comprising solely our independent non-executive Directors to oversee our accounting and financial reporting processes.

As at 30 June 2026, our Group had total bank loans and other borrowings amounting to RMB29.7 million, which were secured by personal guarantee(s) of Mr. Fu. See “Financial Information – Indebtedness” and Note 29 of the Accountants’ Report as set out in Appendix I to this document. Such guarantee(s) provided by Mr. Fu will be fully released upon [REDACTED].

During the Track Record Period, our Group had no amounts due from our Single Largest Shareholder, his respective associates and/or related parties. Save as disclosed above, our Directors confirm that, as at the Latest Practicable Date, (i) none of our Single Largest Shareholder or his close associates had provided any loans, guarantees, security or pledges to our Group; and (ii) our Group did not provide any loans, guarantees, security or pledges to our Single Largest Shareholder or his close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Single Largest Shareholder and his close associates.

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Single Largest Shareholder and his close associates:

- (i) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the GEM Listing Rules which will become effective upon [REDACTED]. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;
- (ii) each Director is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of our Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. A Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our Company’s interests and abstain from voting at the Board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (iii) we are committed to ensuring that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experience and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. See “Directors and Senior Management”;
- (iv) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Single Largest Shareholder or any of his associates, our Company will comply with the applicable requirements under the GEM Listing Rules and also our own internal control policies in this respect;
- (v) our Directors will (a) report any conflict or potential conflict of interest involving our Single Largest Shareholder and his associates to our independent non-executive Directors as soon as practicable upon becoming aware of such conflict; (b) convene a Board meeting to review and evaluate the implications and risk exposure of such conflict; and (c) monitor any material irregular business activities. The conflicted Directors will be required to abstain from participating in the Board meetings where resolutions with material potential conflicts of interest are discussed, unless specifically requested by the majority of independent non-executive Directors;

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

- (vi) as required by the GEM Listing Rules, our independent non-executive Directors shall review any connected transactions (including continuing connected transactions) annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole;
- (vii) we have appointed Yue Xiu Capital Limited as our Compliance Adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors’ duties and corporate governance;
- (viii) our Audit Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis; and
- (ix) our Nomination Committee will from time to time review the independence of our Directors in terms of performing their duties as our Directors to ensure effective management of conflict of interest.

Based on the above, our Directors (including our independent non-executive Directors) are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and our Single Largest Shareholder, and to protect minority Shareholders’ interests after [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. Our Board is responsible, and has general authority, for the management and operation of our Group.

The following table sets forth the key information in respect of the members of our Board:

Executive Directors

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Fu Minggang (付明綱)	50	Founder, Executive Director, Chairman of the Board, Chief Executive Officer	6 March 2003	6 March 2003	Responsible for major decision-making, formulating and implementing business strategies and overseeing the overall operation of our Group	None
Mr. Xue Youdao (薛由道)	49	Founder, Executive Director, Head of the Consumer Products Department	1 January 2020	19 March 2020	Responsible for overall strategic planning and overall management of our Group	None
Mr. Zhao Qiguo (趙啟國)	48	Executive Director, Chief Financial Officer, Board Secretary	15 August 2005	28 June 2013	Responsible for major decision-making and overseeing our Group’s financial management, internal controls and corporate governance	None

Non-executive Director

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Ms. Li Yanling (李延玲)	47	Non-executive Director	19 July 2026	19 July 2026	Providing legal advice and guidance to our Board on legal, regulatory and compliance matters	None

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Gao Wen (高文)	56	Independent Non-executive Director	19 July 2026	19 July 2026	Providing independent advice to our Board	None
Mr. Lei Jianming (雷鑑銘)	51	Independent Non-executive Director	19 July 2026	19 July 2026	Providing independent advice to our Board	None
Mr. Yang Yuangui (楊遠貴)	38	Independent Non-executive Director	19 July 2026	19 July 2026	Providing independent advice to our Board	None

Executive Directors

Mr. Fu Minggang (付明鋼), aged 50, is our founder, executive Director, chairman of the Board and chief executive officer of our Group. He is primarily responsible for major decision-making, the formulation and implementation of business strategies and overseeing the overall operations of our Group, including serving as a director of our subsidiaries, namely Zhongshan Boantong, Shenzhen AiThinker and Luoyang Bocheng. Mr. Fu will serve as a member of our Remuneration Committee with effect from the [REDACTED].

Mr. Fu has over 20 years of experience in the wireless communication industry. Prior to founding our Group in March 2003, Mr. Fu served as a product manager at Shenzhen Huawei Technologies Co., Ltd.* (深圳市華為技術有限公司), a company principally engaged in the provision of information and communications infrastructure and smart terminal services, from August 1998 to November 1999. He subsequently served as the marketing director of Shenzhen Einolda Financial Information Co., Ltd.* (毅能達信用卡製造(深圳)有限公司, now known as 深圳毅能達金融資訊股份有限公司), a company principally engaged in the provision of services relating to smart card and smart terminal product, from December 2000 to March 2003.

Mr. Fu obtained a bachelor’s degree in electrical engineering from Dalian University of Technology (大連理工大學) in July 1998.

Mr. Xue Youdao (薛由道), aged 49, is our founder, executive Director and head of our consumer products department. He was appointed our Director in March 2020 and is primarily responsible for the overall strategic planning and management of our Group.

Mr. Xue has over 20 years of experience in the information infrastructure industry. He co-founded our Group with Mr. Fu in March 2003. From April 2003 to February 2015, he was responsible for the research and development of our wireless communication products. In February 2015, he ceased to be involved in the day-to-day operation of our Group. He subsequently rejoined our Company in January 2020, in connection with the organisational restructuring undertaken to support the business development of our Group, and assumed

DIRECTORS AND SENIOR MANAGEMENT

the position of the director of product delivery, being responsible for overseeing various functions of our Group including, among others, quality control, information technology and market development. Since September 2025, he has been serving as the head of our consumer products department, responsible for overseeing the operation strategy and performance of our ongoing R&D projects.

Prior to co-founding our Group, Mr. Xue served as an engineer of Shenzhen Huawei Technologies Co., Ltd.* (深圳市華為技術有限公司), a company principally engaged in the provision of information and communications infrastructure and smart terminal services, from January 1999 to May 2002, during which he was primarily responsible for the development of information technology products. He subsequently served as an engineer at Fujian Star-Net Communication Co., Ltd.* (福建實達網絡科技有限公司, now known as 福建星網銳捷通訊股份有限公司), a company principally engaged in the provision of services relating to digital solutions, from October 2002 to February 2003, during which he was primarily responsible for development of products relating to digital solutions. Between May 2015 and August 2019, Mr. Xue served as its director and general manager at Zhongshan Bowei Intelligent Technology Co., Ltd.* (中山伯維智能技術有限公司), a company principally engaged in the research and development of intelligent control systems. Since July 2017, Mr. Xue has served as a supervisor at Shenzhen Zhiledasheng Consulting Co., Ltd.* (深圳市至樂達生諮詢有限公司), a company principally engaged in the provision of information technology consulting services, where he is primarily responsible for supervising its operations.

Mr. Xue obtained a bachelor’s degree in electrical engineering from Dalian University of Technology (大連理工大學) in July 1998.

Mr. Zhao Qiguo (趙啟國), aged 48, is our executive Director, chief financial officer and Board secretary. Mr. Zhao first joined our Group in August 2005 as our chief financial officer, and he was appointed as our Director and Board secretary in June 2013. He is responsible for major decision-making and overseeing our Group’s financial management, internal controls and corporate governance. Mr. Zhao is also the director of certain subsidiaries of our Company, namely Sichuan Boantong and AiThinker Technology.

Mr. Zhao has over 20 years of experience in finance and accounting of the information infrastructure industry. Prior to joining our Group, Mr. Zhao was an accountant at Shenzhen Einolda Financial Information Co., Ltd.* (毅能達信用卡製造(深圳)有限公司, now known as 深圳毅能達金融信息股份有限公司), a company principally engaged in the provision of services relating to smart card and smart terminal products, from December 2000 to May 2004. He subsequently served as a finance manager at Shenzhen Coslight Communication Equipment Co., Ltd.* (深圳市中科典科技有限公司, now known as 深圳光宇通信設備有限公司), a company principally engaged in the production, development and sales of base station amplifiers and repeaters, from September 2004 to July 2005, during which he was primarily responsible for financial management. Since November 2014, Mr. Zhao has also served as a director at Shenzhen Decard Smart Card Tech Co., Ltd.* (深圳市德卡科技股份有限公司), a company principally engaged in the provision of services relating to smart terminal products.

Mr. Zhao obtained a bachelor’s degree in accounting from Xiamen University (廈門大學) in January 2005 through long distance learning and a master’s degree in senior executive business administration from Sun Yat-sen University (中山大學) in June 2018. Mr. Zhao has been certified as a non-practising member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) and a tax agent (non-practising) from

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the China Certified Tax Agents Association (中國註冊稅務師協會) since February 2014 and September 2016, respectively. Since November 2016, he also holds a securities practitioner qualification from the Securities Association of China (中國證券業協會) and a fund practitioner qualification from the Asset Management Association of China (中國證券投資基金業協會).

Non-executive Director

Ms. Li Yanling (李延玲), aged 47, was appointed as our non-executive Director in July 2026, and being responsible for the provision of professional advice, opinion and guidance to our Board. Ms. Li will serve as a member of our Nomination Committee with effect from the [REDACTED].

Ms. Li has over 20 years of experience in the legal industry. Prior to joining our Group, Ms. Li served as a paralegal in the legal department of Shenzhen Tecface Modern Computer Co., Ltd.* (深圳市特發現代計算機有限公司, now known as 深圳市現代計算機有限公司), a company principally engaged in the provision of integrated services and products relating to information systems, from July 2005 to August 2007, during which she was responsible for assisting in its legal matters. After obtaining her practise certificate as a lawyer in the PRC in February 2007, she has been a practising lawyer at China Commercial (Guangdong) Law Firm* (廣東華商律師事務所) since November 2007.

Ms. Li obtained a bachelor’s degree in law from Peking University (北京大學) in June 2004 and a master’s degree in business administration from Sun Yat-sen University (中山大學) in June 2021.

Independent Non-executive Directors

Mr. Gao Wen (高文), aged 56, was appointed as our independent non-executive Director in July 2026, and being responsible for providing independent advice on operations and management to our Board. He has been serving as a member of our Audit Committee since July 2026, and will serve as the chairperson of our Remuneration Committee and a member of our Nomination Committee with effect from the [REDACTED].

Mr. Gao has over 30 years of experience in the information infrastructure industry. Prior to joining our Group, Mr. Gao worked at Shenzhen Jinbada Communication Equipment Co., Ltd.* (深圳市金八達通訊設備有限公司), a company principally engaged in the development, sales and maintenance of digital communication equipment, from July 1995 until July 1998, From August 1998 to May 2004, he worked at Liming Network Systems Co., Ltd.* (黎明網絡有限公司, now known as 深圳達實信息技術有限公司), a company principally engaged in the provision of services relating to securities electronic systems and smart buildings. He subsequently worked at Shenzhen Fujin Tianwei Technology Co., Ltd.* (深圳市富晉天維信息通訊技術有限公司), a company principally engaged in the development and sales of contactless smart card applications and systems, from June 2004 to February 2007. Mr. Gao then joined Shenzhen Huawei Information & Communication Technology Co., Ltd.* (深圳市華為技術有限公司), a company principally engaged in the provision of information and communications infrastructure and smart terminal services from April 2007 to March 2011. In 2014, Mr. Gao joined uCloudlink Group Inc., a NASDAQ-listed company (stock code: UCL) principally engaged in the provision of international mobile communication services as chief sales officer, and was subsequently appointed as its chief strategy officer in September 2020.

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Mr. Gao obtained both his bachelor’s degree in engineering (computer science and applications) and his master’s degree in engineering from Wuhan Technical University of Surveying and Mapping (武漢測繪科技大學) in June 1992 and June 1995, respectively.

Mr. Lei Jianming (雷鑑銘), aged 51, was appointed as our independent non-executive Director in July 2026, and being responsible for providing independent advice on long-term strategic investments to our Board. He has been serving as a member of our Audit Committee since July 2026 and will also serve as the chairperson of our Nomination Committee and a member of our Remuneration Committee effective from the [REDACTED].

Mr. Lei has over 20 years of industry and academic experience in the electronics and digital solutions industry. Prior to joining our Group, since December 2004, Mr. Lei has been a professor at the School of Integrated Circuits (集成電路學院) of Huazhong University of Science and Technology (華中科技大學) and, has served as its vice dean since April 2023. Apart from his academic career, he also served as independent director of Shen Zhen Fine Made Electronics Group Co., Ltd.* (富滿微電子集團股份有限公司), a company principally engaged in the design and sales of circuit chips and being listed on ChiNext of the Shenzhen Stock Exchange (stock code: 300671), from July 2015 to May 2021, during which he was primarily responsible for providing independent advice to its board of directors on long-term strategic investments. Mr. Lei subsequently served as an independent director of Wuhan Hi-Trusty Electronics Co., Ltd.* (武漢海創電子股份有限公司), a company principally engaged in the research and development and production of various electronic components, from August 2022 to July 2024, during which he was primarily responsible for providing independent advice to its board of directors on long-term strategic investments. In addition, Mr. Lei served as the deputy technology director of Innovic (Tianmen) Electronics Technology Co., Ltd.* (芯創(天門)電子科技有限公司), a company principally engaged in the production and sales of circuit chips, from July 2023 to June 2025, during which he was primarily responsible for the research and development of chips and related technologies.

Mr. Lei obtained his bachelor’s degree in microelectronics technology, his master’s degree in microelectronics and solid-state electronics and his doctoral degree in microelectronics and solid-state electronics from Huazhong University of Science and Technology (華中理工大學, now known as 華中科技大學) in June 1998, June 2001 and December 2004, respectively.

Mr. Yang Yuangui (楊遠貴), aged 38, was appointed our independent non-executive Director in July 2026, and being responsible for providing independent advice to our Board. He has been serving as the chairperson of our Audit Committee since July 2026.

Mr. Yang has over nine years of experience in finance and auditing. Since July 2017, Mr. Yang has served as the chief financial officer of Yizumi Holdings Co., Ltd. (伊之密股份有限公司), a company principally engaged in the design and manufacturing of specialised industrial equipment and being listed on ChiNext of the Shenzhen Stock Exchange (stock code: 300415). Since November 2022, Mr. Yang has also served as an independent director of Hichain Logistics Co., Ltd. (江蘇海晨物流股份有限公司), a company principally engaged in providing integrated supply chain management and logistics services and listed on ChiNext of the Shenzhen Stock Exchange (stock code: 300873), where he is primarily involved in providing independent advice to the company’s board on various matters.

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Mr. Yang obtained a bachelor’s degree in international economics and trade from Beijing University of Chemical Technology (北京化工大學) in July 2010 and a master’s degree in business administration from Peking University (北京大學) in July 2024. Mr. Yang has been a holder of the certified public accountant qualification from the Guangdong Institute of Certified Public Accountants (廣東省註冊會計師協會) since April 2017, the certified tax agent qualification from Guangdong Certified Tax Agents Association (廣東省註冊稅務師協會) since December 2016, the certificate of certified public valuer (註冊資產評估師證書) from China Assets Appraisal Association (中國資產評估協會) since November 2017 and the certificate of the legal professional qualification issued by the Ministry of Justice of the PRC (中華人民共和國司法部) since March 2019.

DISCLOSURE REQUIRED UNDER RULE 17.50(2) OF THE GEM LISTING RULES

Five of our Directors were directors of the following companies which were established in the PRC prior to their respective dissolution. Each of the relevant Directors confirmed that the companies were solvent at the time of their dissolutions, that there was no wrongful act on his/her part leading to the dissolutions and that their dissolutions had not resulted in any liability or obligation against him/her. The following are details of the aforementioned dissolved companies:

Relevant Directors	Name of Company	Place of incorporation/ establishment	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution
Mr. Fu	Shenzhen Tengyi Technology Development Co., Ltd.* (深圳市騰翼科技發展有限公司)	PRC	Wireless communication business	15 November 2013	Cancelled
	Shenzhen Maker Intelligence Communication Technology Co., Ltd.* (深圳市創客智趣通信技術有限公司)	PRC	Safety certification business	25 December 2024	Cancelled
Mr. Xue	Shenzhen Tengyi Technology Development Co., Ltd.* (深圳市騰翼科技發展有限公司)	PRC	Wireless communication business	15 November 2013	Cancelled
	Zhongshan Bowei Intelligence Technology Co., Ltd.* (中山伯維智能技術有限公司)	PRC	Smart kitchen products business	2 August 2019	Cancelled
	Zhongshan Bohong Intelligence Technology Co., Ltd.* (中山市伯宏智能技術有限公司)	PRC	Smart products business	29 April 2022	Cancelled
Mr. Zhao	Shenzhen Fangdao Xinda Enterprise Management Co., Ltd.* (深圳方道信達企業管理有限公司)	PRC	Management consulting business	3 September 2021	Cancelled

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Relevant Directors	Name of Company	Place of incorporation/ establishment	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution
	Beijing Yangya Culture Media Co., Ltd.* (北京揚雅文化傳媒有限公司)	PRC	Organisation of sports events	31 August 2020	Cancelled
	Hangzhou Yijun Investment Management Co., Ltd.* (杭州頤駿投資管理有限公司)	PRC	Investment management business	13 November 2019	Cancelled
	Hainan Boantong Technology Co., Ltd.* (海南博安通科技有限公司)	PRC	Cable wire stripping business	8 August 2019	Cancelled
	Changsha Boantong Software Technology Co., Ltd.* (長沙博安通軟件科技有限公司)	PRC	Wireless communication software development business	3 January 2024	Cancelled
	Zhongshan Youbang Enterprise Services Co., Ltd.* (中山市優幫企業服務有限公司)	PRC	Corporate services business	17 May 2018	Cancelled
Mr. Gao Wen	Shenzhen UCloudlink Technology Co., Ltd.* (深圳市優克聯科技有限公司)	PRC	Roaming data services	28 October 2016	Cancelled
	Shenzhen uCloudlink Network Technology Ltd.* (深圳網網順科技有限公司)	PRC	Roaming data services	27 December 2017	Cancelled
Mr. Lei Jianming	Nanjing Bositong Electronic Technology Co., Ltd.* (南京波思通電子科技有限公司)	PRC	R&D of electronic products	25 June 2019	Cancelled

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SENIOR MANAGEMENT

Our senior management team comprises six members, who are responsible for the day-to-day management and operations of our Company, including Mr. Fu and Mr. Zhao, who are concurrently serving as our executive Directors. Details of the rest of our senior management are set out below:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Xu Fuqiang (徐付強)	43	Chief Technology Officer	2 April 2018	20 July 2026	Leading our Group’s product and technology management	None
Mr. Li Weiyun (李偉雲)	40	Chief Revenue Officer	30 August 2007	20 July 2026	Leading our Group’s sales functions	None
Mr. Li Rui (李銳)	43	Chief Operating Officer	1 January 2020	20 July 2026	Overseeing our Group’s logistics and production management	None
Ms. Xie Na (謝娜)	39	Chief Human Resources Officer	23 April 2012	20 July 2026	Overseeing our Group’s administrative functions and human resources management	None

Mr. Xu Fuqiang (徐付強), aged 43, is our chief technology officer. Mr. Xu first joined our Group in April 2018 as our director of R&D, and was later appointed to his current position in July 2026. Mr. Xu is responsible for leading our Group’s product and technology management.

Mr. Xu has over 15 years of experience in the information infrastructure industry. Prior to joining our Group in April 2018, he was the director of research and development at Shenzhen Coship Electronics Co., Ltd.* (深圳市同洲電子股份有限公司), a company principally engaged in the energy and digital video business, from July 2007 to April 2015, during which he was primarily responsible for managing the company’s R&D projects. From April 2015 to March 2018, he was also the director of research and development at Inspur Group Co., Ltd.* (浪潮集團有限公司), a company principally engaged in computing infrastructure, cloud services and related businesses through its subsidiaries, some of which are listed companies, namely IEIT SYSTEMS Co., Ltd.* (浪潮電子信息產業股份有限公司) listed on the Shenzhen Stock Exchange (stock code: 000977), Inspur Software Co., Ltd.* (浪潮軟件股份有限公司) listed on the Shanghai Stock Exchange (stock code: 600756) and Inspur Digital Enterprise Technology Limited (浪潮數字企業技術有限公司) listed on the Stock Exchange (stock code: 00596), during which he was primarily responsible for managing the company’s R&D initiatives.

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Mr. Xu obtained a bachelor’s degree in automation from Wuhan University of Science and Technology (武漢科技大學) in June 2005 and a master’s degree in control theory and control engineering from Huazhong University of Science and Technology (華中科技大學) in June 2007.

Mr. Li Weiyun (李偉雲), aged 40, is our chief revenue officer. Mr. Li first joined our Group in August 2007 as an engineer, and was later appointed to his current position in July 2026. With extensive knowledge in our products from their functionality to working mechanisms, Mr. Li is now responsible for overseeing and managing the sales and liaising with external customers. He is also a director of Sichuan Boantong.

Mr. Li has over 15 years of experience in the information infrastructure industry. Prior to joining our Group, he was a product engineer at Dongguan Yifeng Machinery Industry Co., Ltd.* (東莞市益豐機械實業有限公司), a company principally engaged in the development and production of electronic accessories, from July to August 2007, during which he was primarily responsible for product design and engineering.

Mr. Li obtained a bachelor’s degree in mechanical design, manufacturing and automation from Science and Technology College of Nanchang University (南昌大學科學技術學院) in July 2007.

Mr. Li Rui (李銳), aged 43, is chief operating officer. Mr. Li first joined our Group in January 2020 as a production manager, and was later appointed our director of product delivery in January 2023. Mr. Li is responsible for overseeing our Group’s logistics and production plant management.

Mr. Li has over 20 years of experience in corporate procurement management. Prior to joining our Group, he was a deputy manager at Canon (Zhuhai) Co., Ltd.* (佳能珠海有限公司, now known as 珠海興格園谷管理有限公司), a company principally engaged in providing services relating to digital imaging and products, from June 2000 to April 2012, during which he was primarily responsible for product procurement management. Moreover, he was also the administrative manager and production manager at Canon Zhongshan Business Machines Co., Ltd.* (佳能(中山)辦公設備有限公司), a company principally engaged in providing services relating to the sourcing of office equipment, from May 2012 to April 2019. From July 2019 to November 2019, he worked as the assistant to the general manager at Zhuhai Wuyong Cultural and Creative Co., Ltd.* (珠海無用文化創意有限公司), a company principally engaged in the product design and manufacturing business.

Mr. Li obtained a top-up bachelor’s degree in business administration from Guangdong Ocean University (廣東海洋大學) in January 2014.

Ms. Xie Na (謝娜), aged 39, is our chief human resources officer. Ms. Xie first joined our Group in April 2012 as a human resources manager, and was later appointed to her current position in July 2026. Ms. Xie is responsible for overseeing our Group’s administrative functions and human resources management.

Ms. Xie has over 20 years of experience in human resources and administrative management. Prior to joining our Group, she was a human resources specialist and administrative manager at Yadeng Plastic Hardware (Shenzhen) Co., Ltd.* (雅登塑膠五金(深圳)有限公司), a company principally engaged in the production and sales of various industrial products, from March 2006 to December 2011. From February 2011 until February 2012, she also worked as a human resources and administration manager at Shenzhen Yiyuan Enterprise

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Management Consulting Co., Ltd.* (深圳市益遠企業管理諮詢有限公司), a company principally engaged in the provision of business management consultancy services.

Ms. Xie obtained a bachelor's degree in laws from The Open University of China (國家開放大學) in January 2020.

CONFIRMATION FROM OUR DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in this section, each of our Directors and senior management members confirms that:

- (a) he/she has obtained the legal advice referred to under Rule 5.02D of the GEM Listing Rules on 18 August 2026, and understands his or her obligations as a director of a listed issuer under the GEM Listing Rules and the requirements under the GEM Listing Rules that are applicable to him/her, as well as the possible consequences of making a false declaration or giving false information to the Stock Exchange;
- (b) he/she did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date;
- (c) he/she had no other relationship with any Directors, senior management or substantial shareholders or the Single Largest Shareholder of our Company;
- (d) he/she did not hold any other directorships in any public listed companies in Hong Kong or overseas during the three years prior to the Latest Practicable Date;
- (e) he/she did not have any interests in any business apart from business of our Group which competes or is likely to compete, either directly or indirectly, with business of our Group, which would require disclosure under Rule 11.04 of the GEM Listing Rules;
- (f) he/she did not complete his/her respective education programmes as disclosed in this section by way of attendance of long distance learning or online courses; and
- (g) to his/her best knowledge, information and belief, having made all reasonable inquiries, there was no other matter with respect to his/her appointment that needs to be brought to the attention of our Company, the Stock Exchange and the Shareholders and there was no information relating to him/her that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules as at the Latest Practicable Date.

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 5.09(1) to (8) of the GEM Listing Rules; (ii) that he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the GEM Listing Rules as at the Latest Practicable Date; and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his/her independence.

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Save as disclosed in the section headed “Relationship with the Single Largest Shareholder”, “Substantial Shareholders” and the section headed “Statutory and General Information – C. Further information about Directors, chief executive and substantial Shareholders” in Appendix V to this document, as at the Latest Practicable Date, none of our Directors held any interest in the Shares within the meaning of Part XV of the SFO.

JOINT COMPANY SECRETARIES

Mr. Zhao Qiguo (趙啟國) will be appointed as one of our joint company secretaries upon [REDACTED]. See “– Board of Directors – Executive Directors” in this section for his biographical details.

Ms. Liu Shengyun (柳聖云) will be appointed as one of our joint company secretaries upon [REDACTED], being responsible for providing corporate secretarial and compliance services to our Company. Currently serving at Computershare Hong Kong Investor Services Limited, Ms. Liu has approximately four years of experience in the company secretarial and corporate governance fields.

Ms. Liu obtained a master’s degree in corporate governance from The Saint Francis University in October 2024. She has been an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom since July 2024.

We have sought a waiver from strict compliance with the requirements under Rules 5.14 and 11.07(2) of the GEM Listing Rules. See “Waiver from Strict Compliance with the GEM Listing Rules – Joint Company Secretaries”.

BOARD COMMITTEES

Audit Committee

We have established our Audit Committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules (the “CG Code”). Our Audit Committee comprises three members, namely Mr. Yang Yuangui, Mr. Gao Wen and Mr. Lei Jianming, all being our independent non-executive Directors. Our Audit Committee is chaired by Mr. Yang Yuangui.

The primary duties of our Audit Committee include, among others, to assist our Board in providing an independent view of the effectiveness of the financial reporting process, risk management and internal control systems of our Group, to oversee the audit process, to review our financial information and related disclosures and to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

We will establish our Remuneration Committee with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and code provision E.1.2 of the CG Code. Our Remuneration Committee will comprise three members, namely Mr. Gao Wen, Mr. Lei Jianming and Mr. Fu. Our Remuneration Committee will be chaired by Mr. Gao Wen.

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The primary duties of our Remuneration Committee will include, among others, making recommendations to our Directors regarding our policy and structure for the remuneration of all our Directors and senior management which may include establishing performance metrics, making recommendations to our Board on the remuneration packages of our Directors and senior management and reviewing and approving the management’s remuneration proposals with reference to our Board’s corporate goals and objectives.

Nomination Committee

We will establish our Nomination Committee with written terms of reference in compliance with Rule 5.36A of the GEM Listing Rules and code provision B.3.1 of the CG Code. Our Nomination Committee will comprise three members, namely Mr. Lei Jianming, Mr. Gao Wen and Ms. Li Yanling. Our Nomination Committee will be chaired by Mr. Lei Jianming.

The primary duties of our Nomination Committee will include, among others, reviewing the structure, size and composition of our Board, as well as selecting and making recommendations to our Board on suitably qualified candidates for directorship.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our executive Directors and our senior management members receive, in their capacity as our employees, remuneration from our Group in the form of salaries, retirement benefit scheme contributions, and discretionary bonuses.

The aggregate amount of remuneration including fees, salaries, contributions to pension schemes and other allowances, benefits in kind and discretionary bonuses which were paid by our Group to our Directors for the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 was approximately RMB3.9 million, RMB4.2 million and RMB2.0 million, respectively.

The aggregate amount of remuneration including fees, salaries, contributions to pension schemes and other allowances, benefits in kind and discretionary bonuses which were paid by our Group to the five highest paid individuals including three, three and three Directors for each of the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, respectively, was approximately RMB3.7 million, RMB3.9 million and RMB1.9 million, respectively. No remuneration was paid by our Group to the Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026. Further, none of our Directors waived any remuneration during the same periods.

Under arrangements currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes and other allowances and benefits in kind) of our Directors for the year ending 31 December 2026 is estimated to be not more than RMB3.1 million.

Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period. No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the

DIRECTORS AND SENIOR MANAGEMENT

management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

CORPORATE GOVERNANCE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group for achieving effective accountability. Our Company has adopted the code provisions stated in the CG Code.

Our Directors are aware that upon [REDACTED], we are expected to comply with such code provisions. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in the interim report and the annual report in respect of the relevant period. We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole and will comply with the code provisions set out in the CG Code after the [REDACTED].

Save for the deviation from code provision C.2.1 of the CG Code as disclosed below, our Company’s corporate governance practices have complied with the CG Code.

Code Provision C.2.1 of the CG Code

Pursuant to code provision C.2.1 in Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman and general manager of our Company are both performed by Mr. Fu. With his extensive experience in the wireless communication industry, Mr. Fu is responsible for the major decision making, overall strategic planning and general management of our Group and his knowledge and insight have been instrumental to the growth and expansion of our business since the founding of our Group. As such, our Board believes that it is in the best interest of our Group to have Mr. Fu take up both the role of chairman and general manager for continued effective management and business development of our Group upon [REDACTED]. Our Board considers that the balance of power and authority between our Board and our management can still be maintained under the current structure, and therefore, our Directors consider that such deviation from the code provision C.2.1 of the CG Code is appropriate under such circumstances. Our Board will continue to review the Group’s corporate governance structure and consider splitting the roles of chairman of our Board and general manager at such time as it considers appropriate, taking into account the circumstances of our Group as a whole.

BOARD DIVERSITY POLICY

Our Group recognises the importance of board diversity to corporate governance and our Board’s effectiveness. In this regard, we shall adopt a board diversity policy (the “**Board Diversity Policy**”) prior to [REDACTED] which sets out the objective and approach to maintain high standards of corporate governance and enhance effectiveness of our Board.

Pursuant to our Board Diversity Policy, directorship nominees will be evaluated based on a number of factors, including but not limited to, our specific business need, gender, age, skill, language, cultural and educational background as well as industry and professional experience. The decision of the appointment will be based on merit and contribution which the selected nominees will bring to our Board.

DIRECTORS AND SENIOR MANAGEMENT

Our Nomination Committee is responsible for ensuring the board diversity and compliance with the code provision in connection with the board diversity of the CG Code. Our Directors will continue applying the principle of appointments based on merits with reference to our Board Diversity Policy as a whole and are committed to providing career development for the female staff. Pursuant to our Board Diversity Policy, our Company intends to promote gender diversity when hiring staff at mid to senior level such that our Company will have a career pipeline of female members at senior management level and also potential successors to the Board. According to our Board Diversity Policy, our Directors intend to offer all-rounded training to female employees whom we consider to have appropriate professional knowledge of our operation and business, experience and relevant skills, including but not limited to, business operation, account and finance, sales and marketing and product expertise. Our Directors are of the view that the above-mentioned policy will provide a chance for our Board to identify capable female employees to be nominated as members of the Board in the future with the aim to providing our Board with a career pipeline of female candidates to achieve gender diversity in our Board in the long run. In addition, our Nomination Committee is delegated by our Board to take opportunity to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments so as to achieve an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practices. Our Nomination Committee will aim to recommend at least one female Director candidate to the Board for its consideration at least once per year.

Our Board comprises seven members, including three executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors have a balanced mix of knowledge and experience, including business management, accounting and finance, sales and marketing, operation and product expertise. Taking into account our existing business model and the mix of skills, knowledge and experience of our Directors, our Directors consider that the composition of our Board satisfies our Board Diversity Policy. Our Nomination Committee will be responsible for implementing, monitoring and reviewing our Board Diversity Policy from time to time to ensure its effectiveness.

COMPLIANCE ADVISER

We have appointed Yue Xiu Capital Limited as our Compliance Adviser pursuant to Rule 6A.19 of the GEM Listing Rules and Yue Xiu Capital Limited assumes responsibility for acting as our compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Compliance Adviser will advise us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate (if any) or other information in this document; and
- (d) where the Stock Exchange makes an inquiry to us regarding unusual movements in the price or trading volume of our listed securities under Rule 17.11 of the GEM Listing Rules.

The term of the appointment shall commence on the [REDACTED] and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the conversion of our Unlisted Shares into H Shares, assuming the [REDACTED] is not exercised, the following persons are expected to have or be deemed or taken to have interests and/or short positions in the Shares or underlying Shares, which would fall to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying the rights to vote in all circumstances at general meetings of our Company:

Substantial Shareholder	Capacity/Nature of interest	As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares	
		Number and Description of Shares held/interested	Approximate shareholding percentage	Number and Description of Shares held/interested ⁽¹⁾	Approximate shareholding percentage ⁽²⁾
Mr. Fu	Beneficial owner	12,586,057 Unlisted Shares	27.0877%	735,307 Unlisted Shares	[REDACTED]%
				11,850,750 H Shares	[REDACTED]%
Mr. Xue	Beneficial owner	4,324,736 Unlisted Shares	9.3077%	4,324,736 H Shares	[REDACTED]%
Luoyang Chenghe ⁽³⁾	Beneficial owner	6,969,618 Unlisted Shares	15.0000%	6,969,618 H Shares	[REDACTED]%
Zhejiang Chenghe ⁽³⁾	Interest of controlled corporation	6,969,618 Unlisted Shares	15.0000%	6,969,618 H Shares	[REDACTED]%
Hangzhou Zhuoqihua ⁽³⁾	Interest of controlled corporation	6,969,618 Unlisted Shares	15.0000%	6,969,618 H Shares	[REDACTED]%
Mr. Li Chuanchao (李傳超) ⁽³⁾	Interest of controlled corporation	6,969,618 Unlisted Shares	15.0000%	6,969,618 H Shares	[REDACTED]%
Ms. Bai Xue (白雪) ⁽⁴⁾	Interest of spouse	12,586,057 Unlisted Shares	27.0877%	735,307 Unlisted Shares	[REDACTED]%
				11,850,750 H Shares	[REDACTED]%
Ms. Li Ning (李寧)	Beneficial owner	3,169,960 Unlisted Shares	6.8224%	3,169,960 H Shares	[REDACTED]%
Mr. Zuo Yongqian (左永謙) ⁽⁵⁾	Interest of spouse	3,169,960 Unlisted Shares	6.8224%	3,169,960 H Shares	[REDACTED]%
Mr. Fu Huabin (付華斌)	Beneficial owner	2,898,560 Unlisted Shares	6.2383%	2,898,560 H Shares	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Capacity/Nature of interest	As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares	
		Number and Description of Shares held/interested	Approximate shareholding percentage	Number and Description of Shares held/interested ⁽¹⁾	Approximate shareholding percentage ⁽²⁾
Ms. Shi Shuhui (史淑惠)	Beneficial owner	2,898,020 Unlisted Shares	6.2371%	2,898,020 H Shares	[REDACTED]%
Mr. Zhan Zhenan (詹鎮安) ⁽⁶⁾	Interest of spouse	2,898,020 Unlisted Shares	6.2371%	2,898,020 H Shares	[REDACTED]%

Notes:

- All interests held are long positions.
- The percentage is calculated based on the total number of [REDACTED] Unlisted Shares in issue, [REDACTED] H Shares to be converted from Unlisted Shares in issue and [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised).
- As at the Latest Practicable Date, the general partner of Luoyang Chenghe was Zhejiang Chenghe Asset Management Co., Ltd.* (浙江誠合資產管理有限公司) (“**Zhejiang Chenghe**”), a PRC limited liability company held as to 46.0% by Mr. Li Chuanchao (李傳超) and as to 44.0% by Hangzhou Zhuoqihua Investment Partnership (Limited Partnership)* (杭州灼其華投資合夥企業(有限合夥)) (“**Hangzhou Zhuoqihua**”), which is in turn owned as to 42.5% by Mr. Li Chuanchao. As such, Mr. Li Chuanchao (李傳超), Hangzhou Zhuoqihua and Zhejiang Chenghe are deemed to be interested in the Shares held by Luoyang Chenghe under the SFO.
- Ms. Bai Xue (白雪) is the spouse of Mr. Fu. Under the SFO, Ms. Bai Xue is deemed to be interests in the shareholding interests in our Company owned by Mr. Fu by virtue of the SFO.
- Mr. Zuo Yongqian (左永謙) is the spouse of Ms. Li Ning (李寧). Under the SFO, Mr. Zuo Yongqian is deemed to be interests in the shareholding interests in our Company owned by Ms. Li Ning by virtue of the SFO.
- Mr. Zhan Zhenan (詹鎮安) is the spouse of Ms. Shi Shuhui (史淑惠). Under the SFO, Mr. Zhan Zhenan is deemed to be interests in the shareholding interests in our Company owned by Ms. Shi Shuhui by virtue of the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares assuming the [REDACTED] is not exercised, have any interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

As at the Latest Practicable Date, the registered share capital of our Company was RMB46,464,118, comprising 46,464,118 Unlisted Shares in issue of nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

[Our Company has applied for H-Share Full Circulation to convert Unlisted Shares into H Shares as per the instructions of our Shareholders]. For details of the conversion of Unlisted Shares to H Shares and the identities of the Shareholders whose Shares will be converted into H Shares upon [REDACTED], see “History, Development and Corporate Structure – H-Share Full Circulation” and “History, Development and Corporate Structure – Corporate Structure Immediately Following Completion of the [REDACTED]”.

Immediately following the conversion of Unlisted Shares into H Shares and the [REDACTED] (assuming the [REDACTED] is not exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to our total share capital company (%)
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from Unlisted Shares ^(Note 1)	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.0

Immediately following the conversion of Unlisted Shares into H Shares and the [REDACTED] (assuming the [REDACTED] is exercised in full), the share capital of our Company will be as follows:

SHARE CAPITAL

Description of Shares	Number of Shares	Approximate percentage to our total share capital (%)
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from Unlisted Shares ^(Note 1)	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.0

SHARE CAPITAL

Notes:

- (1) Subject to the approval of the CSRC and the Stock Exchange, those Unlisted Shares shall be converted into H Shares upon [REDACTED]. See “Conversion of Unlisted Shares into H Shares” in this section.
- (2) The above tables assume the [REDACTED] becomes unconditional and the issue of Shares pursuant thereto is made as described herein. It takes no account of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates given to our Directors as referred to below, as the case may be.

SHARE CLASSES AND RANKING

Upon the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares, our Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, including our existing Shareholders who may convert their Unlisted Shares into H Shares upon completion of filing with the CSRC, H Shares generally may not be subscribed for by or traded between legal or natural PRC persons. Unlisted Shares can only be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors.

H Shares may only be subscribed for and traded in Hong Kong dollars. Unlisted Shares, on the other hand, may only be subscribed for and transferred in Renminbi. Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association. Our Unlisted Shares are not listed or traded on any stock exchange.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital. For details of circumstances under which our Shareholders’ general meetings are required, see “Summary of Articles of Association” as set out in Appendix III in this document.

CONVERSION OF UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council, the Unlisted Shares may be converted into H Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed and all the filing procedures with the relevant regulatory authorities, including CSRC which requires administrative filing procedures for the conversion, trading and listing of such converted Shares, have been obtained. In addition, such conversion, trading and listing shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, listing and trading will need to be filed with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

SHARE CAPITAL

The conversion of Unlisted Shares into H Shares will involve an aggregate of [REDACTED] Unlisted Shares held by [REDACTED] existing Shareholders, representing [REDACTED]% of the total issued Shares of the Company as at the Latest Practicable Date and approximately [REDACTED]% of total issued Shares of the Company upon the conversion of Unlisted Shares into H Shares and the [REDACTED] (assuming the [REDACTED] is not exercised).

Filing with the CSRC and H-Share Full Circulation Application

In accordance with the Guidelines for the “Full Circulation” of Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) and the Overseas Listing Trial Measures announced by the CSRC, H-share listed companies which apply for the conversion of domestic shares and unlisted foreign shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. An H-share listed company may apply for a “Full Circulation” separately or when applying for refinancing overseas. An unlisted domestic joint stock company may apply for “Full Circulation” when applying for an overseas initial public offering.

We [have] filed with the CSRC for, and received the filing notice from the CSRC dated [•] in relation to the [REDACTED] and the conversion of [REDACTED] Unlisted Shares into H Shares upon [REDACTED].

[REDACTED] Approval by the Stock Exchange

We have applied to the [REDACTED] of the Stock Exchange for the granting of the [REDACTED] of, and permission to deal in, (i) our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]); and (ii) the H Shares to be converted from our existing Unlisted Shares.

We will perform the following procedures for the conversion of the Unlisted Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (i) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (ii) enabling the converted H Shares to be [REDACTED] by HKSCC for deposit, clearance and settlement in the [REDACTED].

RESTRICTIONS ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the Article 160 of the PRC Company Law, the shares issued prior to any listing of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the [REDACTED] will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company.

SHARE CAPITAL

For details of the lock-up undertaking given by our Single Largest Shareholder pursuant to Rule 13.16A(1) of the GEM Listing Rules, see “[REDACTED]”.

[REDACTED] SHARE INCENTIVE SCHEME

We adopted the [REDACTED] Share Incentive Scheme. See “Statutory and General Information – D. [REDACTED] Share Incentive Scheme” as set out in Appendix V to this document.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the completion of the [REDACTED], pursuant to the Shareholders resolutions of our Company, our Board was granted with (a) a general mandate to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the total number of the Shares immediately following the completion of the [REDACTED] (including any sale or transfer of the treasury Shares out of treasury and without taking into account any Shares that may be allotted and issued pursuant to the exercise of the [REDACTED]) in issue as at the date of the resolution granting the general mandate; and (b) a general mandate to repurchase Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued Shares immediately following the completion of the [REDACTED] (excluding any treasury Shares and without taking into account any Shares that may be allotted and issued pursuant to the exercise of the [REDACTED]) as at the date of the resolution granting the general mandate. See “Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 5. Resolutions of Our Shareholders” as set out in Appendix V to this document.

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You should read this section in conjunction with our consolidated financial information, including the notes thereto, as set out in the Accountant’s Report in Appendix I to this document. The consolidated financial information has been prepared in accordance with HKFRSs. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in “Risk Factors.” As such, in evaluating our business, you should carefully consider all of the information provided in this document.

OVERVIEW

We are an established IoT wireless communication and PCBA solutions provider in the PRC focusing on wireless modules, antennas and PCBA solutions. With over 20 years of experience in the IoT wireless communication industry, we provide comprehensive solutions spanning across consumer electronics, industrial electronics, energy electronics, and commercial electronics. Leveraging such industry expertise, we are well-positioned to drive R&D and the implementation of wireless communications technologies for various IoT application scenarios.

Our portfolio of wireless communication solutions includes:

- (a) wireless modules, primarily designed for converting digital data into radio signals and processing incoming radio waves back into data to enable cloud connectivity and data transmission in devices such as smart thermostats and smart locks. We also provide software development kits that include coding tools, hardware drivers, libraries and software templates to support product development and integration with our modules;
- (b) antennas, primarily designed for capturing incoming radio waves from the air and radiating outgoing signals into space to achieve signal enhancement and wireless communication stability in outdoor routers and asset trackers; and
- (c) printed circuit board assemblies hosting electronic components such as wireless modules and antennas, which is the fully functional unit in smart products such as carbon monoxide sensors, temperature-controlled pots and alarm clocks.

During the Track Record Period, we generated revenue primarily from the provision of (i) wireless communication solutions, comprising module solutions and antenna solutions; and (ii) PCBA solutions. Our revenue increased from RMB174.4 million in 2024 to RMB194.4 million in 2025 and increased from RMB85.0 million in the six months ended 30 June 2025 to RMB109.7 million in the six months ended 30 June 2026. We recorded a net loss of RMB0.1 million, RMB2.8 million, RMB4.8 million and RMB1.2 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

BASIS OF PRESENTATION

The financial information relating to our Group has been prepared in accordance with HKFRSs, which comprise all standards and interpretations approved by the Hong Kong Institute of Certified Public Accountants. All HKFRSs effective for the accounting period commencing

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from 1 January 2023 have been adopted by our Group in the preparation of the financial information contained in this document throughout the Track Record Period. All intra-group transactions and balances have been eliminated on consolidation. For more information on the basis of presentation and preparation of the financial information included herein, see Note 2 of Section I in the Accountants’ Report.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Supply Chain

We manufacture inhouse wireless modules and antennas and procure raw materials including chips and PCBs from suppliers. During the Track Record Period, our raw material costs amounted to RMB104.4 million, RMB120.1 million, RMB52.4 million and RMB66.7 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, accounted for 87.2%, 87.7%, 87.3% and 87.3% of cost of sales, respectively. The increase in procurement costs is primarily attributable to an increase in the prices of key raw materials including chips and PCBA components. We implemented cost control measures to manage our raw material costs. However, we expect our raw material costs continue to remain a material portion of our cost of sales, and an increase in such costs and fees are likely to negatively affect our business, financial condition and results of operations.

For illustration the purpose, we set out below a sensitivity analysis of our profit or loss before taxation with reference to the fluctuation on the total cost of raw materials during the Track Record Period.

Hypothetical changes in the cost of raw materials	Year ended 31 December		Six months ended 30 June 2026
	2024	2025	
	<i>(RMB in thousands)</i>		
± 5%	5,219	6,004	3,334
± 10%	10,439	12,009	6,667

Furthermore, it is crucial for us to maintain business relationships with suppliers to secure a stable and timely supply of qualified chips and other raw materials. We (i) adopt supply chain management policies to continuously diversify our procurement channels; (ii) produce products according to sales orders; and (iii) pre-order raw materials to secure better prices. We believe our efficient supply chain management enables us to meet the production needs. However, while we were not subject to any material shortage of raw materials during the Track Record Period, there is no guarantee that we will not encounter any shortages in raw materials in the future. Any such shortages in the supply of chips and other raw materials may interrupt our product production and product offerings, and negatively affect our business, financial condition and results of operations. See “Risk Factors – We may be exposed to risks relating to fluctuations in raw material costs.”

Customers

Our business model is deeply rooted in the success of downstream customers, establishing a close collaboration where our long-term revenue growth is directly tied to their evolving product demands. During the Track Record Period, our customers consisted of (i) direct customers, including end-product brands and OEMs designated by those brands, and (ii) distributors. OEMs

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typically purchase our non-cellular wireless modules to integrate them into their own single-board systems or end-product designs for brand owners. In these cases, we often provide embedded software customisation, RF tuning, and technical integration support to address customers’ connectivity and RF-related engineering challenges.

As such, we maintain close relationship with a diverse portfolio of industry leaders, including developers and SMES across consumer electronics and commercial and industrial electronics sectors. This allows us to closely monitor market trend and provide solutions catering to the needs of customers. During the Track Record Period, our revenue continued to increase, driven by an increase in the demand for our comprehensive PCBA solutions. Moreover, by delivering solid wireless communications solutions, we empowered our customers to deliver products with innovative technologies across IoT consumer and industrial electronic markets, which include smart home automation, smart pet care, interactive entertainment systems and new energy power solutions. This market adoption and the resulting revenue growth in turn provided solid financial and operational foundation to further support our broader corporate and geographic business expansion.

R&D Capabilities

We offer a diversified portfolio of wireless communications solutions. To maintain our competitiveness in the wireless communications industry, we must continuously upgrade our products and solutions to integrate latest technologies and meet the demand of our customers, according to F&S. Our R&D expenses amounted to RMB16.8 million, RMB18.6 million, RMB9.2 million and RMB10.2 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, which primarily attributed to staff costs and benefits. During the Track Record Period, we had a team of researcher and engineering staff. As at 30 June 2026, we had 53 R&D staff, accounted for 18.0% of our total employees. Our R&D team members possess extensive industry experience and expertise in the industry, which enabled us to provide and upgrade products catering to the needs of customers. Going forward, we expect to attract more talents with deep expertise in wireless communications and further enhance our R&D capabilities.

Our R&D principally focused on (i) the continual improvement of mature product lines, including Wi-Fi, Bluetooth and LoRa modules, and (ii) the development of newer product lines, including radar modules for human presence detection, fall detection and cycling scenarios and modules capable of edge AI computations. The investment in R&D enabled us to seize new opportunities in the market and going forward, we expect to continue to invest in R&D activities and optimise our R&D expenses to support long-term growth of our business. See “Business – Research and Development” and “Future Plans and [REDACTED] – [REDACTED].”

Furthermore, we are committed to innovations and continuous advancing technologies in the offerings of our wireless communication solutions.

However, there are uncertainties in our R&D process, and the results of the investment may not be predictable, which may in turn affect our results of operations.

Industry Policies

We offer our wireless communication solutions for the end-applications of various IoT scenarios including consumer devices and commercial and industrial devices. During the Track Record Period, we sold our products to end-product manufacturers and OEMs, and offered embedded software customisation, RF tuning, and technical integration support to address

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customers’ connectivity and RF-related engineering challenges. As such, our business, financial condition and results of operations are highly dependent on the favourable government policies supporting the development of IoT industry.

In recent years, the PRC government has implemented favourable policies and development plans, facilitating the growth of IoT industry and empowering product innovations. During the Track Record Period, we received government grants and subsidies from the local government of the PRC in relation to business development in several PRC regions, totaling RMB2.0 million, RMB1.4 million and RMB0.7 million and RMB1.0 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Such government grants and subsidies include (i) refunds of value-added tax granted under the refund-upon-collection policy applicable to self-developed software products; and (ii) awards and support funds granted in respect of our recognition as a municipal-level “specialised, refined, distinctive and innovative” small and medium-sized enterprise in Shenzhen and under local programmes for the cultivation of innovation and development of private and small and medium-sized enterprises and for the development of advanced manufacturing.

However, these policies are still new and may be subject to further adjustments and changes. Any changes in the supportive government policies or reductions in grants or incentives may negatively reduce the competitiveness of market participants in the IoT industry and affected product innovations. As a supplier supporting the applications of IoT products in the wireless communication areas, our business, financial condition and results of operation may also be negatively affected.

Macroeconomic Conditions

Our business, financial condition and results of operations have been and will continue to be affected by macroeconomic conditions in the markets in which we operate, including (i) global and China’s social and economic conditions and available financial resources; (ii) technology development and intensified competition in the wireless communications industry, with major competitors lowering product prices; (iii) shifts in supply and demand across the countries and regions where we operate and sell products into; and (iv) relevant laws and regulations and government policies and initiatives, including supporting government policies for the development of IoT industry and tax incentives for high technology enterprises.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

In the process of applying our Group’s accounting policies, we have to make assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. For details, see Note 3 to our consolidated financial statements included in the Accountant’s Report in Appendix I to this document.

Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 4 to our consolidated financial statements included in the Accountant’s Report in Appendix I to this document.

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RESULTS OF OPERATION

The following table summarises our results of operations for the years/periods indicated.

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	174,406	194,365	85,031	109,655
Cost of sales	(119,724)	(136,983)	(59,984)	(76,335)
Gross profit	54,682	57,382	25,047	33,320
Investment and other income	2,698	2,210	1,002	1,170
Other gains and losses	(336)	(105)	(42)	185
Impairment losses under expected credit loss (“ECL”) model, net of reversal	(273)	(61)	110	(128)
Research and development expenses	(16,847)	(18,618)	(9,245)	(10,239)
Distribution and selling expenses	(13,263)	(15,502)	(7,483)	(9,495)
Administrative expenses	(23,244)	(25,599)	(14,079)	(11,571)
Impairment losses on prepayment	(500)	–	–	–
Finance costs, net	(277)	(229)	(108)	(343)
Profit/(loss) before [REDACTED] [REDACTED]	2,640 [REDACTED]	(522) [REDACTED]	(4,798) [REDACTED]	2,899 [REDACTED]
Profit/(loss) before tax	2,640	(522)	(4,798)	(259)
Income tax (expense)/credit	(2,774)	(2,257)	10	(893)
Loss and total comprehensive expense for the year/period	(134)	(2,779)	(4,788)	(1,152)

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NON-HKFRS MEASURES

As to supplement our consolidated financial statements, which are presented in accordance with HKFRSs, we also use adjusted net profit (non-HKFRS measure) as an additional financial measure. We present this financial measure because it is used by our management to evaluate our financial performance. We also believe this non-HKFRS measure provides additional information to investors and others in their understanding and evaluating our results of operations in the same manner as they help our management and in comparing financial results across accounting periods and to those of our peer companies. However, this non-HKFRS measure does not have a standardised meaning prescribed by HKFRSs and therefore, it may not be comparable to similar measures presented by other companies. We define “adjusted net (loss)/profit” (non-HKFRS measure) as (loss)/profit for the year/period adjusted by adding [REDACTED], which are mainly related to professional fees rendered in relation to the [REDACTED].

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/profit for the year/period	(134)	(2,779)	(4,788)	(1,152)
Add:				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net (loss)/profit (Non-HKFRS measure)	(134)	(2,779)	(4,788)	2,006

Revenue

In the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our revenue amounted to RMB174.4 million, RMB194.4 million, RMB85.0 million and RMB109.7 million, respectively. During the Track Record Period, we primarily generated our revenue from the provision of wireless module and antenna solutions.

The following table sets forth a breakdown of our revenue by business segment for the years/periods indicated.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Wireless module solutions	123,044	70.5	133,568	68.7	58,222	68.5	80,221	73.2
Antenna solutions	50,608	29.0	45,059	23.2	20,871	24.5	26,160	23.8
PCBA	754	0.5	15,738	8.1	5,938	7.0	3,274	3.0
Total	174,406	100.0	194,365	100.0	85,031	100.0	109,655	100.0

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During the Track Record Period, we primarily generated revenue from our sales in the PRC, which accounted for 94.5%, 90.7%, 89.4% and 94.9% of our total revenue in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. We also sold our solutions into geographic areas outside the PRC, including Mongolia and Vietnam.

The following table sets forth a breakdown of our revenue by geographic area for the years/periods indicated.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
PRC	164,832	94.5	176,273	90.7	75,986	89.4	104,053	94.9
APAC	7,409	4.2	15,659	8.1	7,649	9.0	4,384	4.0
Others ^(Note)	2,165	1.2	2,433	1.2	1,396	1.6	1,219	1.1
Total	174,406	100.0	194,365	100.0	85,031	100.0	109,655	100.0

Note: Others mainly include Europe and Americas.

During the Track Record Period, we primarily sold our solutions through direct sales, and engaged distributors to further expand our market reach. See “Business – Sales, Marketing and Distribution – Our sales channels.”

The following table sets forth a breakdown of our revenue by sales model for the years/periods indicated.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Direct sales	165,345	94.8	187,649	96.5	81,429	95.8	103,098	94.0
Distributorship	9,061	5.2	6,716	3.5	3,602	4.2	6,557	6.0
Total	174,406	100.0	194,365	100.0	85,031	100.0	109,655	100.0

Cost of Sales

Our cost of sales consisted of (i) cost of raw materials, which included cost of chips, PCBs and other electric components, in support of our solutions, (ii) cost of labour, which included employee salaries for production, and (iii) cost of manufacturing overhead, which primarily comprised depreciation expense of property, plant and equipment, water and electricity, depreciation of right-of-use assets and consumables. In particular, raw material costs are our main cost of sales, accounted for approximately 87.2%, 87.7%, 87.3% and 87.3% of our total cost of sales in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

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The following table sets out the breakdown of our cost of sales by nature for the years/periods indicated.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Cost of raw materials	104,385	87.2	120,088	87.7	52,387	87.3	66,673	87.3
Cost of labour	12,533	10.5	12,745	9.3	5,763	9.6	6,608	8.7
Cost of manufacturing overhead	2,806	2.3	4,150	3.0	1,834	3.1	3,054	4.0
Total	119,724	100.0	136,983	100.0	59,984	100.0	76,335	100.0

The following table sets forth, for the years/periods indicated, a breakdown of our cost of sales by business segment.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Wireless module solutions	83,050	69.4	93,667	68.4	41,096	68.5	53,955	70.7
Antenna solutions	36,097	30.1	33,233	24.3	15,416	25.7	20,059	26.3
PCBA solutions	577	0.5	10,083	7.4	3,472	5.8	2,321	3.0
Total	119,724	100.0	136,983	100.0	59,984	100.0	76,335	100.0

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of gross profit and gross profit margin by business segment for the years/periods indicated.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Wireless module solutions	39,994	32.5	39,901	29.9	17,126	29.4	26,266	32.7
Antenna solutions	14,511	28.7	11,826	26.2	5,455	26.1	6,101	23.3
PCBA solutions	177	23.5	5,655	35.9	2,466	41.5	953	29.1
Total	54,682	31.4	57,382	29.5	25,047	29.5	33,320	30.4

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Investment and Other Income

Investment and other income mainly comprise (i) government grants, including (a) VAT refund, which is in line with our sales activities and recurring in nature, (b) government subsidies supporting technology research and developments, and (c) incentives supporting stable employment; (ii) gain on disposal of scrap, which is the sales of scrap materials generated in the production process, including metal scraps and waste electronic components; (iii) investment income, including income from repurchase of treasury bonds and investments in short-term low-risk wealth management products; and (iv) other sundry income.

Our investment and other income amounted to RMB2.7 million, RMB2.2 million, RMB1.0 million and RMB1.2 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

Other Gains and Losses

Other gains and losses mainly comprised (i) gain on early termination of lease in relation to a leased property for office and production; (ii) net foreign exchange losses in relation to sales income generated from overseas sales; (iii) loss on disposal of property, plant and equipment in relation to an one-off replacement of production equipment; and (iv) others.

We incurred other losses of RMB0.3 million, RMB0.1 million and RMB42 thousand in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025, respectively. We incurred other gains of RMB0.2 million in the six months ended 30 June 2026.

Impairment losses under expected credit loss (“ECL”) model, net of reversal

Our net impairment losses consisted of the provisions for expected credit losses on trade receivables, which mainly comprised (i) specific provisions for individual customers with significant credit risks, and (ii) general provisions for trade receivables grouped by ageing. We incurred net impairment losses of RMB0.3 million, RMB61 thousand, and RMB0.1 million for the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, respectively, and recognised a net reversal of impairment losses of RMB0.1 million for the six months ended 30 June 2025.

Research and Development Expenses

Research and development expenses mainly comprised (i) staff costs and benefits in relation to the salaries and employee benefits of R&D personnel, (ii) depreciation and amortisation of properties and equipment for R&D facilities, (iii) technical service fees incurred for the external testing and certification for new products, (iv) office expenses incurred in the operation of office space for R&D activities, and (v) cost of raw materials incurred during the R&D process.

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The following table sets forth a breakdown of our research and development expenses for the years/periods indicated.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs and benefits	14,095	83.7	14,540	78.1	7,643	82.7	8,448	82.5
Depreciation and amortisation	1,269	7.5	1,853	10.0	700	7.6	746	7.3
Technical service fee	407	2.4	853	4.6	288	3.1	359	3.5
Office expenses	653	3.9	855	4.6	331	3.6	373	3.6
Raw materials	419	2.5	490	2.6	259	2.8	313	3.1
Others ⁽¹⁾	4	–	27	0.1	24	0.2	– ⁽²⁾	–
Total	16,847	100.0	18,618	100.0	9,245	100.0	10,239	100.0

Note:

- (1) Others refer to miscellaneous expenses incurred during daily R&D operations, mainly including travel expenses in relation to business trips of R&D staff.
- (2) The amount is minimal.

We incurred research and development expenses of RMB16.8 million, RMB18.6 million, RMB9.2 million and RMB10.2 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

Distribution and Selling Expenses

Distribution and selling expenses mainly comprised (i) staff costs and benefits in relation to the salaries and employee benefits of sales and marketing staff, (ii) marketing and advertising expenses in relation to the promotion of our products and solutions through online and offline channels, including the participation of offline exhibitions and the operation of social media accounts, (iii) travelling and accommodation expenses incurred by sales staff for business trips to promote our products and solutions, (iv) transportation expenses, including logistic fees paid for the delivery of our products and solutions and (v) office expenses incurred in supporting the sales and marketing activities.

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The following table sets forth a breakdown of our distribution and selling expenses for the years/periods indicated.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs and benefits	8,437	63.6	11,031	71.2	5,019	67.1	7,739	81.5
Marketing and advertising expenses	2,710	20.4	2,349	15.2	1,546	20.7	744	7.8
Travelling and accommodation expenses	993	7.5	1,168	7.5	524	7.0	533	5.6
Transportation expenses	822	6.2	757	4.9	360	4.8	352	3.7
Office expenses	237	1.8	157	1.0	26	0.3	102	1.1
Others ^(Note)	64	0.5	40	0.2	9	0.1	25	0.3
Total	13,263	100.0	15,502	100.0	7,483	100.0	9,495	100.0

Note: Others mainly include warranty provision.

Our distribution and selling expenses amounted to RMB13.3 million, RMB15.5 million, RMB7.5 million and RMB9.5 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

Administrative Expenses

Administrative expenses primarily comprise (i) staff costs and benefits in relation to salaries and employment benefits provided to administrative staff; (ii) depreciation and amortisation of property and computers for administrative functions; (iii) travel and accommodation expenses for management; (iv) office expenses incurred for the operation of office space, including office charges, safety management fee and water and electricity fees; and (v) professional fees for the operation of our business, including IT service fees for IT systems supporting our operational efficiency, data management and internal coordination and disclosure fees for quotation on the NEEQ.

The following table sets forth a breakdown of our administrative expenses for the years/periods indicated.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs and benefits	17,976	77.3	19,876	77.6	10,789	76.6	9,380	81.1
Depreciation and amortisation	2,623	11.3	2,460	9.6	1,565	11.1	981	8.5
Travelling and accommodation expenses	691	3.0	688	2.7	281	2.0	391	3.4
Professional fees	600	2.6	930	3.6	503	3.6	324	2.8
Office expenses	993	4.3	915	3.6	446	3.2	362	3.1
Others ^(Note)	363	1.5	730	2.9	495	3.5	132	1.1
Total	23,244	100.0	25,599	100.0	14,079	100.0	11,571	100.0

Note: Others mainly include bank charges.

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Administrative expenses amounted to RMB23.2 million, RMB25.6 million, RMB14.1 million and RMB11.6 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

Income Tax (Expense)/Credit

Income tax expense comprises current income tax and deferred income tax that we have incurred. We incurred income tax expenses of RMB2.8 million, RMB2.3 million and RMB0.9 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, respectively, and incurred an income tax credit of RMB10.0 thousand in the six months ended 30 June 2025.

Period to Period Comparison of Results of Operations

Six months ended 30 June 2025 Compared to six months ended 30 June 2026

Revenue

Our overall revenue increased by 29.0% from RMB85.0 million in the six months ended 30 June 2025 to RMB109.7 million in the six months ended 30 June 2026, mainly as we continued to increase sales in wireless module and antenna solutions, in particular.

- For the provision of wireless module solutions, our revenue increased by 37.8% from RMB58.2 million in the six months ended 30 June 2025 to RMB80.2 million in the six months ended 30 June 2026, primarily driven by an increase in demand for our solutions from Customer A, which was one of our major customers and mainly operated in the new energy industry and integrated our solutions into its products.
- For the provision of antenna solutions, our revenue increased by 25.4% from RMB20.9 million in the six months ended 30 June 2025 to RMB26.2 million in the six months ended 30 June 2026, primarily driven by an increase in sales to Customer E.
- For the provision of PCBA solutions, our revenue decreased by 44.1% from RMB5.9 million in the six months ended 30 June 2025 to RMB3.3 million in the six months ended 30 June 2026, primarily due to a decrease in the sales to Customer F, an overseas customer in Mongolia and our largest customer in terms of revenue contribution in 2025.

In addition, for the provision of wireless communication solutions in the PRC, our revenue increased by 27.0% from RMB76.0 million in the six months ended 30 June 2025 to RMB104.1 million in the six months ended 30 June 2026, primarily attributable to an increase in the sales of wireless module solution. For the provision of wireless communication solutions overseas, our revenue decreased by 37.8% from RMB9.0 million in the six months ended 30 June 2025 to RMB5.6 million in the six months ended 30 June 2026, primarily due to a decrease in the sales of PCBA solutions to Customer F, an overseas customer in Mongolia.

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Cost of Sales

Our cost of sales increased by 27.2% from RMB60.0 million in the six months ended 30 June 2025 to RMB76.3 million in the six months ended 30 June 2026, which was in line with the growing sales of our solutions and attributable to (i) an increase in cost of raw materials in relation to (a) an increase in the sales volume of our wireless communication solutions and (b) the fluctuation of the unit price of chips and PCB, (ii) an increase in labour costs in relation to (a) an increase in the number of production staff and (b) an increase in average labour costs resulting from overtime working hours to meet increase in production volume, and (iii) an increase in manufacturing overhead due to investing in increasing the level of automation. In particular,

- For the provision of wireless module solutions, our cost of sales for this segment increased by 31.4% from RMB41.1 million in the six months ended 30 June 2025 to RMB54.0 million in the six months ended 30 June 2026, primarily attributable to an increase in raw material costs in relation to the increase in wireless module solutions sales, which was in line with our revenue growth;
- For the provision of antenna solutions, our cost of sales increased by 30.5% from RMB15.4 million the six months ended 30 June 2025 to RMB20.1 million in the six months ended 30 June 2026, mainly due to an increase in raw material costs, which was in line with our revenue growth; and
- For the provision of PCBA solutions, our cost of sales decreased by 34.3% from RMB3.5 million in the six months ended 30 June 2025 to RMB2.3 million in the six months ended 30 June 2026, mainly resulting from reduced in sales to one of our major customers.

Gross Profit and Gross Profit Margin

Our gross profit increased by 33.2% from RMB25.0 million in the six months ended 30 June 2025 to RMB33.3 million in the six months ended 30 June 2026 and our gross profit margin increased from 29.5% in the six months ended 30 June 2025 to 30.4% in the six months ended 30 June 2026, primarily because the growth rate of the cost of sales was lower than that of the revenue as we optimised the unit production costs by automating production processes and managing procurement costs. In particular,

- For the provision of wireless module solutions, our gross profit increased from RMB17.1 million in the six months ended 30 June 2025 to RMB26.3 million in the six months ended 30 June 2026 and our gross profit margin increased from 29.4% in the six months ended 30 June 2025 to 32.7% in the six months ended 30 June 2026, primarily attributable to (i) an increase in the sales, and (ii) an increase in production volume, thereby reducing the average manufacturing overhead cost per unit and achieving economies of scale;
- For the provision of antenna solutions, our gross profit increased from RMB5.4 million in the six months ended 30 June 2025 to RMB6.1 million in the six months ended 30 June 2026 while our gross profit margin decreased from 26.1% in the six months ended 30 June 2025 to 23.3% in the six months ended 30 June 2026, primarily attributable to (i) a decrease in the average unit sales price as we intended to maintain our market competitiveness, and (ii) an increase in raw material costs; and

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- For the provision of PCBA solutions, our gross profit decreased from RMB2.5 million in the six months ended 30 June 2025 to RMB1.0 million in the six months ended 30 June 2026 and our gross profit margin decreased from 41.5% in the six months ended 30 June 2025 to 29.1% in the six months ended 30 June 2026, primarily attributable to a decrease in the sales to Customer F, which carried a higher gross profit margin.

Investment and Other Income

Our investment and other income increased by 20.2% from RMB1.0 million in the six months ended 30 June 2025 to RMB1.2 million in the six months ended 30 June 2026, primarily attributable to an increase in government grants, including the VAT refund in relation to an increase in sales of module solutions.

Other gains and losses

We incurred other losses of RMB42 thousand in the six months ended 30 June 2025, and other gains of RMB0.2 million in the six months ended 30 June 2026, primarily attributable to fluctuations in exchange rates between RMB and other foreign currencies.

Research and development expenses

Our research and development expenses increased by 10.9% from RMB9.2 million in the six months ended 30 June 2025 to RMB10.2 million in the six months ended 30 June 2026, primarily attributable to (i) an increase in staff costs and benefits in relation to an increase in the compensation level of our employees, to support the R&D activities of new product lines, (ii) an increase in depreciation and amortisation in relation to an increase in the investment of R&D equipment and software, (iii) an increase in technical service fees in relation to external testing expenses and CE/FCC certification costs, and (iv) an increase in raw material expenses in relation to the use of materials for the trial production of new products.

Impairment losses/(gains) under expected credit loss (“ECL”) model, net of reversal

We incurred net impairment gains of RMB0.1 million in the six months ended 30 June 2025, in relation to and recognised net impairment loss of RMB0.1 million in the six months ended 30 June 2026 primarily attributable to an increase in the amount of overall ageing of the trade receivables.

Distribution and selling expenses

Our distribution and selling expenses increased by 26.7% from RMB7.5 million in the six months ended 30 June 2025 to RMB9.5 million in the six months ended 30 June 2026, primarily attributable to an increase in staff costs and benefits relating to overseas market expansion and an increase in provisions for performance bonuses as a result of the increase in sales and partially offset by the decrease in marketing and advertising expenses.

Administrative Expenses

Our administrative expenses decreased from RMB14.1 million in the six months ended 30 June 2025 to RMB11.6 million in the six months ended 30 June 2026, primarily due to (i) headcount optimization, and (ii) a decrease in depreciation and amortisation in relation to a decrease on office space.

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Income tax (expense)/credit

We incurred an income tax credit of RMB10 thousand in the six months ended 30 June 2025, primarily due to over provision made in prior years, and an income tax expense of RMB0.9 million in the six months ended 30 June 2026, primarily attributable to the taxable profit for the period.

Loss and total comprehensive expense for the period

As a result of the foregoing, our loss and total comprehensive expense for the period decreased from RMB4.8 million in the six months ended 30 June 2025 to RMB1.2 million in the six months ended 30 June 2026.

2024 Compared to 2025

Revenue

Our overall revenue increased by 11.5% from RMB174.4 million in 2024 to RMB194.4 million in 2025, primarily attributable to (i) the significant increase in revenue from PCBA solutions from RMB0.8 million to RMB15.7 million following the commencement of sales to one of our major customers; (ii) the moderate growth in the sales of wireless module, both in absolute amount and as a proportion, as a result of increased market demand for IoT end device.

- For the provision of wireless modules solutions, our revenue increased by 8.6% from RMB123.0 million in 2024 to RMB133.6 million in 2025, primarily attributable to an increase in sales of our wireless module solutions in the PRC and new customers secured through our continued sales and marketing efforts.
- For the provision of antenna solutions, our revenue decreased by 10.9% from RMB50.6 million in 2024 to RMB45.1 million in 2025, mainly because we strategically reduced the unit price of our antenna solutions to further strengthen our competitiveness in the market.
- For the provision of PCBA solutions, our revenue increased significantly from RMB0.8 million in 2024 to RMB15.7 million in 2025, primarily because we successfully sold a PCBA solution to Customer F, an overseas customer in Mongolia for the production of carbon monoxide sensors.

In addition, for the provision of wireless communication solutions in the PRC, our revenue increased by 6.9% from RMB164.8 million in 2024 to RMB176.3 million in 2025, primarily due to an increase of in the delivery of solutions and new customers obtained as we continued our sales and marketing efforts in the PRC. For the provision of wireless communication solutions overseas, our revenue increased significantly by 89.0% from RMB9.6 million in 2024 to RMB18.1 million in 2025, primarily due to an increase of RMB8.2 million in revenue generated sales of a PCBA solution to an overseas customer in Mongolia for the production of carbon monoxide sensors.

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Cost of Sales

Our cost of sales increased by 14.5% from RMB119.7 million in 2024 to RMB137.0 million in 2025, primarily attributable to an increase in the sales of our solutions and expansion in production capacity, including (i) an increase in cost of raw materials in relation to rising raw material prices including the unit price of chips and PCBs, and changes in product mix as we focused more on the provision of modules in 2025, which generally required more materials than the provision of antennas, and (ii) an increase in depreciations of property, plant and equipment in relation to the addition of production equipment, which was in line with our growth in the provision of wireless modules and PCBA. In particular,

- For the provision of wireless module solutions, our cost of sales increased by 12.8% from RMB83.1 million in 2024 to RMB93.7 million in 2025, primarily driven by expanded production volume to meet growing market demand, as well as rising raw material prices, in particular, the rising unit price of chips and PCBs as affected by global supply chain constraints, which was in line with the industry trend in 2025, according to F&S.
- For the provision of antenna solutions, our cost of sales decreased by 8.0% from RMB36.1 million in 2024 to RMB33.2 million in 2025, primarily due to a decrease in sales volume.
- For the provision of PCBA solutions, our cost of sales increased significantly from RMB0.6 million in 2024 to RMB10.1 million in 2025, primarily attributable to the corresponding increase in revenue relating to PCBA solutions sold to one of our major customers.

Gross Profit and Gross Profit Margin

Our gross profit increased by 4.9% from RMB54.7 million in 2024 to RMB57.4 million in 2025, primarily attributable to an increase in the sales of our solutions. Our gross profit margin decreased from 31.4% in 2024 to 29.5% in 2025, primarily attributable to (i) an increase in raw material costs of 15.0% as affected by factors including the fluctuation of the unit price of chips and PCBs; (ii) a decrease in average pricing of our antenna solutions to boost our competitiveness; and (iii) an increase in manufacturing overhead of 47.9% due to higher level of automation. In particular,

- For the provision of wireless module solutions, our gross profit remained relatively stable at RMB40.0 million in 2024 and RMB39.9 million in 2025 and our gross profit margin decreased from 32.5% in 2024 to 29.9% in 2025, primarily attributable to an increase in material costs including prices of chips and PCBs, which was in line with industry trends according to F&S;
- For the provision of antenna solutions, our gross profit decreased from RMB14.5 million in 2024 to RMB11.8 million in 2025 and our gross profit margin decreased from 28.7% in 2024 to 26.2% in 2025, primarily attributable to (i) a decrease in the average unit sales price as we intended to maintain our market competitiveness, and (ii) an increase in raw material costs including copper prices, which was in line with industry trends according to F&S; and
- For the provision of PCBA solutions, our gross profit increased from RMB0.2 million in 2024 to RMB5.7 million in 2025 and our gross profit margin increased from 23.3% in 2024 to 35.9% in 2025, primarily attributable to an increase in the sales to Customer F, which carried a higher gross profit margin.

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Investment and Other Income

Our investment and other income decreased by 18.5% from RMB2.7 million in 2024 to RMB2.2 million in 2025, primarily attributable to a decrease of RMB0.6 million in government grants. The government grants mainly comprised VAT refund in relation to our sales of module solutions.

Other gains and losses

Our other gains and losses decreased by 66.7% from a loss of RMB0.3 million in 2024 to a loss of RMB0.1 million in 2025, primarily attributable to (i) a decrease of RMB0.2 million in net foreign exchange losses in relation to the exchange rate fluctuations, and (ii) a decrease of RMB0.1 million in others in relation to the non-recurrence of an one-off gain from the early termination of a lease by Luoyang Bocheng recognised in 2024.

Impairment losses under expected credit loss (“ECL”) model, net of reversal

Our net impairment losses decreased from RMB0.3 million in 2024 and to RMB0.1 million in 2025, primarily due to a decrease in overdue trade receivables as we received payments from customers.

Research and development expenses

Our research and development expenses increased by 10.7% from RMB16.8 million in 2024 to RMB18.6 million in 2025, primarily attributable to (i) an increase in staff costs and benefits of RMB0.4 million, in relation to the increase in total R&D staff compensation to support the development of new offerings, such as AI edge computing and integrated sensing solutions, (ii) an increase of RMB0.6 million in depreciation and amortisation in relation to the acquisition of additional R&D equipment in 2025, and (iii) an increase of RMB0.4 million in technical service fees in relation to the additional external testing and certification for our new products, including module and PCBA solutions, as a result of the growing number of our R&D projects,

Distribution and selling expenses

Our distribution and selling expenses increased by 16.5% from RMB13.3 million in 2024 to RMB15.5 million in 2025, primarily attributable to an increase in staff costs and benefits in relation to bonuses and commissions paid driven by revenue growth.

Administrative Expenses

Our administrative expenses increased by 10.3% from RMB23.2 million in 2024 to RMB25.6 million in 2025, primarily due to an increase of RMB1.9 million in staff costs and benefits.

Income tax expense

Our income tax expense decreased by 17.9% from RMB2.8 million in 2024 and to RMB2.3 million in 2025, primarily attributable to a decrease in taxable profit.

Loss and total comprehensive expense for the year

As a result of the foregoing, our loss and total comprehensive expense for the year increased significantly from RMB0.1 million in 2024 to RMB2.8 million in 2025 losses for 2025.

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DESCRIPTION OF CERTAIN ITEMS FROM THE STATEMENT OF FINANCIAL POSITION

The following table sets forth our consolidated statements of financial position as at the dates indicated.

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Non-current assets			
Property, plant and equipment	27,750	25,417	23,591
Right-of-use assets	4,143	3,150	2,292
Deposits	321	330	330
Prepayments for acquisition of property, plant and equipment	117	274	236
Intangible assets	985	1,570	1,392
Financial assets at fair value through profit or loss (“FVTPL”)	–	7,000	7,000
Goodwill	4,659	4,659	4,659
Deferred tax assets	572	864	703
Total non-current assets	38,547	43,264	40,203
Current assets			
Inventories	23,161	24,600	34,239
Trade and bills receivables	37,482	38,317	42,897
Income tax recoverable	–	–	155
Prepayments, deposits and other receivables	8,379	9,488	14,655
Cash and cash equivalents	28,923	40,176	35,622
Total current assets	97,945	112,581	127,568
Current liabilities			
Trade payables	25,352	37,957	40,845
Contract liabilities	894	1,383	1,629
Other payables and accrued expenses	25,940	31,666	33,592
Lease liabilities	1,615	2,648	1,572
Income tax payable	1,316	1,180	–
Bank borrowings	3,500	10,000	29,700
Total current liabilities	58,617	84,834	107,338
Net current assets	39,328	27,747	20,230
Total assets less current liabilities	77,875	71,011	60,433

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	As at 31 December		As at 30 June 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Non-current liabilities			
Lease liabilities	2,650	1,353	1,282
Total non-current liabilities	2,650	1,353	1,282
Net assets	75,225	69,658	59,151
Equity			
Share capital	46,464	46,464	46,464
Reserves	28,761	23,194	12,687
Total equity	75,225	69,658	59,151

Property, Plant and Equipment

Our property, plant and equipment comprised (i) machinery, (ii) leasehold improvements, (iii) construction progress, (iv) computer equipment, (v) motor vehicles, and (vi) furniture and fixtures. Our property, plant and equipment decreased from RMB27.8 million as at 31 December 2024 to RMB25.4 million as at 31 December 2025, primarily due to (i) software of MES system transferred from construction- in-progress to intangible assets, and (ii) depreciation. Our property, plant and equipment further decreased from RMB25.4 million as at 31 December 2025 to RMB23.6 million as at 30 June 2026, primarily due to depreciation of the machinery.

Right-of-use Assets

Our right-of-use assets mainly comprised our leasehold buildings and office premises. Our right-of-use assets decreased from RMB4.1 million as at 31 December 2024 to RMB3.2 million as at 31 December 2025 and further decreased to RMB2.3 million as at 30 June 2026, primarily due to (i) the fact that we did not enter into material new leases during Track Record Period; and (ii) the depreciation of our right-of-use assets.

Deposits

Our deposits were mainly for factory and office rentals. Our deposits remained relatively stable at RMB0.3 million as at 31 December 2024 and 2025 and as at 30 June 2026.

Financial Assets at Fair Value through Profit or Loss (“FVTPL”)

Our financial assets at FVTPL mainly comprised investments in subsidiaries. We recorded financial assets at FVTPL of RMB7.0 million as at 31 December 2025, primarily due to an investment in a fabless semiconductor firm in the PRC.

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Goodwill

Our goodwill mainly comprised the cost and carrying value arising from the acquisition of Shenzhen AiThinker, a wholly-owned subsidiary. In 2016, we acquired Shenzhen AiThinker for a consideration of RMB8.1 million, which was settled in cash. In 2021, Shenzhen AiThinker became our indirect wholly-owned subsidiary. Our Directors are of the view that there was no impairment loss recognised for Shenzhen AiThinker during the Track Record Period. As such, our good will remained the same at RMB4.7 million as at 31 December 2024 and 2025 and 30 June 2026.

Inventories

Our inventories principally comprise raw materials, work-in-progress products and finished goods. The following table sets forth the balance of our inventories as at the dates indicated:

	As at 31 December		As at 30 June 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Raw materials	13,160	15,233	19,055
Work-in-progress	5,684	4,212	5,012
Finished goods	4,317	5,155	10,172
Total	23,161	24,600	34,239

Our balance of raw materials increased by 15.8% from RMB13.2 million as at 31 December 2024 to RMB15.2 million as at 31 December 2025, primarily attributable to an increase in raw materials as a result of production expansion for growing customer demands. Our balance of work-in-progress products decreased by 25.9% from RMB5.7 million as at 31 December 2024 to RMB4.2 million as at 31 December 2025, primarily attributable to the completion of preliminary processes by automated production lines, which shortened the production cycle for inventory preparation. Our balance of finished goods increased by 19.4% from RMB4.3 million as at 31 December 2024 to RMB5.2 million as at 31 December 2025, primarily attributable to maintaining a regular inventory level of finished products aligned with our revenue growth.

Our balance of raw materials increased by 25.1% from RMB15.2 million as at 31 December 2025 to RMB19.1 million as at 30 June 2026, primarily attributable to preparing for the peak season in the second half of the year. Our balance of work-in-progress products increased by 19.0% from RMB4.2 million as at 31 December 2025 to RMB5.0 million as at 30 June 2026, primarily attributable to growing order volumes and increased production scheduling, which expanded the scale of goods-in-progress and increased capacity utilisation rates. Our balance of finished goods increased by 97.3% from RMB5.2 million as at 31 December 2025 to RMB10.2 million as at 30 June 2026, primarily attributable to an increase in inventory to support revenue growth.

We adopt stringent inventory control and endeavour to maintain low inventory level required for our operations through effective inventory management, which includes (i) inventory management, whereby our production and procurement plans are managed principally based on periodic rolling forecasts of market demand to mitigate the risk of excessive inventory stockpiling; (ii) inventory ageing management and provisioning, whereby we closely monitor the

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ageing profile of our inventories through regular reviews, and specific tracking is implemented to identify slow-moving items, obsolescence, or declines in market value. In line with our conservative accounting policy, provisions for inventory impairment are strictly made for inventories that have been aged over one year, or when the net realisable value of any inventory falls below its cost; and (iii) scrapping and disposal of obsolete inventories, whereby inventories that are identified as entirely obsolete, damaged, or beyond economic repair are promptly written off following management approval, with physical scrapping and clearing being executed through formal disposal procedures to ensure operational efficiency.

The following table sets forth the ageing analysis of our inventories as at the dates indicated.

	As at 31 December		As at 30 June 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Raw materials			
Within 30 days	3,807	11,961	9,039
31–60 days	1,548	1,584	3,228
61–90 days	456	525	2,386
91–180 days	1,146	556	3,758
Over 181 days	6,203	607	645
Subtotal	13,160	15,233	19,055
Work-in-progress			
Within 30 days	3,176	3,137	3,042
31–60 days	311	262	1,185
61–90 days	473	14	243
91–180 days	391	212	207
Over 181 days	1,333	587	337
Subtotal	5,684	4,212	5,012
Finished Goods			
Within 30 days	2,543	3,789	6,754
31–60 days	345	485	1,682
61–90 days	277	197	729
91–180 days	608	358	685
Over 181 days	544	325	319
Subtotal	4,317	5,155	10,172
Total	23,161	24,600	34,239

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The following table sets forth the turnover days of our inventories for the years indicated.

	Year ended 31 December		Six months ended 30 June 2026
	2024	2025	
Average inventory turnover days ^(Note)	77	64	69

Note: Inventory turnover days are calculated by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sale and multiplied by 365 days for 2024 and 2025 and 181 days for the six months ended 30 June 2026.

Our average inventory turnover days decreased from approximately 77 days in 2024 to approximately 64 days in 2025, primarily due to an increase in sales volume. Our average inventory turnover days increased to approximately 69 days in the six months ended 30 June 2026, primarily due to an increase in raw materials for production.

As at 18 August 2026, approximately RMB23.5 million or 66.0% of our inventories as at 30 June 2026 had been sold or utilised.

Trade and Bills Receivables

The following table sets forth a breakdown of our trade and bills receivables as at the dates indicated:

	As at 31 December		As at 30 June 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Trade receivables	30,423	29,322	36,139
Bills receivables	7,059	8,995	6,758
Total	37,482	38,317	42,897

Our trade and bills receivables increased by 2.1% from RMB37.5 million as at 31 December 2024 to RMB38.3 million as at 31 December 2025, primarily due to the expansion of our business operations driven by revenue growth while the growth rate of trade and bills receivables remained below our revenue growth rate due to strengthened collection management. In particular, certain customers, including Customer F and Customer G provided full payments prior to the delivery of goods.

Our trade and bills receivables further increased by 12.0% from RMB38.3 million as at 31 December 2025 to RMB42.9 million as at 30 June 2026, primarily due to continued business operation expansion. The increase in the balance of our trade and bills receivables over time generally aligns with our business growth. In addition, our bills receivables decreased from RMB9.0 million as at 31 December 2025 to RMB6.8 million as at 30 June 2026, mainly because Customer D, one of our top five customers in 2025, settled payments through bills.

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Our trading terms with our customers are mainly on credit, except for new customers. We usually require prepayments from new customers. The credit period is generally for a period of 30 to 180 days for major customers. Each customer has a maximum credit limit. For existing customers, the credit limits and terms are also adjusted based on historical payment records. Our Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Our credit risk control measures include (i) customer credit monitoring and approval, (ii) regular ageing monitoring, (iii) suspension of shipment for overdue receivables, and (iv) quarterly assessment of impairment risks for individual customers. We start collection efforts after the credit period expires, suspend shipments 60 days after the expiry and re-assess the credit terms provided. Overdue balances are reviewed regularly by senior management. We typically do not require any collateral as security.

Our policy for impairment on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables that requires the use of judgement and estimates of our management. Provisions would apply to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. Our management closely reviews the trade receivables balances and any overdue balances on an ongoing basis, and assessments are made by our management on the collectability of overdue balances. After fully considering the nature of trade receivables and their collectability on a case-by-case basis, we have made provisions for the impairment of certain long overdue trade receivables in order to ensure the quality of our assets.

The Group applies the simplified approach under HKFRS 9 to measure lifetime expected credit losses (“ECL”) for trade receivables. The ECL rates are 0.5% for 0–90 days, 2.0% for 91–180 days, 10.0% for 181–365 days, and 50.0% for over 365 days as at 31 December 2024 and 2025 and 30 June 2026, respectively.

The following table sets forth the ageing analysis of our trade receivables, based on the invoice date, as at the dates indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Within one month	9,871	11,435	13,754
One to two months	7,323	6,914	8,942
Two to three months	4,775	5,080	6,304
Three to six months	8,268	5,732	6,630
Over six months	186	161	509
Total	30,423	29,322	36,139

As at 18 August 2026, approximately RMB16.3 million or 44.1% of our trade receivables outstanding as at 30 June 2026 were settled.

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The table below sets forth a summary of average turnover days of trade receivables for the years indicated:

	Year ended 31 December		Six months ended 30 June 2026
	2024	2025	
Average turnover days of trade receivables ^(Note)	76	71	67

Note: Average turnover days of trade receivables for 2024, 2025 and the six months ended 30 June 2026 are calculated using the average balance of trade and bills receivables divided by revenue for the relevant year and multiplied by 365 days and 181 days. Average balance of trade receivables is calculated as the sum of the beginning and the ending balance for the relevant year/period, divided by two.

Our average turnover days of trade receivables decreased from 76 days in 2024 to approximately 71 days in 2025 and further decreased to 67 days in the six months ended 30 June 2026, primarily due to payments received from customers.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables mainly comprised (i) other tax recoverable, (ii) prepayments to suppliers, (iii) deposits and (iv) prepaid expenses.

Our prepayments, deposits and other receivables increased from RMB8.8 million in 2024 to RMB10.1 million in 2025, primarily due to (i) an increase of RMB1.2 million in prepaid expenses for insurance, software fees and service charges in support of business operations, and (ii) an increase of RMB0.8 million in deposits for quality guarantees paid to Customer I, and (iii) an increase of RMB0.5 million in prepayments paid to suppliers in relation to advance payments for the procurement of raw materials including chips, to secure supply and lock in purchasing prices. The total balances further increased to RMB15.2 million as at 30 June 2026, which was mainly due to (i) an increase of RMB1.9 million in prepayments to suppliers, in relation to advance payments for the procurement of raw materials including chips, to secure supply and lock in purchasing prices, (ii) an increase of RMB1.1 million in prepaid expenses for insurance, software fees and service charges in support of business operations, and (iii) prepayments of RMB1.3 million for [REDACTED].

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The following table sets forth the breakdown of our prepayments, deposits and other receivables as at the dates indicated:

	As at 31 December		Six months ended 30 June 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Prepayments paid to suppliers	1,444	1,956	3,827
Prepaid expenses	392	1,600	2,697
Prepayments for [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred issue costs	–	–	534
Deposits	960	1,800	1,364
Other tax recoverable	5,497	4,621	5,379
Others ^(Note)	524	115	90
Total	8,817	10,092	15,221
Less: rental deposits shown under non-current assets	(321)	(330)	(330)
Less: prepayment for acquisition of property, plant and equipment under non-current assets	(117)	(274)	(236)
Amount shown under current assets	8,379	9,488	14,655

Bank Balances and Cash

Our bank balances and cash mainly comprised bank deposits. Our bank balances and cash increased from RMB28.9 million in 2024 to RMB40.2 million in 2025, primarily due to an increase in bank loans. Our bank balances and cash further decreased from RMB40.2 million as at 31 December 2025 to RMB35.6 million as at 30 June 2026, which was primarily due to a net cash outflow from operating activities of RMB12.7 million, which was driven by an increase in prepayments as a result of strategic inventory stockpiling, increases in trade receivables and prepayments, as well as the payment of [REDACTED]-related expenses. This outflow was partially offset by new bank borrowings of RMB20.0 million.

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Trade Payables

Our trade payables are derived primarily from payables relating to operational obligations arising from the procurement of raw materials and the receipt of processing services. Our trade payables increased from RMB25.4 million as at 31 December 2024 to RMB38.0 million as at 31 December 2025, which was primarily due to continued expansion of business operations. Our trade payables further increased to RMB40.8 million as at 30 June 2026, mainly due to an increase in raw material procurement as we continued to expand our business. Our suppliers generally offer us trade credit periods from 30 to 60 days. The following table sets forth the ageing analysis of our trade payables, based on the invoice date, as at the dates indicated.

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Within one month	12,820	17,616	22,128
One to two months	4,647	8,370	7,552
Two to three months	4,517	5,885	4,104
Three to six months	3,275	5,277	6,696
Over six months	93	809	365
Total	25,352	37,957	40,845

The table below sets forth a summary of average turnover days of trade payables for the years indicated.

	As at 31 December		As at 30 June
	2024	2025	2026
Average turnover days of trade payables ^(Note)	79	84	93

Note: Average turnover days of trade payables for 2024 and 2025 and the six months ended 30 June 2026 are calculated using the average balance of trade payables divided by cost of sales for the relevant year and multiplied by 365 days and 181 days. Average balance of trade payables is calculated as the sum of the beginning and the ending balance for the relevant year/period, divided by two.

Average trade payables turnover days increased from 79 days in 2024 to 84 days in 2025, and further increased to 93 days as at 30 June 2026 mainly due to an increase in business scale of modules and therefore increase the purchase amount of Supplier B, in which the credit term is generally around 30 to 120 days.

As at 18 August 2026, approximately RMB17.5 million or 42.9% of trade payables outstanding as at 30 June 2026 had been fully settled.

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Contract Liabilities

Our contract liabilities primarily represented cash received from customers in advance for which solutions are yet to be delivered. We usually require prepayments from new customers. Our contract liabilities increased from RMB0.9 million as at 31 December 2024 to RMB1.4 million as at 31 December 2025 and further increased to RMB1.6 million as at 30 June 2026, primarily attributable to an increase in prepayments received following an increase of new customers we engaged.

Other Payables and Accrued Expenses

Our other payables and accrued expenses mainly comprised (i) payables for purchase of property, plant and equipment; (ii) accrued payroll and welfare; (iii) other tax payables deposits; (iv) payables for labour costs; and (v) accrued operating expenses.

The following table sets forth the breakdown of our other payables and accruals as at the dates indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Payables for purchase of property, plant and equipment	3,139	3,707	2,309
Accrued payroll and welfare	17,923	25,489	28,534
Payables for labour costs	400	389	520
Accrued operating expenses	206	186	105
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other tax payables	4,233	1,896	1,118
Others	39	—	—
Total	25,940	31,666	33,592

Our other payables and accrued expenses increased by 22.7% from RMB25.9 million as at 31 December 2024 to approximately RMB31.7 million as at 31 December 2025, which was mainly attributable to an increase in accrued payroll and welfare due to provision of social insurance and housing allowance.

Our other payables and accrued expenses further increased by 6.0% from RMB31.7 million as at 31 December 2025 to RMB33.6 million as at 30 June 2026, which was mainly attributable to (i) an increase in accrued payroll and welfare, and (ii) accrued [REDACTED].

Lease Liabilities

Our lease liabilities mainly comprised rental and interest payments. Our lease liabilities decreased from RMB2.7 million as at 31 December 2024 to RMB1.4 million as at 31 December 2025, primarily attributable to the expiry of leased contracts. Our lease liabilities further decreased to RMB1.3 million as at 30 June 2026, primarily attributable to rental payments paid.

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Bank Borrowings

We had bank borrowings of RMB3.5 million as at 31 December 2024, RMB10.0 million as at 31 December 2025 and RMB29.7 million as at 30 June 2026. As at 31 December 2024 and 2025 and 30 June 2026, the unsecured short-term bank borrowings are denominated in RMB and bore variable-rate interest ranging from 3.00% to 4.25%, 2.55% to 3.45% and 2.55% to 3.00%, respectively, per annum. Bank borrowings of RMB10.0 million and RMB29.7 million as at 31 December 2025 and 30 June 2026 were guaranteed by Mr. Fu Minggang, our executive director. Such guarantees provided are expected to be fully released upon [REDACTED].

LIQUIDITY AND CAPITAL RESOURCES

The following table summarises, for the years indicated, our statements of cash flows:

	Year ended 31 December		Six months ended 30 June 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	21,120	18,395	(12,753)
Net cash used in investing activities	(2,065)	(9,636)	(67)
Net cash (used in)/generated from financing activities	(9,775)	2,494	8,266
Net increase/(decrease) in cash and cash equivalents	9,280	11,253	(4,554)
Cash and cash equivalents at beginning of year/period	19,643	28,923	40,176
Cash and cash equivalents at the end of year/period	28,923	40,176	35,622

Net cash generated from/(used in) operating activities

In the six months ended 30 June 2026, we had net cash used in operating activities of RMB12.8 million. The difference between net cash flows from operating activities and the loss before taxation of RMB0.3 million was primarily attributable to (i) certain non-operating and non-cash items, mainly including (a) depreciation of property, plant and equipment of RMB2.2 million; (b) write-down of inventories of RMB1.4 million and (c) depreciation of right-of-use assets of RMB0.9 million, and (ii) changes in working capital, primarily comprising an increase in inventories of RMB11.1 million, an increase in trade and bills receivables of RMB12.1 million and an increase in deposits, prepayments and other receivables of RMB4.8 million. These were partially offset by changes in working capital that positively affected cash flows, primarily including an increase in trade payables of RMB10.2 million.

In 2025, we had net cash generated from operating activities of RMB18.4 million. The difference between net cash flows from operating activities and the loss before taxation of RMB0.5 million was primarily attributable to (i) certain non-operating and non-cash items, mainly including (a) depreciation of property, plant and equipment of RMB4.3 million; (b) depreciation of right-of-use assets of RMB1.7 million; and (c) write-down of inventories of

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RMB1.3 million, and (ii) changes in working capital, primarily comprising an increase in trade and bills receivables of RMB11.3 million, which was positively adjusted primarily by an increase in trade payables of RMB23.0 million and an increase in other payables and accrued expenses of RMB5.7 million.

In 2024, we had net cash generated from operating activities of RMB21.1 million. The difference between net cash flows from operating activities and the profit before taxation of RMB2.6 million was primarily attributable to (i) certain non-operating and non-cash items, mainly including depreciation of property, plant and equipment of RMB4.0 million, depreciation of right-of-use assets of RMB2.1 million and write-down of inventories of RMB1.5 million, and (ii) changes in working capital, primarily comprising an increase in trade payables of RMB18.6 million and an increase in other payables and accrued expenses of RMB5.7 million, which is negatively adjusted by an increase in trade and bills receivables of RMB15.0 million.

Net cash used in investing activities

In the six months ended 30 June 2026, we had net cash used in investing activities of RMB67 thousand, primarily attributable to purchase of financial assets at FVTPL of RMB57.0 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB57.1 million.

In 2025, we had net cash used in investing activities of RMB9.6 million, primarily attributable to purchase of financial assets at FVTPL of RMB31.0 million and purchase of property, plant and equipment of RMB2.7 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB24.2 million.

In 2024, we had net cash used in investing activities of RMB2.1 million, primarily attributable to purchase of financial assets at FVTPL of RMB76.0 million and purchase of property, plant and equipment of RMB6.9 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB76.1 million.

Net cash (used in)/from financing activities

During the Track Record Period, our cash inflow from financing activities was principally proceeds from bank borrowings and proceeds from issuance of shares. Our cash outflow used in financing activities was principally for repayment of bank borrowings and dividend paid to shareholders.

In the six months ended 30 June 2026, we had net cash from financing activities of RMB8.3 million, primarily attributable to proceeds from new bank borrowings of RMB20.0 million, partially offset by repurchase of shares of RMB9.4 million and repayment of lease liabilities of RMB1.1 million.

In 2025, we had net cash from financing activities of RMB2.5 million primarily attributable to proceeds from new bank borrowings of RMB10.0 million, partially offset by repayment of bank borrowings of RMB3.5 million and dividend paid to shareholders of RMB2.8 million.

In 2024, we had net cash used in financing activities of RMB9.8 million, primarily attributable to repayment of bank borrowings of RMB13.9 million and repayment of bill payables of RMB7.1 million, partially offset by proceeds from new bank borrowings of RMB13.5 million.

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NET CURRENT ASSETS AND LIABILITIES

We recorded net current assets of approximately RMB38.1 million, RMB27.3 million, and RMB18.7 million as at 31 December 2024, 2025 and the six months ended 30 June 2026, respectively. The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December		As at 30 June 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Current Assets			
Inventories	23,161	24,600	34,239
Trade and bills receivables	37,482	38,317	42,897
Income tax recoverable	–	–	155
Prepayments, deposits and other receivables	8,379	9,488	14,655
Cash and cash equivalents	28,923	40,176	35,622
Total current assets	97,945	112,581	127,568
Current Liabilities			
Trade payables	25,352	37,957	40,845
Contract liabilities	894	1,383	1,629
Other payables and accrued expenses	25,940	31,666	33,592
Lease liabilities	1,615	2,648	1,572
Income tax payable	1,316	1,180	–
Bank borrowings	3,500	10,000	29,700
Total current liabilities	58,617	84,834	107,338
Net current assets	39,328	27,747	20,230

Our net current assets decreased from RMB39.3 million as at 31 December 2024 to RMB27.7 million as at 31 December 2025, primarily due to (i) an increase in trade payables of RMB12.6 million, (ii) an increase in bank borrowings of RMB6.5 million and (iii) an increase in other payables and accrued expenses of RMB5.7 million. Our net current assets further decreased from RMB27.7 million as at 31 December 2025 to RMB20.2 million as at 30 June 2026, primarily due to an increase in bank borrowings of RMB29.7 million.

FINANCIAL INFORMATION

Working Capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, including banking facilities and other internal resources, and the estimated [REDACTED] from the [REDACTED], we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this document.

Save as disclosed in this document, our Directors are not aware of any other factors that would have a material impact on our Group’s liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed “Future Plans and [REDACTED]” in this document.

CAPITAL EXPENDITURES

Historical Capital Expenditures

Our Group’s capital expenditures have principally consisted of expenditures on acquisition of property, plant and equipment in our operations. The following table sets out our historical capital expenditures for the years indicated:

	Year ended 31 December		Six months ended
	2024	2025	30 June 2026
	RMB’000	RMB’000	RMB’000
Leasehold improvements	439	–	–
Machinery	1,047	845	188
Motor vehicles	108	–	1
Furniture and fixtures	16	29	53
Computer equipment	24	15	171
Construction Progress	5,238	1,973	–
Total	6,872	2,862	413

During the Track Record Period, our Group incurred capital expenditures of RMB6.9 million, RMB2.9 million and RMB0.4 million, respectively, the majority of which came from acquisition of machineries and equipment primarily used for our expansion of operations. Between 30 June 2026 and the Latest Practicable Date, we did not make any material capital expenditures.

Capital Expenditures

For the year ending 31 December 2026, we estimate that the capital expenditures will amount to approximately RMB0.5 million to RMB0.7 million, which will be primarily for the procurement of R&D software tools, computing servers and the automation of production lines for modules.

Our Group’s projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. See “Future Plans and [REDACTED]”.

FINANCIAL INFORMATION

We expect to fund our capital expenditures principally through the [REDACTED] we receive from the [REDACTED], cash generated from our operating activities and proceeds from borrowings and notes. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

PROPERTY INTERESTS

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 8.01 or Rules 8.05 to 8.35 of the GEM Listing Rules. As at the Latest Practicable Date, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

CAPITAL COMMITMENTS

As at the end of the reporting periods during the Track Record Period, our Group had contractual commitments as follows:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided	223	–	–
Total	223	–	–

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as at the dates indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Current			
Lease liabilities	1,615	2,648	1,572
Bank borrowings	3,500	10,000	29,700
Other payables and accrued expenses	25,940	31,666	33,592
Non-current			
Lease liabilities	2,650	1,353	1,282
Total	33,705	45,667	66,146

FINANCIAL INFORMATION

As at 30 June 2026, being the latest practicable date for the purpose of indebtedness statement, we had unsecured short-term bank borrowings of RMB29.7 million, which were denominated in RMB, bore variable-rate interest rates ranging from 2.55% to 3.00% per annum, and were guaranteed by Mr. Fu, an executive director of the Company. Such guarantee(s) provided is expected to be fully released upon [REDACTED].

As at 30 June 2026, being the latest practicable date for the purpose of indebtedness statement, the lease liabilities were unsecured and unguaranteed.

Contingent liabilities

As at 30 June 2026, being the latest practicable date for the purpose of the indebtedness statement, our Group did not have any significant contingent liabilities or guarantees.

Disclaimer

As at 30 June 2026, being the latest practicable date for the purpose of the indebtedness statement, save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, our Group did not have any loan capital issued and outstanding or agreed to be issued, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees, material covenants, or other material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the Accountants’ Report in Appendix I to this document, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	Year ended 31 December		Six months ended 30 June 2026
	2024	2025	
Net Profit Margin (%) ⁽¹⁾	(0.1)	(1.4)	(1.1)
Return on equity (%) ⁽²⁾	(0.2)	(4.0)	(1.9)
Return on total assets (%) ⁽³⁾	(0.3)	(1.8)	(2.9)
	As at 31 December		As at 30 June 2026
	2024	2025	
Current ratio (<i>times</i>) ⁽⁴⁾	1.7	1.3	1.2
Quick ratio (<i>times</i>) ⁽⁵⁾	1.3	1.0	0.9
Gearing ratio (%) ⁽⁶⁾	10.3	20.1	55

Notes:

- (1) Net profit margin for 2024, 2025 and the six months ended 30 June 2026 was calculated by dividing the profit for the year/period by revenue for the respective year/period and multiplied by 100%.
- (2) Return on equity for 2024, 2025 and the six months ended 30 June 2026 was calculated by dividing the profit for the year/period by the total equity attributable to the Shareholders as at the end of the respective year/period and multiplied by 100%.
- (3) Return on total assets for 2024, 2025 and the six months ended 30 June 2026 was calculated by dividing the profit for the years/periods by the total assets for the respective year/period and multiplied by 100%.
- (4) Current ratio as at 31 December 2024 and 2025 and 30 June 2026 was calculated by dividing the total current assets by the total current liabilities as at the end of the respective year/period.
- (5) Quick ratio as at 31 December 2024 and 2025 and 30 June 2026 was calculated by dividing the total current assets less inventories by total current liabilities as at the end of the respective year/period.
- (6) Gearing ratio as at 31 December 2024 and 2025 and 30 June 2026 was calculated by dividing the total debt (comprising bank borrowings and lease liabilities) by total equity as at the end of the respective year/period and multiplied by 100%.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The major financial risks arising from our Group’s normal course of business include credit risk, liquidity risk and capital risk.

Details of the risk to which we are exposed are set out in Note 34 to our consolidated financial statements included in the Accountant’s Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 17.15 to 17.21 of the GEM Listing Rules.

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[REDACTED]

We expect to incur a total of approximately RMB[REDACTED] million of [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the [REDACTED] of the indicative [REDACTED] range stated in this document and assuming that [REDACTED] is not exercised), accounting for [REDACTED]% of our [REDACTED]. Our [REDACTED] mainly represent (i) [REDACTED]-related expenses of approximately RMB[REDACTED] million, including [REDACTED] and other fees and expenses, and (ii) professional fees of approximately RMB[REDACTED] million, including expenses of legal advisers and reporting accountants, and (b) other fees and expenses of approximately RMB[REDACTED] million.

During the Track Record Period, we incurred RMB[REDACTED] million of [REDACTED], of which RMB[REDACTED] million was charged to our consolidated income statements, while RMB[REDACTED] million will be recognised as a deduction in equity upon completion of the [REDACTED]. The [REDACTED] above are the latest practicable estimate and are for reference only and the actual amount may differ from this estimate.

DIVIDENDS

We declared the dividends of approximately RMB2.8 million for 2024, which was paid in 2025. All these dividends declared during the Track Record Period have been paid as at the Latest Practicable Date.

Notwithstanding we recorded profits and declared dividends during the Track Record Period under PRC GAAP based on the then audited accounts of our Group in 2024, our historical financial information prepared in accordance with HKFRS recorded a loss for the year and accumulated losses in 2024 and 2025, primarily due to the provision made in relation to the social insurance and housing provident fund contributions in accordance with HKFRS. As a result, we do not expect to recommend the payment of any dividends in the foreseeable future until, among other things, our accumulated losses under HKFRS have been fully offset by profits generated in subsequent years.

Upon [REDACTED], the dividend distributions (if any) shall be determined in accordance with the Articles of Association with reference to the lower of the after-tax profits reflected in the financial statements prepared in accordance with PRC GAAP and those prepared in accordance with HKFRS, our capacity to declare and pay dividends will be constrained by the distributable profits available under both PRC GAAP and HKFRS, and the lower of the two amounts will form the basis for, and effectively cap, any dividend distribution.

The Articles also provides that when distributing after-tax profits for the year, we shall set aside 10% of its profits to be allocated to the statutory reserve fund. If the cumulative amount of the statutory reserve fund reaches 50% or more of our Company’s registered capital, no further allocation is required. If the statutory reserve fund is insufficient to make up for losses of previous years, the profits for the current year shall first be used to make up for the losses before allocations are set aside for the statutory reserve fund. After setting aside for the statutory reserve fund from the after-tax profits, we may also set aside a discretionary reserve fund upon a resolution of the shareholders’ meeting.

DISTRIBUTABLE RESERVES

As at 30 June 2026, our Company had no distributable reserves.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

For our unaudited [REDACTED] adjusted net tangible assets, see “Unaudited [REDACTED] Financial Information” as set out in Appendix II to this document.

FINANCIAL INFORMATION

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We continue to research wireless communication solutions and launched two module models in July 2026, namely Ai-M64P-32S and Ra-20. The Ai-M64P-32S integrates an FPU and a DSP, enabling edge computing while maintaining the low power consumption required for consumer devices. Furthermore, its peripheral interfaces support multiple ports, allowing the model to accommodate a diverse range of IoT applications. Separately, the Ra-20 supports both Sub-GHz and 2.4GHz frequencies, enabling devices to combine long-range, low-power penetration with high-speed, globally compatible data transfer. We expect this continuous innovation and product iteration to drive our revenue growth.

Our Directors confirm that our business operations and business model have remained stable after the Track Record Period. Save as disclosed in this document, our Directors confirm that up to the date of this document, there has been no material adverse change in our Group’s financial and trading position since 30 June 2026 and there is no event since 30 June 2026 which would materially affect the information shown in the Accountant’s Report in Appendix I to this document.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business – Our Strategies” for a detailed description of our future business plans and strategies.

REASONS FOR THE [REDACTED]

We aim to expand our operations in China and overseas to strengthen our market position and share. Our Directors believe that this [REDACTED] would be instrumental in enabling our business strategies, increasing market share, and capturing new opportunities within the IoT wireless communication industry as follows:

Funding Strategic Growth

We intend to continue investing in R&D activities and drive technology innovations in the wireless communication terminal antennas and general IoT wireless communication modules market. We incurred R&D expenses of RMB16.8 million, RMB18.6 million, RMB9.2 million and RMB10.2 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, which were funded primarily through operational cash. As we continue advancing our research into wireless communication technologies, the [REDACTED] is expected to provide an essential fundraising platform to secure external financial resources and adjust our capital structure, thereby strengthening our long-term financial resilience. This platform is expected to allow us to gain direct access to capital markets for equity and debt financing, both at the time of the [REDACTED] and at later stages, to fund our existing operations and future developments. Ultimately, this capital access is expected to be instrumental in driving our expansion and improving our overall operating and financial performance. Moving forward, we expect the platform to enhance our corporate credit profile and international investor visibility, effectively lowering our cost of capital, optimising our debt-to-equity ratio, balancing liquidity needs, and efficiently funding our long-term growth initiatives.

Enhancing Corporate Recognition

Having previously been listed on the NEEQ, our transition to a [REDACTED] is expected to further enhance our international corporate profile and brand recognition. Furthermore, as a [REDACTED] entity, the Group is expected to be subject to ongoing regulatory compliance requirements, including regular announcements, financial disclosures, and corporate governance frameworks. We believe this enhanced transparency and regulatory oversight is expected to strengthen our credibility with existing and prospective customers, positioning our Group favourably as a transparent partner as we continue to expand our business operations.

Attracting and Retaining Talents

As a IoT wireless communication and PCBA solutions provider in the PRC with capabilities of producing products in-house, our operation depends on the continued R&D efforts and available production capacities. To further grow our business, we need to continue attracting and recruiting additional developers and engineers to innovate our products and solutions, as well as producing quality products catering to the needs of our customers. We believe that the [REDACTED] is expected to enable us to offer a more attractive employment environment, with more career advancement opportunities, to attract and retain quality talents to further innovate our products and solutions and expand our business operations.

FUTURE PLANS AND [REDACTED]

Capture New Opportunities in the IoT Wireless Communications Industry

According to F&S, the general IoT wireless communication modules market grew from approximately RMB10.7 billion in 2021 to approximately RMB13.6 billion in 2025 and is expected to reach approximately RMB22.0 billion in 2030, representing CAGRs of 6.2% from 2021 to 2025 and 10.0% from 2026 to 2030. We believe the [REDACTED] will raise our corporate profile among customers, business partners and investors, support our access to capital for future growth initiatives, and reinforce our credibility in pursuing strategic collaborations. These advantages will better position us to capitalise on the increasing adoption of IoT wireless communication solutions across consumer electronics and commercial and industrial electronics applications, as well as the growing demand for low-latency and reliable wireless connectivity.

[REDACTED]

We estimate that the [REDACTED] from the [REDACTED], after deducting the estimated [REDACTED] fees and expenses payable by us in connection with the [REDACTED], is expected to be HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per Share (being the [REDACTED] of the indicative range of the [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per Share) without the exercise of the [REDACTED].

We currently intend to use the [REDACTED] from the [REDACTED], as follows:

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to fund R&D for the expansion of our product portfolio, thereby further strengthening our capabilities in providing advanced wireless communication products and services. During the Track Record Period, we incurred R&D expenses of RMB16.8 million, RMB18.6 million, RMB9.2 million and RMB10.2 million in the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. To execute our R&D plan, we expect the [REDACTED] to enable us to achieve broader fundraising coverage and provide us with additional avenues, including debt and equity financing, and the ability to negotiate more favourable terms with financial institutions when necessary. Going forward, we plan to continue to research into areas of IoT wireless communication solutions, including edge AI computations and integrated sensing and communication. In particular:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to employ additional experienced staff. As at 30 June 2026, our R&D team comprised 53 employees, with deep expertise in technology development and product innovation.

We plan to further strengthen our R&D capabilities through recruiting more talents, including front-end developers and back-end developers for the development of solutions and modules, project managers for project execution, developers for software and hardware development, wireless communication engineers, product managers for drone products, and RF engineers. Specifically, depending on the role, we intend to recruit talents with education background and industry experience in computer science, electronic and information engineering, IoT engineering and project management and recruit those with bachelor's degree or above.

FUTURE PLANS AND [REDACTED]

- (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to procure R&D equipment and software, including testing equipment, high performance computers, AI computing services and cloud services. We believe such investment is expected to further strengthen our capabilities in providing wireless communication solutions.

For existing products, by upgrading our equipment and using more standardised hardware and software building blocks, as well as improving tools for testing and validating performance, we intend to shorten product development time, particularly in wireless communication. For new product portfolios, such investment is expected to enable us to develop modules with ultra-low power consumption, support for multiple communication protocols, integrated sensing and communication capability, and edge AI computation capability, which can serve the diversified needs of new customers from different industries.

- (iii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to fund R&D collaborations with third parties. We intend to collaborate with higher education institutions in the PRC in researching and developing the latest wireless communication technologies and their applications.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to fund our production for the increased market demand of our products and solutions. In particular:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to employ additional experienced staff, including product managers and senior engineers.
 - (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to upgrade production lines. This investment is expected to enable us to upgrade the current semi-automated lines in our Mianyang Production Factory and Luoyang Production Factory to fully automated lines, which is expected to (i) enable us to serve a larger customer base; and (ii) further enhance profitability by reducing our reliance on labour-intensive processes. Furthermore, we intend to adopt technologies such as real-time monitoring, data analytics and automated quality control to streamline workflows, reduce defects and enable faster adjustments to customer needs.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to fund our sales and marketing activities, further strengthening our sales network, market presence and distribution capabilities across domestic and overseas markets. We compete in the highly competitive IoT wireless communication industry. We closely work with our customers for the provision of our products and solutions. We intend to further invest in cloud-based infrastructure and services to significantly boost computing power as the volume of data generated from our simulations, testing, code repositories and collaborative projects increases, as well as strengthen our market reach and sales capabilities through online and offline channels. In particular:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to collaborate with third party sales partners in planning and conducting promotion activities.

FUTURE PLANS AND [REDACTED]

We plan to promote our products and solutions through online and offline channels. We plan to utilise social media and work with KOLs overseas, as well as collaborate with predominant domestic online platforms. We also plan to cultivate online and offline communities for customer engagement. We intend to organise online events, including offering offline training and discussion sections, as well as collaborating with third parties in organising offline events to educate developers and customers and encourage DIY ideas.

- (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to boost offline sales and marketing initiatives overseas, including participation in international exhibitions in Germany, India and Brazil to enhance brand visibility and further strengthen our industry recognition and market presence overseas.
- (iii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to establish overseas sales network, including supporting local sales and marketing activities in Hong Kong. We plan to expand our offering of products and solutions overseas and further increase our market share. As such, we expect to incur cost in office space rental, hiring and recruitment as well as building sales channels in Hong Kong.
- (iv) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used to recruit and establish a dedicated sales and marketing team to strengthen our marketing capabilities and market presence.

We expect to promote the sales of our wireless communications products, research the demand of overseas markets, promote products through online platforms and offline participation in expos, as well as continue to follow up with customers and execute sales orders. Concurrently, we also plan to recruit sales engineers to expand domestic markets. We intend to develop local sales network to identify new customers, research the market and prepare industry reports, follow up with existing customers and developers for product and solution feedback and promote new products, customised to meet market demands, to expand market shares;

- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for working capital and general corporate purpose.

The [REDACTED] that we would receive if the [REDACTED] is not exercised in full would be (i) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the maximum [REDACTED] of the indicative [REDACTED] range), (ii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED] range) or (iii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the minimum [REDACTED] of the indicative [REDACTED] range).

To the extent that the [REDACTED] from the [REDACTED] (including the [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we may adjust our allocation of the [REDACTED] for the above purposes on a pro rata basis.

FUTURE PLANS AND [REDACTED]

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we may deposit such funds into short-term interest bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of our Company. In such event, we are expected to comply with the appropriate disclosure requirements under the GEM Listing Rules.

IMPLEMENTATION PLANS

Further to our business strategies, we intend to implement the following plan for each of the six months periods from the [REDACTED] until [31 December 2029].

Assumptions

Investors should note that our ability to implement business plans and achieve business objectives is based on the assumptions that:

- the [REDACTED] is expected to be completed in accordance with and as described in “Structure and Conditions of the [REDACTED]” in this document;
- there is expected to be no material changes in the existing political, legal, fiscal, social or economic conditions in the PRC and any other places in which any member of our Group is expected to carry on business and provide services;
- we expect to have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- we expect to not be materially affected by the risk factors as set out in “Risk Factors” in this document; and
- we expect to be able to continue our operations in substantially the same manner as we have been operating during the Track Record Period and we expect to be able to carry out the development plans without disruptions adversely affecting our operations or business objectives in any way.

These bases and assumptions are inherently subject to uncertainties and unpredictable factors, including the risk factors set forth in “Risk Factors” section in this document. There is no assurance that we will be able to materialise our business plan in accordance with the timetable below or achieve our business goals.

FUTURE PLANS AND [REDACTED]

Details of Implementation Plans

The following table sets forth the expected implementation timetable of our planned use of [REDACTED].

	From the [REDACTED] to the end of 30 June 2027	2H 2027	1H 2028	2H2028	1H 2029	2H 2029	Total	% of [REDACTED] from the [REDACTED]
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
Funding R&D activities for the expansion of our product portfolio, including:								
(a) employing additional experienced staff to expand our R&D team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(b) procuring R&D equipment and software	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(c) funding R&D collaborations with third parties	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Increasing production capacity, including:								
(a) employing additional experienced staff	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(b) upgrading current production lines	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND [REDACTED]

	From the [REDACTED] to the end of 30 June 2027	2H 2027	1H 2028	2H2028	1H 2029	2H 2029	Total	% of [REDACTED] from the [REDACTED]
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Funding sales and marketing activities, including:								
(a) third party collaborations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(b) overseas sales and marketing initiatives	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(c) establishing overseas sales network	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(d) recruiting and establishing a dedicated sales and marketing team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and general corporate purpose	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND [REDACTED]

R&D Activities

Recruitment

We expect to apply approximately HK\$[REDACTED] million to employ additional experienced staff and further expand our R&D team, of which approximately HK\$[REDACTED] million is expected to be funded by the [REDACTED] from the [REDACTED] and approximately HK\$[REDACTED] million is expected to be funded by internal resources of our Company.

The following table sets forth the details of certain additional experienced staff to be recruited for our R&D activities:

Position	Total number	Main relevant experience and qualifications required ^(Note)	Estimated monthly salary/person
HKD'000			
Product development			
Front-end developer	[REDACTED]	<ul style="list-style-type: none">Technical expertise in HTML, CSS, JS, and Vue or React for interactive page development.Experience in collaborating with backend and hardware teams to build frontend visualisations for IoT wireless communication module scenarios, troubleshoot code issues, and implement responsive multi-terminal designs IoT integration.	[REDACTED]
Front-end senior developer	[REDACTED]		[REDACTED]
Back-end developer	[REDACTED]		[REDACTED]
Back-end senior developer	[REDACTED]	<ul style="list-style-type: none">Technical expertise in major backend languages including Java, Python, and C/C++ and frameworks such as Spring Boot to independently design databases, build APIs, and set up core architecture.	[REDACTED]
Back-end lead developer	[REDACTED]		[REDACTED]
Project and product management			
Project manager	[REDACTED]	<ul style="list-style-type: none">A professional certification such as PMP, PRINCE2, or PMI-ACP.Experience in full-lifecycle project management and tools including Jira to oversee scheduling, quality, and proactive risk mitigation across IoT wireless communication module development and mass production.Strong technical comprehension and exceptional leadership skills to manage project teams and coordinate cross-functional resources among R&D, manufacturing, sales, and clients for seamless project execution.	[REDACTED]
UAV antenna product manager	[REDACTED]		[REDACTED]

FUTURE PLANS AND [REDACTED]

Position	Total number	Main relevant experience and qualifications required ^(Note)	Estimated monthly salary/person <i>HKD'000</i>
Architect engineering			
Senior hardware developer	[REDACTED]	<ul style="list-style-type: none"> Expertise with five to ten years of IoT hardware R&D experience, senior certifications, and proven leadership in managing engineering teams and mass-production tracking. Experience in schematic capture, complex multi-layer PCB layout using Cadence or Altium Designer, and components selection across diverse IoT protocols (Wi-Fi, Bluetooth, LoRa, NB-IoT, 4G, UWB) alongside specialised modules like 24G radar or offline voice. Ability to lead end-to-end hardware architecture design, direct debugging, performance tuning, and compliance certification (CE/FCC), while driving technical innovation and bridging firmware, software, and production teams for seamless product localisation. 	[REDACTED]
Senior software developer	[REDACTED]	<ul style="list-style-type: none"> Expertise with five to ten years of IoT software R&D experience, senior certifications (e.g., Software Architect), and a proven track record of leading development teams to mass production. Experience in complex software architecture design and core optimization using C/C++, Java, or Python, with extensive mastery over IoT wireless protocols including Wi-Fi, Bluetooth, LoRa, NB-IoT, 4G and UWB and specialised solutions such as 24G radar or offline voice. Ability to lead full-lifecycle software development, protocol stack optimization, and compliance testing, while mentoring junior developers and driving cross-functional integration with hardware, firmware, and production teams to secure seamless product delivery. 	[REDACTED]
Senior antenna engineer	[REDACTED]	<ul style="list-style-type: none"> Experience in common UAV frequency bands, antenna design principles (such as PIFA, microstrip, and circular polarisation), and standard testing equipment. Ability to formulate comprehensive antenna strategies based on system requirements, including frequency, isolation, size, and waterproofing, while collaborating with structural engineers to define installation locations, clearance zones, and grounding methods. 	[REDACTED]
Senior RF R&D engineer	[REDACTED]	<ul style="list-style-type: none"> Expertise in UAV frequencies, RF/antenna design theories, and the masterly use of test instruments including network analysers and anechoic chambers. Experience in UAV antenna requirements, designing RF system architectures, including transceivers, PA/LNA selection, and multi-antenna isolation, and performing schematic design, stack-up planning, and impedance matching. Ability to manage EMC/EMI optimisation, conduct performance verification, and oversee supplier certification, alternative component validation, and mass production delivery. 	[REDACTED]

Note: We intend to recruit relevant staff with qualification of a bachelor’s degree or higher in the relevant area, such as computer science, electronic and information engineering, IoT engineering and project management.

FUTURE PLANS AND [REDACTED]

The following table sets forth the expected timeline for the number of additional staff to recruit for R&D activities:

Position	From the [REDACTED] to the end of 30 June 2027	2H2027	1H2028	2H2028	1H2029	2H2029	Total
	No.	No.	No.	No.	No.	No.	No.
<i>Product development</i>							
Front-end developer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Front-end senior developer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Back-end developer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Back-end senior developer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Back-end lead developer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<i>Project and product management</i>							
Project manager	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
UAV antenna product manager	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<i>Architect engineering</i>							
Senior hardware developer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Senior software developer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Senior antenna engineer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Senior RF R&D engineer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND [REDACTED]

Procurement of R&D equipment and software

We expect to apply approximately HK\$[REDACTED] million to upgrade our R&D equipment and software, of which approximately HK\$[REDACTED] million is expected to be funded by the [REDACTED] from the [REDACTED] and approximately HK\$[REDACTED] million is expected to be funded by internal resources of our Company.

The following table sets forth the details of certain R&D equipment and software to be purchased for our R&D activities:

R&D equipment/software	Intended functionality	Expected timeline for use of [REDACTED] HK\$'000
Network analyser	RF design and testing for R&D of antennas and modules	[From the [REDACTED]] to the end of 1H2027: [REDACTED] 2H2027: [REDACTED] 1H2028: [REDACTED] 2H2028: [REDACTED] 1H2029: [REDACTED] 2H2029: [REDACTED]
Anechoic chamber	Wi-Fi throughput testing and monitoring	[From the [REDACTED]] to the end of 1H2027: [REDACTED] 2H2027: [REDACTED] 1H2028: [REDACTED] 2H2028: [REDACTED] 1H2029: [REDACTED] 2H2029: [REDACTED]
R&D software	Development and improving the design of module and antenna solutions, as well as project management	[REDACTED] every six months
Cloud server	Management of R&D software and data online	[From the [REDACTED]] to the end of 1H2027: [REDACTED] 2H2027: [REDACTED] 1H2028: [REDACTED] 2H2028: [REDACTED] 1H2029: [REDACTED] 2H2029: [REDACTED]

FUTURE PLANS AND [REDACTED]

R&D equipment/software	Intended functionality	Expected timeline for use of [REDACTED]
		<i>HK\$'000</i>
Other equipment and software		[From the [REDACTED]] to the end of 1H2027: [REDACTED] 2H2027: [REDACTED] 1H2028: [REDACTED] 2H2028: [REDACTED] 1H2029: [REDACTED] 2H2029: [REDACTED]

Third-party collaborations

We expect to apply approximately HK\$[REDACTED] million to collaborate with third parties for the research of wireless communications technologies, including funding scientific research and innovation activities through setting up academic scholarships, of which HK\$[REDACTED] million is expected to be funded by the [REDACTED] from the [REDACTED] and approximately HK\$[REDACTED] million is expected to be funded by internal resources of our Company.

Production

Recruitment

We expect to apply approximately HK\$[REDACTED] million to hire additional experienced staff and expand our production team, in preparation for the increase in market demand, of which approximately HK\$[REDACTED] million is expected to be funded by the [REDACTED] from the [REDACTED] and approximately HK\$[REDACTED] million is expected to be funded by internal resources of our Company.

The following table sets forth the details of the additional experienced staff to be recruited for our production activities:

Position	Total number	Main relevant experience and qualifications required ^(Note)	Estimated monthly salary/person
			<i>HKD'000</i>
Product manager	[REDACTED]	<ul style="list-style-type: none"> • A preference for professional certifications and English proficiency. • Hands-on experience in IoT module assembly and testing. • Ability to optimise workflows using lean methods, analyse production data, and lead cross-functional teams to meet performance goals. 	[REDACTED]
Senior engineer	[REDACTED]	<ul style="list-style-type: none"> • Expert-level proficiency in PLC programming, SCADA systems, and full-lifecycle automation project implementation. • Hands-on experience in IoT module automated testing and calibration, mastery of electrical schematics and industrial communication protocols. • Strong communication skills to coordinate cross-functional technical demands and mentor junior engineers. 	[REDACTED]

Note: We intend to recruit relevant staff with qualification of a bachelor's degree or higher in the relevant area, such as industrial, mechanical, automation, electronic or electrical engineering.

FUTURE PLANS AND [REDACTED]

The following table sets forth the expected timeline for the number of additional staff to be recruited for production activities:

Position	From the [REDACTED] to the end of 30 June 2027	2H2027	1H2028	2H2028	1H2029	2H2029	Total
	No.	No.	No.	No.	No.	No.	No.
Product manager	[1]	[-]	[-]	[-]	[-]	[-]	[1]
Senior engineer	[-]	[1]	[-]	[1]	[-]	[-]	[2]
Total	[1]	[1]	[-]	[1]	[-]	[-]	[3]

Upgrade of current production lines

We expect to apply approximately HK\$[REDACTED] million to upgrade our production lines for smart production and further strengthen our production capabilities, with our aim to increase the level of automation, enhance the production and testing efficiency and quality control, of which HK\$[REDACTED] million is expected to be funded by the [REDACTED] from the [REDACTED] and approximately HK\$[REDACTED] million is expected to be funded by internal resources of our Company.

The following table sets forth the details of the testing equipment, production facilities and specialised machinery to be procured and upgraded for production activities:

Testing equipment/ production facility/ specialised machinery	Intended functionality	Expected timeline for use of [REDACTED] HK\$'000
DIP automated production line	Automated production line of module whole-board performance testing	[From the [REDACTED]] to the end of 1H2027: [REDACTED] 2H2027: [REDACTED] 1H2028: [REDACTED] 2H2028: [REDACTED] 1H2029: [REDACTED] 2H2029: [REDACTED]
Single-PCS instrument automated testing line	Instrument testing of single-module RF performance	[From the [REDACTED]] to the end of 1H2027: [REDACTED] 2H2027: [REDACTED] 1H2028: [REDACTED] 2H2028: [REDACTED] 1H2029: [REDACTED] 2H2029: [REDACTED]

FUTURE PLANS AND [REDACTED]

<u>Testing equipment/ production facility/ specialised machinery</u>	<u>Intended functionality</u>	<u>Expected timeline for use of [REDACTED] HK\$'000</u>
3D AOI testers	Automated solder paste inspection as part of SMT production lines	[From the [REDACTED]] to the end of 1H2027: [REDACTED] 2H2027: [REDACTED] 1H2028: [REDACTED] 2H2028: [REDACTED] 1H2029: [REDACTED] 2H2029: [REDACTED]
Multiple-channel wireless network testers	RF design and testing as part of antenna production	[REDACTED] every six months
Smart logistics and warehouse system	Automated inventory management and storage	[From the [REDACTED]] to the end of 1H2027: [REDACTED] 2H2027: [REDACTED] 1H2028: [REDACTED] 2H2028: [REDACTED] 1H2029: [REDACTED] 2H2029: [REDACTED]
Other testing equipment, production facility and specialised machinery		[From the [REDACTED]] to the end of 1H2027: [REDACTED] 2H2027: [REDACTED] 1H2028: [REDACTED] 2H2028: [REDACTED] 1H2029: [REDACTED] 2H2029: [REDACTED]

Sales and Marketing Activities

Third-party collaborations

We expect to apply approximately HK\$[REDACTED] million to collaborate with third parties in marketing our products and solutions, including (i) collaborations with predominant international social media platforms, including [marketing our products and solutions through working with KOLs for online product review, creating walkthrough videos on our products and manufacturing process and providing product demos]; (ii) collaborations with predominant domestic online platforms for the promotion of our products and solutions, including offering our products for sale on e-commerce platforms and posting marketing contents on social media platforms; and (iii) building a developers' community, including organising online events, organising annual hackathons and providing offline in person trainings, of which approximately HK\$[REDACTED] million is expected to be funded by the [REDACTED] from the [REDACTED] and approximately HK\$[REDACTED] million is expected to be funded by internal resources of our Company.

FUTURE PLANS AND [REDACTED]

Overseas sales and marketing initiatives

We expect to apply approximately HK\$[REDACTED] million to promote our products and solutions overseas through the participation of offline exhibitions and trade fairs held overseas, of which approximately HK\$[REDACTED] million is expected to be funded by the [REDACTED] from the [REDACTED] and approximately HK\$[REDACTED] million is expected to be funded by internal resources of our Company.

Overseas sales network

We expect to apply approximately HK\$[REDACTED] million to expand our sales network, including (i) recruiting [REDACTED] sales and marketing engineers in Hong Kong, each with an expected monthly salary of approximately HK\$[REDACTED]; (ii) renting office space in Hong Kong with an expected monthly rental of approximately HK\$[REDACTED]; and (iii) expected increase in travelling and accommodation expenses incurred by sales personnel for expanding overseas sales network with a monthly expense of approximately HK\$[REDACTED], of which approximately HK\$[REDACTED] million is expected to be funded by the [REDACTED] from the [REDACTED] and approximately HK\$[REDACTED] million is expected to be funded by internal resources of our Company.

Recruitment

We expect to apply approximately HK\$[REDACTED] million to recruit experienced personnel to enhance our online sales and marketing capabilities, of which approximately HK\$[REDACTED] million is expected to be funded by the [REDACTED] from the [REDACTED] and approximately HK\$[REDACTED] million is expected to be funded by internal resources of our Company. In particular:

- approximately less than HK\$[REDACTED] million is expected to be used to recruit for the period from the [REDACTED] to the end of 1H2027 [REDACTED] sales and marketing engineer with a monthly salary of approximately HK\$[REDACTED], for the promotion of our products and solutions in the PRC; and
- approximately HK\$[REDACTED] million is expected to be used to recruit for 2H2027 [REDACTED] sales and marketing engineers with a monthly salary of approximately HK\$[REDACTED] per person, for the promotion of our products and solutions in the PRC and overseas, respectively.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[•] to I-[•], received from the independent reporting accountants of the Company, [Moore CPA Limited], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 博安通物聯科技洛陽股份有限公司 (BOANTONG TECHNOLOGIES LIMITED) AND YUE XIU CAPITAL LIMITED

Introduction

We report on the historical financial information of 博安通物聯科技洛陽股份有限公司 (Boantong Technologies Limited) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-[•]] to [I-[•]], which comprises the consolidated statements of financial position as at 31 December 2024 and 2025 and 30 June 2026, the statements of financial position of the Company as at 31 December 2024 and 2025 and 30 June 2026 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-[•]] to [I-[•]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “Document”) in connection with the [REDACTED] of H shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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 determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note [•] 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

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ACCOUNTANTS’ REPORT

included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 2024 and 2025 and 30 June 2026 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note [•] to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note [•] 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 [•] to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

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ACCOUNTANTS’ REPORT

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

Yours faithfully,

[Moore CPA Limited]
Certified Public Accountants

[•]
Practising Certificate Number: **[•]**

Hong Kong, [Date]

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I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“Underlying Financial Statements”).

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

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i>
Revenue	6	174,406	194,365	85,031	109,655
Cost of sales	11	(119,724)	(136,983)	(59,984)	(76,335)
Gross profit		54,682	57,382	25,047	33,320
Investment and other income	8	2,698	2,210	1,002	1,170
Other gains and losses	9	(336)	(105)	(42)	185
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(273)	(61)	110	(128)
Impairment losses on prepayment		(500)	–	–	–
Research and development expenses	11	(16,847)	(18,618)	(9,245)	(10,239)
Distribution and selling expenses	11	(13,263)	(15,502)	(7,483)	(9,495)
Administrative expenses	11	(23,244)	(25,599)	(14,079)	(11,571)
Finance costs, net	10	(277)	(229)	(108)	(343)
Profit/(loss) before [REDACTED]		2,640	(522)	(4,798)	2,899
[REDACTED]		<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Profit/(loss) before tax		2,640	(522)	(4,798)	(259)
Income tax (expense)/credit	12	(2,774)	(2,257)	10	(893)
Loss and total comprehensive expense for the year/period		<u>(134)</u>	<u>(2,779)</u>	<u>(4,788)</u>	<u>(1,152)</u>
Loss per share					
– Basic (<i>RMB cents</i>)	15	<u>(0.29)</u>	<u>(5.98)</u>	<u>(10.30)</u>	<u>(2.50)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		At
		2024	2025	30 June
	Notes	RMB’000	RMB’000	2026
				RMB’000
NON-CURRENT ASSETS				
Property, plant and equipment	16	27,750	25,417	23,591
Right-of-use assets	17	4,143	3,150	2,292
Deposits	22	321	330	330
Prepayments for acquisition of property, plant and equipment	22	117	274	236
Intangible assets	19	985	1,570	1,392
Financial assets at fair value through profit or loss (“FVTPL”)	23	–	7,000	7,000
Goodwill	18	4,659	4,659	4,659
Deferred tax assets	30	572	864	703
		<u>38,547</u>	<u>43,264</u>	<u>40,203</u>
CURRENT ASSETS				
Inventories	20	23,161	24,600	34,239
Trade and bills receivables	21	37,482	38,317	42,897
Income tax recoverable		–	–	155
Prepayments, deposits and other receivables	22	8,379	9,488	14,655
Cash and cash equivalents	24	28,923	40,176	35,622
		<u>97,945</u>	<u>112,581</u>	<u>127,568</u>
CURRENT LIABILITIES				
Trade payables	25	25,352	37,957	40,845
Contract liabilities	26	894	1,383	1,629
Other payables and accrued expenses	27	25,940	31,666	33,592
Lease liabilities	28	1,615	2,648	1,572
Income tax payable		1,316	1,180	–
Bank borrowings	29	3,500	10,000	29,700
		<u>58,617</u>	<u>84,834</u>	<u>107,338</u>

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		At 31 December		At
		2024	2025	30 June
	Notes	RMB'000	RMB'000	2026
				RMB'000
NET CURRENT ASSETS		39,328	27,747	20,230
TOTAL ASSETS LESS CURRENT LIABILITIES		77,875	71,011	60,433
NON-CURRENT LIABILITY				
Lease liabilities	28	2,650	1,353	1,282
NET ASSETS		75,225	69,658	59,151
EQUITY				
Share capital	31	46,464	46,464	46,464
Reserves		28,761	23,194	12,687
TOTAL EQUITY		75,225	69,658	59,151

The Historical Financial Information on pages [•] to [•] were approved and authorised for issue by the Board of Directors on [•] 2026 and are signed on its behalf by:

Director

Director

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December		At
		2024	2025	30 June
	Notes	RMB’000	RMB’000	2026
				RMB’000
Non-current assets				
Property, plant and equipment	16	2	2	2
Right-of-use assets	17	30	20	15
Deposits	22	188	188	188
Intangible assets	19	822	587	473
Investments in subsidiaries		15,068	15,068	15,068
		<u>16,110</u>	<u>15,865</u>	<u>15,746</u>
Current assets				
Prepayments, deposits and other receivables	22	48,350	32,747	39,995
Cash and cash equivalents	24	5,737	12,941	4,126
		<u>54,087</u>	<u>45,688</u>	<u>44,121</u>
Current liabilities				
Other payables and accrued expenses	27	683	654	1,554
Lease liabilities	28	13	24	11
		<u>696</u>	<u>678</u>	<u>1,565</u>
Net current assets		<u>53,391</u>	<u>45,010</u>	<u>42,556</u>
Total assets less current liabilities		<u>69,501</u>	<u>60,875</u>	<u>58,302</u>
Non-current liability				
Lease liabilities	28	21	11	14
Net assets		<u>69,480</u>	<u>60,864</u>	<u>58,288</u>
Capital and reserves				
Share capital	31	46,464	46,464	46,464
Reserves		<u>23,016</u>	<u>14,400</u>	<u>11,824</u>
Total equity		<u>69,480</u>	<u>60,864</u>	<u>58,288</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total
	Share capital	Capital surplus	Statutory surplus reserve	Treasury shares	Accumulated losses	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Note a)	<i>RMB'000</i> (Note b)	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	46,464	37,703	1,911	–	(10,719)	75,359
Loss for the year	–	–	–	–	(134)	(134)
Total comprehensive expense for the year	–	–	–	–	(134)	(134)
Transfer	–	–	1,512	–	(1,512)	–
At 31 December 2024 and 1 January 2025	46,464	37,703	3,423	–	(12,365)	75,225
Loss for the year	–	–	–	–	(2,779)	(2,779)
Total comprehensive expense for the year	–	–	–	–	(2,779)	(2,779)
Transfer	–	–	1,215	–	(1,215)	–
Dividend declared and paid	–	–	–	–	(2,788)	(2,788)
At 31 December 2025 and 1 January 2026	46,464	37,703	4,638	–	(19,147)	69,658
Loss for the period	–	–	–	–	(1,152)	(1,152)
Total comprehensive expense for the period	–	–	–	–	(1,152)	(1,152)
Transfer	–	–	2,257	–	(2,257)	–
Repurchase of shares	–	–	–	(9,355)	–	(9,355)
At 30 June 2026	<u>46,464</u>	<u>37,703</u>	<u>6,895</u>	<u>(9,355)</u>	<u>(22,556)</u>	<u>59,151</u>
At 1 January 2025	46,464	37,703	3,423	–	(12,365)	75,225
Loss for the period	–	–	–	–	(4,788)	(4,788)
Total comprehensive expense for the period	–	–	–	–	(4,788)	(4,788)
Dividend declared and paid	–	–	–	–	(2,788)	(2,788)
At 30 June 2025 (unaudited)	<u>46,464</u>	<u>37,703</u>	<u>3,423</u>	<u>–</u>	<u>(19,941)</u>	<u>67,649</u>

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Notes:

- (a) Pursuant to the relevant laws in the People’s Republic of China (the “PRC”), the Company’s subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of the directors of the relevant PRC subsidiaries. In accordance with relevant PRC regulations, for PRC subsidiaries with limited liability, it is required to make annual appropriations to statutory surplus reserve of 10% of after-tax profits as determined in accordance with PRC accounting standards for each calendar year until the balance reaches 50% of the relevant PRC entity’s registered capital.
- (b) During the period ended 30 June 2026, in connection with the Company’s cessation of quotation on the National Equities Exchange and Quotations (“NEEQ”), and in accordance with applicable PRC laws and regulations, the Company repurchased 2,770,807 shares from eligible dissenting shareholders to safeguard their interests. The total amount paid to acquire the shares was RMB9,355,000. The weighted average price for these buy-backs was RMB3.38 per share.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	2,640	(522)	(4,798)	(259)
Adjustments for:				
Amortisation of intangible assets	275	322	138	178
Depreciation of property, plant and equipment	3,973	4,295	2,204	2,237
Depreciation of right-of-use assets	2,106	1,705	855	858
Gain on early termination of lease contract	(139)	–	–	–
Loss on disposal of property, plant and equipment	117	69	–	–
Interest expenses	340	242	116	350
Interest income	(63)	(13)	(8)	(7)
Impairment losses under ECL model, net of reversal	273	61	(110)	128
Provision for impairment of prepayments	500	–	–	–
Write-down of inventories	1,490	1,337	185	1,439
Investment income	(110)	(172)	(92)	(63)
Operating cash flows before movements in working capital	11,402	7,324	(1,510)	4,861
Changes in inventories	2,633	(2,776)	(1,482)	(11,078)
Changes in trade and bills receivables	(14,981)	(11,334)	(2,033)	(12,051)
Changes in deposits, prepayments and other receivables	50	(1,392)	1,973	(4,821)
Changes in trade payables	18,614	23,043	9,296	10,231
Changes in contract liabilities	(480)	489	4	246
Changes in other payables and accrued expenses	5,674	5,726	766	1,926
Cash generated from/(used in) operations	22,912	21,080	7,014	(10,686)
Income tax paid	(1,792)	(2,685)	(1,204)	(2,067)
Net cash from/(used in) operating activities (note)	21,120	18,395	5,810	(12,753)

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	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i>
CASH FLOWS FROM INVESTING ACTIVITIES				
Placement of pledged bank deposits	(5,042)	–	–	–
Withdrawal of pledged bank deposits	9,472	–	–	–
Purchase of property, plant and equipment	(6,872)	(2,745)	(1,285)	(139)
Proceeds from disposal of property, plant and equipment	204	36	–	2
Purchases of intangible assets	–	(112)	–	–
Purchase of financial assets at FVTPL	(76,000)	(31,000)	(25,500)	(57,000)
Proceeds from disposal of financial assets at FVTPL	76,110	24,172	25,592	57,063
Interest received	63	13	8	7
Net cash used in investing activities	(2,065)	(9,636)	(1,185)	(67)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from new bank borrowings	13,500	10,000	–	20,000
Repayment of bank borrowings	(13,865)	(3,500)	(3,500)	(300)
Repayment of lease liabilities	(1,954)	(976)	(413)	(1,147)
Repayment of bill payables	(7,116)	–	–	–
Interest paid	(340)	(242)	(116)	(350)
Dividend paid to shareholders	–	(2,788)	(2,788)	–
Repurchase of shares	–	–	–	(9,355)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash (used in)/from financing activities	(9,775)	2,494	(6,817)	8,266

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	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,280	11,253	(2,192)	(4,554)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	19,643	28,923	28,923	40,176
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	28,923	40,176	26,731	35,622
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	28,923	40,176	26,731	35,622

Note: Included in net cash from operating activities with cash outflow of nil, nil, nil and RMB3,434,000 for the year ended 31 December 2024 and 2025, and for the six months ended 30 June 2025 and 2026, respectively, represented payments of [REDACTED] during the year/period.

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

博安通物聯科技洛陽股份公司 Boantong Technologies Limited (the “Company”, together with its subsidiaries collectively referred to as the “Group”) was established on 6 March 2003 in Luoyang in the People’s Republic of China (the “PRC”) as a limited liability company under Companies Law of the PRC. In the opinion of the directors of the Company, the single largest shareholder of the Company is Mr. Fu Minggang throughout the Track Record Period, and also is the Chairman of the board of directors and Chief Executive Officer of the Company. The address of the registered office of the Company is Room B101, Block 20, Liandong U Valley, No. 6 Qiming East Road, Chanhe Hui District, Luoyang, Henan, China and the address of principal place of business of the Company is Room 409, Block C, Huafeng Smart Innovation Port, Xixiang Subdistrict, Bao’an District, Shenzhen, Guangdong, China.

The Group is principally engaged in the design, research and development, and sales services of communication solutions for the wireless communication module and its application industry.

The Historical Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company. The Historical Financial Information is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

In this Historical Financial Information, certain English names of the companies referred herein represent the management of the Group’s effort to translate the Chinese name of the companies as no English name has been registered.

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on accounting policies which conform with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the Historical Financial Information, a reasonable expectation that the 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 Historical Financial Information.

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with HKFRS Accounting Standards, which are effective for the accounting period beginning on 1 January 2026, throughout the Track Record Period.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 20	Regulatory Assets and Regulatory Liabilities ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2027.

³ Effective for annual periods beginning on or after 1 January 2029.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the Historical Financial Information in the foreseeable future.

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HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 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 (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to “Basis of Preparation of Financial Statements” upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group’s MPMs will be disclosed in a separate note to the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

Interests in subsidiaries

Interests in subsidiaries are stated at cost less any accumulated impairment loss.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue from sale of goods

Revenue from sale of goods is recognised when control of the products has been transferred, being when the products are delivered to the customer. The control of the products refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the products.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

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The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group’s operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs which are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

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Employee benefits

(i) *Retirement benefit costs*

Payments to defined contribution retirement benefit plans are recognised as expenses when employees have rendered services entitling them to the contributions.

(ii) *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(iii) *Termination benefits*

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease and ultimate costs incurred for provisions for decommissioning and restoration, the Group applies HKAS 12 requirements to the lease liabilities, the provisions for decommissioning and restoration and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities and the provisions for decommissioning and restoration to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related asset is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items is measured in accordance with the measurement requirements of HKAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses.

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Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted-average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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Warranties

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for revenue from wireless modules solutions, antenna solutions and printed circuit board assembly (“PCBA”) solutions are recognised at the date of sale of the relevant products, at the directors’ best estimate of the expenditure required to settle the Group’s obligation.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

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A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and bills receivables, other receivables and deposits and cash and cash equivalents which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 3 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account. For receivables that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “Other gains and losses” line item (note 9) as part of the net foreign exchange gains/(losses);
- For receivables measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the receivables are recognised in profit or loss in the ‘Other gains and losses’ line item (note 9) as part of the net foreign exchange gains/(losses). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the FVTOCI reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘Other gains and losses’ line item as part of the gain/(loss) from changes in fair value of financial assets (note 9);

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Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including bank borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the ‘Other gains and losses’ line item in profit or loss (note 9) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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5. KEY SOURCES OF ESTIMATION

In the application of the Group’s accounting policies, which are described in note 4, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic and geopolitical environment, inflation and financial market turbulence.

As at 31 December 2024, 2025 and 30 June 2026, the carrying amount of goodwill is RMB4,659,000, RMB4,659,000 and RMB4,659,000, and no impairment in respect of the goodwill has been identified.

Deferred tax asset

As at 31 December 2024 and 2025 and 30 June 2026, no deferred tax asset has been recognised on the tax losses of RMB32,326,000, RMB41,662,000 and RMB41,988,000, respectively, for non-operating subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the foreseeable future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is

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a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Fair value measurement of financial instruments

As at 31 December 2024 and 2025 and 30 June 2026, the Group’s financial asset of unlisted private equity investment amounting to nil, RMB7,000,000 and RMB7,000,000, respectively, is measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 34(c) for further disclosures.

Provision of ECL for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, for trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group’s internal credit ratings. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group’s historical default rates and forward-looking information. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The measurement of ECL requires the application of significant judgment which includes the expected future cash flows and forward-looking macroeconomic factors. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 31 December 2024, 2025 and 30 June 2026, the carrying amounts of trade receivables are RMB30,423,000, RMB29,322,000 and RMB36,139,000, net of allowance of RMB674,000, RMB707,000 and RMB880,000, respectively. The information about the ECL and the Group’s trade receivables are disclosed in note 34 and note 21 respectively.

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2024 and 2025 and 30 June 2026, the aggregate carrying amounts of property, plant and equipment, right-of-use assets and intangible assets subject to impairment assessment were RMB32,878,000, RMB30,137,000 and RMB27,275,000, respectively, there were no necessary impairment made in this regards. Details of the impairment of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 16, 17 and 19 respectively.

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6. REVENUE

The Group is principally engaged in the design, research and development, and sales services of communication solutions for the wireless communication module and its application industry.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by major products or service lines				
Revenue from wireless modules solutions	123,044	133,568	58,222	80,221
Revenue from antenna solutions	50,608	45,059	20,871	26,160
Revenue from PCBA solutions	754	15,738	5,938	3,274
	<u>174,406</u>	<u>194,365</u>	<u>85,031</u>	<u>109,655</u>
Direct sales	165,345	187,649	81,429	103,098
Distributorship	<u>9,061</u>	<u>6,716</u>	<u>3,602</u>	<u>6,557</u>
Total	<u>174,406</u>	<u>194,365</u>	<u>85,031</u>	<u>109,655</u>
Timing of revenue recognition				
At a point in time	<u>174,406</u>	<u>194,365</u>	<u>85,031</u>	<u>109,655</u>

(ii) Information about major customers

During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, no single Group customer with whom transactions have exceeded 10% of the total revenue of the Group.

Performance obligations for contracts with customers

Sales of wireless modules solutions, antenna solutions and PCBA solutions (revenue recognised at a point in time)

The Group sells wireless modules solutions, antenna solutions and PCBA solutions which are manufactured by the Group. The Group recognises revenue from wireless modules solutions, antenna solutions and PCBA solutions at a point in time when the control of wireless modules solutions, antenna solutions and PCBA solutions is passed to customers. The Group considers that it is acting as the principal in the transaction as the Group controls the specific goods before they are transferred to the customer after taking into considerations indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods to its customers and has the inventory risk. Therefore, the Group recognises revenue from sales of wireless modules solutions, antenna solutions and PCBA solutions on a gross basis.

Transaction price allocated to the remaining performance obligation for contracts with customers

As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts are not disclosed.

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7. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis by products. No other discrete financial information is provided other than the Group’s results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers (as detailed in note 6), and geographic information are presented.

Geographical information

The Group primarily operates in the PRC. Information about the Group’s revenue from external customers and non-current assets other than deferred tax assets and financial instruments are presented based on the location of the assets.

	Revenue from external customers				Non-current assets		
	Year ended 31 December		Six months ended 30 June		At 31 December		At 30 June
	2024	2025	2025	2026	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
		(unaudited)					
PRC	164,832	176,273	75,986	104,053	37,654	35,070	32,170
Asia Pacific (<i>note</i>)	7,409	15,659	7,649	4,384	–	–	–
Others	2,165	2,433	1,396	1,218	–	–	–
	174,406	194,365	85,031	109,655	37,654	35,070	32,170

Note: not including PRC.

8. INVESTMENT AND OTHER INCOME

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Gain on disposal of scrap materials	445	484	178	76
Government grant (<i>Note</i>)	2,046	1,430	723	972
Investment income	110	172	92	63
Others	97	124	9	59
	2,698	2,210	1,002	1,170

Note: The Group obtained government grants and subsidies from the local government of the PRC in relation to their business development in several PRC regions. In the opinion of the directors of the Company, the Group has fulfilled all conditions pertained to the government grants and subsidies for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026.

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9. OTHER GAINS AND LOSSES

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Gain on early termination of lease	139	–	–	–
Loss on disposal of property, plant and equipment	(117)	(69)	–	–
Net foreign exchange (losses) gains	(201)	(15)	(44)	191
Others	(157)	(21)	2	(6)
	<u>(336)</u>	<u>(105)</u>	<u>(42)</u>	<u>185</u>

10. FINANCE COSTS, NET

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Finance costs				
– Interest on bank borrowings	(140)	(99)	(41)	(273)
– Interest on lease liabilities	(200)	(143)	(75)	(77)
	<u>(340)</u>	<u>(242)</u>	<u>(116)</u>	<u>(350)</u>
Finance income				
– Bank interest income	63	13	8	7
	<u>(277)</u>	<u>(229)</u>	<u>(108)</u>	<u>(343)</u>

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11. EXPENSES BY NATURE

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories recognised as an expense (included in cost of sales)	113,358	132,153	58,026	73,294
Staff costs, including directors' emoluments	40,055	44,925	23,199	25,136
Other staff expenses	453	522	252	432
Amortisation of intangible assets (included in administrative expenses)	275	322	138	178
Depreciation				
– Property, plant and equipment	3,973	4,295	2,204	2,237
– Right-of-use assets	2,106	1,705	855	858
Auditor's remuneration	160	–	–	–
Travel and transport expenses	2,122	2,018	995	988
Professional and outsources services expenses	846	1,783	791	692
Marketing and advertising expenses	1,389	1,321	974	18
Promotion expenses	1,448	1,133	618	795
Office expenses	855	1,069	457	495
Production expenses	266	223	105	105
Renovation expenses	326	105	61	25
Expense relating to short-term leases	2,451	2,155	1,097	522
Warranty provision	67	164	65	32
Business entertainment expenses	384	620	192	289
Bank charges	59	53	30	51
Write-down of inventories	1,490	1,337	185	1,439
Others	995	799	547	54
	<u>173,078</u>	<u>196,702</u>	<u>90,791</u>	<u>107,640</u>

12. TAXATION

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax:				
Enterprise income tax (“EIT”)				
Provision for the year	2,737	3,377	552	589
(Over)underprovision in prior years	(61)	(828)	(562)	143
Hong Kong Profits Tax				
Provision for the year	78	–	–	–
	<u>2,754</u>	<u>2,549</u>	<u>(10)</u>	<u>732</u>
Deferred tax (note 30)	20	(292)	–	161
	<u>2,774</u>	<u>2,257</u>	<u>(10)</u>	<u>893</u>

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The income tax expense (credit) for the year/period can be reconciled to the profit (loss) before tax as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit/(loss) before tax	2,640	(522)	(4,798)	(259)
Tax at the PRC EIT rate of 25%	659	(130)	(1,199)	(65)
Tax effect of preferential tax rate granted	(321)	(602)	(63)	(380)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(159)	–	–	–
Tax effect of tax losses not recognised	2,344	2,492	1,537	543
Utilisation of tax losses previously not recognised	(1,327)	(87)	–	(461)
Tax effect of income not taxable for tax purposes	(577)	(401)	(204)	(259)
Tax effect of expenses not deductible for tax purposes	2,364	1,813	481	1,372
(Over)underprovision in respect of prior years	(61)	(828)	(562)	143
Tax effect of super deduction for research and development (<i>Note a</i>)	(148)	–	–	–
Income tax expense (credit) for the year	2,774	2,257	(10)	893

(i) Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profit Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, for the Track Record Period, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

(ii) The PRC

Corporate income tax in the PRC is calculated based on the statutory profit or loss of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain income and expense items, which are not assessable or deductible for income tax purposes. According to the PRC EIT Law promulgated by the PRC government, the tax rate for the Company’s PRC subsidiaries is 25%, except for certain subsidiaries which are taxed at preferential tax rates. Shenzhen AiThinker Technology Co., Ltd. (“Shenzhen AiThinker”) is entitled to High and New Technology Enterprise (“HNTE”, 高新技術企業) since 2023. It is eligible for a preferential enterprise income tax rate of 15% during these periods. The HNTE status is valid for three years each time and subject to renewal application.

Taxation arising in other jurisdictions is calculated as the rates prevailing in the relevant jurisdictions.

Note:

- (a) Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs during the Track Record Period.

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13. DIRECTORS’, SUPERVISORS’ AND EMPLOYEES’ EMOLUMENTS

Directors and supervisors

Details of the emoluments paid to the directors and supervisors of the Company are as follows:

For the year ended 31 December 2024

		Fees	Salaries and other allowances	Performance- related bonus	Retirement benefit scheme contributions	Total
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Fu Minggang	(a)	–	1,051	–	101	1,152
Mr. Zhao Qiguo		–	751	–	101	852
Mr. Xue Youdao		–	718	–	101	819
Mr. Zhang Haiqiang		50	–	–	–	50
Mr. Xie Min	(b)	27	–	–	–	27
Mr. Jiang Kaishen	(c)	19	–	–	–	19
Supervisors:						
Ms. Qin Guihua		–	274	15	106	395
Ms. Cheng Yongmei	(d)	–	99	4	29	132
Mr. Hu Zhipeng		–	343	5	103	451
Ms. Wen Ying Ping	(e)	–	24	5	8	37
Total		96	3,260	29	549	3,934

For the year ended 31 December 2025

		Fees	Salaries and other allowances	Performance- related bonus	Retirement benefit scheme contributions	Total
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Fu Minggang	(a)	–	1,051	48	114	1,213
Mr. Zhao Qiguo		–	751	13	113	877
Mr. Xue Youdao		–	728	48	113	889
Mr. Zhang Haiqiang		50	–	–	–	50
Mr. Xie Min	(b)	50	–	–	–	50
Supervisors:						
Ms. Qin Guihua		–	277	55	97	429
Mr. Hu Zhipeng		–	397	43	89	529
Ms. Wen Ying Ping	(e)	–	146	11	53	210
Total		100	3,350	218	579	4,247

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For the six months ended 30 June 2025 (unaudited)

		Fees	Salaries and other allowances	Performance- related bonus	Retirement benefit scheme contributions	Total
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Fu Minggang	(a)	–	526	48	57	631
Mr. Zhao Qiguo		–	376	13	56	445
Mr. Xue Youdao		–	364	48	56	468
Mr. Zhang Haiqiang		25	–	–	–	25
Mr. Xie Min	(b)	25	–	–	–	25
Supervisors:						
Ms. Qin Guihua		–	146	36	49	231
Mr. Hu Zhipeng		–	225	35	45	305
Ms. Wen Ying Ping	(e)	–	73	11	27	111
Total		50	1,710	191	290	2,241

For the six months ended 30 June 2026

		Fees	Salaries and other allowances	Performance- related bonus	Retirement benefit scheme contributions	Total
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Fu Minggang	(a)	–	526	–	57	583
Mr. Zhao Qiguo		–	376	–	58	434
Mr. Xue Youdao		–	364	–	58	422
Mr. Zhang Haiqiang		25	–	–	–	25
Mr. Xie Min	(b)	25	–	–	–	25
Supervisors:						
Ms. Qin Guihua		–	148	–	61	209
Mr. Hu Zhipeng		–	206	–	61	267
Ms. Wen Ying Ping	(e)	–	101	–	31	132
Total		50	1,721	–	326	2,097

Notes:

- (a) Mr. Fu Minggang has been Chairman of the board of the Company for the Track Record Period, and his emoluments disclosed above include those for services rendered by him as the chief executive officer.
- (b) Mr. Xie Min was appointed as an executive director of the Company with effect from 17 May 2024.
- (c) Mr. Jiang Kaishen resigned as an executive director of the Company with effect from 17 May 2024.
- (d) Ms. Cheng Yongmei resigned as a supervisor of the Company with effect from 11 November 2024.
- (e) Ms. Wen Ying Ping was appointed as a supervisor of the Company with effect from 11 November 2024.
- (f) The executive directors’ and supervisors’ emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

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During the Track Record Period, no remuneration was paid by the Group to any director of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any remuneration during the Track Record Period.

Employees

The five highest paid individuals of the Group included three, three, three and three directors for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, whose emoluments are included in the disclosures above. The emoluments of the remaining two individuals for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits	1,402	1,569	869	857
Retirement benefit scheme contributions	184	218	103	122
	<u>1,586</u>	<u>1,787</u>	<u>972</u>	<u>979</u>

The emoluments of the five highest paid individuals, other than directors, were within the following bands:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
Nil to HK\$1,000,000 (Equivalent to approximately Nil–RMB927,000)	2	1	2	2
HK\$1,000,001 to HK\$1,500,000 (Equivalent to approximately RMB927,001–RMB1,390,000)	–	1	–	–
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

No inducement paid or payable by the Group to the directors of the Company and these five highest paid individuals to join or upon joining the Group or as compensation for loss of office. During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, no payments or benefits in respect of termination of directors’ services were paid or made, directly or indirectly, to the directors of the Company and no consideration provided to or receivable by third parties for making available directors’ services.

14. DIVIDENDS

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Dividends recognised as distribution to ordinary shareholders:				
Final dividend of RMB0.06 per share in respect of the year ended 31 December 2024*	–	2,788	2,788	–

* A final dividend of approximately RMB2,788,000 or RMB0.60 per ten shares (pre-tax) for the financial year ended 31 December 2024 was approved, declared, and distributed based on the distributable profits determined under the PRC Generally Accepted Accounting Principles.

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No dividend in respect of the year ended 31 December 2025 and the six months ended 30 June 2026 has been proposed by the directors of the Company.

15. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

Loss figures as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
Loss attributable to the owners of the Company (<i>RMB’000</i>)	(134)	(2,779)	(4,788)	(1,152)

Number of shares:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
Number of ordinary shares issued	46,464,000	46,464,000	46,464,000	46,464,000
Less: Treasury shares	–	–	–	(400,342)
Weighted average number of ordinary shares for the purpose of basic loss per share	46,464,000	46,464,000	46,464,000	46,063,658

Basic loss per share as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
Loss for the purpose of basic loss per share (<i>RMB cents</i>)	(0.29)	(5.98)	(10.30)	(2.50)

No diluted earnings per share are presented for the Track Record Period as there were no potential ordinary shares in issue.

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16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements	Machinery	Motor vehicles	Furniture and fixtures	Computer equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2024	4,736	31,573	206	374	1,750	657	39,296
Additions	439	1,047	108	16	24	5,238	6,872
Transfer from construction in progress	–	3,308	–	–	–	(3,308)	–
Disposals	(88)	(2,081)	(11)	(67)	(17)	–	(2,264)
At 31 December 2024 and 1 January 2025	5,087	33,847	303	323	1,757	2,587	43,904
Additions	–	845	–	29	15	1,973	2,862
Transfer from construction in progress	–	2,945	–	–	48	(2,993)	–
Transfer to intangible assets (note 19)	–	–	–	–	–	(795)	(795)
Disposals	–	(171)	–	(16)	(15)	–	(202)
At 31 December 2025 and 1 January 2026	5,087	37,466	303	336	1,805	772	45,769
Additions	–	188	1	53	171	–	413
Transfer from construction in progress	–	516	–	–	–	(516)	–
Disposals	–	–	–	(8)	(4)	–	(12)
At 30 June 2026	<u>5,087</u>	<u>38,170</u>	<u>304</u>	<u>381</u>	<u>1,972</u>	<u>256</u>	<u>46,170</u>
DEPRECIATION AND IMPAIRMENT							
At 1 January 2024	304	12,648	83	248	841	–	14,124
Provided for the year	517	3,144	34	44	234	–	3,973
Eliminated on disposals	–	(1,859)	(11)	(57)	(16)	–	(1,943)
At 31 December 2024 and 1 January 2025	821	13,933	106	235	1,059	–	16,154
Provided for the year	589	3,404	35	42	225	–	4,295
Eliminated on disposals	–	(67)	–	(16)	(14)	–	(97)
At 31 December 2025 and 1 January 2026	1,410	17,270	141	261	1,270	–	20,352
Provided for the period	252	1,746	18	50	171	–	2,237
Eliminated on disposals	–	2	–	(8)	(4)	–	(10)
At 30 June 2026	<u>1,662</u>	<u>19,018</u>	<u>159</u>	<u>303</u>	<u>1,437</u>	<u>–</u>	<u>22,579</u>
CARRYING VALUES							
At 31 December 2024	<u>4,266</u>	<u>19,914</u>	<u>197</u>	<u>88</u>	<u>698</u>	<u>2,587</u>	<u>27,750</u>
At 31 December 2025	<u>3,677</u>	<u>20,196</u>	<u>162</u>	<u>75</u>	<u>535</u>	<u>772</u>	<u>25,417</u>
At 30 June 2026	<u>3,425</u>	<u>19,152</u>	<u>145</u>	<u>78</u>	<u>535</u>	<u>256</u>	<u>23,591</u>

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The above items of property, plant and equipment after taking into account the residual values, are depreciated on a straight-line basis at the following rates:

Leasehold improvements	The shorter of useful life or lease term
Machinery	10% to 20%
Motor vehicles	25%
Furniture and fixtures	20%
Computer equipment	33%

The Company

As at 31 December 2024 and 2025 and 30 June 2026, property, plant and equipment amounted RMB2,000 represents the scrap value of i) Furniture and fixtures; and ii) Computer equipment belonging to the Company.

17. RIGHT-OF-USE ASSETS

The Group

	Buildings
	<i>RMB’000</i>
As at 31 December 2024	
Carrying amount	4,143
As at 31 December 2025	
Carrying amount	3,150
As at 30 June 2026	
Carrying amount	2,292
For the years ended 31 December 2024	
Depreciation charge	2,106
For the years ended 31 December 2025	
Depreciation charge	1,705
For the six months ended 30 June 2026	
Depreciation charge	858

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Expense relating to short-term leases	2,451	2,155	1,097	522
Total cash outflow for leases	4,605	3,274	1,585	1,746
Additions to right-of-use assets	5,318	712	315	–

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The Group leases various leasehold land and buildings for its operations. Lease contracts are entered into fixed periods of 12 months to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office and laboratory. As at 31 December 2024 and 2025 and 30 June 2026, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Company

As at 31 December 2024 and 2025 and 30 June 2026, the Company’s right-of-use assets amounted to RMB30,000 and RMB20,000 and RMB15,000, respectively, representing the right to use the registered office located at Room B101, Block 20, Liandong U Valley, No. 6 Qiming East Road, Chanhe Hui District, Luoyang, Henan, China.

18. GOODWILL

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
COST AND CARRYING VALUES			
At 1 January 2024, 31 December 2024,			
1 January 2025, 31 December 2025,			
1 January 2026 and 30 June 2026	4,659	4,659	4,659

Note: In August 2016, the Company acquired Shenzhen AiThinker indirectly through its wholly-owned subsidiary Zhongshan Boantong Communication Technology Co., Ltd. (“Zhongshan Boantong”). The total consideration for the acquisition was RMB8,120,000, which was satisfied by cash. Following completion of the acquisition, Shenzhen AiThinker became an indirect non-wholly-owned subsidiary of the Company and its financial results have been consolidated into the Group’s financial statements from the acquisition. From 2021, Shenzhen AiThinker became an indirect wholly-owned subsidiary of the Company.

Impairment testing on goodwill

For the purposes of impairment testing, goodwill has been allocated to one individual cash-generating unit, a wholly-owned subsidiary of the Company, Shenzhen AiThinker. The carrying amounts of goodwill allocated to the unit are as shown in the movement above.

During the years ended 31 December 2024, 2025 and six months ended 30 June 2026, management of the Group determines that there is no impairment on the Shenzhen AiThinker.

The recoverable amount is significantly above the carrying amount of the Shenzhen AiThinker. Management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

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19. INTANGIBLE ASSETS

The Group

	Computer software	Licence	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
COST			
At 1 January 2024	2,391	99	2,490
Disposal	(82)	–	(82)
At 31 December 2024 and 1 January 2025	2,309	99	2,408
Addition	102	10	112
Disposal	(58)	–	(58)
Transfer from property, plant and equipment (note 16)	795	–	795
At 31 December 2025, 1 January 2026 and 30 June 2026	3,148	109	3,257
AMORTISATION			
At 1 January 2024	1,200	30	1,230
Provided for the year	265	10	275
Eliminated on disposal	(82)	–	(82)
At 31 December 2024 and 1 January 2025	1,383	40	1,423
Provided for the year	311	11	322
Eliminated on disposal	(58)	–	(58)
At 31 December 2025 and 1 January 2026	1,636	51	1,687
Provided for the period	173	5	178
At 30 June 2026	1,809	56	1,865
CARRYING VALUES			
At 31 December 2024	926	59	985
At 31 December 2025	1,512	58	1,570
At 30 June 2026	1,339	53	1,392

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The Company

	Computer software
	<i>RMB’000</i>
COST	
At 1 January 2024	2,098
Disposal	(82)
	<hr/>
At 31 December 2024 and 1 January 2025	2,016
Disposal	(58)
	<hr/>
At 31 December 2025, 1 January 2026 and 30 June 2026	1,958
	<hr/> <hr/>
AMORTISATION	
At 1 January 2024	1,040
Provided for the year	236
Eliminated on disposal	(82)
	<hr/>
At 31 December 2024 and 1 January 2025	1,194
Provided for the year	235
Eliminated on disposal	(58)
	<hr/>
At 31 December 2025 and 1 January 2026	1,371
Provided for the period	114
	<hr/>
At 30 June 2026	1,485
	<hr/> <hr/>
CARRYING VALUES	
At 31 December 2024	822
	<hr/> <hr/>
At 31 December 2025	587
	<hr/> <hr/>
At 30 June 2026	473
	<hr/> <hr/>

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Computer software	10 years
Licence	10 years

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20. INVENTORIES

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Raw materials	13,160	15,233	19,056
Work in progress	5,684	4,212	5,014
Finished goods	4,317	5,155	10,169
	23,161	24,600	34,239

As at 31 December 2024 and 2025 and 30 June 2026, inventories of RMB23,161,000, RMB24,600,000 and RMB34,239,000, respectively, are expected to be recovered no more than 12 months.

21. TRADE AND BILLS RECEIVABLES

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Trade receivables, gross	31,097	30,029	37,019
Less: allowance for credit losses	(674)	(707)	(880)
Trade receivables, net (<i>note a</i>)	30,423	29,322	36,139
Bills receivables, gross	7,157	9,121	6,839
Less: allowance for credit losses	(98)	(126)	(81)
Bills receivables, net (<i>note b</i>)	7,059	8,995	6,758
Total trade and bills receivables, net	37,482	38,317	42,897

As at 1 January 2024, the carrying amount of trade receivables from contracts with customers amounted to RMB23,229,000.

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Notes:

- (a) Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast directions of conditions at each of the reporting dates. The Group offers credit terms of 30 days to 180 days to its debtors.

The following table details the risk profile of trade receivables from contracts with customers based on the Group’s provision matrix. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group’s different customer bases. The following is an analysis of trade receivables by age, net of allowance of credit losses, presented based on the invoice dates.

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
0–30 days	9,871	11,435	13,754
31–60 days	7,323	6,914	8,942
61–90 days	4,775	5,080	6,304
91–180 days	8,268	5,732	6,630
Over 180 days	186	161	509
	30,423	29,322	36,139

The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

Details of impairment assessment of trade receivables are set out in Note 34(b).

- (b) All bill receivables are bank acceptance with maturity dates within six months. At 31 December 2024 and 2025 and 30 June 2026, bills receivables of RMB7,059,000, RMB8,995,000 and RMB6,758,000, respectively, were classified as financial assets at amortised cost.

Details of impairment assessment of bill receivables are set out in Note 34(b).

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2024 and 2025 and 30 June 2026, the Group endorsed certain bills receivables accepted by banks in the PRC (the “Endorsed Notes”) with a carrying amount of RMB9,478,000, RMB12,272,000 and RMB10,709,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”).

In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes of RMB5,885,000, RMB7,759,000 and RMB5,198,000 at 31 December 2024 and 2025 and 30 June 2026, respectively, and accordingly, it continued to recognise the full carrying amounts of such Endorsed Notes and the associated trade payables settled (Note 25(c)). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge to any other third parties.

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22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	At 31 December		At 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Prepayments paid to suppliers	1,444	1,956	3,827
Prepaid expenses	392	1,600	2,697
Prepayments for [REDACTED]	–	–	1,330
Deferred issue costs	–	–	534
Deposits	960	1,800	1,364
Other tax recoverable	5,497	4,621	5,379
Others	524	115	90
Total	8,817	10,092	15,221
Less: Rental deposits under non-current assets	(321)	(330)	(330)
Less: Prepayment for acquisition of property, plant and equipment under non-current assets	(117)	(274)	(236)
Amount shown under current assets	8,379	9,488	14,655

The Company

	At 31 December		At 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Prepaid expenses	8	495	792
Prepayments for [REDACTED]	–	–	1,330
Deferred issue costs	–	–	534
Deposits	188	230	188
Other tax recoverable	42	107	193
Amounts due from subsidiaries	48,300	32,000	37,044
Others	–	103	102
Total	48,538	32,935	40,183
Less: Rental deposits under non-current assets	(188)	(188)	(188)
Amount shown under current assets	48,350	32,747	39,995

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23. FINANCIAL ASSETS AT FVTPL

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Unlisted private equity investment (<i>note a</i>)	–	7,000	7,000

Note:

- (a) On 13 November 2025, the Group entered into an investment agreement investing RMB7 million to indirectly acquire an approximate 0.44% equity stake in ICLEGEND MICRO (Nanjing) Co., Ltd. (the “Target Company”). The Group will first contribute the funds to Shanghai Xintianchang Enterprise Consulting Center (Limited Partnership) (the “Investment Platform”). Subsequently, the Investment Platform will use these funds, along with capital from its other partners, to complete a total RMB11 million capital increase in the Target Company. As a result of this two-step process, the Investor will hold a 16.28% interest in the Investment Platform, which in turn will hold a 2.72% stake in the Target Company. By acquiring a minority stake in the Target Company, a fabless semiconductor firm that develops advanced millimeter-wave sensor chips for applications such as smart home presence detection and gesture recognition, the Group aims to secure a position upstream in the supply chain.

24. CASH AND CASH EQUIVALENTS

The Group

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents			
– Deposits at banks	28,923	40,176	35,622

The Company

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents			
– Deposits at banks	5,737	12,941	4,126

As at 31 December 2024 and 2025 and the six months ended 30 June 2026, cash and cash equivalents were mainly situated in Mainland China. Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control. Bank balances are interest-free or at nominal rate as at 31 December 2024 and 2025 and 30 June 2026.

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25. TRADE PAYABLES

	At 31 December		At 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Trade payables	25,352	37,957	40,845

Notes:

- (a) The credit period on purchases from suppliers is ranging from 0–150 days or payable upon delivery.
- (b) The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	At 31 December		At 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
0–30 days	12,820	17,616	22,128
31–60 days	4,647	8,370	7,552
61–90 days	4,517	5,885	4,104
91–180 days	3,275	5,277	6,696
Over 180 days	93	809	365
	25,352	37,957	40,845

- (c) As at 31 December 2024 and 2025 and 30 June 2026, payments for trade payables RMB5,885,000 and RMB7,759,000 and RMB5,198,000, respectively, with bills receivables (Note 21(b)) were not derecognised.

26. CONTRACT LIABILITIES

	At 31 December		At 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Contract liabilities	894	1,383	1,629

Significant changes in contract liabilities are analysed as follows:

	At 31 December		At 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024, 2025 and 2026	1,374	894	1,383
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(1,374)	(894)	(1,383)
Increase due to cash received, excluding amounts recognised as revenue during the year	894	1,383	1,629
Balance at 31 December 2024 and 2025 and 30 June 2026	894	1,383	1,629

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Contract liabilities increased as at 31 December 2025, primarily attributable to new customers entering into contracts that required advance payments. This resulted in a higher closing balance of contract liabilities at the reporting date, net of amounts recognised as revenue upon satisfaction of the related service obligations during the year.

27. OTHER PAYABLES AND ACCRUED EXPENSES

The Group

	At 31 December		At 30 June
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payables for purchase of property, plant and equipment	3,139	3,706	2,309
Accrued payroll and welfare	17,923	25,489	28,534
Payables for labour costs	400	389	520
Accrued operating expenses	206	186	105
Accrued [REDACTED]	–	–	1,006
Other tax payables	4,233	1,896	1,118
Others	39	–	–
	<u>25,940</u>	<u>31,666</u>	<u>33,592</u>

The Company

	At 31 December		At 30 June
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payables for purchase of property, plant and equipment	–	–	319
Accrued payroll and welfare	620	581	162
Accrued operating expenses	–	14	1
Accrued [REDACTED]	–	–	1,006
Other tax payables	63	59	66
	<u>683</u>	<u>654</u>	<u>1,554</u>

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28. LEASE LIABILITIES

The Group

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Lease liabilities payable:			
Within one year	1,615	2,648	2,091
Within a period of more than one year but not exceeding two years	1,430	1,312	763
Within a period of more than two years but not exceeding five years	1,220	41	–
	4,265	4,001	2,854
Less: amount due for settlement within 12 months shown under current liabilities	(1,615)	(2,648)	(1,572)
Amount due for settlement after 12 months shown under non-current liabilities	2,650	1,353	1,282

As at 31 December 2024 and 2025 and 30 June 2026, the weighted average incremental borrowing rates applied to lease liabilities range from 3.60% to 4.65% per annum.

The Company

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Lease liabilities payable:			
Within one year	13	24	20
Within a period of more than one year but not exceeding two years	10	11	5
Within a period of more than two years but not exceeding five years	11	–	–
	34	35	25
Less: amount due for settlement within 12 months shown under current liabilities	(13)	(24)	(11)
Amount due for settlement after 12 months shown under non-current liabilities	21	11	14

As at 31 December 2024 and 2025 and 30 June 2026, the borrowing rates applied to lease liabilities is 4.20% per annum.

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29. BANK BORROWINGS

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Bank borrowings, unsecured	3,500	10,000	29,700
The carrying amounts of the above borrowings are repayable:			
Within one year	3,500	10,000	29,700
Less: amounts due within one year shown under current liabilities	(3,500)	(10,000)	(29,700)
Amounts shown under non-current liabilities	–	–	–

Notes:

- (a) As at 31 December 2024 and 2025 and 30 June 2026, the unsecured short-term bank borrowings are denominated in RMB and bore variable-rate interest ranging from 3.00% to 4.25%, 2.55% to 3.45% and 2.55% to 3.00%, respectively, per annum.
- (b) Bank borrowings with carrying amount of nil, RMB10,000,000 and RMB29,700,000 as at 31 December 2024 and 2025 and 30 June 2026, respectively, are guaranteed by Mr. Fu Minggang, an executive director of the Company[, which is expected to be released upon [REDACTED]].

30. DEFERRED INCOME TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Deferred tax assets	572	864	703

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The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the Track Record Period:

	Deferred tax assets			Deferred tax liabilities	
	Impairment provision of trade and bills receivables	Write down of inventories	Lease liabilities	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	72	520	1,383	(1,383)	592
(Charge)/credit to profit or loss (<i>note 12</i>)	76	(130)	(330)	364	(20)
At 31 December 2024 and 1 January 2025	148	390	1,053	(1,019)	572
(Charge)/credit to profit or loss (<i>note 12</i>)	30	97	(80)	245	292
At 31 December 2025 and 1 January 2026	178	487	973	(774)	864
(Charge)/credit to profit or loss (<i>note 12</i>)	14	15	(319)	129	(161)
At 30 June 2026	192	502	654	(645)	703

As at 31 December 2024 and 2025 and 30 June 2026, no deferred tax asset has been recognised in respect of RMB32,326,000, RMB41,662,000 and RMB41,988,000, respectively, of unutilised tax losses due to the unpredictability of future profit streams.

As at 31 December 2024, 2025 and 30 June 2026, the Group has unused tax loss of RMB32,326,000, RMB40,486,000 and RMB41,573,000, respectively, which would expire within one to ten years for offsetting against future taxable profits of the Group in which the losses arose. Other losses may be carried forward indefinitely.

31. SHARE CAPITAL OF THE COMPANY

	Number of shares	Amount	Shown in the Historical Financial Information as
	'000	RMB'000	RMB'000
Ordinary shares of RMB1.00 each			
Authorised			
At 1 January 2024, 31 December 2024, 1 January 2025, 30 June 2025, 31 December 2025, 1 January 2026 and 30 June 2026	46,464	46,464	
Issued and fully paid			
At 1 January 2024, 31 December 2024, 1 January 2025, 30 June 2025, 31 December 2025, 1 January 2026 and 30 June 2026	46,464	46,464	46,464

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During the six months ended 30 June 2026, the Company repurchased its own ordinary shares through the NEEQ as follows:

Month of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid RMB’000
		Highest	Lowest	
		RMB	RMB	
June 2026	2,770,807	4.94	1.11	9,355

During the six months ended 30 June 2026, the Company repurchased 2,770,807 of its own ordinary shares through the NEEQ with an aggregate consideration of RMB9,355,000 paid.

At 30 June 2026, the Company had outstanding treasury shares of 2,770,807 shares.

32. RETIREMENT BENEFIT PLANS

The employees of the Group’s subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss in respect of contributions paid or payable to the schemes by the Group for the years ended 31 December 2024 and 2025 and six months ended 30 June 2025 and 2026 were RMB12,047,000 and RMB12,024,000 and RMB5,999,000 and RMB6,592,000 respectively.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank balances and cash, bank borrowings and equity attributable to equity holders of the Company, comprising capital, reserves and retained profits.

The Directors review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through repurchase of shares or issuance of new shares.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Financial assets			
Financial assets at FVTPL			
– Unlisted private equity investment	–	7,000	7,000
Financial assets at amortised cost	67,889	80,406	79,973
	<u>67,889</u>	<u>80,406</u>	<u>79,973</u>
Financial liabilities			
Liabilities measured at amortised cost	32,030	51,663	72,854
	<u>32,030</u>	<u>51,663</u>	<u>72,854</u>

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(b) Financial risk management objectives and policies

The Group’s major financial instruments include trade and bills receivables, deposits and other receivables, financial assets at FVTPL, cash and cash equivalents, trade and other payables, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in the respective notes. These risks include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

The Group conducts its business mainly in the PRC and Hong Kong. The majority of the Group’s revenue and expenditures are denominated in RMB, USD and HKD. The Company and several subsidiaries of the Company have trade and bills receivables, cash and cash equivalents and trade and other payables which are denominated in foreign currencies. The carrying amounts of the Group’s foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Liabilities			Assets		
	At 31 December		At 30 June	At 31 December		At 30 June
	2024	2025	2026	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
USD	1,879	5,859	5,367	1,489	1,058	7,735
RMB	–	–	–	–	2,711	–
	1,879	5,859	5,367	1,489	3,769	7,735

Sensitivity analysis

The following table details the Group’s sensitivity to a 5% increase and decrease in the functional currency of the relevant group entities against the relevant foreign currencies. The following sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the year end for a 5% change in foreign currency exchange rates, which are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in currencies exchange rates. A positive number below indicates a decrease to loss for the year/period when the currency below strengthens 5% against the functional currency of the relevant group entities. For a 5% weakening of these currencies against the functional currency of the relevant group entities, there would be an equal and opposite impact on the loss for the year/period and the amounts below would be negative.

	At 31 December		At 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Profit or loss related to USD	(15)	(180)	89
Profit or loss related to RMB	–	102	–

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of the reporting year does not reflect the exposure for the full year/period.

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(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 28 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 24 for details) and variable-rate bank borrowings (see note 29 for details). The Group’s cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and floating rates arising from the Group’s borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable interest rate bank balances and borrowings. If interest rates had been 1% higher/lower and all other variables were held consistent, the Group’s post-tax loss for the years ended 31 December 2024 and 2025 and six months ended 30 June 2026 would decrease/increase by RMB191,000, RMB226,000 and RMB22,000, respectively.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in unlisted private equity investment measured at FVTPL. The management has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks relating to unlisted private equity investment at the reporting date. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in note 34c.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to trade and bills receivables, deposits and other receivables and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group’s credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is no more than 180 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables, management believes that the credit risk inherent in the Group’s outstanding trade receivable balances is not significant.

The Group applies simplified approach to measuring expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on nature of customer accounts, the shared credit risk characteristics and the days past due. In calculating the expected credit loss rate, the Group considers the historical loss rates for its customers and adjusts for forward-looking macroeconomic data.

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As at 31 December 2024, 2025 and 30 June 2026, the Group had concentrations of credit risk as 25%, 9% and 12% of the Group’s trade receivables were due from the Group’s largest debtor and 53%, 39% and 45% of the Group’s trade receivables were due from the Group’s five largest debtors, respectively.

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2024, 2025 and 30 June 2026.

	31 December				30 June	
	2024		2025		2026	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
	%	RMB’000	%	RMB’000	%	RMB’000
Current (not past due)	2.1	28,882	2.3	25,499	2.4	31,541
1–30 days past due	2.1	826	2.3	2,639	2.4	4,117
31–90 days past due	2.1	1,281	2.3	1,806	2.4	1,190
More than 90 days past due	29.0	108	12.8	85	4.3	171
		<u>31,097</u>		<u>30,029</u>		<u>37,019</u>

The following table shows the movement in lifetime ECL that has been recognised for trade receivables based on provision matrix under the simplified approach.

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB’000	RMB’000	RMB’000
At 1 January 2024	389	68	457
Impairment losses recognised/(reversed)	<u>261</u>	<u>(44)</u>	<u>217</u>
At 31 December 2024	650	24	674
Impairment losses recognised/(reversed)	<u>57</u>	<u>(24)</u>	<u>33</u>
At 31 December 2025	707	–	707
Impairment losses recognised	<u>173</u>	<u>–</u>	<u>173</u>
At 30 June 2026	<u>880</u>	<u>–</u>	<u>880</u>

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Bills receivables

Bill receivables are issued from banks in PRC. The credit quality of bill receivables has been assessed by reference to external credit ratings and to historical information about the counterparty default rates. Impairment allowance of RMB98,000, RMB126,000 and RMB81,000 was provided for these bills receivables as at 31 December 2024, 2025 and 30 June 2026 respectively.

	12-month ECL
	<i>RMB’000</i>
At 1 January 2024	48
Impairment losses recognised	50
At 31 December 2024	98
Impairment losses recognised	28
At 31 December 2025	126
Impairment losses reversed	(45)
At 30 June 2026	81

Other receivables and deposits

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2024 and 2025 and six months ended 30 June 2026, the Group assessed the ECL for other receivables and deposits were insignificant.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2024 and 2025 and 30 June 2026, the Group does not have available unutilised overdraft and short-term bank loan facilities. Details of which are set out in notes 29.

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The following table details the Group’s remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average Interest rate	On demand or less than 1 year	1–2 years	2–3 years	3–5 years	Undiscounted cash flows	Total carrying amount
	%	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Non-derivative financial liabilities:							
Trade payables	–	25,352	–	–	–	25,352	25,352
Other payables	–	3,178	–	–	–	3,178	3,178
Bank borrowings	3.45	3,548	–	–	–	3,548	3,500
Lease liabilities	4.08	1,770	1,507	1,204	41	4,522	4,265
At 31 December 2024		33,848	1,507	1,204	41	36,600	36,295
Non-derivative financial liabilities:							
Trade payables	–	37,957	–	–	–	37,957	37,957
Other payables	–	3,706	–	–	–	3,706	3,706
Bank borrowings	2.55	10,198	–	–	–	10,198	10,000
Lease liabilities	4.07	2,757	1,341	41	–	4,139	4,001
At 31 December 2025		54,618	1,341	41	–	56,000	55,664
Non-derivative financial liabilities:							
Trade payables	–	40,845	–	–	–	40,845	40,845
Other payables	–	2,309	–	–	–	2,309	2,309
Bank borrowings	2.85	30,429	–	–	–	30,429	29,700
Lease liabilities	3.99	2,146	772	–	–	2,918	2,854
At 30 June 2026		75,729	772	–	–	76,501	75,708

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(c) Fair value measurements of financial instruments

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

Fair value of the Group’s financial assets that are measured at fair value on a recurring basis

As at 31 December 2024, 2025 and 30 June 2026, the unlisted investment classified as a financial asset at FVTPL is an unlisted private equity investment.

As at 31 December 2024, 2025 and 30 June 2026, the fair value measurements of the Group’s investments in unlisted private equity investment were classified as Level 3 under the fair value hierarchy and determined by market approach with a combination of observable and unobservable inputs, such as risk-free rate and expected volatility, and arrived at based on valuations conducted by an independent professional valuer not connected to the Group.

- If the expected volatility has been 100 basis point higher/lower, holding other inputs as constant, the fair value would decrease/increase by approximately nil, RMB1,000 and RMB1,000 for the year ended 31 December 2024 and 2025, and for the six months ended 30 June 2026, respectively.
- If the risk-free rate has been 100 basis point higher/lower, holding other inputs as constant, the fair value would decrease/increase by approximately nil, RMB100,000 and RMB100,000 for the year ended 31 December 2024 and 2025, and for the six months ended 30 June 2026, respectively.

Reconciliation of Level 3 fair value measurement of financial assets at FVTPL

	Unlisted private equity investment
	<i>RMB’000</i>
At 1 January 2024 and 31 December 2024	–
Purchased	7,000
	<hr/>
At 31 December 2025 and 30 June 2026	7,000
	<hr/> <hr/>

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35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings	Bills payable	Lease liabilities	Accrued [REDACTED] included in other payables and accrued expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	3,865	7,116	8,232	–	19,213
Financing cash flows	(505)	(7,116)	(2,154)	–	(9,775)
Lease termination	–	–	(7,331)	–	(7,331)
Inception of lease	–	–	5,318	–	5,318
Interest expenses	140	–	200	–	340
At 31 December 2024 and 1 January 2025	3,500	–	4,265	–	7,765
Financing cash flows	6,401	–	(1,119)	–	5,282
Inception of lease	–	–	712	–	712
Interest expenses	99	–	143	–	242
At 31 December 2025 and 1 January 2026	10,000	–	4,001	–	14,001
Financing cash flows	19,427	–	(1,224)	(582)	17,621
Interest expenses	273	–	77	–	350
Operating cash flows	–	–	–	(3,434)	(3,434)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
At 30 June 2026	29,700	–	2,854	1,006	33,560

36. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group had non-cash additions of right-of-use assets and lease liabilities of RMB5,318,000, RMB712,000, RMB315,000 (unaudited) and nil, respectively, in respect of the Group’s lease arrangements for buildings.

During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group had non-cash reductions of trade payables settled by endorsement of bills receivable of RMB12,574,000, RMB10,438,000, RMB5,425,000 (unaudited) and RMB7,343,000, respectively.

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ACCOUNTANTS’ REPORT

37. RELATED PARTY TRANSACTIONS AND BALANCES

Other than as disclosed elsewhere in the Historical Financial Information, the Group has following transactions and balances with related parties:

(i) Transactions with related companies

During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group entered into the following transactions with related parties:

Names of the related parties	Relationships	Nature of transactions	Year ended 31 December		Six months ended 30 June	
			2024	2025	2025	2026
			RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
深圳市德卡科技股份有限公司	Common shareholder and common director	Sales of goods	481	361	124	179

(ii) Balances with related companies

As at 31 December 2024 and 2025 and the six months ended 30 June 2026, the balances with related parties were as follows:

Names of the related parties	Relationships	Nature of balances	At 31 December		As at 30 June
			2024	2025	2026
			RMB'000	RMB'000	RMB'000
深圳市德卡科技股份有限公司	Common shareholder and common director	Account receivables	161	147	74
		Bill receivables	54	79	25

(iii) Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group during the Track Record Periods are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term benefits	3,356	3,450	1,760	1,771
Discretionary bonus	29	218	191	–
Post-employment benefits	549	579	290	326
	3,934	4,247	2,241	2,097

(iv) Guarantees provided by related parties

During the year ended 31 December 2025 and the six months ended 30 June 2026, the Group raised bank borrowings (details as set out in note 29), which are guaranteed by a director of the Company, Mr. Fu Minggang.

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38. CAPITAL AND RESERVES OF THE COMPANY

Movement in capital and reserves is as follows:

	Share capital	Capital surplus	Statutory surplus reserve	Treasury shares	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	46,464	38,721	1,911	–	(23,043)	64,053
Profit for the year	–	–	–	–	5,427	5,427
Total comprehensive income for the year	–	–	–	–	5,427	5,427
Transfer	–	–	543	–	(543)	–
At 31 December 2024 and 1 January 2025	46,464	38,721	2,454	–	(18,159)	69,480
Loss for the year	–	–	–	–	(5,828)	(5,828)
Total comprehensive expense for the year	–	–	–	–	(5,828)	(5,828)
Dividend (note 14)	–	–	–	–	(2,788)	(2,788)
At 31 December 2025 and 1 January 2026	46,464	38,721	2,454	–	(26,775)	60,864
Profit for the period	–	–	–	–	6,779	6,779
Total comprehensive income for the period	–	–	–	–	6,779	6,779
Transfer	–	–	680	–	(680)	–
Repurchase of shares	–	–	–	(9,355)	–	(9,355)
At 30 June 2026	46,464	38,721	3,134	(9,355)	(20,676)	58,288

39. CONTINGENT LIABILITIES

As at 31 December 2024 and 2025 and 30 June 2026, the Group had no material contingent liabilities.

40. CAPITAL COMMITMENTS

	At 31 December		At 30 June
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	223	–	–

41. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to the end of the Track Record Period:

On 4 August 2026, the Company approved and adopted the share award scheme, and on the same date, the Company granted an aggregate of 2,770,807 underlying treasury shares of the Company, representing approximately 5.96% of the equity interest in the Company, to 18 employees of the Group under the share award scheme. The grantees are required to accept the share awards before 10 August 2026 from the date of grant and pay a consideration of RMB1.5 per share upon acceptance. As at 10 August 2026, aggregate cash consideration of RMB4,156,000 had been received from the 18 employees.

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Subject to the completion of the [REDACTED] of the Company’s shares on GEM of the Stock Exchange of Hong Kong Limited, 831,242 restricted shares will vest one year after the [REDACTED], 831,242 restricted shares will vest two years after the [REDACTED], and 1,108,323 restricted shares will vest three years after the [REDACTED].

The aggregate fair value of the underlying equity interests at the date of grant, determined by [Norton Appraisals Holdings Limited], a professional valuation specialist not connected to the Group, using the [market approach], was approximately RMB[11,258,000].

Save as disclosed elsewhere in the notes to the Historical Financial Information, there were no material events after the reporting period to be disclosed.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Notes	Date of incorporation/ establishment	Location of incorporation/ establishment and operation	Particulars of registered capital/paid-up capital	Proportion of ownership interests			Principal activities
					As at 31 December		As at 30 June	
					2024	2025	2026	
Directly held:								
Zhongshan Boantong Communication Technology Co., Ltd. 中山市博安通通信技術有限公司	(i)(ii)	20 May 2014	PRC	RMB25,000,000/ RMB25,000,000	100%	100%	100%	Sales and production of wireless modules solutions and antenna solutions
Sichuan Boantong Communication Technology Co., Ltd. 四川博安通通信技術有限公司	(i)(ii)(vi)	19 October 2020	PRC	RMB12,550,000/ RMB10,000,000	100%	100%	65%	Sales and production of wireless modules solutions and antenna solutions
AiThinker Technology Limited 安信可科技有限公司 (Formerly known as ANXINKE (CHINA) CO., LIMITED and AiThinker TECH Co., Limited) (前稱安信可(中國)有限公司)	(v) (viii)	21 June 2022	Hong Kong	HK\$10,000/ HK\$10,000	100%	100%	100%	Sales and production of wireless modules solutions, antenna solutions and PCBA solutions
Boantong IoT Technology Luoyang Co., Ltd. Shenzhen 博安通物聯科技洛陽股份分公司深圳分公司	(i)(ii)	9 August 2023	PRC	Nil/ Nil	100%	100%	100%	No substantial operation
Shenzhen Chuangke Zhiqu Communication Technology Co., Ltd. 深圳市創客智趣通信技術有限公司	(i)(ii)(iii)	9 April 2015	PRC	Nil/ Nil	Nil	Nil	Nil	Sales and production of wireless modules solutions and antenna solutions
Indirectly held:								
Shenzhen AiThinker Technology Co., Ltd. 深圳市安信可科技有限公司	(i)(ii)	17 April 2012	PRC	RMB12,000,000/ RMB12,000,000	100%	100%	100%	Sales and production of wireless modules solutions, antenna solutions and PCBA solutions
Luoyang Bocheng IOT Technology Co., Ltd. 洛陽博誠物聯技術有限公司	(i)(ii)	19 October 2022	PRC	RMB10,000,000/ RMB10,000,000	100%	100%	100%	Sales and production of wireless modules solutions, antenna solutions and PCBA solutions
Shenzhen AiThinker Technology Co., Ltd. Changsha Branch 深圳市安信可科技有限公司長沙分公司	(i)(ii)	31 July 2023	PRC	Nil/ Nil	100%	100%	100%	Sales and production of wireless modules solutions and antenna solutions
Shenzhen AiThinker Technology Co., Ltd. Hangzhou Branch 深圳市安信可科技有限公司杭州分公司	(i)(ii)	29 March 2023	PRC	Nil/ Nil	100%	100%	100%	Sales and production of wireless modules solutions and antenna solutions
Sichuan Boantong Communication Technology Co., Ltd. Shenzhen Branch 四川博安通通信技術有限公司深圳分公司	(i)(ii)(vi)	28 July 2023	PRC	Nil/ Nil	100%	100%	65%	Sales and production of wireless modules solutions and antenna solutions
Shenzhen AiThinker Technology Co., Ltd. Zhongshan Branch 深圳市安信可科技有限公司中山分公司	(i)(ii)	21 October 2025	PRC	Nil/ Nil	100%	100%	100%	Sales and production of wireless modules solutions and antenna solutions

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Name of subsidiary	Notes	Date of incorporation/ establishment	Location of incorporation/ establishment and operation	Particulars of registered capital/paid-up capital	Proportion of ownership interests			Principal activities
					As at 31 December		As at 30 June	
					2024	2025	2026	
Changsha Boantong Software Technology Co., Ltd. 長沙博安通軟件科技有限公司	(i)(ii)(iv)	9 March 2021	PRC	Nil/ Nil	Nil	Nil	Nil	Sales and production of wireless modules solutions and antenna solutions
Luoyang Bocheng IOT Technology Co., Ltd. Shenzhen Branch 洛陽博誠物聯技術有限公司深圳分公司	(i), (ii)	21 January 2026	PRC	Nil/ Nil	Nil	Nil	100%	Sales and production of wireless modules solutions, antenna solutions and PCBA solutions
Luoyang Shiheng Intelligent Technology Co., Ltd. 洛陽時恒智能科技有限公司	(i), (ii), (vii)	10 June 2026	PRC	RMB5,000,000/ Nil	Nil	Nil	99%	Sales and production of wireless modules solutions, antenna solutions and PCBA solutions

Notes:

- (i) These entities are limited liability companies established in the PRC. The official name of these entities is in Chinese. The English name is for identification purposes only.
- (ii) No audited financial statements of these entities for the years ended 31 December 2024 and 2025 and for the six months ended 30 June 2026 were prepared, as there were no statutory audit requirements for these subsidiaries.
- (iii) On 25 December 2024, the subsidiary was de-registered.
- (iv) On 3 January 2024, the subsidiary was de-registered.
- (v) The statutory financial statements of AiThinker Technology Limited, a Hong Kong private company limited by shares (formerly known as ANXINKE (CHINA) CO., LIMITED and AiThinker TECH Co. Limited), for the year ended 30 November 2024 and 2025 prepared in accordance with Small and Medium-sized Entities Financial Reporting Standard and Hong Kong Companies Ordinance were audited by Grandwealth & Co.. No audited financial statements have been prepared for this entity for the year ended 31 December 2024 and 2025.
- (vi) The Group holds effective equity interests of 65% on 四川博安通通信技術有限公司 and 四川博安通通信技術有限公司深圳分公司, respectively. The non-controlling shareholder of 四川博安通通信技術有限公司 has yet to make the proportionate capital contribution as at 31 December 2025, 30 June 2026 and the date when these consolidated financial statements are authorised for issue, and hence the paid up capital of 四川博安通通信技術有限公司 and 四川博安通通信技術有限公司深圳分公司 were solely contributed by the Group.
- (vii) The Group holds an effective equity interest of 99% in 洛陽時恒智能科技有限公司. Neither the Group nor the non-controlling shareholder had made their respective proportionate capital contributions as at 30 June 2026 and the date on which these consolidated financial statements were authorised for issue. Accordingly, no paid-up capital had been contributed by either shareholder and no non-controlling interests were recognised in respect of 洛陽時恒智能科技有限公司.
- (viii) Except for AiThinker Technology Limited (formerly known as ANXINKE (CHINA) CO., LIMITED and AiThinker TECH Co. Limited), which have a financial year end of 30 November, all subsidiaries have adopted 31 December as their financial year end date.
- (ix) None of the subsidiaries has issued any debt securities as at 31 December 2024 and 2025 and 30 June 2026.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the Track Record Period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2026.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

The information set out in this appendix does not form part of the accountants’ report on the historical financial information of the Group (the “Accountants’ Report”) from [Moore CPA Limited], Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this document, and is included in this document for illustrative purpose only. The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial information” in this document and the Accountants’ Report set forth in Appendix I to this document.

(A) UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out below to illustrate the effect of the [REDACTED] on the audited consolidated net tangible assets of the Group as at 30 June 2026 as if the [REDACTED] had taken place on that date.

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at [30 June 2026] or at any future dates following the [REDACTED].

	Audited consolidated net tangible assets of the Group as at [30 June 2026]	Estimated [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group as at [30 June 2026]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group as at [30 June 2026] per Share	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ (Note 4)
Based on [REDACTED] HK\$[REDACTED] per [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Based on [REDACTED] HK\$[REDACTED] per [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Notes:

- (1) The audited consolidated net tangible assets of the Group as at [30 June 2026] is extracted from the Accountant’s Report set out in Appendix I to this document, which is based on the audited consolidated net assets of the Group as at [30 June 2026] of approximately RMB59,151,000 with adjustment for the intangible assets and goodwill as at [30 June 2026] of approximately RMB1,392,000 and RMB4,659,000, respectively.
- (2) The estimated [REDACTED] from the [[REDACTED]] are based on [REDACTED] [REDACTED] at an [REDACTED] range of lower limit and upper limit of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED], respectively, after deduction of the [REDACTED] fees and other related expenses (excluding any [REDACTED] which have been accounted for in the consolidated statement of comprehensive loss up to [30 June 2026] and such amount is RMB3,158,000), without taking into account of any Shares which may be allotted and issued upon the exercise of the [REDACTED], or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

- (3) The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group as at 30 June 2026 per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares were in issue with adjustment for the outstanding treasury shares of 2,770,807 Shares, assuming the [REDACTED] had taken place on [30 June 2026], without taking into account of any Shares which may be allotted and issued upon the exercise of the [REDACTED], or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates.
- (4) For the purpose of this unaudited [REDACTED] adjusted consolidated net tangible assets, the amounts stated in Renminbi are converted into Hong Kong dollars at a rate of RMB1.0000 to HK\$[1.135] (being the exchange rate prevailing at [30 June] 2026). No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.
- (5) No adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group as at [30 June 2026] to reflect any trading result or other transactions of the Group entered into subsequent to [30 June 2026].

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

SHAREHOLDERS AND SHAREHOLDERS’ MEETINGS

Shareholders

The Company shall establish a register of shareholders based on certificates provided by the securities depository and clearing institution, and the register of shareholders shall be sufficient evidence to prove that a shareholder holds shares of the Company. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding the same class of shares shall enjoy equal rights and assume identical obligations. The register of shareholders for H shares shall be kept at the place where the Company’s shares are listed and shall be available for inspection by shareholders, provided that the Company may suspend the registration of shareholders on terms equivalent to section 632 of the Hong Kong Companies Ordinance. Any shareholder registered on the register of shareholders for H shares or any person requesting to have his/her/its name registered on the register of shareholders for H shares may apply for the issuance of a new share certificate in the event his/her/its share certificate is lost, in accordance with the laws of the place where the original register of shareholders for H shares is kept, the rules of the stock exchange or other relevant regulations.

Shareholders of the Company shall enjoy the following principal rights:

- (1) to receive dividends and other forms of profit distribution in proportion to their shareholding;
- (2) to request to hold, convene, preside over, attend or appoint a proxy to attend shareholders’ meetings in accordance with the law and to exercise the corresponding voting rights;
- (3) to supervise the Company’s business operations, and to make recommendations or raise inquiries;
- (4) to transfer, donate or pledge shares held by them in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association;
- (5) to inspect and make copies of the Articles of Association, register of shareholders, corporate bond counterfoils, minutes of shareholders’ meetings, resolutions of Board meetings and financial accounting reports; shareholders who comply with the applicable laws and the Articles of Association may request to inspect the accounting books and accounting vouchers of the Company;
- (6) to participate in the distribution of the residual assets of the Company in proportion to their shareholding upon the termination or liquidation of the Company;
- (7) to request the Company to acquire the shares of a shareholder who objects to the resolution on merger or division passed by the shareholders’ meeting; and
- (8) other rights stipulated by laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

Shareholders who individually or collectively hold 3% or more of the Company's shares for 180 consecutive days or more and request to inspect the accounting books and accounting vouchers of the Company shall submit a written request to the Company stating the purposes thereof. Where the Company has reasonable grounds to believe that the shareholder's request for inspection is made for an improper purpose and may prejudice the legitimate rights and interests of the Company, it may reject the request and shall, within 15 days from the date of the shareholder's written request, provide a written reply stating its reasons.

Shareholders of the Company shall assume the following principal obligations:

- (1) to comply with laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies in accordance with the number of shares subscribed for and the method of subscription;
- (3) not to withdraw their share capital except under circumstances stipulated by laws and regulations;
- (4) not to abuse the shareholders' right to harm the interests of the Company or other shareholders; not to abuse the Company's independent legal person status and the limited liability of shareholders to harm the interests of the Company's creditors;
- (5) to support the management of the Company and make reasonable recommendations; and
- (6) other obligations stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Controlling Shareholders and Actual Controllers

The controlling shareholders and actual controllers of the Company shall exercise their rights and perform their obligations in accordance with laws, administrative regulations, the requirements of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association to safeguard the interests of the Company. They shall not abuse their control or use their related (connected) relationship to prejudice the legitimate rights and interests of the Company or other shareholders, shall not misappropriate the Company's funds, shall not order, instigate or request the Company and relevant personnel to provide guarantees in violation of laws and regulations, shall not make use of the undisclosed material information to seek benefits, and shall ensure the independence of the Company's assets, personnel, finance, organisation and business.

Where the Company's controlling shareholders, actual controllers or shareholders holding 5% or more of the voting shares of the Company pledge the shares held or effectively controlled by them, they shall submit a written report to the Company on the date that such event occurs. When the controlling shareholders and actual controllers transfer their shares in the Company, they shall comply with the restrictive provisions share transfers stipulated by applicable laws, administrative regulations and relevant regulatory rules as well as any undertakings they have made in this regard.

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General Provisions for Shareholders’ Meetings

The shareholders’ meeting of the Company is composed of all shareholders and is the organ of authority of the Company. The shareholders’ meeting is mainly responsible for electing and replacing Directors and deciding on their remuneration, considering and approving the reports of the Board and profit distribution and loss recovery plans, deciding on the increase or reduction of registered capital, issuance of corporate bonds, merger, division, dissolution, liquidation or change of corporate form of the Company, amending the Articles of Association, engaging or dismissing the accounting firm that conducts the auditing of the Company, as well as considering guarantees, financial assistance, transactions, connected (related-party) transactions, changes in the use of proceeds, equity incentive plans and employee stock ownership plans that shall be decided by the shareholders’ meeting in accordance with the law or the GEM Listing Rules.

Shareholders’ meetings are divided into annual general meetings and extraordinary general meetings. Annual general meetings shall be held once every year within six months after the end of the previous financial year. An extraordinary general meeting shall be convened within two months from the date of occurrence of any of the following circumstances: the number of Directors falls below the statutory minimum number or two-thirds of the number specified in the Articles of Association; the unrecovered losses of the Company reach one-third of the total amount of paid-in share capital; shareholders who individually or collectively hold 10% or more of the Company’s shares so request; the Board deems it necessary; the audit committee proposes to convene a meeting or other circumstances stipulated by laws, regulations, the GEM Listing Rules and the Articles of Association.

Convening of Shareholders’ Meetings

The Board shall convene shareholders’ meetings within the prescribed period. The audit committee shall have the right to propose to the Board the convening of an extraordinary general meeting in writing. With the consent of more than half of all independent non-executive Directors, the independent non-executive Directors shall also have the right to propose to the Board the convening of an extraordinary general meeting. Shareholders who individually or collectively hold more than 10% of the Company’s shares shall have the right to request the Board to convene an extraordinary general meeting in writing. Where the Board fails to perform its duty to convene a meeting in accordance with the law, the audit committee or qualified shareholders may convene and preside over the meeting on their own in accordance with the Articles of Association.

Proposals and Notice of Shareholders’ Meetings

The Board, the audit committee and shareholders individually or collectively holding more than 1% of the Company’s shares shall have the right to submit proposals to the Company for consideration at a shareholders’ meeting. Shareholders individually or collectively holding 1% or more of the Company’s shares may submit an ad hoc proposal in writing to the convener 10 days before the shareholders’ meeting. The convener shall issue a supplementary notice of the shareholders’ meeting within two days upon receipt of the proposal, stating the content of the ad hoc proposal and submitting the same to the shareholders’ meeting for consideration, unless the ad hoc proposal does not comply with applicable laws, the GEM Listing Rules, the Articles of Association or does not fall within the scope of authority of the shareholders’ meeting.

Notice of an annual general meeting shall be given to all shareholders at least 21 days prior to the meeting; and notice of an extraordinary general meeting shall be given to all shareholders

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at least 15 days prior to the meeting. The notice of a shareholders' meeting shall specify the time, place and duration of the meeting, the matters and proposals for consideration, the rights of shareholders to appoint proxies to attend and vote, the record date, the contact person for the meeting, and the time and procedures for voting.

Holding of Shareholders' Meetings

All shareholders registered on the register of shareholders on the record date or their proxies shall have the right to attend the shareholders' meeting and exercise their voting rights in accordance with the law. Shareholders may attend in person or appoint a proxy to attend and vote on their behalf. Shareholders and their proxies shall have the right to speak and vote at the shareholders' meeting.

The shareholders' meeting shall be presided over by the chairman of the Board; if the chairman is unable or fails to perform his duties, a Director jointly elected by a majority of the Directors shall preside. For a shareholders' meeting convened by the audit committee on its own, the convener of the audit committee shall preside; if the convener is unable to perform his/her duties, a member jointly elected by a majority of the members of the audit committee shall preside. For a shareholders' meeting convened by shareholders on their own, the convener or a representative elected by the convener shall preside.

Voting and Resolutions of Shareholders' Meetings

Resolutions of shareholders' meetings are divided into ordinary resolutions and special resolutions. Ordinary resolutions shall be passed by a majority of the voting rights held by shareholders (including proxies) present at the shareholders' meeting; special resolutions shall be passed by more than two-thirds of the voting rights held by shareholders (including proxies) present at the shareholders' meeting.

Matters such as increase or reduction of registered capital; division, spin-off, merger, dissolution, liquidation or change of corporate form of the Company; amendments to the Articles of Association; purchase or sale of material assets or provision of guarantees within one year exceeding 30% of the Company's latest audited total assets; equity incentive plans; issuance of corporate bonds and repurchase of shares shall be passed by a special resolution.

Shareholders (including proxies) shall exercise their voting rights based on the number of voting shares they represent, and each share is entitled to one vote. Shares of the Company held by the Company carry no voting rights and shall not be counted in the total number of voting shares present at the meeting. Where the Company is aware that any shareholder is required under the GEM Listing Rules to abstain from voting on any particular resolution or is restricted to voting only for or only against any particular resolution, any votes cast in contravention of such requirement or restriction shall not be counted.

DIRECTORS AND THE BOARD

Directors

Directors shall be elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting before the expiration of their term of office. A Director shall serve a term of three years and may serve consecutive terms if re-elected upon the expiration of their terms. Where a re-election fails to be carried out in a timely manner upon the

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expiry of the term of office of a Director, such Director shall continue to perform his/her duties as a Director in accordance with applicable laws, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association until the newly elected Director assumes the office. Directors may serve concurrently as senior management members, provided that the total number of such Directors who concurrently serve as senior management members and the Directors who serve as employee representatives (if any) shall not exceed a half of the total number of the Directors.

Directors shall owe fiduciary duties and duties of diligence to the Company. They shall take measures to avoid conflicts of interest between their own interests and those of the Company, and shall not utilise their powers to seek improper benefits. They shall exercise the rights granted by the Company prudently, earnestly and diligently, treat all shareholders fairly, keep themselves informed of the Company's business operations and management, sign written confirmation opinions on the Company's periodic reports, and provide relevant information and materials to the audit committee truthfully.

Independent Non-executive Directors

The Board of the Company consists of seven Directors, who are classified into executive Directors, non-executive Directors and independent non-executive Directors. There shall be at least three independent non-executive Directors, representing one-third or more of the total number of members of the Board, and at least one independent non-executive Director must possess appropriate professional qualifications or appropriate accounting or related financial management expertise.

Independent non-executive Directors shall maintain their independence and perform their duties diligently in accordance with the provisions of applicable laws, administrative regulations, the requirements of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. They shall play their roles of participation in decision-making, supervision and balance, and professional consultancy within the Board to safeguard the overall interests of the Company and protect the legitimate rights and interests of shareholders.

Independent non-executive Directors shall enjoy special functions and powers, such as independently engaging intermediary agencies in accordance with the law, proposing to the Board the convening of extraordinary general meetings, proposing the convening of Board meetings, publicly soliciting shareholders' rights from shareholders in accordance with the law, and expressing independent opinions on matters that may jeopardise the interests of the Company or minority shareholders.

The Board

The Company shall have a Board which shall be elected by the shareholders' meeting and is accountable to the shareholders' meeting. The Board consists of seven Directors, and shall one chairman, who shall be elected by a majority of all Directors.

The Board shall primarily exercise the following functions and powers:

- (i) to convene shareholders' meetings and report on its work to the shareholders' meeting;
- (ii) to execute resolutions of the shareholders' meeting;

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- (iii) to decide on the operational plans and investment proposals of the Company;
- (iv) to formulate the profit distribution plans and loss recovery plans of the Company;
- (v) to formulate plans for the Company to increase or decrease its registered capital, issue corporate bonds or other securities and the listing thereof;
- (vi) to formulate plans for the Company's significant acquisitions, purchase of the Company's shares, mergers, divisions, dissolution or change of corporate form, subject to compliance with the GEM Listing Rules and the securities regulatory rules of the place where the Company's shares are listed;
- (vii) within the scope authorised by the shareholders' meeting, to decide on the Company's external investments, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected (related-party) transactions, and external donations;
- (viii) to decide on the establishment of the internal management structure of the Company;
- (ix) to decide on the appointment or dismissal of the general manager, the secretary to the Board and other senior management members, and to determine their remuneration and rewards and punishments; to decide on the appointment or dismissal of senior management members such as the deputy general manager and the chief financial officer based on the nomination by the general manager, and to determine their remuneration and rewards and punishments;
- (x) to formulate the basic management system of the Company;
- (xi) to formulate proposals for any amendment to the Articles of Association;
- (xii) to manage information disclosure matters of the Company (as applicable);
- (xiii) to propose to the shareholders' meeting the engagement or replacement of the accounting firm that provides audit services to the Company;
- (xiv) to receive the work reports of the general manager and review the general manager's work; and
- (xv) other functions and powers authorised by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, the Rules of Procedure of the Board of Directors and the shareholders' meeting.

A meeting of the Board of Directors shall not be held unless more than half of the Directors are present. Unless otherwise provided in the Articles of Association, resolutions of the Board must be passed by more than half of all Directors, and voting on Board resolutions shall be made on a one-person-one-vote basis. A Director who has a connected (related) relationship with an enterprise or individual involved in a matter to be resolved at a Board meeting shall promptly submit a written report to the Board. Such Director shall not exercise his/her voting rights in respect of such resolution, nor shall he/she vote as a proxy for any other Director, and he/she shall not be counted towards the quorum of the meeting.

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The Chairman of the Board

The chairman is mainly responsible for presiding over shareholders' meetings and convening and presiding over Board meetings, supervising and inspecting the implementation of Board resolutions, signing important Board documents and other documents that should be signed by the legal representative according to law, exercising the powers of the legal representative, nominating candidates for the general manager, the secretary to the Board and the chief financial officer, and exercising such other powers as may be conferred by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the Board. Where the chairman is unable or fails to perform his duties, a Director jointly elected by more than half of the Directors shall perform the duties.

Special Committees of the Board

The Board has an audit committee in place to exercise the functions and powers of the board of supervisors as stipulated in the Company Law. The audit committee consists of at least three non-executive Directors, including a majority of independent non-executive Directors, and at least one independent non-executive Director shall possess appropriate professional qualifications or accounting or related financial management expertise. The audit committee is responsible for reviewing the financial information of the Company and its supervision, as well as evaluating internal and external audit work and internal controls.

The Board also sets up other special committees such as a nomination committee and a remuneration committee, which perform their duties in accordance with the Articles of Association and the authorization of the Board. The nomination committee is responsible for formulating the selection criteria and procedures for Directors and senior management, and selecting and reviewing candidates and their qualifications. The remuneration committee is responsible for formulating the appraisal standards for Directors and senior management and conducting appraisals, as well as formulating and reviewing relevant remuneration policies and schemes.

Senior Management

The Company shall have one general manager, several deputy general managers, one chief financial officer and one secretary to the Board, all of whom shall be appointed or dismissed by the Board. Senior management shall comply with the provisions of the Articles of Association regarding the fiduciary duties and duties of diligence of Directors.

The general manager shall be accountable to the Board and primarily exercise the following functions and powers: to preside over the production, operation and management of the Company, organise the implementation of Board resolutions and report his/her work to the Board; to organise the implementation of the annual business plans and investment proposals; to formulate plans for the establishment of internal management structures and the basic management systems; to formulate specific rules and regulations; to propose to the Board the appointment or dismissal of the deputy general managers, the chief financial officer and other senior management members who should be nominated by the general manager; to decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal should be decided by the Board; and to exercise such other powers as conferred by the Articles of Association and the Board. The general manager shall attend Board meetings as a non-voting participant.

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The secretary to the Board shall be responsible for the preparation of the Company's shareholders' meetings and Board meetings, the safekeeping of documents, the management of shareholder information, and the handling of information disclosure matters.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, the provisions of relevant state departments and the securities regulatory rules of the place where the Company's shares are listed. The Company shall prepare its annual report within four months after the end of each financial year and its interim report within two months after the end of the first six months of each financial year, and complete the submission, announcement and information disclosure in accordance with relevant regulations.

When distributing after-tax profits for the year, the Company shall set aside 10% of its profits to be allocated to the statutory reserve fund. If the cumulative amount of the statutory reserve fund reaches 50% or more of the Company's registered capital, no further allocation is required. If the statutory reserve fund is insufficient to make up for losses of previous years, the profits for the current year shall first be used to make up for the losses before allocations are set aside for the statutory reserve fund. After setting aside for the statutory reserve fund from the after-tax profits, the Company may also set aside a discretionary reserve fund upon a resolution of the shareholders' meeting.

The Company's remaining after-tax profits, after making up for losses and making allocations to the reserve funds, may be distributed in proportion to the shares held by the shareholders, except for those that are not distributed in proportion to the shareholding percentages as stipulated in the Articles of Association. No profit shall be distributed in respect of the shares of the Company held by the Company. The Company may distribute dividends in the form of cash or shares and shall implement a continuous and stable dividend distribution policy based on its operational situation and the market environment.

Internal Audit

The Company shall implement an internal audit system and appoint full-time auditors to supervise the internal audits of the Company's financial income and expenses and various economic activities. The internal audit system and the duties of the auditors shall come into effect after being considered and approved by the Board. The head of internal audit shall be accountable to the Board and report his/her work regularly.

APPOINTMENT OF ACCOUNTING FIRM

The Company shall engage an accounting firm that complies with the provisions of the Securities Law and the securities regulatory rules of the place where the Company's shares are listed to perform audits of accounting statements, verify net assets and provide other related consulting services. The term of such engagement shall be one year and may be renewed. The engagement and dismissal of an accounting firm by the Company shall be determined at the shareholders' meeting. The Board shall not engage an accounting firm before any decision is made at the shareholders' meeting.

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NOTICES AND ANNOUNCEMENTS

Notices issued by the Company may be delivered by hand, by way of mail, facsimile, email, text message or communication software and other data message methods that can visibly express the content contained therein, announcements, telephone and other network communication tools, and other delivery forms agreed in advance between the Company and the recipient or confirmed and accepted by the recipient, or other forms as prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association. For a notice issued by the Company by way of announcement, all relevant personnel shall be deemed to have received the notice once the announcement is made.

The Company has designated the official website of the Company and the website of the Hong Kong Stock Exchange as the designated media for publishing the Company's announcements and other information subject to disclosure obligations.

MERGERS, DIVISIONS, INCREASE AND REDUCTION OF REGISTERED CAPITAL, DISSOLUTION AND LIQUIDATION OF THE COMPANY

Mergers, Divisions, Capital Increases and Capital Reductions

The merger of the Company may take the form of either merger by absorption or merger by new establishment. When merging with a company in which the Company holds 90% or more of the shares, the company being merged is not subject to the approval of the shareholders' meeting, unless otherwise provided by the securities regulatory rules of the place where the Company's shares are listed; other shareholders shall be notified, and such other shareholders have the right to request the Company to acquire their equity interest or shares at a reasonable price. Where the consideration paid by the Company for a merger does not exceed 10% of the Company's net assets, the merger not subject to the approval of the shareholders' meeting, unless otherwise provided by the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association; such merger matters not subject to the approval of the shareholders' meeting shall be subject to the consideration and approval by the Board.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as at the date of the resolution for the merger and shall publish an announcement in the publicly circulated newspapers or on the National Enterprise Credit Information Publicity System within 30 days as at the date of such resolution. A creditor may in accordance with the law demand the Company to repay its debts or provide corresponding guarantees for such debts. The claims and debts of each party to the merger shall be succeeded by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly, and a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as at the date of the resolution for the division and shall publish an announcement in the publicly circulated newspapers or on the National Enterprise Credit Information Publicity System within 30 days as at the date of such resolution. Debts of the Company prior to the division shall be jointly and severally liable by the surviving companies after the division, unless otherwise agreed upon in a written agreement between the Company and its creditors before the division.

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Where the Company needs to reduce its registered capital, it must prepare a balance sheet and property list, and shall notify its creditors within 10 days as at the date of the resolution of the Shareholders' meeting for the reduction of its capital and shall publish an announcement in accordance with the law within 30 days. A creditor shall have the right to demand the Company to repay its debts or provide corresponding guarantees for such debts in accordance with the law. Where the Company reduces its registered capital, it shall, in principle, reduce the amount of contribution or shares in proportion to the contribution or shares held by the shareholders; upon consideration and approval by the Shareholders' meeting, the Company may implement a targeted capital reduction without being subject to the restriction of pro-rata capital reduction.

Dissolution and Liquidation

The Company shall be dissolved and undergo liquidation upon the expiration of its business term as stipulated in the Articles of Association or the occurrence of any other grounds for dissolution, the resolution to dissolve by the shareholders' meeting, the need for dissolution due to merger or division, the revocation of its business licence, its being ordered to close or revoked in accordance with the law, or where the Company suffers significant hardships in its operation and management that cannot be resolved through other means in accordance with applicable laws.

Where the Company is dissolved due to certain circumstances specified in the Articles of Association, the Directors shall be the liquidation obligors of the Company and shall form a liquidation team within 15 days from the date of the occurrence of the grounds for dissolution; the liquidation team shall be composed of Directors, unless otherwise provided by the Articles of Association or resolved by the shareholders' meeting to appoint other persons. Where the liquidation obligors fail to perform their liquidation duties in a timely manner and cause losses to the Company or its creditors, they shall be liable for compensation in accordance with the law.

The liquidation team shall notify its creditors within 10 days from the date of its establishment and make an announcement in a publicly circulated newspaper or through the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation team within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement for those who have not received the notice. During the period of declaring claims, the liquidation team shall not make settlements with creditors.

The remaining property of the Company after payment of liquidation expenses, employees' wages, social insurance contributions and statutory compensation, settlement of any outstanding tax liabilities and discharge of the Company's debts shall be distributed amongst the shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but shall not engage in business activities unrelated to the liquidation.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association where the provisions therein contradict the revised Company Law or relevant laws and administrative regulations, where changes in the Company's circumstances render the provisions inconsistent with the matters set out in the Articles of Association, or where the shareholders' meeting decides to amend the Articles of Association. Where amendments to the Articles of Association approved by the shareholders' meeting are required by law to subject to the review and approval of competent

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authorities, such amendments shall be submitted to the competent authorities for approval; Where such amendments relate to matters subject to company registration, the Company shall complete the registration of such changes in accordance with the law. The Board shall amend the Articles of Association in accordance with the resolution of the shareholders’ meeting approving the said amendments and the approval opinions of relevant competent authorities. Where the amendments to the Articles of Association constitute information required to be disclosed under applicable laws, administrative regulations or the securities regulatory rules of the place where the Company’s shares are listed, the Company shall perform the announcement and disclosure procedures in accordance with relevant provisions.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This appendix contains a summary of the laws and regulations relating to companies and securities in the PRC, and the additional regulatory provisions of the Stock Exchange on joint stock limited companies in the PRC. The primary purpose of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is not intended to include all information that may be important to potential investors. For a discussion of the laws and regulations that specifically govern our business, please refer to “Regulatory Overview” in this document.

PRC LAWS AND REGULATIONS

PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”) and is composed of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, departmental rules of the State Council, rules and regulations of local governments, laws of special administrative regions, and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgements do not constitute legally binding precedents, but may be used for judicial reference and guidance.

According to the Constitution and the PRC Legislation Law (2023 Amendment) (《中華人民共和國立法法(2023修正)》) (the “**Legislation Law**”), the National People’s Congress (the “**NPC**”) and the Standing Committee of the NPC (the “**SCNPC**”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing state organs, civil, criminal and other matters. The SCNPC has the power to formulate and amend laws other than those required to be enacted by the NPC; and during the adjournment of the NPC, to partially supplement and amend the laws enacted by the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest state administrative organ and has the power to formulate administrative regulations based on the Constitution and laws. The People’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The ministries and commissions of the State Council, the People’s Bank of China, the National Audit Office, and other subordinate institutions directly under the State Council with administrative functions may formulate departmental regulations within the jurisdiction of their respective departments based on the laws as well as the administrative regulations, decisions and orders of the State Council.

The Constitution has the highest legal effect, and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The effect of laws is higher than that of administrative regulations, local regulations and rules; the effect of administrative regulations is higher than that of local regulations and rules; and the effect of local regulations is higher than that of the rules of the local governments at the corresponding and lower levels.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Resolution of the Standing Committee of the National People’s Congress Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) adopted on 10 June 1981, issues related to the specific

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application of laws and decrees in court trials shall be interpreted by the Supreme People’s Court; issues related to the specific application of laws and decrees during the prosecution process of procuratorates shall be interpreted by the Supreme People’s Procuratorate. The State Council and its ministries and commissions are also vested with the power to interpret administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional regulations and administrative rules is vested in the regional legislative and administrative authorities which promulgate such regulations and rules.

PRC Judicial System

Under the Constitution and the PRC Law on the Organization of the People’s Courts, the people’s courts of the PRC are divided into the Supreme People’s Court, the local people’s courts at all levels and special people’s courts. The local people’s courts at all levels are divided into three levels: primary people’s courts, intermediate people’s courts and higher people’s courts. The Supreme People’s Court is the highest judicial organ in the PRC, supervising the trial work of the local people’s courts at all levels and special people’s courts, and higher people’s courts supervise the trial work of lower people’s courts. The people’s procuratorates also have the power to exercise legal supervision over civil actions of the people’s courts at the corresponding and lower levels.

The people’s courts implement the system of finality of the second instance, that is, the judgement or ruling of the people’s court of the second instance is final. A party may appeal against the judgement or ruling of the first instance of a local people’s court, and the People’s procuratorate may present a protest to the people’s court at the next higher level in accordance with the procedures stipulated by law. If the parties do not appeal and the people’s procuratorate does not present a protest within the prescribed time limit, the judgement or ruling of the people’s court shall be final. However, if the Supreme People’s Court finds definite errors in a legally effective judgement or ruling of the people’s courts at all levels, or if a higher people’s court finds such errors in a legally effective judgement or ruling of a lower people’s court, it has the authority to bring up the case for trial or direct a retrial in accordance with the trial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”), which was last amended on 1 September 2023 and took effect on 1 January 2024, sets forth the criteria for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or ruling. All parties to a civil action instituted within the territory of the PRC must comply with the Civil Procedure Law. Generally, a civil case is heard by the court located in the defendant’s place of domicile. The parties to a contract dispute or any dispute involving other property rights may, by written agreement, choose the people’s court at the place of domicile of the defendant, the place of performance of the contract, the place of signing of the contract, the place of domicile of the plaintiff, the place where the object of action is located, or other places substantially connected with the dispute to have jurisdiction, provided that the provisions of the Civil Procedure Law regarding level of jurisdiction and exclusive jurisdiction shall not be violated.

Foreign individuals, persons without nationality, foreign enterprises or foreign organisations that initiate or defend actions in the people’s courts shall have the same litigation rights and obligations as citizens, legal persons or other organisations of the PRC. If a foreign court imposes restrictions on the litigation rights of citizens and enterprises of the PRC, the people’s courts of the PRC shall apply the principle of reciprocity to the civil litigation rights of

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the citizens and enterprises of such foreign country. Parties must abide by legally effective judgements and rulings in civil actions; if one party refuses to perform, the other party may apply to the people’s court for enforcement of the relevant judgement or ruling within two years.

If the party subject to execution under a judgement or ruling or his property is not within the territory of the PRC, and the party applies for enforcement, the party may directly apply to a foreign court with jurisdiction for recognition and enforcement; where a legally effective judgement or ruling made by a foreign court needs to be recognised and enforced by a people’s court of the PRC, the party may directly apply to an intermediate people’s court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may request the people’s court to recognised and enforce it in accordance with the provisions of an international treaty concluded or acceded to by the foreign country and the PRC, or on the principle of reciprocity. However, if the judgement or ruling violates the basic principles of the laws of the PRC or damages national sovereignty, security, or social and public interests, it shall not be recognised or enforced.

THE COMPANY LAW, THE OVERSEAS LISTING TRIAL MEASURES AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION

A joint stock limited company incorporated in the PRC and seeking a listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) is mainly subject to the following PRC laws and regulations:

- (1) The Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”), which was adopted at the Fifth Meeting of the Standing Committee of the Eighth National People’s Congress on 29 December 1993, came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023, and the latest revised Company Law has been effective since 1 July 2024;
- (2) The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and its five supporting guidelines, which were promulgated by the China Securities Regulatory Commission (the “**CSRC**”) on 17 February 2023 and came into effect on 31 March 2023, apply to the direct and indirect overseas securities offering and listing activities of domestic enterprises, and provide for the relevant filing administration measures and regulatory requirements; and
- (3) The Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the “**Guidelines for the Articles of Association**”), which were last amended by the CSRC and came into effect on 28 March 2025. According to the Trial Measures and its supporting guideline “Applicable Guidelines under Regulatory Rules – Overseas Offering and Listing No. 1”, domestic enterprises conducting direct overseas offering and listing shall formulate their articles of association with reference to the Guidelines for the Articles of Association and other relevant regulations of the CSRC on corporate governance to regulate corporate governance.

A summary of the principal provisions of the Company Law, the Trial Measures and the Guidelines for the Articles of Association applicable to the Company is set out below.

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General

“A joint stock limited company” means a corporate legal person incorporated in China under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they have subscribed for and the liability of a company is limited to the full value of all the property owned by it. A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics. A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the Company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation of a Company

A joint stock limited company may be established by means of promotion or public offering. To establish a joint stock limited company, there shall be not less than one but not more than two hundred promoters, more than half of whom shall have their domiciles within the territory of the PRC. Where a joint stock limited company is to be established by means of promotion, the promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the articles of association; if a joint stock limited company is to be established by means of public offering, the promoters shall subscribe for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the articles of association, provided that where laws and administrative regulations provide otherwise, such provisions shall prevail.

Promoters of a joint stock limited company established by means of public offering shall, within thirty days from the date on which full payment has been made for the shares to be issued at the time of establishment of the company, convene an establishment meeting of the company. The establishment meeting may not be held unless the subscribers who hold more than half of the voting rights attend the meeting. The resolutions made on the matters such as deliberating on the promoters’ report on the preparations, adopting the articles of association, electing directors and supervisors, and reviewing the establishment expenses and the valuations of the non-monetary property contributed shall be adopted by the subscribers present at the meeting who hold more than half of the voting rights. Within thirty days after the conclusion of the establishment meeting, the board of directors shall apply to the company registration authority for registration of the incorporation of the joint stock limited company; after the business licence has been issued by the relevant registration authority, the company is formally established and has the status of a legal person.

Share Capital

Pursuant to the Company Law, shareholders may make a capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights, land use rights, equity interests or creditor’s rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital pursuant to any laws or administrative regulations. If a capital contribution is made in non-monetary assets, the injected assets must be evaluated and verified, and converted into shares. All shares of the company shall adopt either par value shares or no-par value shares in accordance with the provisions of the articles of association. Where par value shares are adopted, the amount of each share shall be equal, and where no-par value shares are adopted, more than half of the proceeds from the issuance of shares shall be included in the registered capital.

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A joint stock limited company shall maintain a register of shareholders which sets forth matters such as the name and domicile of each shareholder, the class and number of shares subscribed for by each shareholder, the serial numbers of shares for shares issued in paper form, and the date on which each shareholder acquired the shares. The Trial Measures provide that domestic enterprises conducting securities offering and listing on overseas markets may raise funds and distribute dividends in foreign currencies or Renminbi.

Allotment and Issue of Shares

Shares of a joint stock limited company shall be issued under the principle of fairness and impartiality. The shares of the same class shall rank *pari passu*; shares of the same class in the same issue shall be issued at the same price and on same conditions. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

Domestic enterprises conducting overseas offering and listing shall file with the CSRC in accordance with the Trial Measures, submit filing reports, legal opinions and other relevant materials, which shall truthfully, accurately and completely explain shareholder information and other information. In the case of a domestic enterprise conducting a direct overseas offering and listing, the issuer shall file with the CSRC. In the case of a domestic enterprise conducting an indirect overseas listing, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC. Under the Trial Measures, for a domestic enterprise conducting a direct overseas offering and listing, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorise the domestic enterprise to file with the CSRC on their behalf; domestic unlisted shares shall be centrally registered and deposited at a domestic securities depository and settlement agency, and the registration and settlement arrangements of overseas listed shares shall be subject to applicable rules in overseas markets.

Increase in Share Capital

According to relevant provisions of the Company Law, when a joint stock limited company intends to issue new shares, the shareholders’ meeting shall pass resolutions on matters such as the class and number of new shares, the issue price of new shares, the commencement and end dates of the new share issuance, the class and number of new shares to be issued to existing shareholders, and the amount of proceeds from the issuance of new non-par value shares to be included in the registered capital. Where the company conducts a public offering of shares to the public, it shall be registered with the securities regulatory authority of the State Council and relevant documents shall be announced.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) the company shall prepare a balance sheet and an inventory of assets; (ii) the reduction of registered capital shall be approved by shareholders at the shareholders’ meeting; (iii) the company shall notify the creditors within ten days from the date of the resolution to reduce the registered capital passed by the shareholders’ meeting, and publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within thirty days; (iv) creditors have the right to require the company to settle debts or provide corresponding guarantee within thirty days from the date of receipt of the

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notice, or within forty-five days from the date of the announcement if no notice has been received; and (v) the company shall apply to the company registration authority for registration of change. Where a company reduces its registered capital, it shall correspondingly reduce the contribution amounts or shares in proportion to the capital contributions or shares held by shareholders, unless otherwise provided by law or the articles of association of the joint stock limited company.

If a company still has losses after making up for losses in accordance with the relevant provisions of the Company Law, it may reduce its registered capital to make up for losses. Where the registered capital is reduced to make up for losses, the company shall not distribute to shareholders, nor shall it exempt shareholders from their obligations to pay capital contributions or share capital; after a company reduces its registered capital in accordance with such provision, it shall not distribute profits before the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

Repurchase of Shares

Pursuant to the Company Law, a company shall not repurchase its own shares except in any of the following circumstances: (i) reduction of the registered capital of the company; (ii) merger with another company that holds its shares; (iii) use of shares for an employee stock ownership plan or equity incentive; (iv) request from shareholders who object to a resolution of a shareholders' meeting on merger or division of the company to acquire their shares by the company; (v) use of shares for conversion of convertible corporate bonds issued by the company; or (vi) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

A resolution of a shareholders' meeting is required for the repurchase of shares by a company under the circumstances stipulated in item (i) or (ii) above; for a company's repurchase of shares under the circumstances stipulated in item (iii), (v) or (vi) above, a resolution may be adopted by not less than two-thirds of the directors attending the meeting of the board of directors according to the provisions of the articles of association or as authorised by the shareholders' meeting. The shares acquired by the company according to the above provisions shall be deregistered within ten days from the date of acquisition if under the circumstance of item (i); shall be transferred or deregistered within six months if under the circumstances of item (ii) or (iv); and the shares in the company held in total by the company under any circumstances of item (iii), (v) or (vi) shall not exceed 10% of the company's total issued shares, and shall be transferred or deregistered within three years. Where a listed company repurchases its own shares, it shall perform information disclosure obligations in accordance with the provisions of the Securities Law of the PRC.

A company shall not accept its own shares as the subject matter of a pledge. Except where the company carries out an employee stock ownership plan, no company may provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the company or the parent company thereof; for the benefits of the company, the company may, upon a resolution by the shareholders' meeting or by the board of directors under the articles of association or the authorization of the shareholders' meeting, provide financial aids for others to obtain the shares of the company or the parent company thereof, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital, and a resolution by the board of directors shall be adopted by more than two-thirds of all the directors.

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Transfer of Shares

The shares held by a shareholder may be transferred according to law. Under the Company Law, a shareholder shall effect a transfer of his shares on the stock exchange established in accordance with laws or by any other means as required by the State Council. Change of the register of shareholders shall not be registered within twenty days before the convening of a shareholders' meeting or five days prior to the base date on which the company decides to distribute dividends, provided that where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the change of the register of shareholders of a listed company, such provisions shall prevail. Shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on the stock exchange.

Directors, supervisors and senior management of the company shall declare to the company the shares of the company they hold and the changes thereof, and during the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares of the company they hold; they shall not transfer the shares of the company they hold within one year of the date of the company's listing on the stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and senior management. Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period. The Company Law does not contain restrictive provisions on the shareholding proportion of a single shareholder.

Shareholders

According to the Company Law and the Guidelines for the Articles of Association, the rights of shareholders include: (i) to receive dividends and other forms of profit distribution in accordance with their shareholding proportions; (ii) to request, convene, preside over, attend or appoint a proxy to attend shareholders' meetings and exercise corresponding voting rights in accordance with the law; (iii) to supervise the operation of the company, and make proposals or enquiries; (iv) to transfer, gift or pledge shares held by them in accordance with laws, administrative regulations and provisions of the articles of association; (v) to inspect or photocopy the articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of board meetings and financial and accounting reports, and qualified shareholders may inspect the company's accounting books and accounting vouchers; (vi) in the event of the termination or liquidation of the company, to participate in the distribution of the company's remaining assets in accordance with their shareholding proportions; (vii) for shareholders objecting to resolutions on the merger or division of the company made by the shareholders' meeting, to request the company to acquire their shares; and (viii) other rights provided by laws, administrative regulations, departmental rules and the articles of association. Where the contents of resolutions of the company's shareholders' meeting or board of directors violate the articles of association, shareholders have the right to request the people's court to declare them invalid.

Shareholders' liabilities include: (i) to abide by laws, administrative regulations and the articles of association; (ii) to pay share capital according to the number of shares subscribed for and the method of capital contribution; (iii) not to withdraw their share capital except in circumstances provided by laws and regulations; (iv) not to abuse shareholders' rights to harm the interests of the company or other shareholders, and not to abuse the independent corporate

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status of the company and the limited liability of shareholders to harm the interests of company creditors; and (v) other obligations to be assumed as provided by laws, administrative regulations and the articles of association.

Shareholders' Meetings

According to the Company Law, the shareholders' meeting of a joint stock limited company, composed of all shareholders, is the governing authority of the company, and exercises functions including electing and replacing directors, deciding on matters relating to the remuneration of directors; considering and approving reports of the board of directors; considering and approving the company's profit distribution plans and loss recovery plans; deciding on the increase or reduction of the company's registered capital; deciding on the issue of corporate bonds; deciding on the merger, division, dissolution, liquidation or change of corporate form of the company; amending the articles of association; and other powers specified in the articles of association.

Shareholders' meetings shall be convened annually. An extraordinary shareholders' meeting shall be convened within two months upon the occurrence of any of the following circumstances: (i) the number of directors is less than the number specified in the Company Law or less than two-thirds of the number specified in the articles of association; (ii) the unrecovered losses of the company reach one-third of the total share capital; (iii) shareholders individually or collectively holding 10% or more of the company's shares make a request; (iv) the board of directors deems it necessary; (v) the audit committee proposes to convene; or (vi) other circumstances specified in the articles of association.

To convene a shareholders' meeting, notice stating the time, venue and matters to be considered at the meeting shall be given to all shareholders twenty days prior to the meeting; notice of an extraordinary shareholders' meeting shall be given to all shareholders fifteen days prior to the meeting. Shareholders individually or collectively holding 1% or more of the company's shares may submit interim proposals in writing to the board of directors (or the convener) ten days prior to the convening of the shareholders' meeting. Under the Company Law, shareholders attending the shareholders' meeting shall have one vote for each share held, except for class shareholders, and shares held by the company itself have no voting rights. There is no express provision in the Company Law regarding the quorum of shareholders for a shareholders' meeting.

According to the Company Law and the Guidelines for the Articles of Association, resolutions of the shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders present at the meeting. Resolutions of the shareholders' meeting to amend the articles of association, increase or reduce the registered capital, and resolutions on the merger, division, dissolution or change of corporate form of the company shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. When a shareholders' meeting elects directors or supervisors, the accumulative voting system may be implemented in accordance with the provisions of the articles of association or resolutions of the shareholders' meeting.

Amendments to Articles of Association

Under the Company Law, the resolution of the shareholders' meeting to amend the articles of association must be passed by more than two-thirds of the voting rights held by shareholders present at the meeting. According to the Guidelines for the Articles of Association, if the

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amendments to the articles of association approved by the resolution of the shareholders' meeting are subject to examination and approval by the competent authority, they must be submitted to the competent authority for approval. In the case of company registration matters, the registration of change shall be processed in accordance with the law. Where the amendments to the articles of association belong to information required to be disclosed by laws and regulations, they shall be announced in accordance with regulations.

Directors and Board of Directors

Under the Company Law, a joint stock limited company shall establish a board of directors composed of three or more members, and the members of the board of directors may include employee representatives of the company. The term of office of a director shall be stipulated in the articles of association, with each term of office not exceeding three years, and directors may be re-elected upon expiry of their terms of office. The board of directors shall have one chairman and may have one or more vice chairmen, who shall be elected by more than half of all directors by the board of directors.

The board of directors shall hold at least two meetings each year, and each meeting shall be notified to all directors ten days prior to the meeting. Board meetings shall only be held if more than half of the directors are present, and resolutions of the board of directors shall be passed by more than half of all directors, with one vote per person for voting. Where a resolution of the board of directors violates laws, administrative regulations, the articles of association, or resolutions of the shareholders' meeting, causing serious losses to the company, the directors who participated in the resolution shall be liable to compensate the company, in which case, a director may be exempted from liability if it is proven that such director expressed dissent during voting and it was recorded in the minutes of the meeting. The board of directors mainly exercises powers such as convening shareholders' meetings and reporting on work, implementing resolutions of shareholders' meetings, deciding on the company's business plans and investment plans, formulating profit distribution and loss recovery plans, formulating plans for increasing or reducing registered capital and issuing corporate bonds, formulating plans for merger, division, dissolution or change of corporate form, deciding on the establishment of internal management organs, deciding on the appointment or dismissal of managers and their remuneration matters, and formulating basic management systems.

A person may not serve as a director of the company under any of the following circumstances: (i) having no capacity for civil conduct or having limited capacity for civil conduct; (ii) having been sentenced to criminal penalties for corruption, bribery, embezzlement of property, misappropriation of property or sabotaging the socialist market economic order, or having been deprived of political rights for crime, where less than five years have elapsed since the expiration of the execution period, or having been granted a reprieve, where less than two years have elapsed since the expiration of the probation period; (iii) having served as a director, factory manager or manager of a company or enterprise that was bankrupt and liquidated, and being personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of bankruptcy liquidation of such company or enterprise; (iv) having served as the legal representative of a company or enterprise whose business licence was revoked or ordered to be closed down for violation of law, and being personally liable, where less than three years have elapsed since the date of revocation of business licence or closing down of such company or enterprise; or (v) being listed by the people's court as a dishonest person subject to enforcement due to failure to repay a relatively large amount of overdue debts. Other circumstances where any person is disqualified from acting as a director are set out in the Guidelines for the Articles of Association.

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Audit Committee

Under the Company Law, if a joint stock limited company does not have a board of supervisors, the audit committee shall consist of at least 3 members, and more than half of the members shall not hold positions in the company other than directors, and shall not have any relationship with the company that may affect their independent and objective judgement.

Among the members of the board of directors of a company, employee representatives may become members of the audit committee. Resolutions made by the audit committee shall be passed by more than half of its members. In voting on resolutions of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be stipulated in the articles of association, unless otherwise provided by the Company Law. The company may establish other committees under the board of directors in accordance with the articles of association.

Managers and Senior Management

Under the Company Law, a joint stock limited company shall have a manager, who shall be appointed or dismissed by the board of directors. The manager shall be responsible to the board of directors, exercise functions and powers in accordance with the provisions of the articles of association or the authorization of the board of directors, and attend board meetings as a non-voting attendee. Under the Company Law, senior management refers to the general manager, deputy general manager(s), person in charge of finance, board secretary of a listed company and other personnel stipulated in the articles of association.

Duties of Directors, General Managers and Senior Management

The Company Law requires that directors and senior management of a company shall comply with relevant laws, regulations and the articles of association, and bear duties of loyalty and diligence towards the company. Those who bear the duty of loyalty shall take measures to avoid conflicts between their own interests and those of the company, and shall not use their powers to seek improper benefits; those who bear the duty of diligence shall exercise the reasonable care normally expected of a manager for the best interests of the company in performing their duties. Where a controlling shareholder or actual controller of a company does not serve as a director of the company but actually executes company affairs, the provisions concerning the duties of loyalty and diligence shall apply.

Directors and senior management shall not: (i) misappropriate the company’s property or embezzle the company’s funds; (ii) deposit the company’s funds into accounts opened in their personal names or in the names of other individuals; (iii) abuse their authority to offer bribes or accept other illegal income; (iv) accept commissions paid by others for transactions conducted with the company as their own; (v) disclose company secrets without authorization; or (vi) engage in other acts in breach of their duty of loyalty to the company.

Directors and senior management shall not engage in the business of the same kind as that of the company either for themselves or on behalf of others without reporting to the board of directors or the shareholders’ meeting and obtaining approval through resolutions by the board of directors or the shareholders’ meeting in accordance with the provisions of the articles of association.

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A director or senior management who violates laws, administrative regulations or the provisions of the articles of association in performing his/her duties, causing losses to the company, shall be liable for compensation.

Finance, Accounting and Profit Distribution

Pursuant to the Company Law, a company shall establish its own financial and accounting systems in accordance with laws, administrative regulations and the provisions of the competent financial department of the State Council, and at the end of each financial year, prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports of a joint stock limited company shall be made available at the company for shareholders' inspection twenty days prior to the convening of the annual shareholders' meeting; a joint stock limited company that made public stock offerings shall announce its financial and accounting reports.

When distributing after-tax profits for the year, a company shall set aside 10% of its profits to be allocated to the statutory reserve. If the cumulative amount of the statutory reserve reaches 50% or more of the company's registered capital, no further allocation is required. If the statutory reserve is insufficient to make up for losses of previous years, the profits for the current year shall first be used to make up for the losses before allocations are set aside for the statutory reserve. After setting aside for the statutory reserve from the after-tax profits, the company may also set aside a discretionary reserve from after-tax profits upon a resolution of the shareholders' meeting. The remaining after-tax profits after making up for losses and making allocations to the reserve funds shall be distributed to shareholders of a joint stock limited company in proportion to their shareholdings, unless otherwise provided in the articles of association; no profit shall be distributed in respect of the company's own shares held by the company. If the shareholders' meeting passes a resolution to distribute profits, the board of directors shall make such distribution within six months from the date of the resolution of the shareholders' meeting. Any premium received by a company from issuing shares at an issue price exceeding the par value of the shares and other items prescribed by the competent financial department of the State Council as to be included in the capital reserve, shall be credited to the company's capital reserve.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment and dismissal of an accounting firm undertaking the company's audit business shall be decided by the shareholders' meeting, the board of directors or the board of supervisors in accordance with the provisions of the articles of association; when voting on the dismissal of an accounting firm, the accounting firm shall be allowed to state its opinions. The company shall provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false reports. The Guidelines for the Articles of Association stipulate that the appointment of an accounting firm by a company must be decided by the shareholders' meeting, the board of directors shall not appoint an accounting firm before the decision of the shareholders' meeting, and the audit fee of the accounting firm shall be decided by the shareholders' meeting.

Dissolution and Liquidation

Pursuant to the Company Law, a company shall be dissolved for any of the following reasons: (i) the term of its operation stipulated in the articles of association has expired or other

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events of dissolution stipulated in the articles of association have occurred; (ii) a resolution on dissolution is passed by the shareholders' meeting; (iii) dissolution is required due to merger or division of the company; (iv) the business licence is revoked, or it is ordered to close down or dissolved in accordance with the law; or (v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company and such request is supported by the judgement, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests. Where any of the aforementioned grounds for dissolution arise, the company shall publicise the grounds for dissolution through the National Enterprise Credit Information Publicity System within ten days. Where dissolution occurs under the circumstances of item (i) or (ii), the company may continue to exist by amending the articles of association or by resolution of the shareholders' meeting (which must be passed by more than two-thirds of the voting rights held by shareholders attending the shareholders' meeting).

Where a company is dissolved under items (i), (ii), (iv) or (v) above, it shall be liquidated. Directors shall be the liquidation obligors of the company and shall form a liquidation team to conduct liquidation within fifteen days from the date of the occurrence of the grounds for dissolution. The liquidation team shall be composed of directors, unless otherwise provided by the articles of association or unless the shareholders' meeting resolves to appoint other persons. During the liquidation period, the liquidation team may exercise the following powers: to realise the company's assets; to prepare balances sheet and property lists; to notify and publish notices to creditors; to settle outstanding business matters relating to the liquidation; to pay taxes in full; to settle claims and liabilities; to distribute any residual assets; and to represent the company in civil litigation. The liquidation team shall notify the company's creditors within ten days from its establishment, and make an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within sixty days. The remaining assets of the company after the payment of liquidation expenses, employees' wages, social insurance contributions and statutory compensation, the settlement of outstanding tax liabilities and the discharge of the company's debts shall be distributed to shareholders of a joint stock limited company in proportion to their shareholdings. If the liquidation team finds that the company's assets are insufficient to discharge its debts after liquidating the company's assets, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within three working days after submitting the application documents for overseas issuance and listing. Where an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within three working days after the completion of the issuance. If the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicise the filing information through its website; if the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within five working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

The Trial Measures also provide that an overseas offering and listing shall not be conducted under any of the following circumstances: (i) where listing and financing is expressly prohibited by laws, administrative regulations or relevant provisions of the State; (ii) where the offering

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and listing may endanger national security as reviewed and determined by the competent authorities under the State Council in accordance with the law; (iii) where the domestic company or its controlling shareholder or actual controller has committed criminal offences of corruption, bribery, embezzlement of property, misappropriation of property or disruption of the order of the socialist market economy in the most recent three years; (iv) where the domestic company is under investigation in accordance with the law for suspected criminal offences or major violations of laws and regulations and no conclusion has been reached; or (v) where there are material ownership disputes over the equity held by the controlling shareholder or over the equity held by shareholders controlled by the controlling shareholder or the actual controller.

If any of the following material events occur after a domestic enterprise’s overseas offering and listing, including change in control, investigation, penalties or other measures taken by overseas securities regulatory authorities or relevant competent authorities, the conversion of listing status or the transfer of listing board, and voluntary or compulsory termination of listing, it shall report the details to the CSRC within three working days from the date of the occurrence and announcement of the relevant event.

Confidentiality and Archives Administration in Overseas Listing

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration in Connection with Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly promulgated by the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration of China on 24 February 2023 and effective on 31 March 2023, where a domestic enterprise provides or publicly discloses, or provides or publicly discloses through its overseas listing entity, documents or materials involving state secrets or work secrets of state organs to relevant securities companies, securities service institutions, overseas regulators or other entities or individuals, it shall first obtain approval from the competent authorities in accordance with the law and make a filing with the secrecy administrative department at the same level. Where a domestic enterprise provides accounting archives or copies of accounting archives to relevant securities companies, securities service institutions, overseas regulators or other entities or individuals, it shall fulfil the corresponding procedures in accordance with the relevant provisions of the State.

Lost Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people’s court if his share certificate(s) is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people’s court has declared such certificate(s) invalid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing, and the PRC Securities Law (2019 Revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under delisting circumstances specified by the stock exchange, the stock exchange shall terminate their listing and trading in accordance with its business rules. According to the Trial Measures, where an issuer voluntarily delists or is compulsorily delisted after issuing securities and listing on an

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overseas market, the issuer shall submit a report to the CSRC within three working days after the event occurs and is publicly disclosed.

Merger and Division

The merger of a company may take the form of absorption merger or merger by new establishment. In the case of absorption of other companies, the absorbed company is dissolved; in the case of merger by establishing a new company, all parties to the merger are dissolved. When companies are merged, the claims and debts of all parties to the merger shall be succeeded to by the surviving company or the newly established company after the merger.

PRC Securities Laws, Regulations and Regulatory Regime

The PRC has promulgated a number of regulations governing regarding the issuance and trading of shares and information disclosure. In October 1992, the State Council established the Securities Committee of the State Council and the CSRC. The CSRC is responsible for drafting regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies domestically and overseas, regulating securities trading, compiling securities-related statistics, and conducting relevant research and analysis. In March 1998, the State Council consolidated the aforementioned two departments and reorganised the CSRC.

The Interim Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 provide for the application and approval procedures for public offerings of shares, trading in shares, acquisitions of listed companies, deposit, settlement and transfer of listed shares, information disclosure by listed companies, investigation and penalties, and dispute resolution. The Regulations of the State Council on Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》) promulgated by the State Council and effective on 25 December 1995 mainly regulate the issuance, subscription, trading, dividend payment of domestically listed foreign shares, and information disclosure of joint stock limited companies with domestically listed foreign shares.

The Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “**Securities Law**”), which was lastly amended by the SCNPC on 28 December 2019 and came into effect on 1 March 2020, is the first national securities law in the PRC and provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, stock exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing its securities in an overseas stock exchange. Currently, the issue and trading of overseas listed shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (2025 Revision) (《中華人民共和國仲裁法(2025修訂)》) (the “**Arbitration Law**”) was adopted by the SCNPC on 31 August 1994, came into effect on 1 September 1995, and was amended on 27 August 2009, 1 September 2017 and 12 September 2025. Under the Arbitration Law, before the PRC Arbitration Association formulates arbitration

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rules, arbitration commissions may formulate interim arbitration rules in accordance with the relevant provisions of the Arbitration Law and the Civil Procedure Law. Where the parties have entered into an arbitration agreement to resolve disputes and one party brings proceedings before a people’s court, the people’s court will not accept it, unless the arbitration agreement is invalid.

According to the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on both parties. If one party fails to perform, the other party may apply to the people’s court for enforcement. The people’s court may refuse enforcement of an arbitral award made by an arbitration commission if the arbitration procedure or the composition of the arbitral tribunal violates statutory procedures, or the matters decided in the award fall outside the scope of the arbitration agreement or the arbitration commission lacks jurisdiction to arbitrate.

Where a party requests enforcement of a legally effective arbitral award made within the territory of the PRC, and if the party subject to execution or his property is not located within the territory of the PRC, the party may directly apply to a foreign court with jurisdiction for recognition and enforcement. Similarly, a people’s court may recognise and enforce arbitral awards made by foreign arbitral institutions in accordance with the principle of reciprocity or any relevant international treaty to which the PRC is a party. Pursuant to a resolution adopted by the SCNPC on 2 December 1986, the PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”) adopted on 10 June 1958. Upon acceding to the Convention, the PRC made the following declarations: (i) the PRC will apply the convention to arbitral awards made in the territory of another contracting state only on the basis of the principle of reciprocity; and (ii) the PRC will apply the New York Convention only to disputes arising from contractual and non-contractual commercial legal relationships as determined under PRC laws.

An arrangement was reached between Hong Kong and the Supreme People’s Court on mutual enforcement of arbitral awards. On 18 June 1999, the Supreme People’s Court adopted the Arrangements of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》), which came into effect on 1 February 2000, and was amended by the Supplementary Arrangements of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (2021) (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排(2021)》). Under this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitral awards can also enforceable in the PRC.

Judicial Judgements and Their Enforcement

According to the Arrangement of the Supreme People’s Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the HKSAR Pursuant to Choice of Court Agreements Between Parties Concerned(《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme people’s court on 3 July 2008 and effective on 1 August 2008 (now repealed), in the case of a final judgement, defined with payment amount and enforcement power, made by a court of Chinese mainland or a court of Hong Kong in a civil and commercial case with a choice of court agreement in written, any party concerned may apply to the people’s court of Chinese mainland or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. “Choice of court agreement in written” refers to a written agreement defining the exclusive jurisdiction of either a court of

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Chinese mainland or a court of Hong Kong to resolve disputes with particular legal relations occurred or likely to occur by the parties concerned.

On 25 January 2024, the Supreme People’s Court promulgated the Arrangement of the Supreme People’s Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the HKSAR (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”), which came into effect on 29 January 2024. The New Arrangement establishes a mechanism with greater clarity and certainty for reciprocal recognition and enforcement of a wider range of civil and commercial judgements between the Hong Kong Special Administrative Region and Chinese mainland, and replaces the aforementioned expired arrangement after coming into effect.

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FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was established as a limited liability company in the PRC on 6 March 2003 and converted into a joint stock company with limited liability on 11 July 2013 under the laws of the PRC. As at the Latest Practicable Date, the registered share capital of our Company is RMB46,464,118.

Our registered office is located at Room B101, Block 20, Liandong U Valley, No.6 Qiming East Road, Chanhe Hui District, Luoyang City, Henan Province, the PRC. Additionally, our registered place of business in Hong Kong is 46/F Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. We have been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 12 August 2026, with Ms. Ho Wing Nga (何詠雅) appointed as the Hong Kong authorised representative of the Company for acceptance of the service of any process or notices required to be served on our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix III to this document. See “Regulatory Overview” for a summary of certain relevant aspects of the laws and regulations of the PRC.

2. Changes in the share capital of our Company

Save as disclosed in the section headed “History, Development and Corporate Structure” in this document, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in the share capital of our subsidiaries

Please refer to the Accountants’ Report in Appendix I to this document for the list of our subsidiaries. The following sets out the changes in the issued share capital of our subsidiaries during the two years immediately preceding the date of this document:

On 28 May 2025, the registered share capital of our subsidiary, Sichuan Boantong, was increased to RMB12,550,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Restriction of the share repurchase

For details of the restrictions on the share repurchase by our Company, see “Summary of Articles of Association” as set out in Appendix III to this document.

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5. Resolutions of Our Shareholders

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on [REDACTED], it was resolved, among others, and the following was approved:

- (a) the issue of H Shares with a nominal value of RMB1.00 each and the [REDACTED] of such H Shares on GEM of the Stock Exchange;
- (b) the number of H Shares to be [REDACTED] pursuant to the [REDACTED], and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than 15% of the number of H Shares issued pursuant to the [REDACTED];
- (c) subject to our obtaining the formal written authorization from the relevant Shareholders and the completion of filing procedure with the CSRC, conditional upon the completion of the [REDACTED], [REDACTED] Unlisted Shares in aggregate held by [REDACTED] existing Shareholders will be converted into H Shares;
- (d) our Board has been authorised to handle all relevant matters relating to, among other things, the implementation of [REDACTED] of H Shares and the [REDACTED];
- (e) subject to the completion of the [REDACTED], the granting of a general mandate to our Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares (excluding any treasury shares) as at the date of the resolution granting the general mandate;
- (f) subject to the completion of the [REDACTED], the granting of a general mandate to our Board to allot, issue Shares, or sell and/or transfer Shares out of treasury that are held as treasury shares at any time within a period up to the date of the conclusion of the next annual general meeting of our Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares in issue (excluding any treasury shares) as at the date of the resolution granting the general mandate; and
- (g) subject to the completion of the [REDACTED], the Articles of Association have been approved and adopted, which shall become effective on the [REDACTED], and our Board has been authorised to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities.

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B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this document and are or may be material:

- (a) the termination agreement to the stock subscription agreement dated 1 July 2026 entered into among our Company, the [REDACTED] Investor, Mr. Fu and Mr. Xue;
- (b) the [Deed of Indemnity]; and
- (c) the [[REDACTED]].

2. Intellectual property rights

As at the Latest Practicable Date, our Group has registered, or has applied for the registration of the following intellectual property rights which we consider to be material to our business:

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks in the PRC which we consider to be material to our business:

No.	Trademark	Trademark Number	Name of Owner	Class	Registration Date	Expiry Date
1	博安通	16274919	The Company	35	28 March 2016	27 March 2036
2		16410470	The Company	9	7 May 2016	6 May 2036
3		20651707	The Company	9	7 November 2017	6 November 2027
4	博安通	50880039	The Company	35	14 August 2021	13 August 2031
5		60260896	Zhongshan Boantong	11	21 April 2022	20 April 2032
6		17063989	Shenzhen AiThinker	9	14 August 2016	13 August 2036

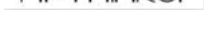
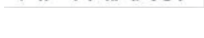
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No.	Trademark	Trademark Number	Name of Owner	Class	Registration Date	Expiry Date
7		17064036	Shenzhen AiThinker	9	14 August 2016	13 August 2036
8		20431395	Shenzhen AiThinker	9	14 August 2017	13 August 2027
9		20431458	Shenzhen AiThinker	9	14 August 2017	13 August 2027
10		40030948	Shenzhen AiThinker	5	28 June 2020	27 June 2030
11		40032554	Shenzhen AiThinker	13	21 June 2020	20 June 2030
12		40035625	Shenzhen AiThinker	8	21 September 2020	20 September 2030
13		40035698	Shenzhen AiThinker	20	21 September 2020	20 September 2030
14		40036286	Shenzhen AiThinker	6	14 September 2020	13 September 2030
15		40036429	Shenzhen AiThinker	15	21 June 2020	20 June 2030
16		40037677	Shenzhen AiThinker	23	21 June 2020	20 June 2030
17		40037709	Shenzhen AiThinker	25	21 June 2020	20 June 2030
18		40038030	Shenzhen AiThinker	7	28 September 2020	27 September 2030
19		40038075	Shenzhen AiThinker	28	21 June 2020	20 June 2030
20		40038113	Shenzhen AiThinker	30	21 June 2020	20 June 2030
21		40040491	Shenzhen AiThinker	24	21 June 2020	20 June 2030
22		40042894	Shenzhen AiThinker	19	21 September 2020	20 September 2030

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No.	Trademark	Trademark Number	Name of Owner	Class	Registration Date	Expiry Date
23		40043003	Shenzhen AiThinker	26	21 June 2020	20 June 2030
24		40043163	Shenzhen AiThinker	9	21 September 2020	20 September 2030
25		40046134	Shenzhen AiThinker	21	21 September 2020	20 September 2030
26		40046149	Shenzhen AiThinker	22	21 June 2020	20 June 2030
27		40047315	Shenzhen AiThinker	1	14 September 2020	13 September 2030
28		40047706	Shenzhen AiThinker	27	21 June 2020	20 June 2030
29		40048826	Shenzhen AiThinker	17	28 September 2020	27 September 2030
30		40048911	Shenzhen AiThinker	11	14 September 2020	13 September 2030
31		40049108	Shenzhen AiThinker	29	21 June 2020	20 June 2030
32		40051387	Shenzhen AiThinker	4	21 June 2020	20 June 2030
33		40051677	Shenzhen AiThinker	12	14 September 2020	13 September 2030
34		40055643	Shenzhen AiThinker	16	21 September 2020	20 September 2030
35		40055669	Shenzhen AiThinker	18	14 July 2020	13 July 2030
36		40057150	Shenzhen AiThinker	2	7 July 2020	6 July 2030
37		40057187	Shenzhen AiThinker	3	28 September 2020	27 September 2030
38		40063427	Shenzhen AiThinker	40	21 March 2020	20 March 2030

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No.	Trademark	Trademark Number	Name of Owner	Class	Registration Date	Expiry Date
39		40066089	Shenzhen AiThinker	36	28 March 2020	27 March 2030
40		40066708	Shenzhen AiThinker	45	28 March 2020	27 March 2030
41		40068752	Shenzhen AiThinker	31	21 April 2020	20 April 2030
42		40069325	Shenzhen AiThinker	32	28 March 2020	27 March 2030
43		40069925	Shenzhen AiThinker	44	28 March 2020	27 March 2030
44		40071958	Shenzhen AiThinker	33	28 March 2020	27 March 2030
45		40071966	Shenzhen AiThinker	34	28 March 2020	27 March 2030
46		40071975	Shenzhen AiThinker	35	28 March 2020	27 March 2030
47		40073482	Shenzhen AiThinker	37	28 March 2020	27 March 2030
48		40073524	Shenzhen AiThinker	42	21 March 2020	20 March 2030
49		40076956	Shenzhen AiThinker	38	21 March 2020	20 March 2030
50		40080359	Shenzhen AiThinker	39	28 March 2020	27 March 2030
51		40080819	Shenzhen AiThinker	41	28 June 2020	27 June 2030
52		40084041	Shenzhen AiThinker	43	21 March 2020	20 March 2030
53		40086219	Shenzhen AiThinker	13	28 March 2020	27 March 2030

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No.	Trademark	Trademark Number	Name of Owner	Class	Registration Date	Expiry Date
54		40086332	Shenzhen AiThinker	20	28 March 2020	27 March 2030
55		40087035	Shenzhen AiThinker	2	28 March 2020	27 March 2030
56		40089406	Shenzhen AiThinker	42	7 June 2020	6 June 2030
57		40090590	Shenzhen AiThinker	5	28 March 2020	27 March 2030
58		40091444	Shenzhen AiThinker	31	28 March 2020	27 March 2030
59		40093820	Shenzhen AiThinker	30	28 March 2020	27 March 2030
60		40093846	Shenzhen AiThinker	41	7 June 2020	6 June 2030
61		40093866	Shenzhen AiThinker	43	28 March 2020	27 March 2030
62		40094119	Shenzhen AiThinker	23	28 March 2020	27 March 2030
63		40094131	Shenzhen AiThinker	24	28 March 2020	27 March 2030
64		40094199	Shenzhen AiThinker	37	7 June 2020	6 June 2030

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No.	Trademark	Trademark Number	Name of Owner	Class	Registration Date	Expiry Date
65		40094224	Shenzhen AiThinker	39	7 June 2020	6 June 2030
66		40094234	Shenzhen AiThinker	40	28 March 2020	27 March 2030
67		40095844	Shenzhen AiThinker	29	28 March 2020	27 March 2030
68		40096621	Shenzhen AiThinker	28	28 March 2020	27 March 2030
69		40096640	Shenzhen AiThinker	45	28 March 2020	27 March 2030
70		40096975	Shenzhen AiThinker	15	28 March 2020	27 March 2030
71		40096995	Shenzhen AiThinker	16	21 June 2020	20 June 2030
72		40098288	Shenzhen AiThinker	34	28 March 2020	27 March 2030
73		40098539	Shenzhen AiThinker	14	7 June 2020	6 June 2030
74		40099220	Shenzhen AiThinker	38	7 June 2020	6 June 2030
75		40100131	Shenzhen AiThinker	21	28 March 2020	27 March 2030

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No.	Trademark	Trademark Number	Name of Owner	Class	Registration Date	Expiry Date
76		40101746	Shenzhen AiThinker	4	28 March 2020	27 March 2030
77		40103286	Shenzhen AiThinker	9	21 June 2020	20 June 2030
78		40104582	Shenzhen AiThinker	1	7 April 2020	6 April 2030
79		40104902	Shenzhen AiThinker	17	7 April 2020	6 April 2030
80		40104929	Shenzhen AiThinker	19	7 April 2020	6 April 2030
81		40105972	Shenzhen AiThinker	6	7 April 2020	6 April 2030
82		40106433	Shenzhen AiThinker	22	7 April 2020	6 April 2030
83		40108398	Shenzhen AiThinker	3	7 April, 2020	6 April 2030
84		40108500	Shenzhen AiThinker	32	7 April 2020	6 April 2030
85		40110119	Shenzhen AiThinker	8	7 April 2020	6 April 2030
86		40110155	Shenzhen AiThinker	10	7 June 2020	6 June 2030

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No.	Trademark	Trademark Number	Name of Owner	Class	Registration Date	Expiry Date
87		40110172	Shenzhen AiThinker	11	7 June 2020	6 June 2030
88		40110481	Shenzhen AiThinker	18	7 June 2020	6 June 2030
89		40110487	Shenzhen AiThinker	25	7 June 2020	6 June 2030
90		40110509	Shenzhen AiThinker	27	7 April 2020	6 April 2030
91		40110986	Shenzhen AiThinker	44	7 April 2020	6 April 2030
92		40112000	Shenzhen AiThinker	7	7 June 2020	6 June 2030
93		40112077	Shenzhen AiThinker	33	7 April 2020	6 April 2030
94		40112099	Shenzhen AiThinker	35	7 June 2020	6 June 2030
95		54737664	Shenzhen AiThinker	35	7 October 2021	6 October 2031
96		54760079	Shenzhen AiThinker	42	7 October 2021	6 October 2031
97		55430191	Shenzhen AiThinker	16	21 January 2022	20 January 2032

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No.	Trademark	Trademark Number	Name of Owner	Class	Registration Date	Expiry Date
98	U-BASES	67937944	Shenzhen AiThinker	35	13 February 2024	20 July 2033
99	U-BASES	67948136	Shenzhen AiThinker	42	13 February 2024	20 April 2033
100	U-BASES CLOUD	67948108	Shenzhen AiThinker	35	13 February 2024	13 July 2033
101	U-BASES CLOUD	67930979	Shenzhen AiThinker	42	13 February 2024	20 April 2033
102		67929285	Shenzhen AiThinker	9	13 February 2024	20 April 2033
103		67937300	Shenzhen AiThinker	35	13 February 2024	20 April 2033
104		67941907	Shenzhen AiThinker	42	13 February 2024	20 April 2033

(b) Patents

As at the Latest Practicable Date, our Group had registered the following patents in the PRC which we consider to be material to our business:

No.	Patent Title	Name of Owner	Patent Type	Patent Number	Grant Date	Expiry Date
1.	A multi-point temperature measurement wireless intelligent pot (一種多點測溫無線智能鍋)	Zhongshan Boantong	Utility Model	ZL202321110325.6	26 September 2023	26 September 2043
2.	An intelligent pot capable of accurately measuring temperature in pot (一種準確測量鍋內溫度的智能鍋)	Zhongshan Boantong	Utility Model	ZL202321110317.1	26 September 2023	26 September 2043

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No.	Patent Title	Name of Owner	Patent Type	Patent Number	Grant Date	Expiry Date
3.	A NB-IoT-based physical livestock breeding positioning and tracking device (一種基於NB-IoT實物畜牧養殖定位追蹤裝置)	Shenzhen AiThinker	Invention	ZL202210911050.X	4 November 2025	4 November 2045
4.	Greenhouse vegetable planting monitoring device based on NB-IoT wireless communication positioning (基於NB-IoT無線通信定位的大棚蔬菜種植監控裝置)	Shenzhen AiThinker	Utility Model	ZL202222009442.5	28 October 2022	28 October 2042
5.	A wireless communication module capable of resisting electromagnetic interference (一種抗電磁干擾的無線通訊模塊)	Shenzhen AiThinker	Utility Model	ZL202222026888.9	28 October 2022	28 October 2042
6.	A multi-support structure jig with adapter plate module (一種具有轉接板模組的多托結構治具)	Shenzhen AiThinker	Utility Model	ZL202221582755.3	20 September 2022	20 September 2042
7.	A circuit for realising high-voltage MOS (Metal Oxide Semiconductor) tube by low-voltage IO (Input/Output) port (一種低電壓IO口來實現高電壓MOS管的電路)	Shenzhen AiThinker	Utility Model	ZL202220614293.2	16 August 2022	16 August 2042
8.	A bluetooth wireless communicator (一種藍牙無線通訊器)	Shenzhen AiThinker	Utility Model	ZL202322440559.3	5 April 2024	5 April 2044

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No.	Patent Title	Name of Owner	Patent Type	Patent Number	Grant Date	Expiry Date
9.	A human body positioning and tracking radar module (一種人體定位跟蹤雷達模組)	Shenzhen AiThinker	Utility Model	ZL202323162644.4	23 November 2023	23 November 2043
10.	An IoT Bluetooth Wi-Fi 6 gateway with dual interfaces (一種具有雙接口功能的IoT藍牙Wi-Fi 6網關)	Shenzhen AiThinker	Utility Model	ZL202323428155.9	15 December 2023	15 December 2043
11.	A touch feedback antenna device (一種觸摸反饋式天線裝置)	Sichuan Boantong	Utility Model	ZL202422375918.6	30 September 2025	30 September 2045
12.	A BLE spring-loaded antenna for a door lock capable of multi-directional radiation (一種可多方位輻射的門鎖的BLE彈片天線)	Sichuan Boantong	Utility Model	ZL202422465190.6	5 September 2025	5 September 2045
13.	An antenna device for a narrow-bezel central control display screen (一種窄邊框的中控顯示屏用天線裝置)	Sichuan Boantong	Utility Model	ZL202422375993.2	26 August 2025	26 August 2045
14.	A spring-loaded antenna for a photovoltaic data collector (一種光伏採集器的彈片天線)	Sichuan Boantong	Utility Model	ZL202422376075.1	11 July 2025	11 July 2045
15.	A reference ground segmentation method for optimising antenna isolation (一種用於優化天線隔離度的參考地分割方法)	Sichuan Boantong	Invention	ZL202011490252.9	23 July 2024	23 July 2044

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No.	Patent Title	Name of Owner	Patent Type	Patent Number	Grant Date	Expiry Date
16.	An intelligent wifi probe information acquisition device (一種智能wifi探針信息採集器件)	Sichuan Boantong	Utility Model	ZL202223003358.9	7 April 2023	7 April 2043
17.	A high-gain external WIFI antenna (一種高增益的WIFI外置天線)	Sichuan Boantong	Utility Model	ZL202220516108.6	21 October 2022	21 October 2042
18.	A high-performance small-size MIMO antenna (一種高性能小尺寸的MIMO天線)	Sichuan Boantong	Utility Model	ZL202220934063.4	26 August 2022	26 August 2042
19.	A dual-polarisation Wi-Fi antenna (一種雙極化Wi-Fi天線)	Sichuan Boantong	Utility Model	ZL202123317177.9	13 May 2022	13 May 2042
20.	A communication 5G broadband antenna (一種通信5G寬頻天線)	Sichuan Boantong	Utility Model	ZL202122075063.1	1 February 2022	1 February 2042
21.	A double-sided coaxial series-feed planar dipole array antenna (一種雙面同軸串饋平面偶極子陣列天線)	Sichuan Boantong	Utility Model	ZL202122057904.6	18 January 2022	18 January 2042
22.	An antenna assembly with heat dissipation function (一種自帶散熱功能的天線組件)	Sichuan Boantong	Utility Model	ZL202122053029.4	18 January 2022	18 January 2042
23.	An antenna transmitting plate capable of controlling antenna radiation included angle (一種可控制天線輻射夾角的天線發射板)	Sichuan Boantong	Utility Model	ZL202122052917.4	18 January 2022	18 January 2042

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No.	Patent Title	Name of Owner	Patent Type	Patent Number	Grant Date	Expiry Date
24.	A WIFI elastic sheet antenna capable of solving SMT patch (一種可解決SMT貼片的WIFI彈片天線)	Sichuan Boantong	Utility Model	ZL202120488111.7	7 December 2021	7 December 2041
25.	A waterproof and anti-creeping WiFi antenna for 5G network (一種防水防漏電的5G網絡用WiFi天線)	Sichuan Boantong	Utility Model	ZL202022954097.3	11 June 2021	11 June 2041
26.	A multi-band tunable built-in antenna (一種多頻段可調諧內置天線)	Sichuan Boantong	Utility Model	ZL202022885393.2	8 June 2021	8 June 2041
27.	A dual-frequency slot antenna with protection structure (一種具有防護結構的雙頻縫隙天線)	Sichuan Boantong	Utility Model	ZL202022885398.5	4 June 2021	4 June 2041

(c) Copyrights

As at the Latest Practicable Date, our Group had registered the following copyrights in the PRC which we consider to be material to our business:

No.	Software Name	Name of Owner	Registration Number	Registration Date
1.	AT-Combo Universal Software V4.0.0 (AT-Combo通用軟件 V4.0.0)	Shenzhen AiThinker	2022SR0879908	12 May 2021
2.	Ai-Thinker PHY6212 Series Combo-AT Firmware System V1.0 (安信可 PHY6212系列Combo-AT固件系統V1.0)	Shenzhen AiThinker	2022SR1235060	24 August 2021
3.	Ai-Thinker TLSR8250 Series Combo-AT Firmware System V1.0 (安信可 TLSR8250系列Combo-AT固件系統V1.0)	Shenzhen AiThinker	2022SR1189339	30 November 2021

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No.	Software Name	Name of Owner	Registration Number	Registration Date
4.	Ai-Thinker BL602 Chip Series Module Combo-AT Software V4.18 (安信可 BL602芯片系列模組 Combo-AT軟件V4.18)	Shenzhen AiThinker	2023SR0094422	23 December 2021
5.	Ai-Thinker BL602 Chip Series Module Licensed Encryption Software V4.18 (安信可BL602芯片系列模組授權加密軟件V4.18)	Shenzhen AiThinker	2023SR0094423	13 April 2022
6.	Ai-Thinker ASR6601 Chip Series Module AT Software V4.18 (安信可ASR6601芯片系列模組AT軟件V4.18)	Shenzhen AiThinker	2023SR0760428	5 December 2022
7.	Ai-Thinker PHY6252 Chip Series Module Combo-AT Software V4.18 (安信可PHY6252芯片系列模組 Combo-AT軟件V4.18)	Shenzhen AiThinker	2023SR0760430	21 December 2022
8.	Ai-Thinker TG7120B Chip Series Module AT Software V4.18 (安信可TG7120B芯片系列模組AT軟件V4.18)	Shenzhen AiThinker	2023SR0760429	19 December 2022
9.	Ai-Thinker IoT Management Platform 1.1.0 (安信可IoT管理平台1.1.0)	Shenzhen AiThinker	2023SR1384896	10 January 2023
10.	Ai-Thinker IoT Android APP1.1.0 (安信可IoT Android APP1.1.0)	Shenzhen AiThinker	2023SR1380394	13 December 2022
11.	Ai-Thinker IoT iOS APP1.1.0 (安信可IoT iOS APP1.1.0)	Shenzhen AiThinker	2023SR1383480	27 December 2022
12.	Ai-Thinker IoT Private Cloud Platform 1.1.0 (安信可IoT私有雲平台1.1.0)	Shenzhen AiThinker	2023SR1670357	8 February 2023
13.	Ai-Thinker Network Configuration Assistant Android App 1.1.0 (安信可配網助手 Android APP1.1.0)	Shenzhen AiThinker	2023SR1440779	15 February 2023

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No.	Software Name	Name of Owner	Registration Number	Registration Date
14.	Ai-Thinker BL616 Chip Series Module Middleware – AT Software V4.18 (安信可 BL616芯片系列模組中間件 – AT軟件V4.18)	Shenzhen AiThinker	2024SR0159510	12 January 2023
15.	Ai-Thinker BL618 Chip Series Module Middleware – AT Software V4.18 (安信可 BL618芯片系列模組中間件 – AT軟件V4.18)	Shenzhen AiThinker	2024SR0365798	5 January 2023
16.	Ai-Thinker S3KM111L Series Module Precision Distance Measurement & Gesture Recognition Software V4.18 (安信可S3KM111L系列模組精準測距手勢識別軟件 V4.18)	Shenzhen AiThinker	2024SR0161111	20 February 2023
17.	Ai-Thinker S3KM111L Series Module Human Presence Software V4.18 (安信可 S3KM111L系列模組人體存在軟件V4.18)	Shenzhen AiThinker	2024SR0159590	27 February 2023
18.	Ai-Thinker S3KM1110 Series Module Human Body Micro-motion Sensing Software V4.18 (安信可 S3KM1110系列模組人體微動感應軟件V4.18)	Shenzhen AiThinker	2024SR0159603	6 March 2023
19.	Ai-Thinker S5KM312CL Series Module Human Trajectory Tracking Software V4.18 (安信可 S5KM312CL系列模組人體軌跡跟蹤軟件V4.18)	Shenzhen AiThinker	2024SR0159599	13 March 2023
20.	B&T Module Production Inspection System Software V1.0.0 (博安通模組生產檢測系統軟件V1.0.0)	Shenzhen AiThinker	2024SR0131202	20 November 2019

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(d) Domain names

As at the Latest Practicable Date, our Group had registered the following domain names:

<u>No.</u>	<u>Domain Name</u>	<u>Name of Owner</u>	<u>Registration Date</u>	<u>Expiry Date</u>
1.	tech-now.com	Our Company	20 November 2002	20 November 2027
2.	aithinker.com	Shenzhen AiThinker	21 March 2015	21 March 2027
3.	iot-aithings.com	Shenzhen AiThinker	30 March 2022	30 March 2027
4.	ai-thinker.com	Shenzhen AiThinker	23 November 2012	23 November 2028
5.	zz-admin.com	Luoyang Shiheng	17 July 2026	7 July 2031

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests of Directors and Chief Executives

Immediately upon completion of the [REDACTED] (without taking into account the Shares which may be issued and allotted upon exercise of the [REDACTED]), the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required to be notified to our Company and the Stock Exchange pursuant to the “required standard of dealings” as contained in Chapter 5 of the GEM Listing Rules, once the Shares are in [REDACTED], are as follows:

(a) Interests in our Company

Name of Shareholder	Capacity/ Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares	
		Number and description of Shares held/ interested	Approximate shareholding percentage	Number and description of Shares held/ interested ⁽¹⁾	Approximate shareholding percentage ⁽²⁾
Mr. Fu	Beneficial owner	12,586,057 Unlisted Shares	27.0877%	[REDACTED] Unlisted Shares	[REDACTED]%
				[REDACTED] H Shares	[REDACTED]%
Mr. Xue	Beneficial owner	4,324,736 Unlisted Shares	9.3077%	[REDACTED] H Shares	[REDACTED]%
				[REDACTED] H Shares	[REDACTED]%
Mr. Zhao	Beneficial owner	1,374,708 Unlisted Shares	2.9586%	[REDACTED] Unlisted Shares	[REDACTED]%
				[REDACTED] H Shares	[REDACTED]%

Notes:

- All interests stated are long positions.
- The percentage is calculated based on the total number of [REDACTED] Unlisted Shares in issue, [REDACTED] H Shares to be converted from Unlisted Shares in issue and [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised).

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(b) Interests in our associated corporations

So far as our Directors are aware, immediately following the completion of the [REDACTED], no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

2. Interests of our Substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders”, so far as our Directors are aware, immediately following completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), our Directors are not aware of any person who will have any interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

3. Particulars of Director’s service agreements

We have entered into a contract with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations and the Articles of Association.

Our Directors have entered into service contracts with our Company. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders’ approval. The service contracts can be renewed pursuant to our Articles of Association and applicable rules.

Save as disclosed aforesaid, none of our Directors and has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by our Company within one year without the payment of compensation (other than statutory compensation).

The remuneration of Directors and is determined by our Company with reference to the duties and level of responsibilities of each Director, the remuneration policy of our Company and the prevailing market conditions.

4. Directors’ remuneration and emoluments

For details of the remuneration or benefits in kind paid to our Directors during the Track Record Period, see “Directors and Senior Management” and Note 13 to the Accountants’ Report as set out in Appendix I to this document.

None of our Directors and or any past directors and of any member of our Group has been paid any sum of money during the Track Record Period, (1) as an inducement to join or upon joining our Company or (2) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

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There has been no arrangement under which a Director has waived or agreed to waive any emoluments during the Track Record Period.

Each of our executive Directors, non-executive Director, and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in the discharge of his/her duties to our Group under his/her service agreement or letter of appointment.

5. Related party transactions

Save as disclosed in Note 37 to the Accountant’s Report, the text of which is set out in Appendix I to this document, our Group has not engaged in any other material related party transactions during the Track Record Period.

6. Disclaimers

Save as disclosed in this document:

- (a) so far as our Directors are aware, none of our Directors, or chief executive has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) immediately following the completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she will be taken or deemed to have under the SFO) once our Shares are [REDACTED], or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once our Shares are [REDACTED], or which will be required, pursuant to the GEM Listing Rules relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange, once our Shares are [REDACTED];
- (b) so far as our Directors are aware, none of our Directors and experts referred to under the paragraph headed “E. Other information – 8. Qualifications of experts” of this Appendix to this document has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors and experts referred to under the paragraph headed “E. Other information – 8. Qualifications of experts” of this Appendix to this document is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors and has any existing or proposed service agreements with any member of our Group, excluding agreements which are determinable by the employer within one year without payment of compensation other than statutory compensation;

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- (e) without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED], our Directors are not aware of any person, not being a Director of our Company, who will, immediately following completion of the [REDACTED], be interested in or has short positions in the Shares or underlying Shares of our Company which have to be notified to our Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO once our Shares are [REDACTED], or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (f) none of the experts referred to under the paragraph headed “E. Other information – 8. Qualifications of experts” of this Appendix has any shareholding in any member of our Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) none of our Directors, their associates or any Shareholder of our Company (which to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers for each year/period during the Track Record Period and five largest customers for each year/period during the Track Record Period.

D. [REDACTED] SHARE INCENTIVE SCHEME

The following is a summary of the key terms of the [REDACTED] Share Incentive Scheme (the “**Scheme**”) approved and adopted by our Shareholders on [REDACTED]. All grants of restrictive shares under the Scheme (the “**Incentive Shares**”) were made prior to [REDACTED] to specified employees of our Group. Accordingly, the terms of the Scheme are not subject to the provisions of Chapter 23 of the GEM Listing Rules as the Scheme does not involve the grant of new options or awards by our Company after [REDACTED].

(a) Purpose

The purpose of the Scheme is to further improve our corporate governance structure and establish a long-term incentive and retention mechanism. The Scheme is intended to: (i) recognise and reward the contributions of employees to the growth and development of our Group, (ii) attract and retain outstanding personnel, (iii) align the interests of Shareholders and employees, (iv) foster a performance culture focused on value creation, and (v) strengthen the cohesion of our management team and enhance the competitiveness of our Group.

(b) Administration

Our Board will administer the Scheme. The Board will determine, among others, whether conditions for unlocking the Incentive Shares have been satisfied, adjustments to the number of Incentive Shares in the event of alteration of share capital and to handle such other matters as may be necessary for the administration of the Scheme.

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(c) Eligibility

Eligible participants under the Scheme comprise (i) senior management members of our Group and (ii) the core employees approved for participation in the Scheme by the Shareholders’ meeting (the “**Participant(s)**”). The core employees are generally key or long-serving personnel who hold positions in the Group that have considerable impact on the Group’s operations.

(d) Grant of the Incentive Shares

An aggregate of 2,770,807 Incentive Shares, representing approximately 5.96% of the issued share capital of our Company as at the adoption date of the Scheme, were granted on a one-off basis pursuant to the Scheme to the Participants, and no Incentive Shares were reserved for future grants.

The Incentive Shares granted under the Scheme are evidenced by a grant agreement entered into between the Participant and the Company that sets forth the terms of the grant, including, among others, the restrictions imposed on the Incentive Shares during the Lock-up Period (as defined below), the conditions and arrangements of unlocking the Incentive Shares and each party’s contractual rights and obligations under the Scheme.

(e) Payment of the Price of the Incentive Shares

The Participants have subscribed for the Incentive Shares using their own funds or funds otherwise lawfully obtained in accordance with the terms of their respective grant agreements. Our Company has not provided any financial assistance to any Participant for the purpose of acquiring Incentive Shares, including by way of loans or guarantees.

(f) Rights Attached to the Incentive Shares

Subject to the restrictions under the Scheme, the Participants are entitled to shareholder rights attaching to the Incentive Shares, including dividend rights, voting rights, rights to participate in rights issues. In the event of any alteration of share capital contemplated under the Scheme, the number of Incentive Shares may be adjusted in accordance with the terms of the Scheme.

(g) Lock-up Period and Unlock Conditions

The unlocking of the Incentive Shares are subject to (i) a set of conditions, including, among others, the successful completion of the [REDACTED] and satisfaction of the performance targets set out in the grant agreement, and (ii) a lock-up period commencing on the date of completion of the relevant grant registration and ending on the date falling 36 months after the [REDACTED] (“**Lock-up Period**”). During the Lock-up Period, the Participants may not transfer, dispose of, pledge or otherwise encumber the Incentive Shares, except as otherwise provided under the Scheme.

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Subject to satisfaction of the applicable conditions, the Incentive Shares shall be unlocked in accordance with the following schedule:

<u>Tranche</u>	<u>Unlocking Date</u>	<u>Percentage of Incentive Shares Unlocked⁽¹⁾</u>
First Tranche	Upon the expiry of 12 months after the [REDACTED]	30%
Second Tranche	Upon the expiry of 24 months after the [REDACTED]	30% (60% cumulatively)
Third Tranche	Upon the expiry of 36 months after the [REDACTED] ⁽²⁾	40% (100% cumulatively)

Notes:

- (1) The Board shall determine whether the applicable conditions have been satisfied in accordance with the Scheme and the relevant grant agreement on each unlocking date. If a Participant fails to satisfy the applicable unlocking conditions for any tranche, the relevant Incentive Shares shall be carried forward to the next tranche and may become unlocked upon satisfaction of the applicable conditions for such subsequent tranche.
- (2) If any Incentive Shares remain subject to conditions upon the expiry of the Third Tranche, our Board may extend the Lock-up Period and determine new conditions in accordance with the terms of the Scheme. Participants are required to comply with such extended Lock-up Period and any new conditions determined thereunder.

(h) Repurchase Arrangements

At the discretion of the Board, the Incentive Shares may be repurchased or transferred to another person designated by the Board in the event of the Participant, among others: (i) ceases to maintain an employment or service relationship with our Group, (ii) commits serious violations of applicable laws or regulations resulting in criminal liability; (iii) commits breaches of the contractual obligation including, among others, those under the Scheme, employment agreements; (iv) commits fraud or other conduct causing loss or damage to our Group; (v) commits serious violations of internal policies or engagement in prohibited conduct; (vi) commits theft, bribery, corruption, misappropriation of assets or abuse of position for improper personal gain; (vii) commits breaches of professional ethics, gross negligence, dereliction of duty or misconduct causing loss or damage to our Group, shareholders or management; (viii) commits other acts directly or indirectly detrimental to the property, interests, reputation or business of our Group, Shareholders or management; or (ix) such other circumstances as may be determined by the Board.

(i) Term

The Scheme will remain effective from the date of its approval by the Shareholders’ meeting until all Incentive Shares granted under the Scheme have been unlocked, repurchased by our Company or acquired by a person designated by the Board in accordance with the terms of the Scheme, and in any event for a maximum term of 10 years from the date of approval.

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(j) Locked Incentive Shares

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and there being no other change in the share capital of our Company), the number of Incentive Shares granted under the Scheme represents [REDACTED]% of the total issued share capital of our Company. As all Incentive Shares have been granted to the Participants prior to the [REDACTED], the unlocking of such Incentive Shares following [REDACTED] will not result in any dilution to the shareholding interests of our Shareholders. Particulars of the Incentive Shares subscribed for by our Directors and senior management are set forth below:

		Number of Incentive Shares	Approximate shareholding percentage immediately following the completion of the [REDACTED] ^(note)
Directors and senior management of our Company			
Mr. Fu	Executive Director, Chairman of the Board, Chief Executive Officer	735,307	[REDACTED]%
Mr. Zhao	Executive Director, Chief Financial Officer, Board Secretary	727,500	[REDACTED]%
Mr. Li Rui	Chief Operating Officer	300,000	[REDACTED]%
Mr. Xu Fuqiang	Chief Technology Officer	200,000	[REDACTED]%
Mr. Li Weiyun	Chief Revenue Officer	100,000	[REDACTED]%
Ms. Xie Na	Chief Human Resources Officer	49,000	[REDACTED]%
Other Participants		<u>659,000</u>	<u>[REDACTED]%</u>
Total		<u>2,770,807</u>	<u>[REDACTED]%</u>

Note: The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and there being no other change in the share capital of our Company).

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E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As at the Latest Practicable Date, no member of our Company is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company, that would have a material adverse effect on our results of operations or financial condition of our Company.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [REDACTED] for the [REDACTED] of, and permission to deal in, the H Shares to be converted from Unlisted Shares and the H Shares to be [REDACTED] pursuant to the [REDACTED]. All necessary arrangements have been made to enable our H Shares to be admitted into [REDACTED].

The Sole Sponsor has confirmed that they satisfy the independence criteria applicable to a sponsor set out in Rule 6A.07 of the GEM Listing Rules.

The total amount of sponsor’s fee in connection with the [REDACTED] is HK\$3.5 million.

4. Compliance Advisor

Our Company has appointed Yue Xiu Capital Limited as our Compliance Adviser effective upon the [REDACTED] in compliance with Rule 6A.19 of the GEM Listing Rules.

5. Preliminary expenses

As at the Latest Practicable Date, we have not incurred any material preliminary expenses.

6. Promoters

The promoters of our Company are all of the then Shareholders of our Company immediately before our conversion into a joint stock company.

Save as disclosed herein, within the two years immediately preceding the date of this document, no amount or benefit has been paid or given to any promoter in connection with the [REDACTED] or the related transactions described in this document.

7. Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock

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Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

Potential investors in the [REDACTED] are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of our Company, our Directors, our Sole Sponsor, [REDACTED], [REDACTED], [REDACTED] and [REDACTED], or any other person or party involved in the [REDACTED] accept responsibility for any tax effects on, or lawful liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our H Shares.

8. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

<u>Name</u>	<u>Qualification</u>
Yue Xiu Capital Limited	Licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities
Moore CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Beijing Dacheng Law Offices, LLP (Shenzhen)	Legal adviser to our Company as to the PRC laws and data compliance matters
Shinewing Tax and Business Advisory Limited	Transfer pricing consultant
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

9. Consents of experts

Each of the experts named in the section headed “E. Other Information – 8. Qualifications of experts” in this Appendix above has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their report and/or letter and/or legal opinion and/or opinion (as the case may be) and the references to their names, addresses, qualifications or summaries of opinions included herein in the form and context in which they respectively appear.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries (whether legally enforceable or not).

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10. Binding effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

- (a) Save as disclosed in the sections headed “History, Development and Corporate Structure”, “Share Capital” and “Structure and Conditions of the [REDACTED]” in this document:
 - (i) within two years preceding the date of this document:
 - no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - no commission (except commission to the [REDACTED]) has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) there are no arrangements under which future dividends are waived or agreed to be waived;
 - (iv) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
 - (v) our Company has no outstanding convertible debt securities or debentures; and
 - (vi) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (b) our Company is a joint stock company with limited liability and is subject to the PRC Company Law;
- (c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company since 30 June 2026 (being the date to which the latest audited combined financial statements of our Company were made up);
- (d) our Directors confirm that there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 12 months preceding the date of this document; and
- (e) no part of the equity and debt securities of our Company, if any, is currently listed on or dealt in on any other stock exchange or trading system nor is any listing or permission to list on any stock exchange other than the Stock Exchange currently being or agreed to be sought.

12. Bilingual document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses for Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in Statutory and General Information – E. Other Information – 10. Consents of Experts” in Appendix V to this document; and
- (b) a copy of each of the material contracts referred to in “Statutory and General Information – B. Further Information about our Business – 1. Summary of Material Contracts” in Appendix V to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.tech-now.com** during a period of 14 days from the date of this document:

- (1) our Articles of Association;
- (2) the Accountants’ Report prepared by Moore CPA Limited, the text of which is set forth in Appendix I to this document;
- (3) the audited consolidated financial statements of our Company for the Track Record Period;
- (4) the report from Moore CPA Limited on the unaudited [REDACTED] financial information of our Group, the text of which is set forth in Appendix II to this document;
- (5) the legal opinion issued by Beijing Dacheng Law Offices, LLP (Shenzhen), our PRC Legal Adviser and Data Compliance Advisor in respect of general matters and property interests and data compliance matters of our Group in the PRC;
- (6) the transfer pricing analysis report issued by Shinewing Tax and Business Advisory Limited, our transfer pricing consultant of the Company;
- (7) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed “Industry Overview” in this document;
- (8) a copy of the PRC Company Law, the PRC Securities Law, and the Overseas Listing Trial Measures together with their unofficial English translations;
- (9) the material contracts in “Appendix V – Statutory and General Information – B. Further Information about our Business – 1. Summary of Material Contracts”;
- (10) the written consents referred to in “Appendix V – Statutory and General Information – E. Other Information – 10. Consents of Experts”;

APPENDIX VI **DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

- (11) the service agreements referred to in “Appendix V – Statutory and General Information – C. Further Information about our Directors, chief executive and substantial shareholders – 4. Directors’ remuneration and emoluments”; and
- (12) the terms of our [REDACTED] Share Incentive Scheme.