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## **Application Proof of**

# **Shenzhen Cheng-Tech Co., Ltd.**

## **深圳承泰科技股份有限公司**

(the “Company”)

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

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### Shenzhen Cheng-Tech Co., Ltd.

### 深圳承泰科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the the [REDACTED] [REDACTED])  
Number of [REDACTED] : [REDACTED] H Shares (subject to adjustment)  
Number of [REDACTED] : [REDACTED] H Shares (subject to adjustment and the [REDACTED])  
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong Dollars and subject to refund)  
Nominal Value : RMB[0.10] per H Share  
[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]  
[REDACTED] and [REDACTED]



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The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and the Company on the [REDACTED], which is expected to be on or around [REDACTED] (Hong Kong time), but in any event, no later than 12:00 noon on [REDACTED]. The [REDACTED] is expected to be not more than HK\$[REDACTED] per H Share, and is expected to be not less than HK\$[REDACTED] per H Share, unless otherwise announced. Applicants for the [REDACTED] may be required to pay, on application (subject to application channels), the maximum [REDACTED] of HK\$[REDACTED] per H Share, together with brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%, subject to refund if the [REDACTED] is less than HK\$[REDACTED] per H Share. If, for any reason, the [REDACTED] is not agreed between the Company and the [REDACTED] (for itself and on behalf of the [REDACTED]) on or before 12:00 noon on [REDACTED], the [REDACTED] (including the [REDACTED]) will not proceed and will lapse.

The [REDACTED] (for itself and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being offered under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] being offered under the [REDACTED] and/or the indicative [REDACTED] range will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.chengtech.com](http://www.chengtech.com) not later than the morning of the last day for lodging applications under the [REDACTED]. See “[REDACTED]” and “[REDACTED]” for further details.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for itself and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. See “[REDACTED] – [REDACTED]”. It is important that you refer to that section for further details.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

Our Company is a Specialist Technology Company (as defined in Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high investment risks including risks of share price volatility and inflated valuation due to the difficulty in valuing such companies. Investors should fully understand the investment risks of a Specialist Technology Company and the risks disclosed by our Company before making their investment decisions.

[REDACTED]

[REDACTED]

## IMPORTANT

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[REDACTED]

## IMPORTANT

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[REDACTED]

## EXPECTED TIMETABLE<sup>(1)</sup>

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[REDACTED]

## EXPECTED TIMETABLE<sup>(1)</sup>

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[REDACTED]

## EXPECTED TIMETABLE<sup>(1)</sup>

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[REDACTED]

## EXPECTED TIMETABLE<sup>(1)</sup>

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[REDACTED]



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## SUMMARY

*This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [REDACTED] in the [REDACTED]. In particular, we are a Commercial Company seeking to [REDACTED] on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with [REDACTED] in companies such as ours. In addition, we have incurred net losses since our inception, and we may incur net losses for the foreseeable future. We had negative net cash flow from operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your [REDACTED] decision should be made in light of these considerations.*

*There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].*

## OVERVIEW

We are a leading supplier of millimeter-wave radar, a core component for smart driving that is rapidly emerging in the changing automotive industry in China, according to CIC. In 2024, we were the largest domestic supplier of automotive front millimeter-wave radar in China in terms of shipment volume, and the third largest supplier of automotive millimeter-wave radar in China in terms of shipment volume, according to CIC, with market shares of 9.3% and 4.5%, respectively.

## OUR BUSINESS

### Our Business Model

We develop, manufacture, and sell radar products, with standardized hardware and customized software tailored to meet the specific integration, performance, and compatibility requirements of OEMs. Our software and algorithm capabilities are embedded into our radar hardware to enhance adaptability across different vehicle platforms, while also streamlining the R&D, testing, and mass production processes for OEMs. We operate production bases in Shenzhen and Suzhou to manufacture radar products based on customers’ needs, product positioning, and delivery arrangements, allowing us to reduce supply chain risks, ensure consistency in product quality, and enhance operational efficiency.

See “Business – Our Business Model.”

## SUMMARY

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### **Our Products**

At the beginning of our establishment, we engaged in the R&D and manufacturing of CTLRR-100, a 77GHz millimeter-wave front radar, as our first R&D product, based on our industry insight. After over nearly a decade of efforts, we have created a millimeter wave radar product matrix, including 5th generation 4D radar, 5.5th generation 4D high resolution radar, centralized computing radar, among others that encompasses front radars, corner radars, and other types of product. In particular, the 5th generation 4D radar and 5.5th generation 4D high-resolution radar products have become one of the most competitive millimeter-wave radars in the industry, according to CIC. Our mass-produced millimeter-wave radar products cover smart driving needs from L0 to L2+.

We have developed a multi-generational millimeter-wave radar product matrix to meet diverse smart driving needs from L0 to L2+ levels, which are widely applied in smart driving for both passenger vehicles and commercial vehicles. As of the Latest Practicable Date, we had launched seven major radar models, which are primarily categorized into (i) front radar and (ii) rear- and side-facing radar (also referred to as corner radar).

### **Our Technology**

We have full-stack, self-developed capabilities and proprietary software and hardware technologies for millimeter-wave radar systems. Our industry-leading technological foundation is based on: (i) RF antenna design and (ii) radar signal processing algorithms.

See “Business – Our Technology.”

### **Research and Development**

Innovation is core to our corporate culture. We have invested significant resources into the R&D of our millimeter-wave radar technologies. We have established three R&D centers in the PRC, located in Shenzhen, Suzhou, and Wuhan. We strategically place our R&D teams in locations that are close to OEMs and hubs for smart driving technologies. The R&D team also collaborates with our operations and supply chain teams in order to continually optimize and improve manufacturing processes and assist with supply chain planning.

See “Business – Research and Development.”

## SUMMARY

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### SPECIALIST INDUSTRY AND ACCEPTABLE SECTORS

Our radar products serve as core perception sensors that enable real-time detection and spatial localization of surrounding vehicles, pedestrians, and road infrastructure, which are essential for positioning and decision-making in smart driving systems. Leveraging our proprietary radar signal processing algorithms, high-precision object clustering and tracking capabilities, and advanced architectures such as waveguide antennas and centralized computing, our products provide reliable location estimation even in complex or low-visibility environments. These technical capabilities support the vehicle’s ability to determine its position relative to surrounding objects and dynamically adjust its driving behavior, aligning with “sensors and technology enabling the detection or calculation of the geographical position of a person, mobile device or vehicle” under the Electric and Autonomous Vehicles – Location Technology sub-sector. As such, our radar products fall within the acceptable sector of Advanced Hardware and Software – Electric and Autonomous Vehicles – Location Technology: sensors and technology enabling the detection or calculation of the geographical position of a person, mobile device or vehicle set out in Chapter 2.5 of the Guide for New Listing Applicants on Specialist Technology Companies. Our industry consultant, CIC, confirms, and our Directors are of the view, that based on the above, our Company meets the definition of a Specialist Technology Company under Chapter 18C of the Listing Rules.

See “Business – Our Products.”

### OUR COMPETITIVE STRENGTHS

- Our Efficient Innovation-to-Commercialization Pipeline Driven by High-Performance, Scalable Radar Technologies
- We have established stable relationships with leading OEMs in China, supporting sustained growth
- Our strong manufacturing and delivery capabilities enable efficient mass production
- Our Visionary and Committed Management Team

See “Business – Our Competitive Strengths.”

## SUMMARY

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### OUR DEVELOPMENT STRATEGIES

- Continue to Strengthen Core R&D Capabilities and Enrich Product Portfolio
- Deepen Relationships with Leading OEMs in China and Expand into New Application Scenarios
- Strengthen Organizational Efficiency and Attract Top Talent
- Upgrade Supply Chain and Manufacturing Capabilities
- Drive Expansion through Strategic Mergers and Acquisitions

See “Business – Our Development Strategies.”

### COMPETITIVE LANDSCAPE

Driven by the rapid development of the smart driving industry, the automotive millimeter-wave radar sector has entered a period of accelerated growth. The market size analysis includes front and corner radars, and excludes in-cabin radars. The market size of global automotive millimeter-wave radar increased from RMB15.6 billion in 2020 to RMB24.8 billion in 2024, representing a CAGR of 12.3%. The market is expected to grow at a CAGR of 15.1% and reach RMB50.1 billion by 2029.

The market size of China’s automotive millimeter-wave radar increased from RMB4.4 billion in 2020 to RMB8.2 billion in 2024, with a CAGR of 16.6%. It is projected to grow at a CAGR of 21.5% and reach RMB21.6 billion by 2029.

We believe that we are strategically well-positioned in our market and compete favorably with others based on our advanced millimeter-wave radar technology that delivers superior performance and quality, our broad range of products, and our strong R&D capabilities.

See “Industry Overview.”

### CUSTOMERS AND SUPPLIERS

Our customers are primarily OEMs that integrate our millimeter-wave radar products into their vehicles to enable target detection and, in combination with other sensors, support the implementation of various smart driving functions.

## SUMMARY

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Customer A has been our largest customer during the Track Record Period. Our revenue from Customer A was RMB47.2 million, RMB142.9 million, and RMB325.8 million, accounted for approximately 81.9%, 91.3%, and 93.6% of our total revenue in 2022, 2023 and 2024, respectively. Revenue generated from our five largest customers in 2022, 2023 and 2024 accounted for 92.1%, 96.4%, and 98.3% of our total revenue in the same periods, respectively.

Our major suppliers are suppliers of raw materials, especially hardware components for our radar production. Purchases from our largest supplier for the years ended December 31, 2022, 2023 and 2024 accounted for 48.2%, 26.7%, and 48.2%, respectively, of our total purchases during those periods. Purchases from our five largest suppliers during each year/period for the years ended December 31, 2022, 2023 and 2024 accounted for 76.4%, 74.8%, and 78.0%, respectively, of our total purchases during those periods. We believe that our operation is not dependent on any particular supplier.

See “Business – Customers” and “Business – Suppliers.”

## INTELLECTUAL PROPERTY

We own a large portfolio of intellectual property, including patents, registered trademarks, confidential technical information and expertise in the development of millimeter-wave radar technologies in the PRC.

As of the Latest Practicable Date, our R&D efforts had accumulated 86 patents. Our patents consisted of 33 invention patents, 30 utility patents and 23 design patents. In addition, as of the Latest Practicable Date, we had six registered trademarks, nine registered computer software copyrights, and two registered domain names.

See “Business – Intellectual Property.”

## RISK FACTORS

There are certain risks and uncertainties involved in our operations and the investing in our [REDACTED], some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks related to our business and industry; (ii) risks relating to our financials; (iii) risks relating to our operations; (iv) risks relating to our intellectual property; (v) risks relating to general economic conditions; (vi) risks relating to our legal compliance; (vii) risks related to doing business in the PRC and (viii) risks related to the [REDACTED]. We believe the most significant risks we face include but are not limited to the following:

- We derive a significant portion of our revenue from Customer A. Any deterioration in our business relationship with Customer A could materially and adversely affect our business, financial condition, results of operations and prospects.

## SUMMARY

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- If we fail to retain existing customers, attract new customers or adapt our products to evolving market needs, our business and results of operations may be materially and adversely affected.
- We may not be able to continue to sustain our current rate of growth in revenue and profitability.
- We experienced losses during the Track Record Period, which makes it difficult to evaluate our current business and predict our future performance.
- If we are unable to manufacture and deliver high-quality products on time and at scale, our business and results of operations could be materially and adversely affected.
- We may experience supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs, adversely affect our profitability and delay deliveries of our products to customers.
- Despite the actions we are taking to defend and protect our intellectual property, we may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products and solutions and such efforts to defend and protect our intellectual property may be costly.
- Third-party claims against us in relation to infringement of intellectual property rights, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be adversely affected.
- Downturns or volatility in general economic conditions could have a material adverse effect on our business, financial condition, results of operations and liquidity.
- We are subject to, and must remain in compliance with, numerous laws and governmental regulations concerning the manufacturing, use, and sale of our products. Some of our customers also require that we comply with their own unique requirements relating to these matters.

See “Risk Factors.”



## SUMMARY

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### OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), Mr. Chen, Mr. Zhou, Chengtech VC, Huacheng VC and Chengyan VC will be directly interested in an aggregate of [REDACTED]% of the total share capital of our Company and will be our Controlling Shareholders under the Listing Rules.

See “Relationship with Controlling Shareholders” for details.

### PRE-[REDACTED] INVESTMENTS

Since our establishment, we have received substantial investments and support from our Pre-[REDACTED] Investors which are renowned private equity and strategic investors, and have raised funds of over RMB350 million as of the Latest Practicable Date. See “History, Development and Corporate Structure – Pre-[REDACTED] Investments.”

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I. You should read this summary in conjunction with our consolidated financial information included in the Accountants’ Report in Appendix I, including the accompanying notes, and the information set forth in “Financial Information.”

## SUMMARY

### Description of Selected Items from Consolidated Statements of Profit or Loss

The following table sets forth selected consolidated statements of profit or loss and other comprehensive income items for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB'000)		
<b>Revenue</b>	<b>57,651</b>	<b>156,524</b>	<b>348,094</b>
Cost of sales	(41,110)	(108,036)	(229,623)
<b>Gross profit</b>	<b>16,541</b>	<b>48,488</b>	<b>118,471</b>
Other net income	3,740	1,493	785
(Provision)/reversal of loss allowance on trade receivables and other receivables	(1,783)	138	(295)
Selling expenses	(14,015)	(14,339)	(13,681)
General and administrative expenses	(28,969)	(43,433)	(28,323)
Research and development expenses	(46,086)	(64,360)	(61,885)
<b>(Loss)/profit from operations</b>	<b>(70,572)</b>	<b>(72,023)</b>	<b>15,072</b>
Changes in carrying amounts of redemption liabilities	(7,903)	(23,237)	(35,721)
Finance costs	(796)	(1,468)	(1,150)
Finance income	97	130	31
Net finance costs	(699)	(1,338)	(1,119)
<b>Loss before taxation</b>	<b>(79,174)</b>	<b>(96,598)</b>	<b>(21,768)</b>
Income tax	—	—	—
<b>Loss and total comprehensive income for the year</b>	<b>(79,174)</b>	<b>(96,598)</b>	<b>(21,768)</b>

## SUMMARY

During the Track Record Period, we generated revenue primarily from our millimeter-wave radar products to OEMs; and, to a lesser extent, other products and services, including the sales of other radar products, modules and provision of research and development services and consultancy services in relation to radar products. During the Track Record Period, our revenue was principally affected by the total sales volume of our millimeter-wave radar products, which was influenced primarily by our customers’ demand, driven by evolving trends in new energy vehicles (NEVs) and smart driving. We generated all of our revenue from the PRC during the Track Record Period.

The following table sets forth our revenue by business line for the periods indicated:

	Year ended December 31,					
	2022	% of	2023	% of	2024	% of
	<i>RMB’000</i>	<i>revenue</i>	<i>RMB’000</i>	<i>revenue</i>	<i>RMB’000</i>	<i>revenue</i>
<b>Sales of millimeter-wave radar products</b>						
Front millimeter-wave radars	52,807	91.6	104,213	66.6	222,530	63.9
Corner millimeter-wave radars	2,195	3.8	49,926	31.9	123,040	35.3
<b>Subtotal</b>	<b>55,002</b>	<b>95.4</b>	<b>154,139</b>	<b>98.5</b>	<b>345,570</b>	<b>99.3</b>
Other products and services	2,649	4.6	2,385	1.5	2,524	0.7
<b>Total</b>	<b>57,651</b>	<b>100.0</b>	<b>156,524</b>	<b>100.0</b>	<b>348,094</b>	<b>100.0</b>

In 2022, 2023 and 2024, our revenue from sales of our millimeter-wave radar products experienced robust growth and amounted to RMB55.0 million, RMB154.1 million and RMB345.6 million, respectively, accounting for 95.4%, 98.5% and 99.3% of our total revenue for the respective years.

In 2022, 2023 and 2024, revenue from sales of other products and provision of services amounted to RMB2.6 million, RMB2.4 million and RMB2.5 million, respectively, accounting for 4.6%, 1.5% and 0.7% of our total revenue in the respective years.

## SUMMARY

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For a detailed discussion, see “Financial Information – Consolidated Statements of Profit or Loss and Other Comprehensive Income” and “Financial Information – Period to Period Comparison of Results of Operations”.

We recorded net losses of RMB79.2 million, RMB96.6 million and RMB21.8 million in 2022, 2023 and 2024, primarily due to the significant amount of changes in carrying amounts of redemption liabilities arising from the redemption rights granted to our investors in certain rounds of financing in previous years and our operating expenses, including our R&D expenses, general and administrative expenses and selling expenses, incurred during the Track Record Period. We recorded increasing changes in carrying amounts of redemption liabilities throughout the Track Record Period, primarily due to the issuance of new shares with redemption rights and amortization of the redemption liabilities. In April 2025, the redemption rights granted to our investors were terminated and all the redemption liabilities were converted from liabilities into equity upon such termination.

### **Non-IFRS Measures**

To supplement our consolidated statements of profit or loss and other comprehensive income presented in accordance with IFRS Accounting Standards, we also use adjusted net loss/profit (a non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe that the presentation of such non-IFRS measure facilitates comparisons of the operating performance from period to period and company to company by eliminating potential impacts of certain items detailed below. We believe that the presentation of such non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain items.

However, the use of non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

## SUMMARY

We define adjusted net loss/profit (a non-IFRS measure), as loss for the year adjusted by adding back (i) share-based payment, which is non-cash and non-operating expense arising from the indirect acquisition of equity interest by a Director from another shareholder. The amount of the share-based payment represented the difference between the fair value of acquired equity interests and the consideration paid by the Director. See Note 24 to the Accountants’ Report in Appendix I for details; and (ii) the changes in carrying amounts of redemption liabilities, reflecting non-cash expenses arising from the redemption rights granted to our pre-[REDACTED] investors. In April 2025, the special rights, including the redemption rights, granted to our investors were terminated pursuant to the supplemental agreements entered into between us and our investors. Accordingly, the redemption liabilities had been converted into equity. The following tables reconcile our adjusted net loss/profit (a non-IFRS measure) for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB’000)		
<b>Loss for the year</b>	<u>(79,174)</u>	<u>(96,598)</u>	<u>(21,768)</u>
<b>Add back:</b>			
Share-based payments	–	10,403	–
Changes in carrying amounts of redemption liabilities	<u>7,903</u>	<u>23,237</u>	<u>35,721</u>
<b>Adjusted net (loss)/profit (a non-IFRS measure)</b>	<u>(71,271)</u>	<u>(62,958)</u>	<u>13,953</u>

### Description of Certain Items of Consolidated Statements of Financial Position

The following table sets forth summary data from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total non-current assets	61,433	60,747	93,937
Total current assets	192,646	110,818	202,147
Total current liabilities	(403,142)	(405,103)	(620,017)
Net current liabilities	(210,496)	(294,285)	(417,870)
Total assets less current liabilities	(149,063)	(233,538)	(323,933)
Total non-current liabilities	(3,256)	(4,976)	(2,043)
Net liabilities	(152,319)	(238,514)	(325,976)

## SUMMARY

As of December 31, 2022, 2023 and 2024, we had net current liabilities amounting to RMB210.5 million, RMB294.3 million and RMB417.9 million, respectively; and net liabilities amounting to RMB152.3 million, RMB238.5 million and RMB326.0 million, respectively. Our net current liabilities and net liabilities position was primarily due to the redemption liabilities arising from the special rights we granted to our investors.

By excluding the redemption liabilities, we would be at a net current assets position and net assets position as of December 31, 2022, 2023 and 2024.

### Liquidity and Capital Resources

#### Cash Flows

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
	(RMB'000)		
Net cash used in operating activities	(97,603)	(61,886)	(6,981)
Net cash generated from/(used in)			
investing activities	41,535	70,694	(55,656)
Net cash generated from/(used in)			
financing activities	50,439	(11,974)	77,427
Net (decrease)/increase in cash and cash equivalents	(5,629)	(3,166)	14,790
Cash and cash equivalents at January 1,	9,870	4,241	1,075
Cash and cash equivalents at December 31,	4,241	1,075	15,865

See “Financial Information – Liquidity and Capital Resources – Cash Flows” for details.

## SUMMARY

### Burn Rate

Our burn rate refers to our average monthly (i) net cash used in operating activities; and (ii) lease payments. For the years ended December 31, 2022, 2023 and 2024, our historical monthly burn rate was RMB8.6 million, RMB5.8 million and RMB0.9 million, respectively. Taking into account our cash and cash equivalents, the amount of our A Chain certificates and financial assets at FVPL as of December 31, 2024, and assuming average monthly net cash used in operating activities and capital expenditures going forward at the level similar to that for the year ended December 31, 2024, we estimate we will be able to maintain our financial viability for not less than [REDACTED] months from the date of this document without considering [REDACTED] from the [REDACTED]; or, if we also take into account the net [REDACTED] from [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), not less than [REDACTED] months from the date of this document. Our Directors and our management team will continue to monitor our working capital, cash flows and our business development status.

We currently have no immediate plan for future financing after the [REDACTED] taking into account our available cash, [REDACTED] from the [REDACTED] and based on our cash burn rate. However, with the continuing expansion of our business and development of our products, we could not exclude the possibility to require further funding through public or private equity [REDACTED], debt financing and other sources. We will comply with applicable laws and regulations, including requirements under the Listing Rules, when we proceed with such financings.

### Key Financial Ratios

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

	Year ended December 31,		
	2022	2023	2024
Revenue growth (%)	N/A <sup>(6)</sup>	171.5	122.4
Gross profit margin (%) <sup>(1)</sup>	28.7	31.0	34.0
Net loss margin (%) <sup>(2)</sup>	(137.3)	(61.7)	(6.3)
Adjusted net (loss)/profit margin (%) <sup>(3)</sup>	(123.6)	(40.2)	4.0
	As of December 31,		
	2022	2023	2024
Current ratio (times) <sup>(4)</sup>	0.5	0.3	0.3
Quick ratio (times) <sup>(5)</sup>	0.4	0.1	0.2

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

## SUMMARY

- (2) Net loss margin is calculated based on loss for the period divided by revenue and multiplied by 100%.
- (3) Adjusted net (loss)/profit margin is calculated based on adjusted net loss/profit for the period divided by revenue and multiplied by 100%.
- (3) See “– Non-IFRS measure” for details of adjusted net (loss)/profit.
- (4) Current ratio is calculated based on total current assets divided by total current liabilities.
- (5) Quick ratio is calculated based on total current assets less inventories and prepayments for purchases for inventories divided by total current liabilities.
- (6) Labeled as “N/A” as the financial information for the year ended December 31, 2021 was not within the Track Record Period.

See “Financial Information – Key Financial Ratios” for further details.

## APPLICATION FOR THE [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the [REDACTED] of, and permission to [REDACTED], the H Shares in issue and to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) on the Main Board of the Stock Exchange and the conversion of Unlisted Shares into H Shares, on the basis that, among other things, we satisfy the requirements under Rule 18C.03 of the Listing Rules (as modified by the Joint Announcement of the SFC and the Stock Exchange in relation to Temporary Modifications to Requirements for Specialist Technology Companies and De-SPAC Transaction dated August 23, 2024) as a Commercial Company with reference to our expected market capitalization at the time of [REDACTED], which, based on the mid-point of the indicative [REDACTED] range stated in this document, exceeds HK\$[REDACTED] billion.

## [REDACTED] STATISTICS

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization of our Shares upon completion of the [REDACTED] assuming the [REDACTED] is not exercised <sup>(1)</sup>	HK\$[REDACTED]	HK\$[REDACTED]
[REDACTED] adjusted net tangible assets per [REDACTED] <sup>(2)</sup>	HK\$[REDACTED]	HK\$[REDACTED]

### Notes:

- (1) The calculation of market capitalization is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) See “Appendix II – [REDACTED] Financial Information” for further details regarding the assumptions used and the calculation method.



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## SUMMARY

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### [REDACTED] EXPENSES

Based on the mid-point of the indicative [REDACTED] of HK\$[REDACTED] per Share, the total estimated [REDACTED] expenses in relation to the [REDACTED] are RMB[REDACTED] million (HK\$[REDACTED] million), assuming the [REDACTED] is not exercised, which constitute approximately [REDACTED]% of the gross [REDACTED]. Our total estimated [REDACTED] expenses consist of (i) [REDACTED]-related expenses of RMB[REDACTED] million (HK\$[REDACTED] million), and (ii) non-[REDACTED]-related expenses of RMB[REDACTED] million (HK\$[REDACTED] million), including (a) fees payable to our legal advisors and Reporting Accountants of RMB[REDACTED] million (HK\$[REDACTED] million) and (b) other fees and expenses, including fees payable to the sponsor and the fees of other professional parties such as financial printers, industry consultant, background search agent and share registrar, of RMB[REDACTED] million (HK\$[REDACTED] million). Subsequent to the Track Record Period, we expect RMB[REDACTED] million (HK\$[REDACTED] million) will be recognized as expenses in our consolidated statements of profit or loss, and RMB[REDACTED] million (HK\$[REDACTED] million) is to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

### FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range stated in this document), and after deducting the [REDACTED] commissions and other estimated expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] is not exercised, we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED]. We intend to use the net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used for new technology research and product development in new application areas to maintain our leadership position in the millimeter-wave radar industry.
- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used to supplement testing equipment and upgrade production lines to enhance our product testing and manufacturing capabilities.
- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used for marketing and sales channel development.
- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used for strategic mergers and acquisitions or strategic investments. We intend to acquire targets with high synergy in the upstream and downstream of the radar and AI value chain to strengthen our scale, market presence, and technical capability.

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## SUMMARY

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- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used to repay bank loans. This is expected to reduce our leverage ratio, optimize capital structure, improve operating efficiency, and enhance our financial flexibility.
- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used to supplement our working capital.

See “Future Plans and Use of [REDACTED].”

## DIVIDENDS

We are incorporated under the laws of the PRC. Any dividends we pay will be subject to our Articles of Association and the relevant PRC laws and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors. Our shareholders in a general meeting may approve any declaration of dividends, which must shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years’ accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, we will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

## RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

After the Track Record Period, following the launch of Customer A’s latest advanced smart driving system in early 2025, we experienced significant sales growth. Our sales volume increased to approximately 3,276,000 units in the four months ended April 30, 2025, as compared to approximately 293,000 units in the same period in 2024. However, the decrease in the ASP of our millimeter-waver radars due to our strategic push to penetrate the market and scaled production outweighed the decrease in the average unit cost achieved through economies of scale. As such, our gross profit in the four months ended April 30, 2025 increased, but our gross profit margin contracted.

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2024 (being the date of our latest audited financial statements) and there has been no event since December 31, 2024 which would materially affect the information shown in the Accountants’ Report 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. Certain other terms are explained in “Glossary of Technical Terms.”*

“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Acting-in-Concert Arrangement”	the arrangement under the acting-in-concert agreement dated January 1, 2020 entered into among Mr. Chen, Mr. Zhou, Chengtech VC, Chengyan VC and Huacheng VC, details of which are set out in “History, Development and Corporate Structure — Acting-in-Concert Arrangement”
“Angel Financing”	the angel financing round of the Pre-[REDACTED] Investments, the principal terms of which are summarized out in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix V to this document
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“AUM”	assets under management
“Board” or “Board of Directors”	our board of Directors
“business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

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## DEFINITIONS

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“CAGR”	compounded annual growth rate, which is calculated by dividing the amount at the end of the period by the amount of the beginning of that period, raising the result to an exponent of one divided by the number of years in the period, and subtracting one from the subsequent result
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Chairman”	chairman of our Board
“Chengtech VC”	Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)), a limited partnership established in the PRC on July 4, 2017 which is our employee shareholding platform, with Mr. Chen as its general partner, and one of our Controlling Shareholders
“Chengyan VC”	Shenzhen Chengyan Venture Capital Investment Enterprise (Limited Partnership) (深圳承研創業投資企業(有限合夥)), a limited partnership established in the PRC on November 26, 2018 which is the shareholding platform for our early-stage individual investors, with Mr. Chen as its general partner, and one of our Controlling Shareholders
“China” or “PRC”	the People’s Republic of China which, for the purpose of this document and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Chongqing Chengtech”	Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), a company established as a limited liability company in the PRC on March 22, 2023 and a direct wholly-owned subsidiary of our Company
“CIC”	China Insights Industry Consultancy Limited, a market research and consulting company, which is an Independent Third Party
“CIC Report”	an independent market research report commissioned by us and prepared by CIC for the purpose of this document

## DEFINITIONS

“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Co-founders”	the co-founders of our Company, namely Mr. Chen and Mr. Zhou
“Commercial Company”	has the meaning ascribed to it under Chapter 18C of the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (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”, “the Company”, “we” or “us”	Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), a company established as a limited liability company in the PRC on September 21, 2016, which was converted into a joint stock company with limited liability on May 23, 2025
“Company Law” or “PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Chen, Mr. Zhou, Chengtech VC, Huacheng VC and Chengyan VC
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the 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”	the China Securities Regulatory Commission (中國證券監督管理委員會)

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## DEFINITIONS

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[REDACTED]

[REDACTED]

“Director(s)”

the director(s) of our Company

“EIT Law”

the PRC Enterprise Income Tax Law 《( 中華人民共和國企業所得稅法)》, as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time

[REDACTED]

[REDACTED]

“Extreme Conditions”

the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

[REDACTED]

“Group”, “our Group”, “we”, “our”  
or “us”

our Company, its subsidiaries and entities which we previously controlled, the financial results of which were consolidated and accounted for as subsidiary of our Company through contractual arrangements, or any of them

“Guangzhou Chengchuang”

Guangzhou Chengchuang Technology Co., Ltd. (廣州承創科技有限公司), a company established as a limited liability company in the PRC on June 6, 2025 and a direct wholly-owned subsidiary of our Company

## DEFINITIONS

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“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.10 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)
“H Share Registrar”	Union Registrars Limited
[REDACTED]	[REDACTED]
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollar(s)” or “HKD” or “HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKICPA”	Hong Kong Institute of Certified Public Accountants
[REDACTED]	[REDACTED]

## DEFINITIONS

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[REDACTED]

[REDACTED]

“Huacheng VC”

Shenzhen Huacheng Venture Capital Investment Enterprise (Limited Partnership) (深圳華承創業投資企業(有限合夥)), a limited partnership established in the PRC on June 29, 2016 which is the shareholding platform for our early-stage individual investors, with Mr. Chen as its general partner, and one of our Controlling Shareholders

“IASB”

International Accounting Standards Board

“IFRS Accounting Standards”

IFRS Accounting Standards as issued by the International Accounting Standards Board

“Independent Third Party(ies)”

individual(s) or company(ies) which, to the best of our Directors’ knowledge, information, and belief, having made all reasonable enquiries, is/are not our connected persons

[REDACTED]

[REDACTED]



## DEFINITIONS

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[REDACTED]

[REDACTED]

“IP”

intellectual property

“Latest Practicable Date”

June 15, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

[REDACTED]

“Listing Guide”

the Guide for New Listing Applicants, as published by the Stock Exchange, as amended or supplemented or otherwise modified from time to time

“Listing Rules”

the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM (formerly known as the Growth Enterprise Market) 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)
“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. Chen”	Mr. Chen Chengwen (陳承文), one of our Co-founders, the chairman of the Board, an executive Director and the general manager of our Company, and one of our Controlling Shareholders
“Mr. Zhou”	Mr. Zhou Ke (周珂), one of our Co-founders, an executive Director, the deputy general manager and chief technology officer of our Company, and one of our Controlling Shareholders
“NDRC”	the National Development and Reform Commission of the State Council of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of our Board
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

## DEFINITIONS

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[REDACTED]

[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)》 and five supporting guidelines promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023
“Pathfinder SII(s)”	has the meaning ascribed to it under Chapter 2.5 of the Listing Guide, and unless the context otherwise requires, refers to the Pre-[REDACTED] Investor(s) which are set out in “History, Development and Corporate Structure — Pre-[REDACTED] Investments — Information about the Pre-[REDACTED] Investors — Our Pathfinder SIIs”
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》)
“PRC government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
“PRC Legal Advisors”	AllBright Law Offices (Shenzhen), our legal advisors as to PRC laws in connection with the [REDACTED]
“Pre-[REDACTED] Investments”	the investments made by the Pre-[REDACTED] Investors in our Company, the principal terms of which are summarized in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”

## DEFINITIONS

“Pre-[REDACTED] Investors”	the investor(s) who participated in the Pre-[REDACTED] Investments, details of which are set out in “History, Development and Corporate Structure — Pre-[REDACTED] Investments — Information about the Pre-[REDACTED] Investors”
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of our Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Accountants”	KPMG, our reporting accountant
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“Series A Financing”	the series A financing round of the Pre-[REDACTED] Investments, the principal terms of which are summarized in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”
“Series B-1 Financing”	the series B-1 financing round of the Pre-[REDACTED] Investments, the principal terms of which are summarized in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”

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## DEFINITIONS

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“Series B-2 Financing”	the series B-2 financing round of the Pre-[REDACTED] Investments, the principal terms of which are summarized in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”
“Series B-3 Financing”	the series B-3 financing round of the Pre-[REDACTED] Investments, the principal terms of which are summarized in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”
“Series C Financing”	the series C financing round of the Pre-[REDACTED] Investments, the principal terms of which are summarized in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”
“Series Pre-A Financing”	the series pre-A financing round of the Pre-[REDACTED] Investments, the principal terms of which are summarized in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each before the Share Subdivision, and RMB0.10 each after the Share Subdivision
“Shareholder(s)”	holder(s) of the Share(s)
“Share Subdivision”	the subdivision of each Share with a nominal value of RMB1.00 each into ten Shares with a nominal value of RMB0.10 each to be effective on the [REDACTED] pursuant to the resolution passed by the then Shareholders on June 6, 2025
[REDACTED]	[REDACTED]

## DEFINITIONS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Sophisticated Independent Investor(s)” or “SII(s)”

has the meaning ascribed to it under Chapter 2.5 of the Listing Guide, and unless the context otherwise requires, refers to the Pre-[REDACTED] Investor(s) set out in “History, Development and Corporate Structure — Pre-[REDACTED] Investments — Information about the Pre-[REDACTED] Investors — Our Pathfinder SIIs” and History, Development and Corporate Structure — Pre-[REDACTED] Investments — Information about the Pre-[REDACTED] Investors — Our Sophisticated Independent Investors”

“Specialist Technology”

has the meaning ascribed to it under Chapter 18C of the Listing Rules

“Specialist Technology Company”

has the meaning ascribed to it under Chapter 18C of the Listing Rules

“Specialist Technology Industry”

has the meaning ascribed to it under Chapter 18C of the Listing Rules

“Specialist Technology Product(s)”

has the meaning ascribed to it under Chapter 18C of the Listing Rules

“sq.m.”

square meter

“SSE”

the Shanghai Stock Exchange (上海證券交易所)

“STA”

the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)

[REDACTED]

[REDACTED]

“State Council”

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

“Stock Exchange” or “HKEX”

The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Suzhou Chengtech”	Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), a company established as a limited liability company in the PRC on December 16, 2020 and a direct wholly-owned subsidiary of our Company
“SZSE”	the Shenzhen Stock Exchange (深圳證券交易所)
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the years ended December 31, 2022, 2023 and 2024
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Unlisted Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB0.10 each, which is/are not listed or traded on any stock exchange
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“U.S.” or “United States”	the United States of America, its territories, its possessions, any State of the United States, and the District of Columbia
“U.S. dollar(s)” or “USD” or “US\$”	United States dollar(s), the lawful currency of the United States

## DEFINITIONS

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“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“VAT”	value-added tax; all amounts are exclusive of VAT in this document except where indicated otherwise

*Unless the content otherwise requires, references to “2022”, “2023” and “2024” in this document refer to our financial year ended December 31 of such year, respectively.*

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

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

*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.*



## GLOSSARY OF TECHNICAL TERMS

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

“4D radar”	a sensor technology that captures a target’s range, azimuth, velocity and elevation
“ACC”	adaptive cruise control; a technology that maintains a safe following distance from the vehicle ahead by adjusting the car’s speed
“AEB”	autonomous emergency breaking; a technology that automatically applies the brakes to avoid or mitigate a collision
“AI”	artificial intelligence; simulation of human intelligence processes by machines, especially computer systems
“AIoT”	artificial intelligence of things; the combination of artificial intelligence (AI) technologies with the Internet of things (IoT) infrastructure to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics
“algorithm”	a finite sequence of well-defined instructions, typically used to solve a class of specific problems or to perform a computation
“all-weather”	all weathers in which a human driver can safely operate a vehicle
“BSW”	blind spot warning; a technology that detects vehicles in the driver’s blind spots and alerts accordingly
“centralized computing radar”	a radar system consisting a multitude of small coherent frontends of radar
“C-NCAP”	a Chinese car safety assessment program run by the China Automotive Technology and Research Center

## GLOSSARY OF TECHNICAL TERMS

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“DBSCAN” or “density-based spatial clustering”	a clustering algorithm used in machine learning to partition data into clusters based on their distance to other points
“DOW”	door open warning; a technology that warns passengers of approaching vehicles when opening doors
“FCTB”	forward cross traffic breaking; a technology that automatically applies brakes to prevent a forward cross-traffic collision
“FCW”	forward collision warning; a technology that alerts the driver of an impending collision with a vehicle or object in the forward path
“GPU”	graphics processing unit; a specialized electronic circuit designed to accelerate the building of images in a frame buffer for display
“IC”	integrated circuit; a set of electronic circuits, consisting of various electronic components (such as transistors, resistors, and capacitors) and their interconnections
“LCC”	lane centering control; a technology that keeps the vehicle centered within its lane through continuous steering assistance
“LiDAR”	light detection and ranging; a remote sensing method that uses pulsed lasers to measure distances and create 3D maps of the Earth’s surface
“millimeter-wave radar”	a type of radar that uses extremely high frequency electromagnetic waves (30-300 GHz)
“NEV” or “new energy vehicle”	a category of vehicles primarily or fully powered by electricity, including plug-in electric vehicles, plug-in hybrid electric vehicles, and fuel cell electric vehicles

## GLOSSARY OF TECHNICAL TERMS

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“NOA”	navigate on autopilot; a technology that enables automated driving functions such as lane changes, overtaking, and highway exits based on navigation inputs
“NPU”	neural processing unit; a specialized type of processor designed to accelerate AI and machine learning tasks, particularly those involving neural networks
“OEM”	an automotive original equipment manufacturer which assembles and installs automotive parts during the construction of a new vehicle
“OTA” or “over-the-air”	a software update method delivering updates wirelessly to a device without needing a physical connection such as a USB cable
“PCB”	printed circuit board; a flat board with electronic components mounted on it and interconnections between them
“radar”	a system that uses radio waves to determine the distance, direction, and radial velocity of objects relative to the site
“RCTB”	rear cross traffic breaking; a technology that automatically brakes to prevent rear cross-traffic collisions
“RF”	radio frequency; when used to address a type of electronic device, refers to a type of electronic device that transmits or receives radio waves within the radio frequency spectrum
“RFCMOS” or “high-performance radio-frequency complementary metal-oxide-semiconductor”	a metal-oxide-semiconductor (MOS) integrated circuit (IC) technology that integrates radio-frequency (RF), analog and digital electronics on a mixed-signal CMOS (complementary MOS) RF circuit chip
“SMT”	surface mount technology; a method of manufacturing circuit boards where electronic components are mounted directly onto the surface of the board, rather than being inserted into through-holes

## GLOSSARY OF TECHNICAL TERMS

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“SoC”	system-on-a-chip; an integrated circuit that combines most or all key components of a computer or electronic system onto a single microchip
“SVM” or “support vector machines”	supervised max-margin models with associated learning algorithms that analyze data for classification and regression analysis
“Tier 1 supplier”	a company that directly provides components, systems, or services to the OEM
“TJA”	traffic jam assist; a technology that provides automated driving support in congested traffic by controlling both acceleration and steering

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## FORWARD-LOOKING STATEMENTS

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*We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.*

We have included in this document forward-looking statements that are not historical facts but relate to our intentions, beliefs, expectations or predictions for future events and conditions which may not occur. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions that we believe are fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks are listed in the section entitled “Risk Factors” and elsewhere in this document. In some cases, you can identify these forward-looking statements by words such as “aim,” “anticipate,” “believe,” “continue,” “could,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “propose,” “seek,” “should,” “will,” “would” or similar expressions, or their negatives. These forward-looking statements include, without limitation, statements relating to:

- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- our business and operating strategies and our ability to implement such strategies;
- our ability to control or reduce costs;
- our capability to identify and integrate suitable acquisition targets;
- expected growth of and changes in our industry;
- our future business development, results of operations and financial condition;
- the future competitive environment for our industry;
- determination of the fair value of our Shares;
- our dividend policy;
- capital market development;
- exchange rate fluctuations and restrictions; and
- risks identified under the section entitled “Risk Factors” in this document.

## FORWARD-LOOKING STATEMENTS

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This document also contains market data and projections that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the PRC economy and our industry, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. If any of the assumptions underlying the market data prove to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward looking statements.

We do not guarantee that the transactions and events described in the forward-looking statements in this document will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section entitled “Risk Factors” in this document. You should read this document in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this document relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. 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. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

## RISK FACTORS

*An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information set out in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. Particularly, we are a Commercial Company seeking to list on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. Our operations and the specialist technology industry in which we operate involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your [REDACTED] in our H Shares.*

*The following is a description of what we consider to be our material risks. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading price of our H Shares could decline due to any of these risks, and you may lose all or part of your [REDACTED]. 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 of 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.”*

### RISKS RELATED TO OUR BUSINESS AND INDUSTRY

**We derive a significant portion of our revenue from Customer A. Any deterioration in our business relationship with Customer A could materially and adversely affect our business, financial condition, results of operations and prospects.**

We have established a long-standing and strategically important business relationship with Customer A. During the Track Record Period, we derived a significant portion of our revenue from sales of our forward-facing and corner millimeter-wave radar products to Customer A, which had been deployed across certain vehicle models. Our revenue from Customer A was RMB47.2 million, RMB142.9 million, and RMB325.8 million, accounted for approximately 81.9%, 91.3%, and 93.6% of our total revenue in 2022, 2023 and 2024, respectively. During the Track Record Period, Customer A settled all their payments through A Chain certificates, a kind of supply chain financial instruments. These are electronic settlement tools that enable us to transfer receivables to upstream supplier to settle their payments, apply for early discounting, or hold to maturity. See “Business – Our Relationship with Customer A – Our Settlement with Customer A.”

## RISK FACTORS

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Our ability to maintain this relationship is critical to our ongoing success. We typically supply our products to Customer A pursuant to framework agreements and purchase orders, and there is no assurance that Customer A will continue to procure our products in similar volumes, or on similar commercial terms, in the future. If Customer A ceases to cooperate with us, significantly reduces its orders, or changes its procurement strategy or supplier selection criteria, and if we are unable to timely secure alternative customers or sales channels on comparable terms, our business, results of operations and financial condition would be materially and adversely affected.

Our business relationship with Customer A is based not only on commercial cooperation but also on our ability to provide high-performance radar solutions that align with Customer A’s smart driving strategy. We have supplied multiple generations of radar products for Customer A’s high-end smart driving platforms, including our 5th-generation CTLRR-220 Plus and 5.5th-generation CTLRR-220 Pro front radars and CTMRR-130 Pro corner radar. Nonetheless, there is no guarantee that future Customer A models will continue to adopt our radar products.

Furthermore, any negative development in Customer A’s development capabilities, financial condition or the commercial performance of its new energy vehicles could directly affect our business. If Customer A’s vehicle programs underperform or encounter delays, or if its procurement strategy shifts, our sales volume may be materially impacted. While we have actively expanded our engagement with other OEMs, our efforts to diversify our customer base remain subject to various uncertainties. There is no assurance that such efforts will effectively mitigate the risks arising from our reliance on Customer A.

**If we fail to retain existing customers, attract new customers or adapt our products to evolving market needs, our business and results of operations may be materially and adversely affected.**

Our future growth depends on our ability to maintain strong relationships with existing customers, expand our customer base, and deliver products that meet evolving technological and commercial requirements. Retaining and expanding customer relationships requires us to offer high-performance radar products at competitive prices, continuously innovate, and provide responsive customer support. There is no assurance that our existing customers will continue to procure our products, especially as next-generation radar solutions are introduced, or that we will be able to attract new customers in a competitive market. Failure to meet customer expectations in terms of product quality, functionality or service could lead to customer dissatisfaction, reduced orders or contract termination, which would adversely impact our revenue and reputation.



## RISK FACTORS

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At the same time, we operate in an industry marked by rapid technological change and intensifying competition. To remain competitive, we must continue to invest substantial resources in research and development to enhance our product offerings and respond to market trends. However, our innovation efforts may not always yield successful outcomes or lead to commercially viable products. If we fail to develop or adapt our products in a timely manner, or if alternative technologies gain broader acceptance, demand for our radar products could decline. As a result, we may lose market share, face reduced revenue, and experience continued operating losses, all of which could materially and adversely affect our business and prospects.

**We have a relatively short track record in the commercialization of our products, and face various challenges associated with scaling up our commercial operations.**

We are still in the early stages of commercializing our millimeter wave radar products, and have a relatively limited operating history in bringing new products to market at scale. As such, we face a number of inherent risks in executing and sustaining successful commercialization, including building and optimizing our go-to-market strategies, establishing scalable customer support and distribution systems, managing production ramp-up and supply chain logistics, ensuring product quality at scale, and complying with increasingly complex regulatory requirements across different markets.

Although we have made initial commercial progress, most notably with Customer A, we lack a long-term track record in securing repeat orders across a diversified customer base, responding to evolving customer requirements, or penetrating international markets. The successful commercialization of new products also depends on our ability to anticipate market trends, accurately forecast demand, manage inventory and working capital, and secure timely production capacity, all of which involve significant uncertainties and may lead to increased costs or delays.

If we are unable to overcome these challenges, or if our investment in commercial expansion does not generate expected returns, our business, financial condition, and results of operations may be materially and adversely affected.

## RISK FACTORS

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**We may be subject to significant pricing pressures from our customers, which could adversely affect our revenue, margins and overall profitability.**

We operate in a competitive industry where pricing is a key factor in customer procurement decisions. Many of our current and target customers, particularly major OEMs, have significant bargaining power due to their scale, centralized procurement structures, and stringent performance and pricing requirements. In some cases, customers may demand us to make pricing concessions over the course of a product’s lifecycle. These pressures may be further exacerbated by growing competition in the supply of smart driving components and the limited number of OEMs in the market.

If we are unable to achieve sufficient cost savings or introduce new products with higher margins, our gross margin and overall profitability could be materially and adversely affected. Sustained pricing pressure may also limit our ability to invest in innovation, expand our operations, or improve long-term competitiveness.

**We operate in a new, rapidly evolving and highly competitive industry, and may face significant challenges in achieving widespread adoption and commercial success.**

The millimeter wave radar industry, particularly as applied to smart driving, is at an early stage of development and is characterized by rapid technological evolution, shifting customer demands, frequent product innovation, and emerging industry standards. As a result, it is inherently difficult to predict adoption rates, customer preferences, and the pace or direction of market development. Although we believe millimeter wave radar is essential to the advancement of smart driving and adjacent markets, its long-term commercial adoption remains uncertain.

We compete against both established players and new market entrants, many of whom may have greater financial, technical, and marketing resources than we do. These competitors include developers of millimeter wave radar as well as providers of alternative sensing technologies in the future. If alternative technologies achieve superior performance, cost-effectiveness, or regulatory support, they may be preferred by OEMs, regulators, or other market participants, which could materially and adversely affect demand for our products. In addition, increased competition may lead to pricing pressure, margin erosion, or loss of market share, all of which could adversely affect our business and results of operations.

We are also targeting applications beyond the automotive sector, including robotics, transportation safety, industrial measurement, and the low-altitude economy. However, these markets are similarly competitive and subject to evolving customer needs and technological shifts. There is no assurance that we will succeed in achieving meaningful adoption or generating sustained revenue in these markets. If we fail to make timely investments in the right opportunities, introduce commercially viable products, or accurately forecast customer demand, our ability to grow and maintain profitability may be materially and adversely affected.

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## RISK FACTORS

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### RISKS RELATING TO OUR FINANCIALS

**We may not be able to continue to sustain our current rate of growth in revenue and profitability.**

Driven by the growth of the millimeter wave radar industry and the expansion of our business, our revenue increased significantly from RMB57.7 million in 2022 to RMB156.5 million in 2023 and to RMB348.1 million in 2024. However, our historical growth rate may not be indicative of our future performance. As the industry matures, we may face market saturation, intensifying competition from new entrants and alternative sensing technologies, and evolving customer preferences. There is no assurance that demand for our products will continue to grow at a similar pace or that our sales network will continue to expand. If we fail to maintain our growth momentum or effectively manage a larger and more complex commercial organization, our business, financial condition, and results of operations could be adversely affected.

Sustaining a high rate of growth will require us to continue navigating a dynamic industry landscape while strengthening our internal capabilities. We must continuously refine our product roadmap and ensure our [REDACTED] remain competitive in performance and cost. To support innovation, we will need to allocate significant resources to research and development, which may not always result in commercially successful products. In parallel, we must scale our sales and marketing efforts, develop new channels, and deepen customer relationships to support our market expansion. On the operational front, we will need to enhance our financial, risk monitoring, and management systems, maintain adequate facilities and equipment, manage growing complexity and overhead, and attract, train, and retain qualified talent. These initiatives require substantial time, capital, and managerial attention. If we are unable to effectively manage these challenges, we may not be able to sustain our growth or profitability, which could adversely affect our business and future prospects.

**We experienced losses during the Track Record Period, which makes it difficult to evaluate our current business and predict our future performance.**

We had a loss from operations of RMB70.6 million and RMB72.0 million in 2022 and 2023, respectively. Our business is difficult to evaluate due to our relatively brief operating history, and our prospects will be dependent on our ability to meet a number of challenges. While we have reverted the trend of operating losses in 2024, as we have a limited operating history, you may not be able to evaluate our prospects accurately. Our ability to create, design, develop, manufacture, and deliver our products of high quality on schedule and on a large scale is subject to uncertainty, which may make it more difficult for us to forecast and plan for our capital requirements. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance. If we are unable to manage our growth or execute our business strategies effectively, our results of operations and business prospects may be materially and adversely affected.

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## RISK FACTORS

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**Our results of operations may fluctuate significantly from period to period due to changes in customer demand and variations in our operating costs.**

Our results of operations may vary significantly from period to period due to fluctuations in the purchasing plans and timing of OEMs. Demand from these customers is influenced by various factors, including their internal production schedules, inventory planning, sales performance, and the timing of vehicle model launches. Given that there is typically a lag between OEMs’ vehicle sales and their placement of radar orders with us, our radar product sales do not exhibit apparent or consistent seasonal trends. As such, it is difficult to predict customer demand with a high degree of accuracy, and any unexpected changes may result in fluctuations in our revenue and gross profit from one period to another.

In addition, our operating costs may increase in future periods as we continue to invest in product development, expand our production capacity, strengthen our sales and marketing efforts, and scale up our administrative functions to support business growth. Many of these expenses are incurred based on projected business volume and may not be in line with the actual revenue increase. As a result, period-to-period comparisons of our results of operations may not be indicative of our future performance. Our financial condition and results of operations could be materially and adversely affected if we fail to align our cost structure or resource planning with actual customer demand.

**We had net current liabilities and net operating cash outflows during the Track Record Period.**

We had net current liabilities as of December 31, 2022, 2023, and 2024, and recorded net cash outflows from operating activities in 2022, 2023 and 2024, reflecting our substantial investment in research and development, working capital requirements, and early-stage commercialization activities. Our ability to generate positive operating cash flow in the future depends on a variety of factors, including our revenue growth, product pricing, accounts receivable turnover, and the overall macroeconomic environment.

Our liquidity and cash flow may also be affected by fluctuations in our collection of receivables, the timing and scale of customer orders, changes in payment cycles with suppliers, and debt repayment obligations. If we are unable to manage these factors effectively, or if our operations fail to achieve sustained profitability and positive cash flow, we may need to obtain additional funding through equity, equity-linked or debt financing. There can be no assurance, however, that such financing will be available on terms favorable to us, or at all.

If we are unable to generate sufficient cash from operations or obtain additional financing when needed, we may be required to delay or curtail certain research and development programs, capital expenditures or strategic initiatives. This could adversely affect our ability to execute our business plan, maintain financial flexibility, and achieve our long-term growth objectives. If we are unable to manage our cash flow or secure adequate financing, our business, financial condition and results of operations may be materially and adversely affected.

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## RISK FACTORS

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**We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.**

We may need additional capital in the future to fund our business operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity [REDACTED], the ownership interest of our existing shareholders, including investors in this [REDACTED], will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders’ rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

**If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our operating results and financial performance.**

Our inventories primarily include materials for production and millimeter wave radar products that are ready for transit at our manufacturing facilities or in transit to fulfill customer orders. As of December 31, 2022, 2023 and 2024, we had inventories of RMB41.7 million, RMB37.1 million, and RMB57.6 million, respectively. To ensure adequate inventory supply, we must forecast inventory needs and expenses, place orders sufficiently in advance with our suppliers and manufacturing partners and manufacture products based on our estimates of future demand for particular products. Our ability to accurately forecast demand for our products could be affected by many factors, including but not limited to uncertain market conditions, volatile customer demands, fierce market competition, general economic conditions and other factors beyond our control.

If our millimeter wave radar products are commercialized in smart driving applications, which is experiencing rapid growth in demand, we may face challenges in acquiring adequate supplies to manufacture our products and may not have sufficient capacity to manufacture our products at a rate necessary to satisfy the levels of demand, which would negatively affect our revenue. This risk may be exacerbated by the fact that we may not carry or be able to obtain a significant amount of inventory to satisfy short-term demand increases. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale.

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## RISK FACTORS

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Additionally, our own mismanagement of inventory could result in inventory levels in excess of customer demand, inventory write-downs and the sale of excess inventory at discounted prices, which would adversely affect our financial results, including our gross margin, and have a negative effect on our brand. We face higher risks of excessive or obsolescent inventories when we launch new products as the market reception to the products is uncertain. We periodically assess the impairment on our inventories, and may make provision to write down our inventories to the net realizable value if the inventories become outdated or are damaged or their prices go down and their net realizable values are lower than the costs of the inventories. Conversely, if we underestimate customer demand for our products, we may not be able to deliver products to meet our requirements, and this could result in damage to our brand and customer relationships and adversely affect our business, results of operations and financial condition.

**We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.**

During the Track Record Period, our trade receivables primarily represent receivables from customers for sales of our millimeter-wave radar products. As of December 31, 2022, 2023 and 2024, our trade receivables amounted to RMB55.3 million, RMB52.9 million and RMB112.2 million, respectively. The credit period granted to our customers is typically three months from the date of invoice. Our trade receivable turnover days was 217 days, 126 days, and 87 days in 2022, 2023, and 2024. See “Financial Information – Discussion of Certain Key Items From Consolidated Statements of Financial Position – Trade and Other Receivables” in this document.

We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. We may not be able to receive such customers’ payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

Some OEMs, including Customer A who contributed a significant portion of our revenue during the Track Record Period, settle their payments through supply chain financial instruments, such as A Chain certificates. These are electronic settlement tools that enable us to transfer receivables to upstream supplier to settle their payments, apply for early discounting, or hold to maturity. See “Business – Our Relationship with Customer A – Our Settlement with Customer A.” As of December 31, 2022, 2023 and 2024, the trade receivables of Customer A were RMB46.6 million, RMB46.4 million and RMB106.5 million, respectively, out of which RMB3.0 million, RMB14.3 million and RMB16.3 million were receivables relating to A Chain certificates, respectively.

## RISK FACTORS

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While many of our suppliers currently accept these instruments as payment, acceptance remains discretionary and may change based on market conditions or individual supplier preferences. A decline in supplier willingness to accept such settlement tools may disrupt our procurement activities or require us to seek alternative financing options. Furthermore, the use, transfer, or discounting of these instruments may involve administrative costs and procedures, and disputes may result in lengthy legal proceedings. As such, continued reliance on such settlement methods may expose us to counterparty, liquidity, operational, and legal risks. There is no assurance that these risks will not materially and adversely affect our business, financial condition, or results of operations.

### RISKS RELATING TO OUR OPERATIONS

**If we are unable to manufacture and deliver high-quality products on time and at scale, our business and results of operations could be materially and adversely affected.**

Our ability to manufacture and deliver millimeter-wave radar products in a timely manner and at scale is critical to meeting customer expectations and sustaining our growth. As the production capacity in our Shenzhen and Suzhou production bases expands, the administrative burden and other complexities may arise in due course. This places heavier demands on our internal manufacturing capabilities and operational management.

Our manufacturing operations require effective coordination across equipment maintenance, process control, supply chain logistics, and workforce management. Any disruption – such as equipment malfunction, raw material shortages, labor constraints, or other unforeseen operational issues – could delay production and impair our ability to meet delivery schedules. These risks are heightened as customer demand scales up. If our production capacity fails to match the volume or delivery timeline expectations of our key customers, particularly during ramp-ups of new vehicle models, we could lose orders or damage customer trust.

Any material disruption in our production or failure to deliver qualified products on time could negatively impact our customer relationships, hinder our commercial execution, and materially and adversely affect our financial condition and results of operations.

**We may experience supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs, adversely affect our profitability and delay deliveries of our products to customers.**

We depend on third-party suppliers to provide individual components such as ICs, PCB, and structuring components for our products and we expect to continue to do so for future products. Any shortages or delay in the supply of our raw materials and key components, in particular ICs, whether by specific vendors or by the chip industry generally, could result in occasional price adjustments or cause delays in our production and delivery to customers.



## RISK FACTORS

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We may in the future experience component shortages and price fluctuations of certain key components and materials, and the predictability of the availability and pricing of these components may be limited. Component shortages or pricing fluctuations could be material in the future. In the event of a component shortage, supply interruption or material pricing increase by suppliers of these components, we may not be able to develop alternative sources in a timely manner or at all in the case of limited sources. Developing alternative sources of supply for these components may be time- consuming, difficult, and costly, and we may not be able to source these components on terms that are acceptable to us, or at all, which may increase our production costs and undermine our ability to fill customer orders in a timely manner. The loss of any supplier for any reason could lead to design changes, production delays and potential loss of access to important technologies, any of which could result in quality issues, delays and disruptions in deliveries, negative publicity and damage to our brand. In addition, our suppliers may fail to comply with applicable laws and regulations, or they may be involved in product liability claims or incidents of negative publicity. This could cause delays in shipment of our products and could adversely affect our relationships with customers.

If we are unable to keep up with demand for our products because of failing to obtain the materials and components needed to successfully manufacture and deliver our products in a timely manner, our business could be materially impaired, and market acceptance for our products could be adversely affected.

**We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and operating results.**

Our 5th-generation 4D radar models as well as our 5.5th-generation high-resolution 4D radar models are widely deployed in passenger vehicles and support smart driving functions ranging from L0 to L2+. The use of such end-products that incorporate our products could result in an unsafe condition, injury, or even death as a result of, among other factors, component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product-related information. These factors could result in product liability or warranty claims, and we could be named as a defendant in such claims. Particularly, as currently our largest market is in the automotive industry, the application in smart driving presents the risk of significant injury, including fatalities. We may be subject to claims if a customer’s product using our millimeter wave radar technology is involved in an accident and people are injured as a result. Under the PRC laws, when defining the liability for accidents, it is necessary to determine the cause-and-effect relationship and take into account related factors. Given that the current legal framework for smart driving is largely in its early stages and relatively immature, liability associated with the use of our products is difficult to define, and any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, our customers could be subjected to claims as a result of such accidents and bring claims against us to hold us accountable. In addition, if lawmakers or governmental authorities were to determine that the use of our products in certain smart driving applications increases the risk of injury, they may promulgate laws or regulations that limit the use of our products or increase our liability associated with the use of our products. Any of these events could result in damage to our brand and customer relationships and adversely affect our business, results of operations and financial condition.



## RISK FACTORS

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We generally provide three to five year warranties for our products sold to customers. The occurrence of any material defects in our products could make us liable for damages and warranty claims. We could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Warranty, recall, product liability claims, or negative publicity may result in litigation, including class actions, the occurrence of which could be costly, lengthy and distracting and adversely affect our business and operating results.

**Undetected defects, errors or reliability issues in our hardware or software could reduce the market adoption of our new products, damage our reputation with current or prospective customers and expose us to product liability and other claims.**

We may experience defects, errors or reliability issues at different stages of development for various reasons.

There can be no assurance that such or other similar issues will not occur in the future. We may be unable to timely release new products, manufacture existing products or correct problems that have arisen to our customers’ satisfaction. Additionally, undetected errors, defects or reliability issues, especially as new products are introduced or as new versions are released, could result in bodily injury to the end users of customers incorporating our products. Defects, errors or reliability issues may also be attributed to our customers due to their negligence in using our products or failures arising from their manufacturing process, which we do not control or dictate and may be unable to determine the root cause for the issues. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by our customers. Our customers may never be able to commercialize autonomous vehicles incorporating our products.

These risks are particularly prevalent in the smart driving market. If that is the case, we may incur significant additional development costs and product recall, repair or replacement costs. These problems may also result in claims, including class actions, against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, results of operations and financial condition.

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## RISK FACTORS

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**Failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.**

We lease properties for our offices, R&D and manufacturing facilities. There is no assurance that we will be able to extend or renew our leases upon expiration of the current term on commercially reasonable terms or at all, and our rights to use these leased properties may be negatively affected by prior encumbrances on these properties. In any such events, we may be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses. There is a risk that our usage of the leased properties does not fully match with the specified usage in our lease agreement. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

**We may be liable for failure to register and file our lease agreements, which may subject us to penalties.**

Pursuant to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we had not obtained the registration of lease agreements for three of our leased properties in the PRC. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisors have advised us that failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or our right to use such property under PRC laws, but we may be subject to a maximum penalty of RMB10,000 for each non-registered lease if we fail to register such lease agreements within the time frame prescribed by the relevant PRC government authorities. As a result, any imposition of fines due to such failure may adversely affect our business operations and financial condition.

**Our business depends substantially on the efforts of our management and highly skilled personnel including research and development personnel, and our operations may be severely disrupted if we lost their services.**

Our future performance depends on the services and contributions of our management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

## RISK FACTORS

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Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our research and development team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We cannot guarantee that we will not face difficulty in hiring and retaining highly skilled employees with appropriate qualifications, specifically in relation to attracting and retaining chip specialized engineers and technicians who are crucial to our product development. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the estimated value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

**Our employees or other third parties may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.**

Misconduct could include violations of laws, fraud, contractual breach, other improper activities. Examples could include the failure to comply with our policies and procedures or with regulatory requirements relating to environmental, health or safety matters, bribery of foreign government officials, import-export controls, lobbying or similar activities, and any other applicable laws or regulations, and the breach of any contractual obligations. For instance, we may use logistics agents, who are Independent Third Parties, to handle administrative matters relating to customs clearance and settlement with certain suppliers in order to lower our administrative fees. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, reputation and results of operations.

**Disruptions or failures in our information technology systems could adversely affect our operations.**

We rely on our information technology systems to support key business functions, including product development, manufacturing, supply chain management, and internal operations. Any system failure, security breach, data loss, or operational disruption could impair our ability to deliver products on time, manage resources efficiently, or support customer needs. As we continue to grow, we may need to upgrade or expand our IT infrastructure, and there is no assurance that such upgrades will be completed on time or without disruption. If we fail to maintain stable, secure, and efficient IT systems, our business operations, financial condition, and results of operations could be materially and adversely affected.

## RISK FACTORS

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**We are subject to cybersecurity and system security risks that could adversely affect our operations.**

We rely on various internal systems to support our business, including systems used in product development, manufacturing, and operations. Any cybersecurity incident, such as unauthorized access, data breach, system failure, or malicious attack, could disrupt our operations, compromise our proprietary information or trade secrets, and result in financial loss or reputational harm. Although we have implemented measures to safeguard our systems and data, cybersecurity threats continue to evolve and may not be fully preventable. If our systems or those of our suppliers or vendors are compromised, our ability to manufacture, deliver, or support our products could be adversely affected. Any significant cyber incident could materially impact our business, results of operations, and financial condition.

**Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, interruptions by man-made problems, such as network security breaches, computer viruses or terrorism, or other events beyond our control that may jeopardize the outcome of our operations. Material disruptions of our business or information systems resulting from these events could adversely affect our operating results.**

A significant natural disaster, such as an earthquake, fire, flood or pandemic, occurring at our headquarters, one of our manufacturing facilities or where a customer is located could adversely affect our business, operating results and financial condition. Further, if a natural disaster or man-made problem were to affect our suppliers, it could adversely affect the ability of our customers to use our products and solutions. In addition, natural disasters and acts of terrorism could cause disruptions in our or our customers’ businesses, national economies or the world economy as a whole. In any such event, whether enumerated in this paragraph or not, our operations would be severely disrupted and our financial condition and results of operations will be materially and adversely affected.

We also rely on information technology systems to communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business.

Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our research and development activities or lengthy interruptions in manufacturing, any of which could adversely affect our business, operating results and financial condition.

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## RISK FACTORS

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**We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.**

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. Insurance companies in the PRC do not currently offer as extensive an array of insurance products, such as those related to smart driving, as insurance companies in other more developed economies do. Regarding the allocation of product liability between us and the automotive or robotics manufacturer in the event of an accident resulting in injuries or fatalities involving a customer using our millimeter wave radar product, it is difficult to quantify and must be determined on a case-by-case basis, taking into consideration whether there is a causal relationship between the accident and our product. See “Risk Factors – Risks Related to Our Business and Industry – We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and operating results.”

As of the Latest Practicable Date, we had not obtained any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring against these risks and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical for our business. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

In addition, we do not have product liability insurance. We may not have sufficient insurance coverage for all future claims on our products. Any product liability claims brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing continuing coverage, could harm our reputation in the industry and could reduce revenue. Product liability claims in excess of our insurance coverage would be paid out of cash reserve, harming our financial condition and adversely affecting our results of operations. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any product liability claims and did not recall any products due to material defects.

### **RISKS RELATING TO OUR INTELLECTUAL PROPERTY**

**Despite the actions we are taking to defend and protect our intellectual property, we may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products and solutions and such efforts to defend and protect our intellectual property may be costly.**

The success of our products and our business depends in part on our ability to obtain patents and other intellectual property rights and maintain adequate legal protection for our products in the PRC and other jurisdictions. We rely on a combination of patent, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, and yet all of which provide only limited protection.

## RISK FACTORS

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We cannot assure you that any patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patents issued to us will not be challenged, invalidated or circumvented. We have filed for patents primarily in the jurisdiction of the PRC, but such protections may not be available in all countries in which we operate, or seek to operate, or in which we seek to enforce our intellectual property rights. Our currently issued patents and any patents that may be issued or registered in the future may not provide sufficiently broad protection or may not prove to be enforceable in actions against alleged infringers. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. The confidentiality procedures and contractual restrictions implemented by us may not be sufficient or effective. Moreover, others may independently develop technologies that are competitive to us or infringe our intellectual property.

Protecting against the unauthorized use of our intellectual property and other proprietary technology is expensive and difficult, particularly internationally. Our patents and proprietary technologies are the foundations of our millimeter wave radar products and we intend to capitalize on our industry-leading patent portfolio as we continue to grow. Unauthorized parties may attempt to copy or reverse engineer our millimeter wave radar technology or certain aspects of our solutions that we consider proprietary. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to prevent unauthorized parties from copying or reverse engineering our solutions, to determine the validity and scope of the proprietary rights of others or to block infringing products in the PRC. Any such litigation, whether initiated by us or a third party, could result in substantial costs and diversion of management resources, either of which could adversely affect our business, operating results and financial condition. Even if we obtain favorable outcomes in litigation, we may not be able to obtain adequate remedies.

**Third-party claims against us in relation to infringement of intellectual property rights, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be adversely affected.**

From time to time, we may be subject to intellectual property disputes or litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights or other rights. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims, commercial claims and other assertions against us grows. Additionally, competitors in our industry and companies outside our industry also hold large numbers of patents that cover aspects of our millimeter wave radar products, which may increase our exposure to litigation based on allegations of patent infringement or other violations of intellectual property rights.

## RISK FACTORS

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While we had not been subject to any material litigation and disputes related to intellectual property during the Track Record Period, we may from time to time in the future become, a party to litigation and disputes related to intellectual property, our business practices, and our products. Even if we prevail in any litigation or enforcement proceeding against us, we could incur significant legal expenses defending against the claims, even those without merit. Moreover, because even claims without merit can damage our reputation or raise concerns among our clients, we may feel compelled to settle claims at a significant cost. Furthermore, the results of any such litigation, investigations and legal proceedings are inherently unpredictable and may be costly. Therefore, any claims against us, whether meritorious or not, could be time-consuming, costly, and harmful to our reputation, and could divert management’s attention and require significant amounts of corporate resources.

### **RISKS RELATING TO GENERAL ECONOMIC CONDITION**

#### **Adverse conditions in the automotive industry or the global economy could have adverse effects on our results of operations.**

While we make our strategic plans based on the assumption that the markets we are targeting will grow, our business is dependent in large part on, and directly affected by, business cycles and other factors affecting the global automobile industry and global economy. Automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, consumer confidence, fuel costs, fuel availability, environmental impact, governmental incentives and regulatory requirements, and political volatility, especially in energy-producing countries and growth markets. In addition, automotive production and sales can be affected by the ability of our customers to continue operating in response to challenging economic conditions, labor relations issues, regulatory requirements, trade agreements and other factors. The volume of automotive production in the PRC and the rest of the world has fluctuated, sometimes significantly, from year to year, and we expect such fluctuations to give rise to fluctuations in the demand for our products. Any significant adverse change in any of these factors may result in a reduction in automotive sales and production by our customers and could have a material adverse effect on our business, results of operations and financial condition.

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

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



## RISK FACTORS

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

### RISKS RELATING TO OUR LEGAL COMPLIANCE

**Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.**

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. For more information, see “Business – Licenses, Approvals and Permits.” Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any non-compliance may expose us to liability. Furthermore, the regulatory requirements of certain sectors are relatively new and continuously evolving. Therefore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones, we cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes and developments in this regard. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.



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## RISK FACTORS

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### **Changes in automotive safety regulations may cast significant uncertainties on our operations and financial prospects.**

Government regulations have imposed stringent requirements on vehicle safety in general and in the context of smart driving. For example, the PRC government issued the Administrative Norms for Road Testing and Demonstrative Application of Intelligent and Connected Vehicles (Trial Implementation) (智能網聯汽車道路測試與示範應用管理規範(試行)) on July 27, 2021, which came into effect on the same date. It requires that any entity planning to conduct a road testing and demonstrative application of smart driving vehicles shall provide a statement on its safety and a temporary license plate for the tested vehicle. On the local level, the government of Shenzhen issued the Regulations of Shenzhen Special Economic Zone on the Administration of Intelligent and Connected Vehicles (深圳經濟特區智能網聯汽車管理條例) on June 30, 2022, which came into effect on August 1, 2022. The regulation governs every major phase of an smart driving vehicle from its development to marketing, including the vehicle’s road testing, access registration, use management, transport, traffic accidents and legal liabilities.

While we believe increasing automotive safety standards will present a market opportunity for our products, government safety regulations are subject to changes based on a number of factors that are out of our control, including new technologies, adverse publicity regarding industry recalls and safety risks of smart driving, accidents involving our products, domestic and foreign political situations, and litigation relating to our products and our competitors’ products. Changes in government regulations, as well as changes or evolution in court interpretation of those regulations, especially with respect to the autonomous driving industry could adversely affect our business. If government priorities shift and we are unable to adapt to changing regulations or to court interpretations of those regulations, our business may be materially and adversely affected.

### **We may be subject to evolving PRC laws and regulations relating to data security and cybersecurity.**

Although we do not process customer data in the ordinary course of business, we are subject to general PRC laws and regulations relating to data security and cybersecurity. These legal regimes are rapidly evolving, and their interpretation and enforcement may change or evolve from time to time. Regulatory developments, such as those relating to the protection of industrial data, cross-border data transfers, or the security of network systems, may in the future impose additional compliance obligations on us. While we were in material compliance with applicable PRC data security and cybersecurity laws as of the Latest Practicable Date, we cannot preclude the possibility that new laws or regulations could subject us to further reviews, increased compliance costs, or operational changes. Any failure to comply with such requirements, or to adapt to future regulatory changes, could adversely affect our business, financial condition, and results of operations.

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## RISK FACTORS

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**To address any ESG risks, we may incur additional costs, which may materially and adversely affect our financial performance.**

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions and wastes and no heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See “Business – Environmental, Social and Governance.” During our business operations, especially the manufacturing process, we also face various compliance risks relating to environment protection, project management, manufacturing safety, work safety, fire safety, among others. Failure to comply with the applicable PRC laws and regulations may result in administrative penalties, which may materially and adversely affect our results of operations and financial conditions.

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing solutions and services from other companies, which may materially and adversely affect our results of operations and financial conditions.

**We are, and may in the future be, subject to legal and regulatory proceedings and/or investigations in the ordinary course of our business.**

From time to time, we may face litigation, regulatory proceedings and government investigations which may be brought against us by customers, end-users, competitors, governmental entities conducting civil, regulatory or criminal investigations, or other parties, and may be brought by us against other parties. These claims could be asserted under a variety of laws, including but not limited to product liability laws, intellectual property laws, labor and employment laws, securities laws, tort laws, contract laws and property laws. There is no guarantee of our success in enforcing our rights under the relevant business or other agreements or arrangements which may involve multiple parties and/or jurisdictions, in asserting our rights thereunder or under applicable laws and regulations, or in defending against these legal and regulatory proceedings or investigations.

Even if we succeed in our defense or asserting our rights, the process can be expensive, time-consuming, and may not yield the desired outcome. Legal and regulatory proceedings can also expose us to negative publicity, substantial financial damages, legal defense expenses, injunctive orders, and criminal, civil and administrative fines and penalties.

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## RISK FACTORS

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### RISKS RELATED TO DOING BUSINESS IN THE PRC

**Our business is affected by the changes in the economic, political or social conditions or government policies of the PRC.**

Most of our business, assets and operations are located in the PRC, and therefore, our business, financial condition, results of operations and prospects are affected to a large extent by the general political, economic and social developments in the PRC. Similar to many other countries and regions, the PRC regulates its economy through imposing and adjusting industrial, fiscal or monetary policies from time to time. Our business has been and would continue to be affected by the PRC’s economy, which in turn is increasingly influenced by the global economy. The uncertainties in the global economy and the geo-political or social environment in various regions around the world would continue to influence the PRC’s economic growth and may cause uncertainties in our prospects. Future changes in economic, political, social, and regulatory conditions may continue to influence our business, financial condition, results of operations and prospects.

**We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.**

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasize the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and propose to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) along with five relevant guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures require, among others, that PRC domestic companies that seek to initially offer and list securities in overseas markets, either directly or indirectly, shall file the required documents with the CSRC within three business days after its application for overseas listing is submitted. As advised by our PRC Legal Advisors, the [REDACTED] will be considered a direct overseas [REDACTED] and [REDACTED] activity by a PRC domestic company under the Overseas Listing Trial Measures. A rescission of any such approval or filing obtained by us would subject us to sanctions by the CSRC or other PRC regulatory authorities, and such failure may materially adversely affect our ability to finance the development of our business. Furthermore, if the filing procedure with the CSRC under the Overseas Listing Trial Measures is required for any future offerings, listing or any other capital raising activities, we cannot guarantee that we could complete such filing procedure in a timely manner, or at all.

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## RISK FACTORS

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On February 24, 2023, the CSRC, the Ministry of Finance of the PRC, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Archives Rules**”), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, prospects, results of operations, financial condition, and cash flows.

**Changes in international trade policies, and in relationships between the PRC and other countries, may adversely impact our business and operating results.**

We conduct our business operations primarily in the PRC and purchase certain raw materials originated from overseas. Unfavorable government policies related to international trade, including capital controls or tariffs, or changes in diplomatic relations between China and foreign countries or regions, have the potential to impact the sales of our products. These factors may also affect our ability to recruit engineers and other R&D personnel and influence the import or export of raw materials essential to our international expansion efforts. The implementation of new tariffs, changes in legislation and regulations, or the renegotiation of existing trade agreements could result in a material adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

**We are subject to PRC laws and regulations that could require us to modify our current business practices and incur increased costs.**

We are subject to extensive national, provincial and local governmental regulations, policies and controls, covering, among others and in addition to specific industry-related regulations, the following aspects: (i) consumer protection and product liability; (ii) cybersecurity, data security and protection of personal information; (iii) security laws and regulations; (iv) establishment of or changes in shareholder of foreign investment enterprises; (v) foreign exchange; and (vi) taxes, duties and fees.

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## RISK FACTORS

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The liabilities, costs, obligations and requirements associated with these laws and regulations may cause interruptions to our operations or impact our financial position and results of operations. Failure to comply with the relevant laws and regulations in our operations may result in various penalties, including, among others, the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities. Legal requirements may change from time to time and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

### **Our operations are subject to PRC tax laws and regulations.**

We are subject to periodic examinations on the fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

### **We are subject to certain PRC regulations for us to pursue growth through acquisitions.**

The Anti-monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007, which amended on June 24, 2022 and became effective on August 1, 2022, and the Rules of the State Council on Declaration Threshold for Concentration of Undertakings (《關於經營者集中申報標準的規定》) promulgated by the State Council on August 3, 2008, and latest amended on January 22, 2024, require that where a concentration reaches certain thresholds, a declaration must be lodged in advance with the anti-monopoly law enforcement agency under the State Council, or otherwise the concentration shall not be implemented. Furthermore, under relevant PRC laws and regulations, we are required to obtain or complete approval, registration, filing and/or other procedural requirements from the MOFCOM, the NDRC, the SAFE and/or their local counterparts or designated banks, with respect to our overseas investments and acquisitions. Any failure to do so or any delay in such process may subject us to suspension of overseas investments or acquisitions, timely rectification, warnings, fines and other legal sanctions, which may adversely affect our business operation.

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## RISK FACTORS

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**Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.**

Companies operating in the PRC are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing provident funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties.

Due to historical reasons, differences in local practices and administrative complexities, we did not make full social insurance and housing provident fund contribution for our employees in accordance with relevant laws and regulations and use third parties to pay social insurance and housing provident fund contribution for a few employees during the Track Record Period. As of the Latest Practicable Date, we had not received any administrative penalty or rectification notice from PRC authorities in connection with social insurance or housing provident fund contribution. However, we cannot assure you that the competent government authorities will not require us to pay the outstanding amount and impose late payment fees or fines on us. If we are subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

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

As is customary with all major economies, the PRC has tax treaties or similar arrangements with jurisdictions across the world. Under the Enterprise Income Tax Law of the People’s Republic of The PRC (the “EIT Law”) and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People’s Republic of The PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources



## RISK FACTORS

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realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in the PRC, it is unclear whether dividends we pay with respect to our H Shares, or the gain realized from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your [REDACTED] in our Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

**Restrictions on the remittance of Renminbi into and out of the PRC and governmental control over currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your [REDACTED].**

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

**Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.**

The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC Government and changes in the PRC’s and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policies goals.

Several political and economical factors could result in a significant appreciation of Renminbi against the U.S. dollar, the Hong Kong dollar or other foreign currencies.

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## RISK FACTORS

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The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

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

We are a company incorporated under the laws of the PRC and substantially all of our assets are located in China. In addition, the majority of our Directors and executive officers reside in China, and substantially all of the assets of such Directors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.



## RISK FACTORS

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### RISKS RELATED TO THE [REDACTED]

**There has been no prior public market for our H Shares. Their market price may be volatile and an active trading market for our H Shares may not develop.**

No public market currently exists for our H Shares. The initial [REDACTED] for our H Shares to the public will be the result of negotiations between our Company and [REDACTED] (on behalf of itself and the [REDACTED]), and the [REDACTED] may differ significantly from the market price of our H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the market price of the H Shares will rise following the [REDACTED]. The market price and trading volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the [REDACTED].

The market price and trading volume of our H Shares may be highly volatile. Several factors beyond our control such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in market prices and changes in demand for our products may cause significant and sudden changes to the market price and trading volume of our H Shares. Furthermore, the market price of our H Shares could also decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or share-linked securities issued by our Company may also confer rights and privileges that take priority over those conferred by the H Shares. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that is not related to the operating performance of any particular company. This volatility may also materially and adversely affect the market price of our H Shares.

## RISK FACTORS

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**The trading price of our H Shares may be volatile which could result in substantial losses to you.**

The trading price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have [REDACTED] their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares. A number of PRC-based companies have [REDACTED] their securities, and some are in the process of preparing for [REDACTED] their securities in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [REDACTED]. The trading performances of the securities of these companies at the time of or after their [REDACTED] may affect the overall investor sentiment towards PRC-based companies [REDACTED] in Hong Kong and consequently may impact the trading performance of our H Shares. These broad market and industry factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

**The actual or perceived sale or availability for sale of substantial amounts of our H Shares, especially by our Directors, executive officers and substantial shareholders, could adversely affect the market price of our Shares.**

Future sales of a substantial number of our H Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our H Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. The H Shares held by our substantial shareholders are subject to certain lock-up periods beginning on their respective effective date which in any event shall not be later than the [REDACTED]. While we currently are not aware of any intention of such persons to dispose of significant amounts of their H Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any H Shares they may own now or in the future.

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## RISK FACTORS

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

Our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] and the [REDACTED] are not exercised), the Controlling Shareholders will be entitled to control the exercise of approximately [REDACTED]% of the voting rights and thus remain as controlling shareholders of our Company. The interests of our Controlling Shareholders might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Controlling Shareholders and our other Shareholders may also materially and adversely affect the aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

**We cannot assure you when, whether and in what form or size we will pay dividends in the future.**

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distributions of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS Accounting Standards (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

## **RISK FACTORS**

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**Should the [REDACTED] be higher than the net tangible book value per H Share, subject to pricing, you may experience an immediate dilution in the book value of the [REDACTED] you purchased in the [REDACTED] and may experience further dilution if we issue additional Shares in the future.**

The [REDACTED] of the [REDACTED] may be higher than the net tangible book value per Share immediately prior to the [REDACTED]. As a result, you and other purchasers of the [REDACTED] in the [REDACTED] may experience an immediate dilution in pro forma net tangible asset value. In order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares pursuant to share incentive schemes, which would further dilute Shareholders’ interests in our Company.

**Certain facts, forecast and statistics contained in this document are derived from publicly available official government sources and they may not be reliable.**

Certain facts, forecast and statistics contained in this document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this document. However, the information from the official government sources were not prepared or independently verified by us, the Sole Sponsor [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

## RISK FACTORS

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

**You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].**

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND EXEMPTION FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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In preparation for the [REDACTED], our Group has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

### MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer’s executive directors must be ordinarily resident in Hong Kong.

Currently, all of our executive Directors reside in the PRC and for the foreseeable future will not be ordinarily resident in Hong Kong. Our Group’s business operations are primarily conducted in the PRC, our management headquarter, senior management and assets are primarily located in the PRC, and our management is best able to attend to its function by being based in the PRC. It would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong, or to appoint additional executive Directors solely for the purpose of satisfying Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we [have applied] to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules subject to, among others, the following conditions:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Mr. Chen, our executive Director, chairman of our Board and general manager, and Ms. Yang Cuiping (楊翠萍) (“**Ms. Yang**”), our joint company secretary, who will act as our Company’s principal channel of communication with the Stock Exchange. Although Mr. Chen and Ms. Yang reside in the PRC, they possess valid travel documents and is able to renew such travel documents when they expire to travel to Hong Kong. In addition, Ms. Chan Hiu Lam (陳曉琳) (“**Ms. Chan**”), our joint company secretary who is an ordinarily resident in Hong Kong, has been appointed as the alternate to the two authorized representatives. Each of our authorized representatives and alternate authorized representative will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email (where available). Each of our authorized representatives and alternative authorized representative is authorized to communicate on our behalf with the Stock Exchange. Our Company [has been registered] as a non-Hong Kong company under Part 16 of the Companies Ordinance and Ms. Chan has also been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;

**WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS  
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- (b) all of our authorized representatives and the alternate authorized representative have means to contact all our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. Each of our Directors has provided his/her respective mobile phone numbers, office phone numbers, facsimile numbers and/or email addresses (where available) to our authorized representatives and the alternate authorized representative. In the event that a Director expects to travel, he/she will endeavor to provide the phone number of the place of his/her accommodation to our authorized representatives and the alternate authorized representative or maintain an open line of communication via his/her mobile phone. Each of our Directors, authorized representatives and the alternate authorized representative has provided his/her mobile phone numbers, office phone numbers, facsimile numbers and/or email addresses (where available) to the Stock Exchange;
- (c) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Guotai Junan Capital Limited as our compliance advisor (the “**Compliance Advisor**”), which shall have access at all times to our authorized representatives, the alternate authorized representative, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and
- (d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives, the alternate authorized representative or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will promptly inform the Stock Exchange of any changes of our authorized representatives, the alternate authorized representative and/or the Compliance Advisor.



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**WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS  
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**JOINT COMPANY SECRETARIES**

According to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Listing Guide issued by the Stock Exchange, the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Chartered Governance Institute, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) 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 a company secretary.

According to Chapter 3.10 of the Listing Guide, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time, but in any case, will not exceed three years from the [REDACTED] (the “**Waiver Period**”) and on the conditions that (i) the company secretary in question must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company.

We have appointed Ms. Yang and Ms. Chan as our joint company secretaries. Ms. Yang joined our Group in April 2025 and has been serving as the manager of the investment and financing department, where she has been primarily responsible for the investment and financing operations of our Group. Our Directors are of the view that, having regard to Ms. Yang’s understanding of the overall business operations and corporate governance matters of our Group, she is considered as a suitable person to act as a company secretary of our Company. In addition, as our headquarters and principal business operations are substantially based and conducted in the PRC, our Directors believe that it is necessary to appoint Ms. Yang as a company secretary whose presence in the headquarters of our Group enables her to attend the day-to-day corporate secretarial matters of our Group and to take the necessary actions in an effective and efficient manner.

However, given that Ms. Yang does not possess a qualification stipulated in Rule 3.28(1) of the Listing Rules nor the “relevant experience” set out in Rule 3.28(2) of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a [REDACTED] issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. In order to provide support to Ms. Yang, we have appointed Ms. Chan, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who is qualified under Rule 3.28 of the Listing Rules, to act as the other joint company secretary to closely work with and provide support to Ms. Yang during the Waiver Period so as to enable Ms. Yang to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties as a company secretary of a [REDACTED] issuer.



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Accordingly, we [have applied] to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Yang as our joint company secretary on the condition that Ms. Yang will be assisted by Ms. Chan as our joint company secretary throughout the Waiver Period. Being an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and by virtue of her experience in corporate secretarial practice, Ms. Chan is, in our Directors’ opinion, a qualified and suitable person to render assistance to Ms. Yang so as to enable her to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties. In addition, Ms. Yang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the Waiver Period. Our Company will further ensure that Ms. Yang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer [REDACTED] on the Stock Exchange.

Such waiver will be revoked immediately if and when Ms. Chan ceases to provide such assistance or our Company commits any material breaches of the Listing Rules during the Waiver Period. Before the expiry of such three-year period, we will liaise with the Stock Exchange to enable it to assess the then experience of Ms. Yang, having had the benefit of Ms. Chan’s assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See “Directors and Senior Management” for the biographical information of Ms. Yang and Ms. Chan.

## INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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## INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

## INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

## DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

### DIRECTORS

Name	Address	Nationality
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#### Executive Directors

Mr. Chen Chengwen (陳承文)	Room 1612, Building B Pingshan Chengtou Zhiyuan No. 37 Cuijing Road, Longtian Subdistrict Pingshan District, Shenzhen Guangdong Province PRC	Chinese
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Mr. Zhou Ke (周珂)	Room 7A, Building 7 Haiyin Great Wall Nanshan District, Shenzhen Guangdong Province PRC	Chinese
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Ms. Luo Haiyan (羅海燕)	Room 701, Building 14 Xiyuan Community Qianhai Road Nanshan District, Shenzhen Guangdong Province PRC	Chinese
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Mr. Liu Longlong (劉龍龍)	Room 1301, Building 45 Chunhe Wanxiang Yayuan No. 5 Bowen Road Xiangcheng District, Suzhou Jiangsu Province PRC	Chinese
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#### Non-executive Directors

Mr. Wu Zhigang (吳志剛)	Room 2303, Unit 1, Building 5 Feicui Yijing Garden No. 1699 Shuanglong Avenue Jiangning District, Nanjing Jiangsu Province PRC	Chinese
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## DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Mr. Kuang Tianyin (匡天胤)	Room 802, Unit 5, Building 4 Wufulinglongju Balizhuang Subdistrict Haidian District, Beijing PRC	Chinese
<b>Independent non-executive Directors</b>		
Mr. Zhou Zhongkui (周重揆)	Room 8211, Hanlin Mansion No. 11 Landianchang West Road Haidian District, Beijing PRC	Chinese
Mr. Zhang Junyi (張君毅)	Room 55, Building 49 Shanghai Courtyard No. 399 Jiangwancheng Road Yangpu District, Shanghai PRC	Chinese
Mr. Tam Wai Ho (譚偉豪)	Flat 3, 1st & 2nd Floors Cambridge Garden 1 Lancashire Road Kowloon Tong Hong Kong	Chinese

Please refer to “Directors and Senior Management” for further details of our Directors.



## **DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

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### **PARTIES INVOLVED IN THE [REDACTED]**

#### **Sole Sponsor**

#### **Guotai Junan Capital Limited**

26/F–28/F, Low Block  
Grand Millennium Plaza  
181 Queen’s Road Central  
Hong Kong

[REDACTED]

[REDACTED]

#### **Legal advisors to our Company**

*As to Hong Kong and United States laws:*

#### **Sidley Austin**

Level 39, Two International Finance Centre  
8 Finance Street Central  
Hong Kong

*As to PRC laws:*

#### **AllBright Law Offices (Shenzhen)**

21, 22, 23/F, Tower 1  
Excellence Century Center  
FuHua 3 Road  
Futian District, Shenzhen  
PRC

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## DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

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**Legal advisors to the Sole Sponsor  
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## CORPORATE INFORMATION

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*(information on this website does not form part of this document)*

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## CORPORATE INFORMATION

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<b>Remuneration and Appraisal Committee</b>	Mr. Tam Wai Ho <i>(Chairman)</i> Mr. Zhou Zhongkui Mr. Zhou Ke
<b>Nomination Committee</b>	Mr. Zhang Junyi <i>(Chairman)</i> Mr. Tam Wai Ho Ms. Luo Haiyan
<b>Strategy and Sustainable Development Committee</b>	Mr. Chen Chengwen <i>(Chairman)</i> Mr. Zhou Ke Mr. Zhang Junyi
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## INDUSTRY OVERVIEW

*The information and statistics set out in this section and other sections of this document were extracted from a report prepared by CIC under our commission, various official government publications and other publicly available sources. We engaged CIC to prepare an independent industry report, or the CIC Report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, or any of our directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.*

### SENSING SYSTEMS ARE BECOMING THE CORE HUB OF THE INTELLIGENT WORLD

With the continuous advancement of technology, sensing systems are shifting from passive data acquisition to active cognitive decision-making. Their applications are expanding across key strategic sectors including smart driving, transportation safety, robotics, and the low-altitude economy. As the core interface between intelligent devices and their operating environments, the ongoing enhancement of sensing capabilities is critical to enabling a future ecosystem of deeply integrated human-machine intelligence. Within this context, millimeter-wave radar serves as an essential component of modern sensing systems. Its advantages, including reliable all-weather operation, strong anti-interference performance, penetration capability, and cost efficiency, make it especially valuable. As sensing systems evolve toward greater systemic integration and collaborative functionality, millimeter-wave radar continues to play an indispensable role in establishing secure, autonomous, and scalable perception capabilities, thereby laying the groundwork for the accelerated development of the broader sensing industry.

### OVERVIEW OF THE MILLIMETER-WAVE RADAR INDUSTRY

#### Definition and Value Chain of Millimeter-Wave Radar

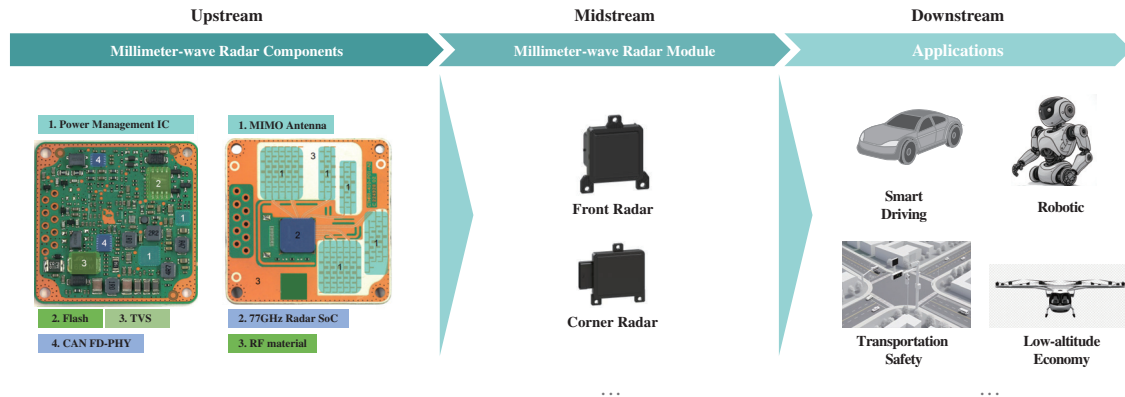
Millimeter-wave radar is a type of non-contact sensor that operates within a frequency range of 10 millimeters (30 GHz<sup>1</sup>) to 1 millimeter (300 GHz). By emitting, receiving, and processing radio signals, millimeter-wave radar can detect targets and determine their spatial position, movement direction, velocity, relative distance, and shape characteristics.

The upstream of the millimeter-wave radar value chain mainly involves the production of key components such as radio frequency front-end modules (“MMIC”), digital signal processors (“DSP/FPGA”), PCB boards, antennas, and control circuits. The midstream segment includes the design and manufacturing of millimeter-wave radar systems. Downstream applications are primarily found in sectors such as smart driving, transportation safety, robotics, and the low-altitude economy.

<sup>1</sup>. Although 24 GHz technically falls outside the strictly defined millimeter-wave band, it is widely regarded as a peripheral application of millimeter-wave radar in engineering practice due to its high-frequency characteristics and similar use cases.

## INDUSTRY OVERVIEW

### Value Chain of the Millimeter-Wave Radar Industry



Source: The CIC Report.

### Major Application Scenarios and Classification of Millimeter-Wave Radar

With its high-precision sensing capabilities and all-weather operability, millimeter-wave radar has achieved large-scale adoption across multiple sectors. Among them, the automotive sector represents the core battlefield for millimeter-wave radar deployment. Millimeter-wave radar can be categorized into three distinct frequency bands, 24GHz, 60GHz and 77GHz, each offering unique technical characteristics and application suitability. Please see the table below for a detailed comparison of their frequency ranges, performance differences and application fields.

	Classification		
	24GHz	60GHz	77GHz
Frequency & Bandwidth	<ul style="list-style-type: none"> <li>• <b>Frequency:</b> 24GHz-24.25GHz</li> <li>• <b>Bandwidth:</b> Support maximum 250MHz frequency sweep bandwidth</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Frequency:</b> 57-64GHz</li> <li>• <b>Bandwidth:</b> Support maximum 4GHz frequency sweep bandwidth</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Frequency:</b> 76-81GHz</li> <li>• <b>Bandwidth:</b> Support maximum 5GHz frequency sweep bandwidth</li> </ul>
Performance Difference	<ul style="list-style-type: none"> <li>• Low frequency, long wavelength, long maximum detection range, and a <b>minimum distance resolution of 60cm</b>, but the recognition accuracy is relatively low.</li> <li>• <b>Weak anti-interference capability</b></li> </ul>	<ul style="list-style-type: none"> <li>• High frequency, short wavelength, limited maximum detection range, and a minimum distance resolution accuracy of 3.75cm, with high recognition accuracy.</li> <li>• <b>Medium anti-interference capability</b></li> </ul>	<ul style="list-style-type: none"> <li>• Higher frequency, shorter wavelength, <b>longer maximum detection range</b>, and a minimum distance resolution of 3.75cm, with high recognition accuracy.</li> <li>• <b>Strong anti-interference capability, able to maintain stable performance in complex environment.</b></li> </ul>
Application Field	<ul style="list-style-type: none"> <li>• <b>24 GHz radars offer a low-cost solution with moderate range and is widely adopted in industrial and security markets.</b></li> <li>• <b>Applications:</b> In the industrial sector, radar is used for stable distance measurement in AGV navigation and robotic arm collision avoidance; in intelligent transportation, radar arrays are deployed for vehicle speed monitoring; in smart home and health monitoring, radar enables non-contact detection of respiration and heartbeat.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>60 GHz radars provide greater bandwidth for centimetre-level resolution at short ranges (typically &lt;20 m), ideal for precise indoor sensing.</b></li> <li>• <b>Applications:</b> industrial level Measurement (liquid-tank monitoring), object detection in warehouses (automated gate actuation).</li> </ul>	<ul style="list-style-type: none"> <li>• <b>77 GHz radars deliver extended range (&gt;200 m), high resolution (&lt;5 cm), and robust Doppler performance.</b></li> <li>• <b>Applications:</b> 77-79GHz millimeter-wave radar enables L2+ functions such as Adaptive Cruise Control and Autonomous Emergency Braking. 79-81GHz band is adopted in advanced use cases such as SLAM mapping.</li> </ul>

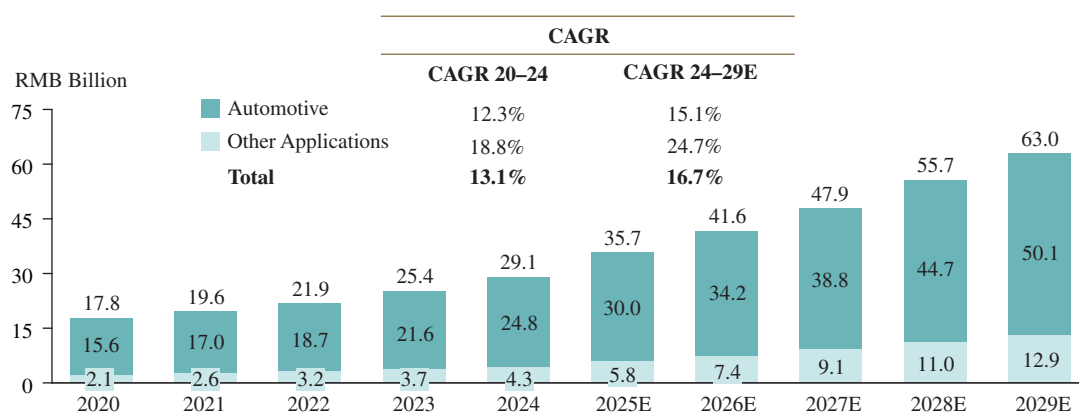
Source: The CIC Report.

## INDUSTRY OVERVIEW

### Market Size of Global and China’s Millimeter-Wave Radar

The millimeter-wave radar industry is currently in a phase of rapid growth. The market size of global millimeter-wave radar expanded from RMB17.8 billion in 2020 to RMB29.1 billion in 2024, representing a compound annual growth rate (“CAGR”) of 13.1%. It is expected to grow at a CAGR of 16.7% and reach RMB63.0 billion by 2029. Among them, automotive applications represent a significantly larger share than other application categories. Please see below for the market size of global millimeter-wave radar application.

#### Market Size of Global Millimeter-Wave Radar Application by Revenue, 2020–2029E



*Note:* ‘Other Applications’ include transportation safety, robotics, the low-altitude economy and others.

*Source:* the International Organization of Motor Vehicle Manufacturers (OICA), China Passenger Car Association (CPCA), Ministry of Industry and Information Technology (MIIT), National Bureau of Statistics of China (NBS), The CIC Report.

The market size of China’s millimeter-wave radar increased from RMB5.4 billion in 2020 to RMB9.8 billion in 2024, with a CAGR of 16.1%. The market is projected to reach RMB27.5 billion by 2029, growing at a CAGR of 22.9% during the forecast period.

### OVERVIEW OF THE AUTOMOTIVE MILLIMETER-WAVE RADAR INDUSTRY

According to the CIC Report, the main driver of growth in the millimeter-wave radar market is the automotive industry, which comprises the market for automotive millimeter-wave radar that have achieved mass production, currently dominated by smart driving applications.







#### Classification of Smart Driving Industry

The levels of driving automation essentially reflects the progressive transfer of driving authority from humans to machine systems. According to the standards set by the Society of Automotive Engineers (the “SAE”), smart driving is divided into six levels, from L0 to L5. Among them, Level 2 and Level 3 represent a critical inflection point in industry development.

## INDUSTRY OVERVIEW

Smart driving encompasses all technologies from basic driver assistance to full self-driving, and automated driving is categorized as a subset under this broader umbrella.

### Levels of Driving Automation

	Level 0	Level 1	Level 2	Level 3	Level 4	Level 5
						
	<b>No Automation</b>	<b>Driver assistance</b>	<b>Partial automation</b>	<b>Conditional automation</b>	<b>High automation</b>	<b>Full automation</b>
<b>Definition</b>	<ul style="list-style-type: none"> <li>Drivers fully control the vehicle, getting assistance from alert and protection system</li> </ul>	<ul style="list-style-type: none"> <li>Vehicles provide either steering or brake &amp; acceleration support</li> </ul>	<ul style="list-style-type: none"> <li>Vehicles provide steering and brake &amp; acceleration support simultaneously</li> </ul>	<ul style="list-style-type: none"> <li>Driverless in certain conditions but human driver must take back the control when the system requests</li> </ul>	<ul style="list-style-type: none"> <li>Driverless in certain conditions. The vehicle system will not require human driver to take over driving</li> </ul>	<ul style="list-style-type: none"> <li>Driverless in all conditions</li> </ul>
<b>Features description</b>	These features are limited to providing warnings and momentary assistance	These features provide steering OR brake/ acceleration support to the driver	These features provide steering AND brake/ acceleration support to the driver	These features can drive the vehicle under limited conditions and will not operate unless all required conditions are met		These features can drive the vehicle under all conditions
<b>Feature examples</b>	<ul style="list-style-type: none"> <li>Automatic emergency braking</li> <li>Blind spot warning</li> <li>Lane departure warning</li> <li>Forward collision warning</li> <li>Door Open Warning</li> </ul>	<ul style="list-style-type: none"> <li>Lane-centering OR</li> <li>Adaptive cruise control</li> <li>Front Cross-Traffic Braking</li> </ul>	<ul style="list-style-type: none"> <li>Lane centering, AND</li> <li>Adaption cruise control at the same time</li> </ul>	<ul style="list-style-type: none"> <li>Active lane change AND</li> <li>Navigation on Autopilot</li> </ul>	<ul style="list-style-type: none"> <li>Traffic jam chauffeur</li> </ul>	<ul style="list-style-type: none"> <li>Local driverless taxi</li> <li>Pedals/steering wheel may or may not be installed</li> </ul>

Source: SAE, The CIC Report.

The “Notice on Further Strengthening the Admission, Recall, and Over-the-Air Software Update Management of Intelligent Connected Vehicle Products” published by China’s Ministry of Industry and Information Technology and the State Administration for Market Regulation in 2025 requires that intelligent connected vehicles equipped with combined driving assistance systems must possess hardware and software capabilities matching their functional specifications, while also meeting stringent safety requirements. Therefore, global mainstream OEMs and tech companies have adopted the “L2+” technical route as a transitional strategy. Under the framework of L2-level liability, they enhance the performance of sensors and algorithms to expand the functional boundaries of smart driving, thereby building user trust and accumulating technical redundancy within a controlled safety scope.

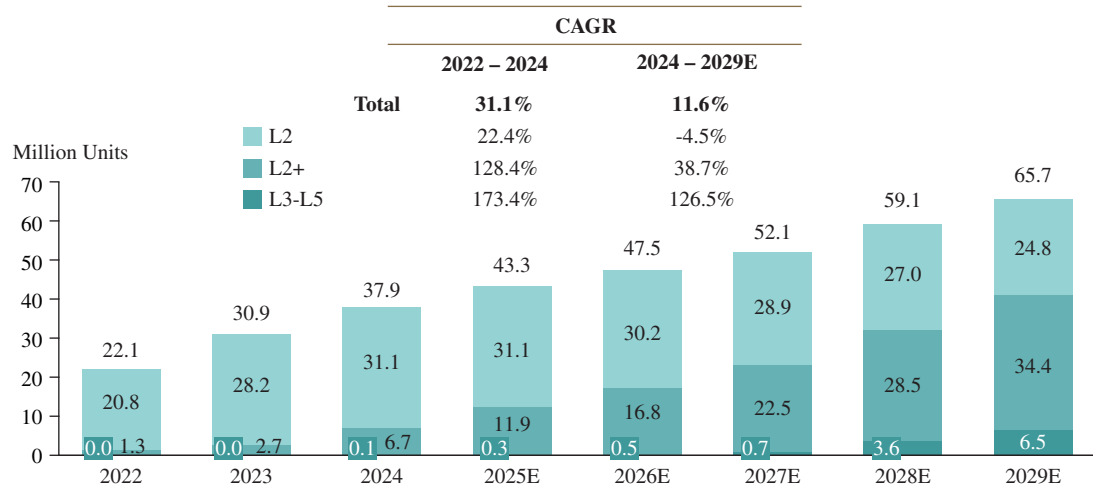
With continuous advancements in smart driving technologies, a positive reinforcement loop has formed from “functional innovation” to “user experience” and eventually “market adoption.” The iteration of technology has enabled L2+ systems to expand their functionality from basic ACC + LKA to include advanced features such as NOA and Home-zone Parking Assist (HPA), significantly enriching the function set. From the perspective of user value, this functional expansion has substantially enhanced safety, comfort, and convenience, further accelerating the penetration of smart driving systems. At the same time, regulatory mandates for compulsory installation of smart driving functions (e.g., automatic emergency braking, lane-keeping assist) are reinforcing the rigid demand for L2+ technology from the policy side. Looking ahead, as algorithm generalization improves and road infrastructure becomes more intelligent, L2+ will serve as the key engine driving large-scale deployment of smart driving and lay the technical foundation and market awareness for the commercialization of higher-level autonomous systems.



## INDUSTRY OVERVIEW

Automated vehicles equipped with smart driving technologies are developing rapidly in recent years, with the objectives of achieving higher levels of driving safety, enhancing driver experience, increasing fuel efficiency and reducing environmental impact. With technological advances and popularizing intellectualization, the penetration rate of smart driving is expected to improve steadily over the next decade. The global shipments of automated vehicles are expected to grow from 37.9 million units in 2024 to 65.7 million units in 2029, with a CAGR of 11.6%.

### Global Shipments of Automated Vehicles Breakdown by Levels of Driving Automation, 2022–2029E



Source: OICA, CPCA, The CIC Report.

Given the largest new car sales volume and increasing penetration of smart driving technologies, China is expected to be the leading market for automated vehicles shipments. The shipments of automated vehicles in China are expected to reach 15.2 million units by 2024 and further increase to 30.8 million units by 2029, representing a CAGR of 15.2% during 2024 and 2029. Hence, Chinese automotive OEMs have been proactively bolstering their hardware capabilities to meet the demands for automated vehicles.

### Trends of the Smart Driving Industry

The smart driving industry is evolving along the following key trends:

- Penetration of Smart Driving in Mid- to Low-End Vehicles is Increasing Rapidly:** Smart driving is rapidly expanding into mid- to low-end vehicles, driven by declining costs, advancements in sensors and computing platforms, as well as regulatory support and rising consumer demand for intelligent features. As L2/L2+ technologies continue to mature, mass-produced models are increasingly equipped with functions such as AEB, ACC, and NOA, gradually approaching L3-level capabilities. Millimeter-wave radar, offering an optimal balance of performance and cost, has become the mainstream perception solution in this market segment. The growth in vehicle sales reflects a continuous improvement in intelligence levels, accelerating the industry’s evolution toward higher levels of autonomy.

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## INDUSTRY OVERVIEW

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- ***Multi-Sensor and Multi-Modal Fusion is Becoming the Main Development Direction:*** Relying on a single sensor can lead to blind spots, especially in complex or extreme environments. Multi-sensor fusion, supported by high-precision positioning, enables more comprehensive and stable environmental perception. This approach significantly improves sensing accuracy and adaptability in challenging conditions such as poor weather and nighttime driving. Fault-tolerant system design also plays a critical role. If one type of sensor fails, others can maintain essential perception functions to ensure continued safe operation. This redundancy improves the overall reliability and safety of autonomous systems and provides a technical foundation for high-level autonomous functions.
- ***OEMs’ Increased Investment Drives Growth in Millimeter-Wave Radar Value and Adoption:*** As smart driving continues to advance in intelligence, vehicles are placing higher demands on the accuracy, real-time performance, and reliability of perception systems, driving continuous upgrades in both configuration and technology. The adoption of high-performance sensors, fusion algorithms, and high-computing-power chips has significantly enhanced system capabilities and led to a substantial increase in the per-vehicle value of perception systems. In response, many leading OEMs have continuously increased their investment in smart driving, driving continuous upgrades in perception system configurations. The number of millimeter-wave radars installed per vehicle is expected to steadily rise, with the product value poised for significant growth, further unlocking market potential.



### **Adoption of Millimeter-Wave Radar in the Automotive Market**

Perception system is one of the indispensable components of smart driving. The major sensors for smart driving perception include millimeter-wave radars, cameras, ultrasonic radars and LiDARs which are considered to be complimentary to each other. The table below sets forth an overview of and the performance comparison between these four types of sensors in the automotive market.

## INDUSTRY OVERVIEW

### Comparison of Millimeter-Wave Radar and Other Sensor Types

	Price range	Global Market size, 2024	Market Share <sup>[2]</sup>	Detection distance (meter)	3D Imaging	Weather adaptability	Night vision	Precision	Resolution	Adaptability	Automotive application examples
 Millimeter wave radars	RMB100 ~ RMB1,000	RMB24.8 billion	~10%	100 200 300 ✓ ✓ ✓	3D: None 4D: Limited	Highly adaptive to all weather conditions	Great, not affected by darkness	●	●	●	
 LiDARs	RMB1,400 ~ RMB50,000	~RMB7.1 billion	~3%	✓ ✓ ✓	Great, able to draw complete obstacle image	Limited, operate poorly in rainy or foggy weather	Great, not affected by darkness	●	●	●	
 Ultrasonic radars	RMB20 ~ RMB100	~RMB28.5 billion	~12%	✓ <sup>[1]</sup>	Unable to detect size and shape of obstacles	Adaptive to some weather conditions	Great, not affected by darkness	●	●	●	
 Cameras	RMB140 ~ RMB700	~RMB178.2 billion	~75%	✓ ✓ ✓	Need to rely on 2D image to draw 3D	Limited, cannot operate under strong light intensity	Limited, detection distance decrease	●	●	●	

Low  High 

#### Notes:

- [1] Ultrasonic radars are generally used for short-range detection, typically within a few meters and not suitable for distances over 100 meters.
- [2] The market share of a sensor is calculated by its market size divided by the sum of the market sizes of the four sensors in the table

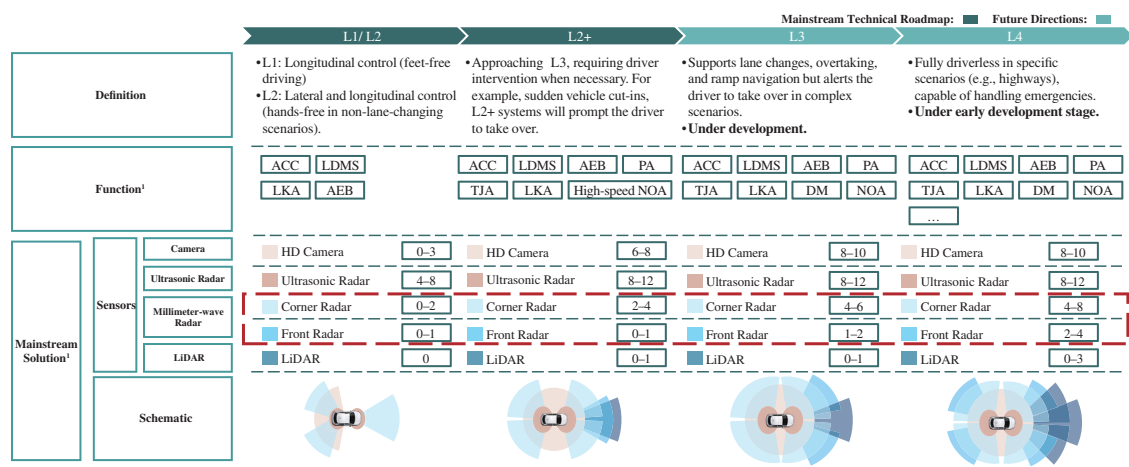
Source: The CIC Report.

Millimeter-wave radar is assuming a pivotal role in smart driving perception systems due to its stable detection capabilities under adverse weather conditions and precise measurement of motion parameters. It provides accurate real-time detection of the distance and velocity of surrounding vehicles or obstacles, serving as a core sensor for active safety features such as collision warning and adaptive cruise control. Compared with LiDAR, millimeter-wave radar offers stronger anti-interference performance and fulfills all-weather operation requirements with a clear advantage in cost-effectiveness. Unlike cameras, which cannot directly measure object speed, millimeter-wave radar provides real-time velocity information, enabling faster response and more accurate motion tracking; and in comparison, with ultrasonic sensors, it delivers superior safety in high-speed scenarios and offers broader coverage. These comprehensive advantages establish millimeter-wave radar as a foundational all-weather sensor in the perception layer of smart driving. Its high reflectivity and accurate identification of metallic objects, such as truck rears and traffic barriers, further enhance reliability in high-risk driving environments.

As smart driving progresses to higher levels, multi-sensor fusion architecture are becoming mainstream. Millimeter-wave radar, with its maturity, low power consumption, and cost-efficiency, plays an increasingly critical role, not only as a supplementary sensor in challenging conditions but also as one of the most engineering-ready and cost-effective components in current perception systems.

INDUSTRY OVERVIEW

Sensor Requirements for Various Levels of Driving Automation



<sup>1</sup>Note: Based on mainstream millimeter wave radar solutions.

Source: The CIC Report.

Early 2D millimeter-wave radar (measuring only range and velocity) dominated the market with their cost advantage, for basic functions like blind spot warning. With the decline in prices and the advancement of technology, 3D radars capable of detecting horizontal positions have gradually replaced 2D radars and are being applied in the intelligent driving field of L1. While 3D millimeter-wave radar currently represents the mainstream configuration in automotive applications, the industry is rapidly shifting toward more advanced solutions. Compared with 3D radar, which captures distance, velocity, and azimuth, 4D millimeter-wave radar adds vertical elevation as a fourth dimension, enabling full spatial perception. This enhancement improves the recognition of low-lying and overhead objects, reduces false positives, and supports more accurate classification and decision-making in smart driving. With ongoing improvements in antenna design and signal processing, 4D radar is generating denser point cloud, allowing for more precise reconstruction of object contours and better environmental modeling. The integration of AI algorithms further enhances its semantic recognition capability, enabling it to identify object types and predict motion. These advances are driving the rapid adoption of 4D radar in smart driving systems.

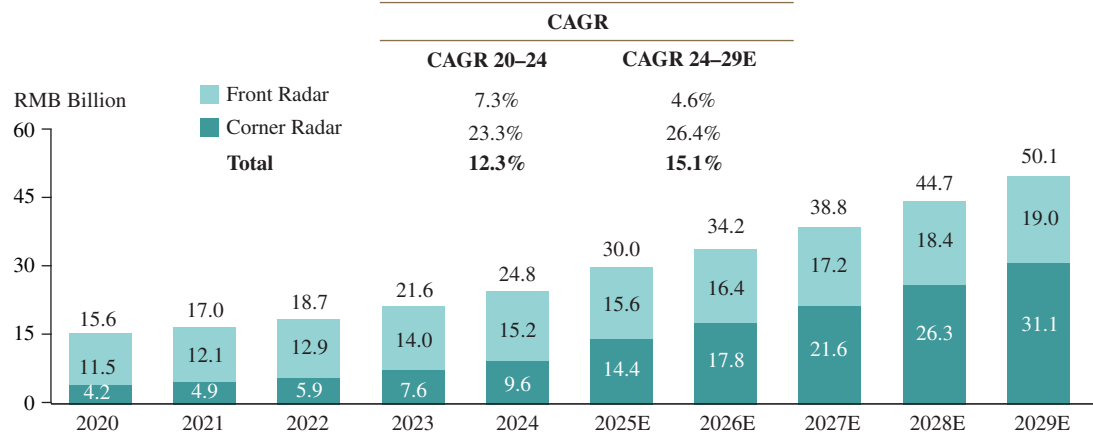
The 4D millimeter-wave radar market in China is experiencing rapid growth. According to the CIC Report, the market size in China for 4D millimeter-wave radar in the automotive sector was RMB1.2 billion in 2024 and is expected to grow at a CAGR of 55.7% to RMB10.7 billion by 2029, with its market share rising from 14.3% in 2024 to 49.4% by 2029. Currently, 4D millimeter-wave radar is experiencing rapid adoption in front-end mass production and is progressively replacing traditional radar systems, with its penetration rate steadily increasing across different levels of smart driving.

INDUSTRY OVERVIEW

Market Size of Global Millimeter-Wave Radar Application in Automotive Industry

Driven by the rapid development of the smart driving industry, the automotive millimeter-wave radar sector has entered a period of accelerated growth. The market size analysis includes front and corner radars, and excludes in-cabin radars. The market size of global automotive millimeter-wave radar increased from RMB15.6 billion in 2020 to RMB24.8 billion in 2024, representing a CAGR of 12.3%. The market is expected to grow at a CAGR of 15.1% and reach RMB50.1 billion by 2029.

Market Size of Global Millimeter-Wave Radar Application in Automotive Industry by Revenue, 2020–2029E



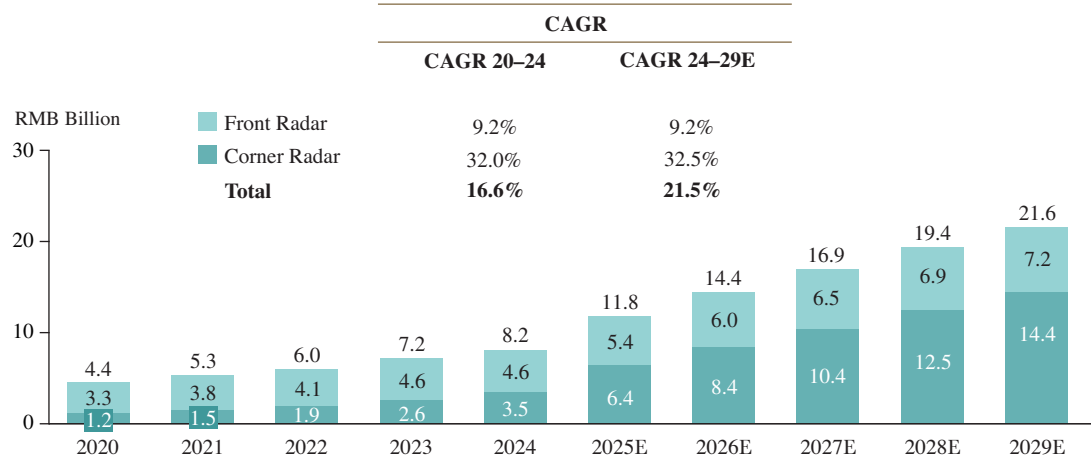
Source: OICA, CPCA, The CIC Report.

Market Size of China’s Millimeter-Wave Radar Application in Automotive Industry

The market size of China’s automotive millimeter-wave radar increased from RMB4.4 billion in 2020 to RMB8.2 billion in 2024, with a CAGR of 16.6%. It is projected to grow at a CAGR of 21.5% and reach RMB21.6 billion by 2029. In February 2025, a leading Chinese OEM unveiled its next-generation intelligent driving system, significantly boosting millimeter-wave radar adoption rates and average sensor deployment per vehicle. This technological advancement is projected to drive substantial growth in China’s millimeter-wave radar market throughout 2025.

INDUSTRY OVERVIEW

Market Size of China’s Millimeter-Wave Radar Application in Automotive Industry by Revenue, 2020–2029E



Source: CPCA, The CIC Report.

The market size of China’s automotive millimeter-wave radar by shipment volume increased from 13.1 million units in 2020 to 41.6 million units in 2024, with a CAGR of 33.6%. It is projected to grow at a CAGR of 24.8% and reach 126.1 million units by 2029. In 2024, China’s front radar and corner radar by shipment volume were 19.2 million units and 22.4 million units respectively. Meanwhile, the unit price of similar types of millimeter-wave radar is expected to decline over time.

Key Drivers and Trends of the Automotive Millimeter-Wave Radar Market

The automotive millimeter-wave radar market is driven by the following key factors and trends:

- Regulatory Support Accelerating Radar Adoption:** Regulatory developments such as the mandatory AEB standards effective from 2028, L3 highway test licenses in major cities, and the national pilot program for intelligent connected vehicles announced in November 2023 are all driving radar adoption. Functions like AEB and FCW rely heavily on millimeter-wave radar for forward sensing. These regulations are turning millimeter-wave radar from an optional feature into a compliance necessity, especially in commercial vehicles and urban ride-sharing fleets. At the same time, the maturing domestic supply chain is driving down manufacturing costs and enhancing performance, offering more cost-effective solutions for both passenger and commercial vehicles.

INDUSTRY OVERVIEW

- Rapid Penetration of Higher-Level Smart Driving:** As smart driving technology evolves from L2 to L2+, an increasing number of OEMs are integrating advanced features such as NOA, automatic lane change, and intelligent parking into mainstream vehicle models. These advanced functions demand higher precision and stability in environmental perception. Millimeter-wave radar, as a core component for long-range speed measurement and obstacle detection, is increasingly becoming a standard feature. Particularly in L2+ configurations, a typical system includes one long-range front radar and two to four corner radars – significantly more than the one to two sensors used in L1 configurations. The proliferation of higher-level driving functions is directly driving up both the average number of millimeter-wave radars per vehicle and the overall system demand.
- Continuous Technological Advancements in Millimeter-Wave Radar:** Millimeter-wave radar is transitioning from traditional 3D sensing to 4D imaging through technologies such as multi-chip cascades and synthetic aperture. These enable higher spatial resolution and dynamic target tracking. Improvements in antenna integration, MIMO channel expansion, and beamforming using metamaterials are enhancing resistance to interference, ensuring stable output even in complex urban or high-speed driving scenarios. In addition, With the rising computing power of domain controllers, millimeter-wave radar is evolving from waveform-based reflection detection to point cloud generation and semantic recognition. Deep learning and neural networks enable the radar to perform multi-target classification and dynamic trajectory prediction. The integration of AI significantly enhances adaptability and accuracy in complex traffic environments, transforming the radar from a basic range sensor into a “semantic perception node” supporting intelligent decision-making.

COMPETITIVE LANDSCAPE OF CHINA’S AUTOMOTIVE MILLIMETER-WAVE RADAR MARKET

Ranking of Major Suppliers in China’s Automotive Millimeter-Wave Radar Market by Shipment Volume in 2024\*

Ranking	Company	Shipment Volume (Units in millions)	Market Share (%)	2022–2024 CAGR
1	Company A <sup>(1)</sup>	~5.0	~12.0%	~2%
2	Company B <sup>(2)</sup>	4.0–5.0	~10.6%	~50%
3	The Company	~1.9	~4.5%	180%
4	Company C <sup>(3)</sup>	~1.7	~4.1%	~5%
5	Company D <sup>(4)</sup>	~1.3	~3.1%	~-40%

## INDUSTRY OVERVIEW

*Notes:*

- \* To ensure a fair representation of the competitive landscape, this analysis excludes OEM-affiliated companies that were established primarily to meet internal demand rather than broader market needs.
- (1) Company A is a multinational engineering and technology company established in 1886 and headquartered in Germany that provides automotive systems including millimeter-wave radar.
- (2) Company B is a company established in 2016 and headquartered in China that develops automotive millimeter-wave radar sensors. It operates as a subsidiary of a publicly listed group.
- (3) Company C is a public company established in 1994 and headquartered in Ireland that offers electronics and smart driving solutions. Company C is listed on the New York Stock Exchange.
- (4) Company D is a public company founded in 1871 and based in Germany, known for delivering comprehensive automotive technologies including advanced driver assistance systems. Company D is listed on the Frankfurt Stock Exchange.

*Source: The CIC Report.*

### Ranking of Major Suppliers in China’s Automotive Front Millimeter-Wave Radar Market by Shipment Volume in 2024\*

Ranking	All Suppliers	Shipment Volume (Units in millions)	Market Share (%)	Domestic Suppliers	Shipment Volume (Units in millions)	Market Share (%)
1	Company A	~2.0	~10.4%	The Company	~1.0	~9.3%
2	The Company	~1.0	~5.2%	Company B	~0.9	~8.4%
3	Company D	~0.9	~4.7%	Company F <sup>(2)</sup>	~0.4	~3.6%
4	Company B	~0.9	~4.7%			
5	Company E <sup>(1)</sup>	~0.5	~2.6%			

*Notes:*

- \* To ensure a fair representation of the competitive landscape, this analysis excludes OEM-affiliated companies that were established primarily to meet internal demand rather than broader market needs.
- (1) Company E, established in 1949 and headquartered in Japan, is a publicly listed company that supplies a wide array of automotive components and systems, including millimeter-wave radar. It is listed on the Tokyo Stock Exchange.
- (2) Company F is a private company established in 1987 and headquartered in China that develops intelligent automotive solutions including millimeter-wave radar.

*Source: The CIC Report.*



## INDUSTRY OVERVIEW

### Ranking of Major Suppliers in China’s Automotive Corner Millimeter-Wave Radar Market by Shipment Volume in 2024\*

Ranking	Company	Shipment Volume (Units in millions)	Market Share (%)
1	Company B	3.0–4.0	~15.6%
2	Company A	~3.0	~13.4%
3	Company C	~1.7	~7.6%
4	The Company	~0.9	~3.9%
5	Company F	~0.5	~2.1%

Notes:

\* To ensure a fair representation of the competitive landscape, this analysis excludes OEM-affiliated companies that were established primarily to meet internal demand rather than broader market needs.

Source: The CIC Report.

### Ranking of Major Chinese Suppliers in China’s 4D Automotive Corner Millimeter-Wave Radar Market by Shipment Volume in 2024\*

Ranking	Company	Shipment Volume (Units in millions)	Market Share Among Chinese Suppliers (%)
1	The Company	~0.9	~26.1%
2	Company B	0.7–0.8	~22.3%
3	Company F	0.3–0.4	~9.5%

Notes:

\* To ensure a fair representation of the competitive landscape, this analysis excludes OEM-affiliated companies that were established primarily to meet internal demand rather than broader market needs.

Source: The CIC Report.

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## INDUSTRY OVERVIEW

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### Key Success Factors for Automotive Millimeter-Wave Radar Providers

The main success factors for players in the automotive millimeter-wave radar industry are as follows:

- ***Responding Swiftly and Decisively to Industry Change:*** In the rapidly evolving millimeter-wave radar industry, the ability to accurately anticipate technological trends and decisively respond to disruptive changes has become a critical factor for companies to stand out. Companies with strong technological foresight actively explore and invest in cutting-edge innovation, demonstrating a high level of strategic initiative. In contrast, companies constrained by traditional systems and slower decision-making processes often struggle to seize emerging opportunities in a timely manner. Those capable of rapidly responding to market shifts, efficiently allocating resources, and accelerating product development are more likely to gain a competitive edge in the future landscape.
- ***Technological Capabilities:*** The development of millimeter-wave radar involves multiple disciplines, including radio frequency (“**RF**”) communication, signal processing, embedded systems, antenna design, and algorithm development. Companies with in-house R&D capabilities can build sustainable technology platforms, enabling flexible combinations of frequency bands and beam configurations through modular architecture to meet OEMs’ diverse application needs, such as forward detection, surround perception, and in-cabin monitoring. Algorithm capability plays a decisive role in overall performance, encompassing key modules such as target detection, point cloud processing, false alarm suppression, and trajectory prediction.
- ***Supply Chain Integration Capability:*** Millimeter-wave radar products often rely on core components with high technical barriers and limited production capacity, making stable supply chain resources essential for ensuring delivery capabilities. Companies with foresight in planning typically establish long-term partnerships with key raw material and component suppliers, ensuring continuous supply during capacity constraints or price fluctuations. These deep collaborative relationships also improve access to upstream technological advancement, offering dual advantages in product performance and cost control. Supply chain coordination capabilities have become a critical factor for millimeter-wave radar providers to enter the designated supplier systems of mainstream OEMs.

## INDUSTRY OVERVIEW

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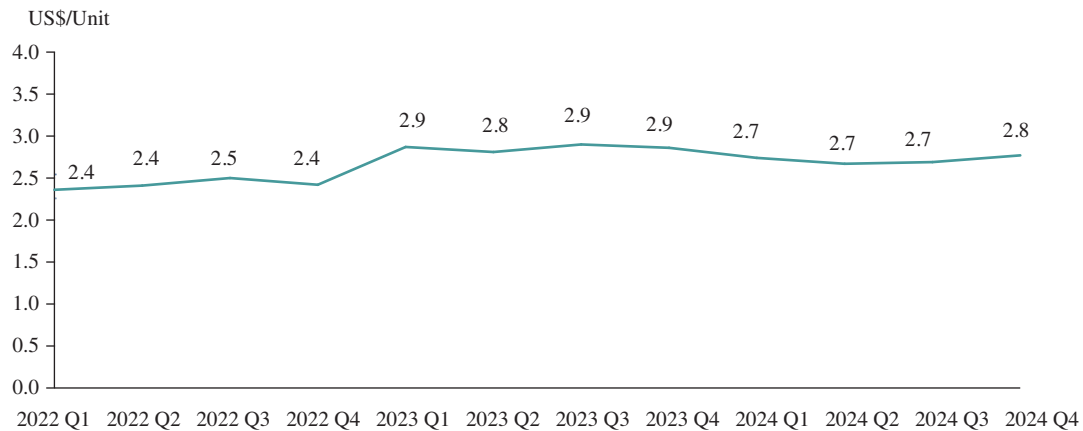
- ***High-Quality Mass Production Capability:*** Millimeter-wave radar manufacturing demands high standards for process stability, product consistency, and signal integrity. For advanced products like 4D imaging radar, which involve complex structures and precision processes, extremely high levels of automation and standardization in manufacturing systems are required. Companies with large-scale, high-yield production capacity are often equipped with comprehensive process control systems, automated calibration/inspection platforms, and full-process traceable quality systems, enabling flexible manufacturing across high-frequency and multi-SKU (Stock Keeping Unit) production lines. To ensure long-term operational stability under harsh road conditions, manufacturers must comply with automotive certification systems across design, production, and quality management. Providers with system-level design and validation capabilities hold a distinct competitive edge. As industry enters a phase of large-scale commercialization, manufacturing capacity will directly impact delivery efficiency and customer retention, becoming a foundational support for long-term development.
- ***Establishing Strong Ecosystem Partnerships:*** With advantages such as cost-effectiveness and strong environmental adaptability, millimeter-wave radar has become an indispensable component in smart driving perception systems. It plays a key role in vehicle autonomous systems, but its standalone value is only fully realized when integrated with other sensors – such as cameras, LiDAR, and ultrasonic sensors – and control domains to form a cohesive unit. Millimeter-wave radar is especially strong in dynamic target recognition and velocity measurement, complementing cameras’ semantic understanding and LiDAR’s spatial mapping capabilities to form a robust environmental perception loop. Radar solutions with open interfaces, standardized data outputs, and hardware–software decoupling are more easily integrated into vehicle E/E architecture, enhancing overall system reliability and scalability. Radar providers that engage in joint development with OEMs and solution integrators, and offer customized solutions for specific application scenarios, can gain competitive advantages in collaboration depth and lifecycle management.

## INDUSTRY OVERVIEW

### Key Components’ Cost

ICs are one of the essential raw materials in millimeter-wave radar hardware. The chart below illustrates the historical price trend of global automotive MCUs from Q1 2022 to Q4 2024. The price of automotive MCUs (Microcontroller Unit) in both China and global is expected to show a steady decline while remaining generally stable.

**Global Average Selling Price of Automotive MCUs (by Quarter)**



Source: WSTS, The CIC Report.

### SOURCE OF INFORMATION

We engaged CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting, to conduct detailed research on and analysis of the global millimeter-wave radar industry. We have agreed to pay a fee of RMB560,000 to CIC in connection with the preparation of the CIC Report. We have incorporated certain information from the CIC Report into this section, as well as into “Summary,” “Business,” “Financial Information,” and elsewhere in this document to provide potential with a comprehensive presentation of the industries where we operate.

During the preparation of the CIC Report, CIC conducted both primary and secondary research, and gathered knowledge, statistics, information, and insights on industry trends within the target research markets. The primary research involved interviews with key industry experts and leading industry participants. The secondary research consisted of analyzing data from various publicly available sources, such as the National Bureau of Statistics.

The CIC Report was compiled based on the following assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to propel continued growth in the global millimeter-wave radar industry throughout the forecast period, including favorable policies and wider acceptance of different levels of smart driving features in vehicle; and (iii) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.

## REGULATORY OVERVIEW

*This section provides a summary of the laws and regulations relevant to the business and operations of the Group. 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 be an exhaustive description of all the laws and regulations that apply to our business and operations or that may be of significance to potential investors. Investors should note that the following summary is based on the laws and regulations in effect as of the date of this document and that changes may occur.*

### PRC LAWS AND REGULATIONS

This section provides a summary of the laws and regulations relevant to the business and operations of the Group.

#### LAWS AND REGULATIONS CONCERNING COMPANIES AND FOREIGN INVESTMENT

The establishment, operation, and management of corporate entities in the PRC are governed by the Company Law of the People’s Republic of China《中華人民共和國公司法》(the “**Company Law**”), which was promulgated by the Standing Committee of the National People’s Congress (the “**NPCSC**”) on December 29, 1993, and was most recently amended on December 29, 2023, with the latest amendment taking effect on July 1, 2024. Unless otherwise provided by the Foreign Investment Law (as defined below), foreign-invested entities are also subject to the provisions of the Company Law. The Company Law generally regulates two types of companies: limited liability companies and joint-stock companies. The shareholders of a limited liability company is liable to the company to the extent of the amount of capital contributions they have made; while the shareholders of a joint stock limited company is liable to the company to the extent of shares they have subscribed for. The Company Law also applies to foreign-invested limited liability companies or joint-stock companies.

Foreign-invested entities in the PRC must also comply with laws and regulations concerning foreign investment, including the Foreign Investment Law of the People’s Republic of China 《中華人民共和國外商投資法》(the “**Foreign Investment Law**”), which was promulgated by the National People’s Congress (the “**NPC**”) and took effect on January 1, 2020, as well as the Regulations on the Implementation of the Foreign Investment Law of the People’s Republic of China, which were issued by the State Council on December 26, 2019, and took effect on January 1, 2020. Under the Foreign Investment Law, the PRC implements a pre-establishment national treatment system and a negative list for foreign investment management. The negative list is to be published or approved by the State Council.

On September 6, 2024, the National Development and Reform Commission (the “**NDRC**”) and the Ministry of Commerce (the “**MOFCOM**”) jointly promulgated the Special Management Measures for Foreign Investment Access (Negative List) (2024 Version) 《外商投資准入特別管理措施(負面清單)(2024年版)》(the “**Negative List**”), which took effect on 1 November 2024.

## REGULATORY OVERVIEW

The Negative List uniformly stipulates the equity requirements, senior management requirements, and other special management measures for foreign investment access. Sectors not included in the Negative List are managed according to the principle of national treatment for both domestic and foreign investors. On October 26, 2022, MOFCOM and NDRC published the Catalogue of Encouraged Industries for Foreign Investment (2022 Version) 《鼓勵外商投資產業目錄(2022年版)》(the “**Encouraged Catalogue**”), which took effect on January 1, 2023. The Encouraged Catalogue lists the industries that encourage foreign investment.

According to the Measures for Reporting Foreign Investment Information 《外商投資信息報告辦法》 jointly issued by MOFCOM and the State Administration for Market Regulation on December 30, 2019, and implemented on January 1, 2020, for carrying out investment activities directly or indirectly in PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

According to the Measures for the Security Review of Foreign Investment 《外商投資安全審查辦法》 jointly issued by the NDRC and MOFCOM on December 19, 2020, and implemented on January 18, 2021, foreign investments that affect or may affect national security are subject to security review as stipulated by these measures. Foreign investors or domestic parties acquiring actual control of important national infrastructure, critical transportation services, and other key sectors related to national security must proactively report such investments to the office of the working mechanism (located within the NDRC and jointly led by the NDRC and MOFCOM) before making the investment.

## LAWS AND REGULATIONS RELATED TO PRODUCT QUALITY

The Product Quality Law of the People’s Republic of China (the “**Product Quality Law**”) was promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on February 22, 1993, and was most recently amended and implemented on December 29, 2018. It is the principal governing law related to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any physical injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (1) the product has not been put into circulation; (2) the defects causing injuries or damage did not exist at the time when the product was put into circulation; or (3) the science and technology at the time when the product was put into circulation were at a level incapable of detecting the existence of the defect. A seller shall be liable to compensate for any physical injuries or damage to property of others caused by the defects in the product. Where a product is defective due to a mistake made by the seller and such defect causes physical injury or damage to the property of others, the seller shall bear liability for compensation. Where a seller cannot specify the producer of a defective product nor the supplier of such defective product, the seller shall be liable for compensation. Where a defect in a product causes physical injuries to others or damages to the property of others, the victim may claim compensation from the producer of the product or from the seller of the product.

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## REGULATORY OVERVIEW

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According to the Civil Code of the People’s Republic of China (the “**Civil Code**”), promulgated by the National People’s Congress (the “**NPC**”) on May 28, 2020, and implemented on January 1, 2021, in the event of damages caused to other party due to the defects in a product, the infringed party may seek compensation from the manufacturer or the seller of such product and shall have the right to request the manufacturer and the seller to bear tortious liabilities, such as cessation of infringement, removal of obstruction, elimination of danger, etc.

The Consumer Protection Law of the People’s Republic of China was promulgated by the SCNPC on October 31, 1993, and was most recently amended on October 25, 2013, with the amendment coming into effect on March 15, 2014. It aims to protect consumers’ rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers.

The State Council of the People’s Republic of China (the “**State Council**”) promulgated the Regulations for the Implementation of the Consumer Protection Law of the People’s Republic of China (the “**Consumer Protection Law Implementation Regulations**”) on March 15, 2024, which took effect on July 1, 2024. These regulations mainly elaborate and supplement the obligations of operators, improve the provisions related to online consumption, strengthen the obligations of operators in prepaid consumption, regulate consumer claims, and clarify the responsibilities of the government in consumer rights protection.

### REGULATIONS ON SALE OF PRODUCTS

#### Anti-Unfair Competition

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



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## REGULATORY OVERVIEW

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

### Anti-Money Laundering

Pursuant to the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》) promulgated by SCNPC on 31 October 2006, last amended on 8 November 2024 and became effective on 1 January 2025, the Anti-money laundering refers to the adoption of relevant measures in accordance with the provisions of the Law, for preventing money laundering activities related to cover up and conceal of drugs dealing, organized crime, terrorism, smuggling, corruption and bribery, breaking the order of financial management and financial fraud. Where an act in violation of this law that constitutes a crime shall be subject to prosecution for criminal responsibility.

### LAWS AND REGULATIONS RELATED TO THE INDUSTRY

According to the Regulations on Radio Management of the People’s Republic of China (《中華人民共和國無線電管理條例》), issued by the State Council and the Central Military Commission on November 11, 2016, and implemented on December 1, 2016, and Interim Provisions on Radio Management of Automobile Radar (《汽車雷達無線電管理暫行規定》) issued by the Ministry of Industry and Information Technology (“MIIT”) of the People’s Republic of China on November 16, 2021, and implemented on March 1, 2022, the automobile radar equipment manufactured or imported for domestic sale or use shall comply with the RF Technical Requirements for Automobile Radar and apply for the radio type approval of the radio transmitting equipment from the national radio administration agency. Sales of radio transmission equipment that requires model approval must be registered with the radio management agencies of provinces, autonomous regions, and municipalities directly under the central government.



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## REGULATORY OVERVIEW

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On July 27, 2021, the Rules for the Administration of the Road Testing and Demonstrative Application of Intelligent Connected Vehicles (for Trial Implementation)(《智能網聯汽車道路測試與示範應用管理規範(試行)》) (the “**Road Testing Rule**”) was promulgated by the MIIT, the Ministry of Public Security and the Ministry of Transport and came into effect on September 1, 2021. It stipulates, among others, the conditions of the subjects for road testing and demonstration application, the conditions and management of the road testing and demonstration application, and the handling of traffic violations and accidents. A subject for road tests shall apply to the traffic management department of a public security organ for a temporary car number plate for the test vehicle on the strength of the certificates required by the Provisions on the Registration of Motor Vehicles (including the materials such as the subject’s self-declaration on the safety of road tests of ICVs confirmed by the competent authorities) and the relevant vouchers. On the local level, the Regulations of Shenzhen Special Economic Zone on the Administration of Intelligent and Connected Vehicles (《深圳經濟特區智慧網聯汽車管理條例》) was promulgated on June 30, 2022. It requires that ICVs that are included in the national catalogue of automobile products or the Shenzhen catalogue of ICVs may be sold after the relevant access has been obtained, may drive on roads upon registration with the traffic administration under the public security authority, and may engage in road transport business activities upon approval by the transport authorities.

Pursuant to the Tendering and Bidding Law of the People’s Republic of China (中華人民共和國招標投標法) (the “**Tendering and Bidding Law**”) promulgated by the SCNPC on August 30, 1999, revised on December 27, 2017 and effective from December 28, 2017, tenderers shall not collude with each other in setting bidding prices, nor shall they exclude other tenderers from fair competition and harm the lawful rights and interests of the tenderee and other tenderers. Tenderers shall not participate in the bidding competition by offering a price lower than the cost, nor shall they attempt to win the bid in the name of other persons or through other fraudulent means.

In accordance with the Regulations on the Implementation of the Tendering and Bidding Law of the People’s Republic of China (《中華人民共和國招標投標法實施條例》), issued by the State Council on December 20, 2011, revised on March 2, 2019, and implemented on the same day, where bidding activities required by law to be tendered violate the provisions of the Tendering and Bidding Law and these regulations, and such violations materially affect the tendering results and cannot be remedied, the tendering, bidding, and award of the bid shall be deemed invalid. A new tendering process or bid evaluation shall be conducted in accordance with the law.

## REGULATORY OVERVIEW

According to the Law of the PRC on Government Procurement (中華人民共和國政府採購法) (the “**Procurement Law**”) promulgated by the SCNPC on June 29, 2002 and last amended and implemented on August 31, 2014, the government procurement methods include public tender invitation, bidding invitation, competitive negotiation, single-source procurement, inquiry about quotations and other methods confirmed by the department for supervision over government procurement under the State Council. Public tender invitation is the principal method of government procurement, and the term “government procurement” means the use of fiscal funds by all levels of state authorities, institutions and social organizations to procure goods, projects and services that fall within the catalog for centralized procurement formulated in accordance with the law or that are above the procurement limits. Pursuant to Article 73 of the Procurement Law, if any unlawful act made pursuant to Article 71 results in or may result in the supplier winning the bid, the procurement contract shall be canceled if it has not been performed.

### **Government Policies Promoting the Development of Millimeter-Wave Radar Sensors for Smart Vehicles in China**

the Industrial Development Action Plan on Internet of Vehicles (Intelligent Connected Vehicle) (《車聯網(智能網聯汽車)產業發展行動計劃》), issued and implemented by the MIIT on December 25, 2018, provides the speeding up of the joint development and achievement transformation of perception devices, such as vehicle vision systems, laser/ millimeter wave radars, multi-domain controllers, and inertial navigation, and acceleration of the development of key components such as smart vehicle terminals and vehicle-level chips, and promote the industrial application of new-generation artificial intelligence, high-precision positioning and dynamic maps in intelligent networked vehicles.

The Strategic Plan for the Innovation and Development of Smart Vehicles (《智能汽車創新發展戰略》), jointly issued by the NDRC and ten other Chinese government departments on February 10, 2020, specifies that the Chinese government will advance the research, development, and industrialization of products such as in-vehicle high-precision sensors, automotive-grade chips, intelligent operating systems, in-vehicle intelligent terminals, and intelligent computing platforms. The strategy also aims to build industrial clusters for key components of smart vehicles.

Pursuant to Notice of the General Office of the State Council on Promulgation of the Development Plan for New Energy Automobile Industry (2021–2035) (《國務院辦公廳關於印發新能源汽車產業發展規劃(2021–2035年)的通知》), issued by the General Office of the State Council on October 20, 2020, the PRC government encourages the enterprises to implement innovation projects for intelligent connected technologies. The PRC government should, by using new energy automobiles Heavy-duty intelligent computing platform of intelligent connected technologies, support enterprises in collaborating across domains, research and develop key technologies such as integrated perception of complex environment, intelligent connected decision-making and control, and design of information physical system architecture, and make breakthroughs in core technologies and products such as Heavy-duty intelligent computing platforms, high-precision maps and positioning, wireless communication of vehicle to everything (V2X), and drive-by-wire execution systems.

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## REGULATORY OVERVIEW

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On November 17, 2023, the Notice of the MIIT, the Ministry of Public Security, the Ministry of Housing and Urban-rural Development (the “**MOHURD**”) and MOT of the PRC on Launching the Pilot Program of Market Access and Road Passage for Intelligent Connected Vehicles (《工業和信息化部、公安部、住房和城鄉建設部、交通運輸部關於開展智能網聯汽車准入和上路通行試點工作的通知》) came into effect. Pursuant to the foregoing notice, the MIIT, the Ministry of Public Security, the MOHURD and MOT shall, on the basis of the road tests and demonstrative application of ICVs, select ICV products with automated driving functions and eligible for mass production (the “**ICV products**”) to carry out the pilot program of market access. ICV products that have obtained the access shall be subject to the pilot program for letting the vehicles run on road within certain areas. Through the pilot program, efforts shall be made to guide ICV manufacturers and users to strengthen their capacity building, and, on the premise of ensuring safety, promote the improvement of the functions and performance of ICV products and the iterative optimization of the industrial ecology so as to promote the high-quality development of the industry of ICVs.

The Catalogue for Guiding Industry Restructuring (2024 Edition) (《產業結構調整指導目錄(2024年本)》), issued by the NDRC on December 27, 2023 and came into effect on February 1, 2024, and indicates that key components and technologies for smart vehicles, such as high-precision sensors for mid- to high-level autonomous driving and sensor fusion perception technology, are considered “encouraged” investment projects.

## REGULATIONS ON SUPPLY CHAIN FINANCIAL INSTRUMENTS

Notice Concerning Regulating the Financial Business of the Supply Chain and Guiding Supply Chain Information Service Institutions to Provide Better Services for the Financing Matters of Small and Medium-Sized Enterprises (《關於規範供應鏈金融業務引導供應鏈信息服務機構更好服務中小企業融資有關事宜的通知》) promulgated by the People’s Bank of China, the National Financial Regulatory Administration, the Supreme People’s Court, the National Development and Reform Commission, the Ministry of Commerce and the State Administration for Market Regulation of Matters on April 24, 2025, and effective from June 15, 2025, delineates the electronic certificates of accounts receivable referred to in this Notice refer to electronic records issued by the core enterprises in the supply chain and other debtors of accounts receivable to the creditors of accounts receivable such as enterprises in the supply chain through the supply chain information service system based on the true trade relationship, promising to pay corresponding funds as scheduled. The payment period for electronic certificates of accounts receivable shall, in principle, be within six months and shall not exceed one year at the longest. Where the payment period exceeds six months, commercial banks shall strengthen review of the rationality of the payment period and industry settlement practices for the issuance of electronic certificates of accounts receivable, and prudently carry out financing business.

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## REGULATORY OVERVIEW

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### LAWS AND REGULATIONS RELATED TO LEASING

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

According to the Measures for the Administration of Commodity Housing Leasing (《商品房屋租賃管理辦法》), issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and implemented on February 1, 2011, within 30 days after the conclusion of a housing lease agreement, the parties to the lease shall register the lease with the competent construction (real estate) authorities of the people’s government of municipalities, city or counties where the leased property is located. Failure to comply with this requirement shall result in an order from the competent construction (real estate) authorities of the people’s government of municipalities, city or counties to make corrections within a specified period. If the corrections are not made within the stipulated time, a fine of between RMB1,000 and RMB10,000 will be imposed. Additionally, the Measures stipulate that properties whose use has been altered in violation of regulations may not be leased. If such properties are leased, the competent construction (real estate) authority may order rectification within a specified period. A fine of up to RMB5,000 may be imposed if there is no illegal income, and if there is illegal income, the fine may range from one to three times the amount of the illegal income, but not exceeding RMB30,000.

According to the Interpretation of the Supreme People’s Court on Several Issues Concerning the Specific Application of Law in the Trial of Urban Housing Lease Contract Disputes (2020 Revision) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), issued by the Supreme People’s Court on December 29, 2020 and implemented on January 1, 2021, if the ownership of the leased property changes during the period of possession by the lessee under the lease agreement, the lessee may request the transferee of the property to continue performing the original lease agreement, and the people’s court shall support such a request, except in cases where the ownership change occurs due to the enforcement of a mortgage right established prior to the lease.

## REGULATORY OVERVIEW

### LAWS AND REGULATIONS RELATED TO CORPORATE INVESTMENT PROJECTS

According to the Regulations on the Approval and Filing Administration of Corporate Investment Projects (《企業投資項目核准和備案管理條例》), promulgated by the State Council on November 30, 2016 and implemented on February 1, 2017, the PRC government implements an approval system for corporate investment projects within the PRC that are related to national security, involve major productivity layout, strategic resource development, or significant public interests. The specific scope of projects, approving authorities, and approval powers are governed by the government-approved investment project catalogue, while other projects are subject to filing management.

The Notice of the State Council on Issuing the Catalogue of Government-Approved Investment Projects (2016 Edition) (《國務院關於發佈政府核准的投資項目目錄(2016年本)的通知》), issued and implemented by the State Council on December 12, 2016, sets forth regulations concerning the projects that require approval.

For projects that are subject to the filing registration, if the enterprise fails to notify the filing authority of the project information or the changes in the information of the registered project in accordance with the Regulations on the Approval and Filing Administration of Corporate Investment Projects, the filing authority may order it to make corrections within a time limit and impose a fine for failure to make corrections within the specified time limit.

### LAWS AND REGULATIONS RELATED TO INTELLECTUAL PROPERTY

#### Trademarks

The Trademark Law of the People's Republic of China (《中華人民共和國商標法》) (the "Trademark Law") was promulgated by the SCNPC on August 23, 1982 and became effective on March 1, 1983, and was last amended on April 23, 2019 and came into effect from November 1, 2019. The Implementation Rules of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) was promulgated by the State Council on August 3, 2002 and came into effect on September 15, 2002, and was last amended on April 29, 2014 and became effective from May 1, 2014. The Trademark Law and its implementation rules provide the basic legal framework for regulating trademarks in the PRC. According to relevant laws and regulations, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. Registered trademarks are protected under the Trademark Law and related rules and regulations. If a trademark applied for registration does not comply with relevant regulations or is identical or similar to the trademark already registered or preliminarily approved by others on the same or similar goods, the Trademark Office shall reject the application. Trademarks approved and registered by the Trademark Office are registered trademarks, and the trademark registrant shall have the exclusive right to use the trademark, which is protected by law. The validity period of a registered trademark is 10 years, calculated from the date of approval for registration approval.

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## REGULATORY OVERVIEW

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### Patents

Pursuant to the Patent Law of the People’s Republic of China (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020, and effective from June 1, 2021, and the Implementation Rules of the Patent Law of the People’s Republic of China (中華人民共和國專利法實施細則) promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and effective from January 20, 2024, there are three types of patents, namely, invention, utility model and design. Invention patents are valid for 20 years, design patents are valid for 15 years and utility model patents are valid for 10 years from the date of application. The PRC patent system adopts a “first come, first file” principle, which means that where more than two persons file a patent application for the same invention, a patent will be granted to the person who applies first. Inventions and utility model patents must meet three criteria: novelty, inventiveness and practicability. Unless otherwise stipulated by relevant laws and regulations, a third party must obtain consent or a proper license from the owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

### Copyright

Pursuant to the Copyright Law of the People’s Republic of China (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and effective from June 1, 2021, and the Implementing Rules of the Copyright Law of the People’s Republic of China (中華人民共和國著作權法實施條例) promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and effective from March 1, 2013, Chinese citizens, legal persons or other organizations enjoy copyright protection over their works, whether published or not, in the domain of literature, art and science. In addition, internet activities, products disseminated over the internet, and software products also enjoy copyright. Pursuant to the Regulation on Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on June 4, 1991, effective on October 1, 1991, last amended on January 30, 2013 and implemented on March 1, 2013, the software registration authority shall grant certificates of registration to computer software copyright applicants in compliance with the Regulation on Protection of Computer Software.

### Domain Names

Pursuant to the Administrative Measures on Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017 and effective from November 1, 2017, and the Implementation Rules for the Registration of National Top-level Domain Names (國家頂級域名註冊實施細則) promulgated by China Internet Network Information Center and effective on June 18, 2019, the MIIT is in charge of the administration of PRC internet domain names. Domain owners need to register their domain names. The domain name services follow a “first come, first file” principle. The applicants will become the holders of such domain names upon the completion of the registration procedure.



## REGULATORY OVERVIEW

### LAWS AND REGULATIONS IN RELATION TO LABOR PROTECTION, SOCIAL INSURANCE AND HOUSING PROVIDENT FUNDS

#### Labor Security

Under the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) (the "**Labor Contract Law**") promulgated on June 29, 2007, effective on January 1, 2008, and last amended on December 28, 2012 and effective on July 1, 2013, labor contracts must be concluded in writing if labor relationships are to be or have been established between enterprises, individual economic organizations, private non-enterprise entities, etc. and the employees. Employers are forbidden to force employees to work overtime or to do so in a disguised manner and employers must pay employees overtime wages in accordance with the regulations of the state. In addition, wages may not be lower than local standards on minimum wages and must be paid to the employees timely. According to the Labor Law of the People's Republic of China (中華人民共和國勞動法) promulgated by SCNPC on July 5, 1994, effective on January 1, 1995 and last amended and implemented on December 29, 2018, employers shall establish and improve a system of labor safety and sanitation and shall strictly abide by national rules and standards on labor safety and sanitation as well as educate employees on labor safety and sanitation so as to prevent accidents during work and reduce occupational hazards. Labor safety and sanitation facilities shall comply with national standards. The employers must also provide employees with labor safety and sanitation conditions that comply with national standards and necessary articles for labor protection.

According to the Provisional Regulations on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014 and effective on March 1, 2014, employers can only use dispatched workers in temporary, auxiliary or alternative jobs. The employer shall strictly control the number of dispatched workers, which shall not exceed 10% of total number of workers. In addition, according to the Labor Contract Law, employers that violate the provisions on labor dispatch shall be ordered by the labor administrative department to make corrections within a time limit. If the correction is not made within the time limit, a fine of not less than RMB5,000 but not more than RMB10,000 per person shall be imposed.

#### Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法) passed by the SCNPC on October 28, 2010, effective on July 1, 2011 and amended and implemented on 29 December 2018, each employer and individual in the PRC shall make social insurance fund, including basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance and maternity insurance. An employer who fails to make adequate contributions to social insurance fund shall be ordered to pay or supplement within a stipulated period, and shall be subject to a late fee computed from the date of default at the rate of 0.05% per day. Where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the overdue amount.

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According to the Administrative Regulations on the Housing Provident Fund (住房公積金管理條例) passed by the State Council on April 3, 1999, last amended and implemented on March 24, 2019, each employer and individual in the PRC shall make housing provident fund. Where, in violation of the provisions of the regulations, an employer is overdue in the contribution of, or underpays, the housing provident fund, the competent PRC government authority shall order it to make the housing provident fund within a stipulated period. If the payment is not made within such stipulated period, an application may be made to the People's Court for compulsory enforcement.

### REGULATIONS ON SAFE PRODUCTION

According to the Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) promulgated by the SCNPC on June 29, 2002, revised on June 10, 2021 and implemented on September 1, 2021, production and business operation entities must formulate safety production objectives and measures, improve the working environment and conditions of workers in a planned and step-by-step manner, establish a safety production guarantee system and implement a safety production post responsibility system. In addition, production and business operation entities must arrange safety production training and provide employees with personal protective equipment that meets national or industry standards. In addition, the production and business operation entities shall report the major hazard sources and related safety measures and emergency measures to the emergency management department and other relevant departments for the record, and formulate a safety risk rating control system and take corresponding control measures.

### REGULATIONS ON EQUITY INCENTIVE PLANS

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues Relating to the Foreign Exchange Management of Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) issued by the State Administration of Foreign Exchange on February 15, 2012, and other applicable regulations, directors, supervisors, senior management, and other employees of PRC residents or non-PRC residents who have resided in the PRC for a continuous period of no less than one year, participating in any equity incentive plan of an overseas-listed company, must, except in certain exceptional cases, handle foreign exchange registration, account opening, fund transfer, and foreign exchange matters through a domestic agent institution with the State Administration of Foreign Exchange. Furthermore, an overseas trustee institution must be appointed to handle matters related to the exercise of rights, the purchase and sale of corresponding shares or equity interests, as well as corresponding fund transfers.

Foreign exchange income derived from the sale of shares under the equity incentive plan by residents in the PRC, as well as dividends distributed by overseas-listed companies, must be remitted into a bank account in the PRC opened with a domestic institution and subsequently distributed to residents in the PRC.



## REGULATORY OVERVIEW

### LAWS AND REGULATIONS IN RELATION TO FOREIGN EXCHANGE

According to the Regulations of the People’s Republic of China on Foreign Exchange Administration (中華人民共和國外匯管理條例) (the “**Foreign Exchange Regulations**”) promulgated by the State Council on January 29, 1996, effective on April 1, 1996, and last amended and effective on August 5, 2008, international payments in foreign currencies and transfers of foreign currencies under current account in PRC shall not be subject to any restriction. Foreign currency transactions under the capital account, such as direct investment and capital contribution, are still restricted and require approvals from, or registration with, the foreign exchange administrative authorities. According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (國家外匯管理局關於境外上市外匯管理有關問題的通知) announced by SAFE on February 1, 2005, effective on March 1, 2005 and amended and implemented on December 26, 2014, SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas listing. The domestic company shall, within 15 working days upon the end of its overseas public offering, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) announced by SAFE and effective on June 9, 2016, 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 December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions’ foreign exchange receipts under the capital account and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise’s business scope or expenditure prohibited by laws and regulations of the state. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments or wealth management other than banks’

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principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

According 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 April 10, 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.

## LAWS AND REGULATIONS IN RELATION TO TAXATION

### Enterprise Income Tax

According to the Enterprise Income Tax Law of the People’s Republic of China (the “**EIT Law**”) promulgated on March 16, 2007, effective on January 1, 2008 and last amended and implemented on December 29, 2018, and the Implementing Rules of the Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法實施條例) (the “**Implementing Rules of the Enterprise Income Tax Law**”) promulgated on December 6, 2007, effective on January 1, 2008 and last amended on December 6, 2024 and implemented on January 20, 2025, enterprise income taxpayers shall include resident and non-resident enterprises. Resident enterprise refers to an enterprise established within China or is established under the law of a foreign country (region) but whose actual institution of management is within China. Non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not within China but has offices or establishments within China, or which does not have any offices or establishments within China but has incomes sourced from China. The rate of enterprise income tax shall be 25%. Qualified small low-profit enterprises are given the reduced enterprise income tax rate of 20%.

According to the Administrative Measures for Accreditation of High-tech Enterprises (高新技術企業認定管理辦法) jointly promulgated by Ministry of Science and Technology, Ministry of Finance and the SAT on April 14, 2008, amended on January 29, 2016 and effective on January 1, 2016, enterprises which recognized as high-tech enterprises are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high-tech enterprise qualification shall be three years from the date of issuance of the certificate of high-tech enterprise. After the certificate expires, the enterprise can re-apply for such recognition as a high-tech enterprise.

## REGULATORY OVERVIEW

### Value-added Tax

According to the Interim Value-Added Tax Regulations of the People's Republic of China (中華人民共和國增值稅暫行條例), as announced by the State Council on December 13, 1993 and last amended and effective on November 19, 2017, entities and individuals selling goods, providing labor services of processing, repairing or maintenance, selling services, intangible assets and real property in China, and importing goods to China, shall be identified as taxpayers of value-added tax. Unless otherwise provided by laws, the value-added tax rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunication, construction, immovable property or immovable property leasing services, transferring the land use rights, or selling or importing specific goods; 6% for taxpayers selling services or intangible assets; 0% for domestic entities and individuals selling services or intangible assets within the scope prescribed by the State Council across national borders; and 0% for exported goods, except as otherwise specified by the State Council.

Pursuant to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知) promulgated on March 23, 2016 by the Ministry of Finance and the SAT and implemented on May 1, 2016, the pilot program of replacing business tax with value-added tax nationwide should be comprehensively promoted. All taxpayers of business tax engaged in the construction industry, real estate industry, financial industry and life service industry should be included in the pilot scope with regard to payment of value-added tax instead of business tax. According to the Circular on Policies for Simplifying and Consolidating Value-added Tax Rates (財政部、國家稅務總局關於簡並增值稅稅率有關政策的通知) announced by the Ministry of Finance and the SAT on April 28, 2017 and implemented on July 1, 2017, the structure of value-added tax rates will be simplified and consolidated from July 1, 2017, and the 13% value-added tax rate shall be canceled. The scope of goods with 11% value-added tax rate and the provisions for deducting input tax are specified.

According to the Circular on Adjusting Value-added Tax Rates (財政部、國家稅務總局關於調整增值稅稅率的通知) announced by the Ministry of Finance and the SAT on April 4, 2018 and implemented on May 1, 2018, where a taxpayer engages in a value-added tax taxable sales activity or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (關於深化增值稅改革有關政策的公告) promulgated on March 20, 2019 and implemented on April 1, 2019, with respect to value-added tax taxable sales or imported goods of a value-added tax general taxpayer, the originally applicable value-added tax rate of 16% shall be adjusted to 13%, and the originally applicable value-added tax rate of 10% shall be adjusted to 9%.

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According to the Announcement on Further Enhancing the Implementation of the End-of-Period Value-Added Tax Refund Policy (關於進一步加大增值稅期末留抵退稅政策實施力度的公告) issued by the Ministry of Finance and the SAT on March 21, 2022 and implemented on April 1, 2022, eligible enterprises in manufacturing and other industries may apply to the competent tax authorities for the refund of the remaining recoverable value-added tax from the tax declaration period in April 2022. Taxpayers who have benefited from the value-added tax refund policy of “immediate refund upon collection” (即徵即退) and “levy and refund later” (先徵後返(退)) since April 2019 may apply for end-of-period value-added tax refund, provided that, taxpayers shall apply after returning all the value-added tax refunds enjoyed since April 2019 to relevant tax authorities before October 31, 2022 in one go.

### Taxation on Dividends

According to the Individual Income Tax Law of the People’s Republic of China promulgated on September 10, 1980, last amended on August 31, 2018 and implemented on January 1, 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the People’s Republic of China (2018 Revised) (中華人民共和國個人所得稅法實施條例(2018修訂)) (the “**Implementing Rules of the Individual Income Tax Law**”) last amended on December 18, 2018 and effective on January 1, 2019, income from interest, dividends, bonuses, property leasing, property transfer and incidental income shall be subject to a proportional tax rate of 20%. In addition, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (關於上市公司股息紅利差別化個人所得稅政策有關問題的通知) issued on September 7, 2015 by the Ministry of Finance, the SAT and the CSRC, and implemented on September 8, where an individual acquires stocks of a listed company from public offering of the company or from the stock transfer market and holds the stocks for more than one year, the income from dividends is exempted from individual income tax. If the individual holds the stocks for one month or less, the income from dividends is fully taxable. If the individual holds the stocks for one month to one year (one year inclusive), 50% of the income from dividends is taxable. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

## REGULATORY OVERVIEW

In accordance with the EIT Law and the Implementation Rules for the Enterprise Income Tax Law, the rate of enterprise income tax shall be 25%. A non-resident enterprise income tax should be levied at a reduced rate of 10% on income originating from within China if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but the PRC-sourced income is not connected to such establishment or premise in the PRC. Such withholding tax for non-resident enterprises are deducted at source and the payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid or due for each payment. The Circular of the State Administration of Taxation on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Share Shareholders of Overseas Non-Resident Enterprise (國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise unified withhold enterprise income tax at a rate of 10% on dividends paid to H Share shareholders of overseas non-resident enterprise for 2008 and subsequent years. After receiving dividends, the shareholder of a non-resident enterprise may apply to the competent tax authority for the treatment under the tax treaty (arrangement), and after the examination and verification by the competent tax authority, shall refund the balance between the tax paid and the tax payable calculated according to the tax rate stipulated in the tax treaty (arrangement). In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Received by Non-resident Enterprise from Holding Stock such as B-shares (國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆), which was issued by the SAT on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) signed on August 21, 2006 and implemented on December 8, 2006, the PRC government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion issued by the State Administration of Taxation (國家稅務總局關於〈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) effective on December 6, 2019 states that such provisions shall not apply to those arrangements or transactions, of which the main purpose includes gaining such tax benefit. The application of the dividend clause of tax agreements must comply with the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (國家稅務總局關於執行稅收協定股息條款有關問題的通知) and other Chinese tax laws and regulations.

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Pursuant to Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知) issued and implemented by the SAT on June 28, 2011, for domestic non-foreign-invested enterprises issuing shares in Hong Kong, its overseas individual shareholders may enjoy relevant preferential tax treatment in accordance with the tax treaties between the PRC and its country of residence, and the tax treaties between the PRC and Hong Kong (or Macao). Domestic non-foreign-invested enterprises that issue shares in Hong Kong generally are subject to withhold personal income tax at 10% of dividends and profits without application. If the individual receiving dividends is a resident of an treaties country with a tax rate of less than 10%, the withholding agent shall apply on their behalf for the relevant preferential treatment in accordance with the provisions and upon approval by the competent tax authority, over-withheld taxes will be refunded. If the individual is a resident of an treaties country with a tax rate higher than 10% but lower than 20%, the withholding agent shall withhold personal income tax at the treaties effective rate when paying dividends and bonuses, and no application is required in such cases. If the individual receiving dividends is a resident of a country without a tax treaties with the PRC or other circumstances exist, the withholding agent shall withhold personal income tax at the rate of 20% when paying dividends.

### **Tax Treaties**

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

### **Stamp Duty**

Pursuant to the Stamp Tax Law of the People's Republic of China (中華人民共和國印花稅法) promulgated on June 10, 2021 and implemented on July 1, 2022, PRC stamp duty only applies on specific proof executed or received within the PRC and with legally binding force in the PRC, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H shares by non-PRC investors outside of the PRC.



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### LAWS AND REGULATIONS IN RELATION TO ENVIRONMENTAL PROTECTION AND FIRE

#### Environment Protection

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), which was promulgated by the SCNPC on December 26, 1989, effective on the same day and last amended on April 24, 2014 and effective on January 1, 2015, outlines the authorities and duties of environmental protection regulatory agencies. The Ministry of Environmental Protection under the State Council is authorized to issue national standards for environmental quality and discharge of pollutants, and to exercise unified supervision and administration over environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards for discharge of pollutants which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

#### Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (2017 Revised) (建設項目環境保護管理條例(2017修訂)), which was promulgated by the State Council on November 29, 1998, last amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, a construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction.

According to the Environmental Impact Appraisal Law of PRC (中華人民共和國環境影響評價法), which was promulgated by the SCNPC on October 28, 2002 and last amended and implemented on December 29, 2018, for any construction projects that have an impact on the environment, the construction employer is required to prepare an environmental impact report or an environmental impact statement, or file a registration form depending on the seriousness of effect that may be exerted on the environment.

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### **Pollutant Discharge**

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (固定污染源排污許可分類管理名錄(2019年版)) issued by the MEE on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors including the amount of pollutants generated, the amount of pollutants discharged, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit. According to the Regulation on Pollutant Discharge Permit Administration (排污許可管理條例) issued by the State Council on January 24, 2021 and effective on March 1, 2021, the administration on pollutant discharge units are divided into key management and simplified management pursuant to the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. The review, decision and information disclosure of pollutant discharge licenses shall be handled through the management information platform of the national pollutant discharge license. The pollutant discharge license is valid for five years and the discharging units should apply for renewal 60 days to the approval authority before the expiry of the pollutant discharge license if they need to discharge pollutants on a continuous basis.

### **Acceptance Inspection on Environmental Protection Facilities**

According to the Administration Rules on Environmental Protection of Construction (建設項目環境保護管理條例) issued by the State Council on July 16, 2017 and implemented on October 1, 2017, upon completion of construction for which an environment impact report or environment impact statement is formulated, the constructor shall conduct acceptance inspection of the environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council and formulate the acceptance inspection report. The constructor needs to disclose to the public the acceptance inspection report pursuant to the law, except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the state. Where the environmental protection facilities have not undergone acceptance inspection or failed on acceptance inspection, the construction project shall not be put into production or use.



## REGULATORY OVERVIEW

### Fire Prevention Design and Acceptance

The Fire Prevention Law of the PRC (中華人民共和國消防法) (the “**Fire Prevention Law**”) was issued by the SCNPC on April 29, 1998, became effective on September 1, 1998 and was last amended and implemented on April 29, 2021. According to the Fire Prevention Law, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (建設工程消防設計審查驗收管理暫行規定) issued by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, last amended on August 21, 2023 and effective on October 30, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

### LAWS AND REGULATIONS IN RELATION TO IMPORTATION AND EXPORTATION OF GOODS

According to the Regulations of the PRC on the Administration of Import and Export of Goods (中華人民共和國貨物進出口管理條例) promulgated by the State Council on December 10, 2001, which came into effect on January 1, 2002 and was last amended on March 10, 2024 and effective on May 1, 2024, the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the SCNPC on May 12, 1994 which came into effect on July 1, 1994 and last amended and implemented on December 30, 2022, the Customs Law of the PRC (中華人民共和國海關法) promulgated by the SCNPC on January 22, 1987, which came into effect on July 1, 1987 and last amended and implemented on April 29, 2021, the Measures for Record Filing and Registration by Foreign Trade Dealer (對外貿易經營者備案登記辦法) promulgated by the Ministry of Commerce of China (“**MOFCOM**”) on June 25, 2004, which came into effect on July 1, 2004 and was last amended and implemented on May 10, 2021 and the Administrative Provisions of the Customs of the People’s Republic of China 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 on November 19, 2021, which came into effect on January 1, 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with MOFCOM or the agency entrusted by MOFCOM. Unless otherwise provided, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers. Customs declaration entities refer to consignees or consignors of imported or exported goods or customs brokers that have filed for record with Customs. Customs declaration entities may conduct customs declaration business within the customs territory of the PRC.

## REGULATORY OVERVIEW

In accordance with the Law of the People’s Republic of China on Import and Export Commodity Inspection (中華人民共和國進出口商品檢驗法) promulgated by the SCNPC on February 21, 1989, implemented on August 1, 1989 and last amended and implemented on April 29, 2021, and the Implementation Regulations of the Import and Export Commodity Inspection Law of the People’s Republic of China (中華人民共和國進出口商品檢驗法實施條例) promulgated by the State Council on October 23, 1992 and implemented on October 23, 1992, after the latest revision on March 29, 2022 and implementation on 1 May 2022, the General Administration of Customs is in charge of the inspection of import and export commodities nationwide. Exit and entry inspection and quarantine authorities shall inspect the import and export commodities listed in the catalogue and other import and export commodities that are subject to inspection by exit and entry inspection and quarantine authorities as stipulated by laws and administrative regulations. The entry-exit inspection and quarantine authorities shall conduct random inspection and inspection of import and export commodities other than those mentioned above in accordance with the provisions of the state. Imported commodities subject to inspection shall not be sold or used without inspection. Export commodities subject to inspection shall not be allowed to be exported if they have not been inspected or fail to pass the inspection.

### **LAWS AND REGULATIONS RELATING TO AUTOMOBILE DATA SECURITY, NETWORK, INFORMATION SECURITY AND PRIVACY PROTECTION**

#### **Automobile Data Security**

On August 16, 2021, the CAC, the NDRC, the Ministry of Public Security, the Ministry of Industry and Information Technology, and the Ministry of Transport jointly issued the Regulations on the Management of Automobile Data Security (Trial) (《汽車數據安全管理若干規定(試行)》) (the “**Automobile Data Security Regulations**”), which came into effect on 1 October 2021. It aims to regulate the collection, storage, use, processing, transmission, provision, and disclosure of personal information and critical data generated throughout the lifecycle of vehicles by automobile designers, manufacturers, and service providers. Relevant automobile data processors, including vehicle manufacturers, parts and software providers, dealers, maintenance service providers, and mobility service companies, must process personal information and critical data in accordance with the law during the design, manufacturing, sales, operation, maintenance, and management of vehicles. Automobile data processors must obtain individual consent or comply with other legal or regulatory requirements when processing personal information. The State encourages the lawful and effective use of automobile data and advocates that automobile data processors adhere to the following principles in their data processing activities: (i) the principle of in-vehicle processing, where data should not be provided outside the vehicle unless necessary; (ii) the principle of default non-collection, where data should be set to not collect by default unless the driver actively adjusts it; (iii) the principle of accuracy range, where the coverage and resolution of cameras, radars, etc., should be determined according to the data accuracy required by the provided functionality or service; and (iv) the principle of anonymization, where data should be anonymized or de-identified wherever possible. According to the Automobile Data Security Regulations, personal information and critical data related to vehicles should, in principle, be stored domestically within China. If such data needs to be transferred abroad, a cross-border data security assessment will be conducted by

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## REGULATORY OVERVIEW

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the national cyberspace regulatory authority in coordination with relevant departments of the State Council. When processing critical data, automobile data processors must conduct risk assessments in accordance with the regulations and submit risk evaluation reports to the relevant provincial departments.

### CYBERSECURITY AND INFORMATION SECURITY

On July 1, 2015, the SCNPC promulgated the National Security Law of the People’s Republic of China (《中華人民共和國國家安全法》), which came into effect on the same date. The National Security Law of the People’s Republic of China stipulates that the State shall maintain the sovereignty, security, and developmental interests of China’s cyberspace, establishing a system for national security review and supervision. It mandates stringent examination and scrutiny of foreign investments, key technologies, network information technology products and services, as well as other significant matters and activities that may affect China’s national security.

According to the Cybersecurity Law of the People’s Republic of China (中華人民共和國網絡安全法) (the “**Cybersecurity Law**”) promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, network operators must abide by applicable laws and administrative regulations and fulfill their cybersecurity protection obligations when conducting business and service activities. To build or operate a network or provide services through a network, technical and other necessary measures shall be taken in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards to ensure the security and stable operation of the network, effectively respond to network security incidents, prevent illegal and criminal activities on the network and maintain the integrity, confidentiality and availability of network data.

The Data Security Law of the People’s Republic of China (中華人民共和國數據安全法) (the “**Data Security Law**”) was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021. The Data Security Law provides for measures to support the promotion of data security and development, establishes and improves the national data security management system and clarifies the responsibilities of organizations and individuals with regard to data security. The Data Security Law introduces a classification and classification protection system for data based on the importance of data in economic and social development, as well as the degree of harm to national security, public interests or the legitimate rights and interests of individuals and organizations once it is tampered with, destroyed, leaked or illegally obtained or illegally used.

The Cyber Administration of China (the “**CAC**”) and several other regulatory authorities in China jointly issued the Cybersecurity Review Measures (網絡安全審查辦法) on December 28, 2021, which was implemented on February 15, 2022. Where critical information infrastructure operators purchase network products and services, and network platform operators carry out data processing activities that affect or may affect national security, network security reviews shall be conducted in accordance with the Cybersecurity Review Measures.

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## REGULATORY OVERVIEW

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On July 30, 2021, the State Council promulgated the Regulations on the Protection of Critical Information Infrastructure Security (《關鍵信息基礎設施安全保護條例》), which came into effect on September 1, 2021. According to the regulations, critical information infrastructure refers to essential network facilities and information systems in key industries and sectors, such as public communications and information services, energy, transportation, water resources, finance, public services, e-government, national defense science and technology industries, and other sectors, whose disruption, loss of functionality, or data leakage could severely endanger national security, economic development, the livelihoods of the people, and public interests. Operators of critical information infrastructure are required to establish and improve network security protection systems. These operators must, at a minimum, conduct a network security inspection and risk assessment of their critical information infrastructure on an annual basis, either independently or by commissioning a qualified cybersecurity service provider, and address any identified security issues in a timely manner. Furthermore, operators must report the status of their protective measures to the relevant authorities as required. In the event of a major cybersecurity incident or threat, operators must report the incident to the relevant protective authorities and public security agencies in accordance with applicable regulations.

According to the Regulations on the Administration of Network Data Security issued by the State Council on September 24, 2024 and implemented on January 1, 2025, network data processors carrying out network data processing activities that affect or may affect national security shall conduct national security reviews in accordance with relevant state regulations.

According to the Measures for Data Exit Security Assessment (數據出境安全評估辦法) issued by the CAC on July 7, 2022 and implemented on September 1, 2022 (the “**Security Assessment Measures**”), if the data processor provides data overseas, under any of the following circumstances, it shall report the data exit security assessment to the national network information Department through the local provincial network information department: (1) the data processor provides important data outside China; (2) critical information infrastructure operators and data processors processing the personal information of more than one million people provide personal information abroad; (3) since January 1 of the previous year, data processors who have provided personal information of 100,000 people or sensitive personal information of 10,000 people abroad have provided personal information abroad; and (4) other situations required to declare data exit security assessment as stipulated by the national network information department.

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## REGULATORY OVERVIEW

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According to the Data Exit Security Assessment Declaration Guidelines (Second Edition) and the Regulations on Promoting and Regulating the Cross-Border Flow of Data (《數據出境安全評估申報指南(第二版)》《促進和規範數據跨境流動的規定》) (the “**Promotion Regulations**”), which were issued by the Cyberspace Administration of China on March 22, 2024 and took effect on the same day, data processors other than operators of critical information infrastructure must, starting from January 1, of the same year, declare a security assessment if they provide personal information to overseas recipients that exceeds 100,000 individuals (but less than 1 million individuals) in non-sensitive personal information (excluding sensitive personal information) or fewer than 10,000 individuals in sensitive personal information. Such data processors are required to enter into a standard contract for the export of personal information with the overseas recipient or obtain personal information protection certification in accordance with the law. If the data processor meets the exemption conditions under Articles 3 to 6 of the *Promotion Regulations*, they are not obligated to declare a security assessment for such data transfers.

### PRIVACY PROTECTION

According to the Civil Code, the personal information of natural persons is protected by law. Any organization or individual that needs to collect another person’s personal information must obtain it in accordance with the law and ensure the security of such information. Unauthorized collection, use, processing, transmission, or disclosure of personal information is prohibited, and it is also illegal to buy, sell, or provide another person’s personal information.

The Personal Information Protection Law of the People’s Republic of China (the “**Personal Information Protection Law**”) was promulgated by the SCNPC on August 20, 2021, and came into effect on November 1, 2021. The Personal Information Protection Law defines the scope of personal information, establishes rules for processing personal information, and sets out regulations for cross-border transfers of personal information. It also specifies the rights of individuals in personal information processing activities and the obligations of personal information processors.

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## REGULATORY OVERVIEW

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In accordance with the Decision on Strengthening Network Information Protection issued by the SCNPC on December 28, 2012, and the Regulations on the Protection of Personal Information of Telecommunications and Internet Users issued by the Ministry of Industry and Information Technology on July 16, 2013 (effective September 1, 2013), as well as the Cybersecurity Law, the collection and use of users’ personal information must be based on mutual consent, and must adhere to the principles of legality, fairness, and necessity. The collection and use of personal information must be limited to specific purposes, methods, and scope. Additionally, internet information service providers must maintain strict confidentiality of such information, and are prohibited from disclosing, tampering with, or destroying this information. They must also refrain from selling or providing this information to others. Internet service providers must take technical and other measures to prevent the leakage, damage, or loss of collected personal information without authorization. In the event of actual or potential leakage of personal information, the service provider must immediately take remedial measures, report the situation to the relevant government departments in a timely manner, and notify the users in accordance with regulations. Any internet information service provider that violates these laws and regulations may face warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, website shutdowns, or even criminal liability.

### LAWS AND REGULATIONS IN RELATION TO OVERSEAS LISTING

On February 17, 2023, with the approval of the State Council, the CSRC issued relevant rules and regulations for the administration of overseas listing filings which took effect on March 31, 2023. There are six institutional rules issued this time, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies the (“**Overseas Listing Trial Measures**”) and five supporting guidelines.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, shall file with the CSRC and submit relevant information within three business days after submitting the application documents for issuance and listing overseas.

The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following applies: (1) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (2) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (3) the domestic company intending to be listed or offer securities in overseas markets, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.



## REGULATORY OVERVIEW

In addition, Chinese domestic enterprises seeking overseas listing shall strictly abide by the laws, administrative regulations and relevant provisions of the Chinese government on foreign investment, state-owned assets, industry supervision, overseas investment, etc., and shall not disturb the domestic market order, nor harm the national interests, public interests or the legitimate rights and interests of domestic investors.

The Overseas Listing Trial Measures also specify corresponding legal responsibilities, if a domestic enterprise violates its relevant provisions, the domestic enterprise may be ordered to correct, warned, fined, and other penalties, its controlling shareholders, actual controllers, directly responsible executives, and other directly responsible personnel may also be warned, fined, and other penalties.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the 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》), or the Provision on Confidentiality. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

### LAWS AND REGULATIONS IN RELATION TO THE H SHARE “FULL CIRCULATION”

The Company shall comply with regulations on the H share “full circulation” to converse its domestic shares into H shares and circulate on the Stock Exchange. Pursuant to the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (H股公司境內未上市股份申請「全流通」業務指引) (the “**Full Circulation Guidelines**”) promulgated and implemented by the CSRC on November 14, 2019, and last revised and effective on August 10, 2023, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

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## REGULATORY OVERVIEW

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According to the Full Circulation Guidelines, “Full Circulation” represents the shareholders of domestic unlisted shares of domestic companies (including the unlisted domestic shares held by domestic shareholders before overseas listing, the unlisted domestic shares issued in the territory after overseas listing and the unlisted shares held by foreign shareholders) are listed and circulated on the Stock Exchange. The shareholders of domestic unlisted shares shall authorize the domestic company to file the “Full Circulation” application with the CSRC by filing materials on key compliance issues, including whether the “Full Circulation” has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the “Full circulation” involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

According to the Measures for Implementation of H-share “Full Circulation” Business (H股「全流通」業務實施細則) (the “**Measures for Implementation**”), promulgated by the China Securities Depository and Clearing Corporation Limited (the “**CSDC**”) and the SZSE on December 31, 2019, the businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of participants, services of nominal holders, etc. in relation to the H-share “full circulation business,” are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited (the “**CSDC (Hong Kong)**”), and the SZSE. In order to fully promote the reform of H-shares “Full Circulation” and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, CSDC (Hong Kong) promulgated the Circular on Issuing the amendment and publication of the “Guidelines for the Full Circulation” of H-Shares of China Securities Depository and Clearing (Hong Kong) Company Limited on September 20, 2024, implemented on September 23, 2024, which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. According to the appendix of the Overseas Listing Trial Measures, Notes on the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (關於〈境內企業境外發行證券和上市管理試行辦法〉的說明), the new regulations aims to strengthening institutional inclusiveness and deepening opening-up, and lays out “full circulation” arrangements. For the overseas offering and listing by a domestic company, holders of its domestically-based domestic unlisted shares are allowed after filing to convert the shares into overseas listed shares to be circulated on overseas trading venues.



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### OVERVIEW

Our history can be traced back to September 2016, when our Company was established in the PRC by our Co-founders, Mr. Chen and Mr. Zhou. For further details of Mr. Chen and Mr. Zhou, see “Directors and Senior Management.”

We have, since our inception, been involved in the design, research and development, manufacturing and commercialization of millimeter-wave radar products. We have developed into a leading supplier of millimeter-wave radar, a core component for smart driving that is rapidly emerging in the changing automotive industry in China, according to CIC. In 2024, we were the largest domestic supplier of automotive front millimeter-wave radar in China in terms of shipment volume, and the third largest supplier of automotive millimeter-wave radar in China in terms of shipment volume, according to CIC, with market shares of 9.3% and 4.5%, respectively.

Since our establishment, we have received substantial investments and support from our Pre-[REDACTED] Investors which are renowned private equity and strategic investors, and have raised funds of over RMB350 million as of the Latest Practicable Date. See “–Pre-[REDACTED] Investments” for details of our Pre-[REDACTED] Investors.

### OUR MILESTONES

The following table sets forth our key development milestones:

Year	Milestone
2016	Our Company was established in the PRC as a limited liability company.  We successfully developed the mock-up of our first generation of our 77G millimeter-wave radar.
2017	We released our first front radar, CTLRR-100.  We completed the prototype verification of our millimeter-wave radar.
2018	We were awarded the High-tech Enterprise (高新技術企業) certification.  Our first 76-79GHz semi-automatic production and testing line was completed.
2019	We officially released and launched our front radar CTLRR-320 for commercial vehicles.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2020	<p>We released China’s first 5th-generation single-SoC 4D front radar CTLRR-400, according to CIC.</p> <p>We commenced mass delivery of our corner radar for passenger vehicles.</p>
2021	<p>We became the designated supplier of a Frankfurt Stock Exchange-listed German automobile parts manufacturing company.</p> <p>We completed the R&amp;D and design of 4D front radars for passenger vehicles.</p>
2022	<p>We became the designated supplier of industry-leading OEMs, including Customer A and an HKEX-listed automobile manufacturer based in Beijing.</p> <p>We launched our 4D front radar CTLRR-220 Plus, which, together with our corner radar CTMRR-130, were integrated into multiple vehicle models of Customer A.</p>
2023	<p>We introduced our 5.5th generation 4D high-resolution front radar CTLRR-220 Pro and 4D high-resolution corner radar CTMRR-130 Pro.</p> <p>Our revenue exceeded RMB100 million.</p>
2024	<p>We became the designated supplier of a leading Chinese OEM based in Hangzhou.</p> <p>We were recognized as a National Key Specialized and New Small Giant Enterprise (國家級專精特新“小巨人”企業).</p>

## MAJOR CORPORATE DEVELOPMENTS OF OUR GROUP

### Our Company

#### *Establishment of our Company*

Our Company was established in the PRC as a limited liability company on September 21, 2016 with an initial registered capital of RMB5,000,000. Upon establishment, our Company was owned as to 58% by Mr. Chen, 17% by Mr. Zhou, 15% by Chengtech VC and 10% by Huacheng VC.

Chengtech VC is a limited partnership established in the PRC and is our employee shareholding platform. See “– Employee Shareholding Platform” for details.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Huacheng VC is a limited partnership established in the PRC and is the shareholding platform for our early-stage individual investors, with Mr. Chen as its general partner, holding 0.64% partnership interest therein. As of the Latest Practicable Date, Huacheng VC had 10 limited partners, none of whom held 30% or more partnership interest therein and, other than Mr. Zhou who held 0.5% partnership interest therein, all of whom were Independent Third Parties.

### *Equity transfers in August 2017*

In August 2017, Mr. Chen transferred (i) 5% equity interest in our Company to Hu Xiaohong (胡曉紅); (ii) 2% equity interest in our Company to Xiao Hongyu (肖宏宇); (iii) 1% equity interest in our Company to Liu Shenglong (劉勝龍); and (iv) 2% equity interest in our Company to Wang Bin (王彬), each at a nominal consideration of RMB1.

Concurrently, Mr. Zhou transferred (i) 1% equity interest in our Company to Wang Mu (王牧); (ii) 1% equity interest in our Company to Li Jie (李杰); and (ii) 0.5% equity interest in our Company to Cao Sanchun (曹三春), each at a nominal consideration of RMB1.

The considerations of the aforesaid transfers were determined after arm’s length negotiations taking into account that the relevant contribution to the registered capital of our Company was not paid up at the time of such transfers.

Each of the above transferees, namely Hu Xiaohong, Xiao Hongyu, Liu Shenglong, Wang Bin, Wang Mu, Li Jie and Cao Sanchun, is an individual investor and an Independent Third Party.

### *Angel Financing*

In January 2018, we completed the Angel Financing, pursuant to which (i) Wang Shengping (王聲平) subscribed for 5% post-dilution equity interest in our Company at a consideration of RMB4,000,000; and (ii) each of Mr. Chen and Mr. Zhou transferred 1% post-dilution equity interest in our Company to Zou Huajun (鄒華軍) at a consideration of RMB500,000.

Each of the above transferees, namely Wang Shengping and Zou Huajun, is an individual investor and an Independent Third Party.

Upon completion of the Angel Financing, our registered capital was increased from RMB5,000,000 to RMB5,263,158. See “– Pre-[REDACTED] Investments” for further details of the Angel Financing.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *Series Pre-A Financing*

In June 2018, we completed the Series Pre-A Financing and raised a total investment of RMB8,000,000. Upon completion of the Series Pre-A Financing, our registered capital was increased from RMB5,263,158 to RMB5,730,982. The respective subscription amount and consideration for each investor in the Series Pre-A Financing were as follows:

Investor	Subscribed registered capital (RMB)	Investment amount (RMB)	Equity interest % (post-dilution)
Suiyong Kangyuan (Zhuhai) Investment Management Co., Ltd. (穗甬康源(珠海)投資管理有限公司) (“ <b>Suiyong Zhuhai</b> ”)	292,388	5,000,000	5.10%
Suiyong Kangyuan (Hengqin) Military and Civilian Integration Industry Equity Investment Fund (Limited Partnership) (穗甬康源(橫琴)軍民融合產業股權 投資基金(有限合夥)) (“ <b>Suiyong Hengqin</b> ”)	175,436	3,000,000	3.06%

See “– Pre-[REDACTED] Investments” for further details of the Series Pre-A Financing.

### *Equity transfers in March 2019*

In March 2019, Chengyan VC acquired 8.72% equity interest in our Company held by Mr. Chen, Hu Xiaohong, Xiao Hongyu, Liu Shenglong, Li Jie and Cao Sanchun at a total consideration of RMB500,000. The consideration were determined based on the paid-up capital corresponding to the equity interest being transferred.

Chengyan VC is a limited partnership established in the PRC and is the shareholding platform for our early-stage individual investors, with Mr. Chen as its general partner, holding 25% partnership interest therein. As of the Latest Practicable Date, Chengyan VC had four limited partners, among which included Ms. Liu Lei (劉蕾), an Independent Third Party, who held 35% partnership interest therein, and three other Independent Third Parties, none of whom held 30% or more partnership interest therein.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *Series A Financing*

In August 2019, we completed the Series A Financing and raised a total investment of RMB11,000,000. Upon completion of the Series A Financing, the registered capital of our Company was increased from RMB5,730,982 to RMB6,181,274. The respective subscription amount and consideration for each investor in the Series A Financing were as follows:

Investor	Subscribed registered capital (RMB)	Investment amount (RMB)	Equity interest % (post-dilution)
Gongqingcheng Lanyan Zizhu Investment Management Partnership L.P. (共青城藍焱紫竹投資管理合夥企 業(有限合夥)) (“ <b>Lanyan Zizhu</b> ”)	409,356	10,000,000	6.62%
Shenzhen E-Shine Communications Technology Co., Ltd. (深圳翼尚通信技術有限公司) (“ <b>E-Shine Communications</b> ”)	40,936	1,000,000	0.66%

See “– Pre-[REDACTED] Investments” for further details of the Series A Financing.

### *Equity transfer in August 2019*

Shortly after the completion of the Series A Financing, in August 2019, Mr. Chen transferred 1.62% equity interest in our Company to Sun Houjun (孫厚軍), a former consultant of our Company who provided scientific consultancy services to our Group and an Independent Third Party, at a nominal consideration of RMB1 which was determined taking into account that the relevant contribution to the registered capital of our Company was not paid up at the time of such transfer.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *Series A+ Financing*

In March 2021, we completed the Series A+ Financing and raised a total investment of RMB45,600,000. Upon completion of the Series A Financing, the registered capital of our Company was increased from RMB6,181,274 to RMB7,406,794. The respective subscription amount and consideration for each investor in the Series A+ Financing were as follows:

Investor	Subscribed registered capital (RMB)	Investment amount (RMB)	Equity interest % (post-dilution)
Jiangsu SME Development Fund (Limited Partnership) (江蘇中小企業發展基金(有限合 夥)) (“ <b>Jiangsu SME</b> ”)	537,516	20,000,000	7.26%
Changsha High-tech Development Zone Hesheng Equity Investment Partnership (Limited Partnership) (長沙高新開發區和生股權投資合夥 企業(有限合夥)) (“ <b>Changsha Hesheng</b> ”)	403,127	15,000,000	5.44%
Beijing Xinleineng Technology Co., Ltd. (北京新雷能科技股份有限公 司) (“ <b>Xinleineng</b> ”)	268,752	10,000,000	3.63%
Tongling Yuanfu Enterprise Management Partnership (Limited Partnership) (銅陵垣涪企業管理合夥企業 (有限合夥)) (“ <b>Tongling Yuanfu</b> ”)	16,125	600,000	0.22%

See “– Pre-[REDACTED] Investments” for further details of the Series A+ Financing.

### *Equity transfers in June 2021*

In June 2021, each of Suiyong Zhuhai and Suiyong Hengqing transferred its entire equity interest in our Company to Nantong Jiabin Phase II Investment Partnership (Limited Partnership) (南通嘉鑫二期股權投資合夥企業(有限合夥)) (“**Jiabin Phase II**”) at a consideration of RMB10,879,600 and RMB6,527,900, respectively. The considerations were determined after arm’s length negotiations based on the valuation of our Company under the Series A+ Financing.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *Series B-1 Financing*

In August 2021, we completed the Series B-1 Financing and raised a total investment of RMB100,000,000. Upon completion of the Series B-1 Financing, the registered capital of our Company was increased from RMB7,406,794 to RMB9,258,492.50. The respective subscription amount and consideration for each investor in the Series B-1 Financing were as follows:

Investor	Subscribed registered capital (RMB)	Investment amount (RMB)	Equity interest % (post-dilution)
Shenzhen Greenpine Chuangzhi Venture Capital Partnership (Limited Partnership) (深圳松禾創智創業投資合夥企 業(有限合夥)) (“ <b>Greenpine Chuangzhi</b> ”)	870,298.30	47,000,000	9.40%
Jiangsu SME	370,339.70	20,000,000	4.00%
Founder Securities Investment Co., Ltd. (方正證券投資有限公司) (“ <b>Founder Securities</b> ”)	370,339.70	20,000,000	4.00%
Jiangsu Modern Service Development Venture Capital Fund (Limited Partnership) (江蘇省現代服務業發 展創業投資基金(有限合夥)) (“ <b>Jiangsu Modern Service</b> ”)	185,169.85	10,000,000	2.00%
Wang Yang (汪洋)	55,551.00	3,000,000	0.60%

See “– Pre-[REDACTED] Investments” for further details of the Series B-1 Financing.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *Series B-2 Financing*

In December 2021, we completed the Series B-2 Financing and raised a total investment of RMB80,000,000. Upon completion of the Series B-2 Financing, the registered capital of our Company was increased from RMB9,258,492.50 to RMB10,380,734.07. The respective subscription amount and consideration for each investor in the Series B-2 Financing were as follows:

Investor	Subscribed registered capital (RMB)	Investment amount (RMB)	Equity interest % (post-dilution)
Shenzhen Futian District Shanchuang SME Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創中小微股權投資 基金合夥企業(有限合夥)) (“Shanchuang SME”)	561,120.76	40,000,000	5.41%
Chongqing Fuling District Greenpine Zhixun Private Equity Investment Fund Partnership (Limited Partnership) (重慶市涪陵區松禾智訊私募股權投 資基金合夥企業(有限合夥)) (“Greenpine Zhixun”)	420,840.57	30,000,000	4.05%
Shaanxi Xinhua Innovation Investment Fund Partnership (Limited Partnership) (陝西薪火創新投資基金合夥企 業(有限合夥)) (“Shaanxi Xinhua”)	140,280.19	10,000,000	1.35%

See “– Pre-[REDACTED] Investments” for further details of the Series B-2 Financing.



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *Series B-3 Financing*

In December 2022, we completed the Series B-3 Financing and raised a total investment of RMB40,000,000. Upon completion of the Series B-3 Financing, the registered capital of our Company was increased from RMB10,380,734.07 to RMB10,813,264.66. The respective subscription amount and consideration for each investor in the Series B-3 Financing were as follows:

<b>Investor</b>	<b>Subscribed registered capital (RMB)</b>	<b>Investment amount (RMB)</b>	<b>Equity interest % (post-dilution)</b>
Cai Youliang (蔡友良)	308,950.42	28,571,428.57	2.86%
Du Mu (杜牧)	123,580.17	11,428,571.43	1.14%

The following equity transfers were concurrently completed:

<b>Transferor</b>	<b>Transferee</b>	<b>Transferred registered capital (RMB)</b>	<b>Transferred equity interest %</b>	<b>Consideration (RMB)</b>
Lanyan Zizhu	Cai Youliang	151,017.44	1.45%	10,910,893
Sun Houjun	Cai Youliang	71,428.57	0.69%	5,160,659
Mr. Zhou	Cai Youliang	74,148.10	0.71%	5,357,143
Lanyan Zizhu	Du Mu	60,406.97	0.58%	4,364,357
Sun Houjun	Du Mu	28,571.43	0.28%	2,064,264
Mr. Zhou	Du Mu	29,659.24	0.29%	2,142,857

The considerations of the aforesaid transfers were determined after arm’s length negotiations based on the agreed discount on the valuation of our Company under the Series B-3 Financing.

See “– Pre-[REDACTED] Investments” for further details of the Series B-3 Financing.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *Series C Financing*

In August 2024, we completed the Series C Financing and raised a total investment of RMB70,000,000. Upon completion of the Series C Financing, the registered capital of our Company was increased from RMB10,813,264.66 to RMB11,418,807.48. The respective subscription amount and consideration for each investor in the Series C Financing were as follows:

Investor	Subscribed registered capital (RMB)	Investment amount (RMB)	Equity interest % (post-dilution)
Shenzhen Guoke Ruihua Phase III Equity Investment Fund Partnership (Limited Partnership) (深圳市國科瑞華三期股權投資基金 合夥企業(有限合夥)) (“Guoke Ruihua III”)	599,487.39	69,300,000	5.25%
Beijing Guoke Zhengdao Investment Center (Limited Partnership) (北京國科正道投資中心 (有限合夥)) (“Guoke Zhengdao”)	6,055.43	700,000	0.05%

See “– Pre-[REDACTED] Investments” for further details of the Series B-3 Financing.

### *Equity transfers in May 2025*

In May 2025, the following share transfers were completed:

Transferor	Transferee	Transferred registered capital (RMB)	Transferred equity interest %	Consideration (RMB)
Changsha Hesheng	Beijing Guoke Ruihua Phase IV Equity Investment Fund Partnership (Limited Partnership) (北京國科 瑞華四期股權投資基金 合夥企業(有限合夥)) (“Guoke Ruihua IV”)	201,563.50	1.77%	15,445,400

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Transferor	Transferee	Transferred registered capital (RMB)	Transferred equity interest %	Consideration (RMB)
Changsha Hesheng	Shenzhen Baoshi Xinqiao Guoke Ruihua Private Equity Investment Fund Partnership (Limited Partnership) (深圳市寶 實新橋國科瑞華私募股 權投資基金合夥企 業(有限合夥)) (“Xinqiao Guoke”)	201,563.50	1.77%	15,445,400
Lanyan Zizhu	Guoke Ruihua IV	98,965.80	0.87%	7,583,546
Lanyan Zizhu	Xinqiao Guoke	98,965.79	0.87%	7,583,546
Founder Securities	Foshan Hygoal Zhixing No. 31 Venture Capital Center (Limited Partnership) (佛山和高 智行三十一號創業投資 中心(有限合夥)) (“Hygoal No. 31”)	370,339.70	3.24%	28,378,378.22
Mr. Chen	Foshan Hygoal Zhixing No. 26 Venture Capital Center (Limited Partnership) (佛山和高 智行二十六號創業投資 中心(有限合夥)) (“Hygoal No. 26”)	270,788.91	2.37%	20,750,000
Mr. Chen	Shenzhen Jiaxing No. 1 Investment Partnership (Limited Partnership) (深圳市嘉星一號投資 合夥企業(有限合夥)) (“Jiaxing No. 1”)	70,099.72	0.61%	5,371,600
Tongling Yuanfu	Guoke Zhengdao	6,071.29	0.05%	465,232
Tongling Yuanfu	Peng Cong (彭聰) <sup>1</sup>	10,053.71	0.09%	770,457
Mr. Chen	Peng Cong	114,188.07	1.00%	4,500,000

*Note:*

1. Peng Cong is our chief financial officer and secretary of our Board.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *Conversion into a Joint Stock Company*

Our Company was converted from a limited liability company into a joint stock company with limited liability on May 23, 2025. The conversion was made with reference to our Company’s net asset value as of November 30, 2024 of RMB166.8 million, out of which RMB30,000,000 was converted into 30,000,000 shares with a par value of RMB1.00 each, and the remaining amount was classified as capital reserve. Immediately after the conversion into a joint stock company with limited liability, the registered share capital of our Company became 30,000,000 shares with a par value of RMB1.00 each.

### *Share Subdivision*

Pursuant to the resolution passed by the then Shareholders on June 6, 2025, each share of our Company with a nominal value of RMB1.00 will be subdivided into 10 Shares with a nominal value of RMB0.10 each on the [REDACTED].

### *Shareholding structure of our Company as of the Latest Practicable Date*

See “– Capitalization of our Company” for a summary of the shareholding our Company as of the Latest Practicable Date.

### **Our Operating Subsidiary**

Apart from our Company, we also carried out our operations through Suzhou Chengtech, information of which is set out as follows:

Name	Date of establishment	Place of establishment	Shareholding	Principal activity
			attributable to our Company	
Suzhou Chengtech	December 16, 2020	PRC	100%	R&D and manufacturing of radar products

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### MAJOR ACQUISITIONS AND DISPOSALS

We had not conducted any major acquisitions or disposals during the Track Record Period and up to the Latest Practicable Date.

### EMPLOYEE SHAREHOLDING PLATFORM

Chengtech VC is a limited partnership established in the PRC and is our employee shareholding platform, with Mr. Chen as its general partner since its establishment, holding 0.5% partnership interest therein. Chengtech VC had nine limited partners, including Mr. Zhou who held 62.5% partnership interest therein, Mr. Liu Longlong (劉龍龍) (our executive Director) who held 10% partnership interest therein, Ms. Luo Haiyan (羅海燕) (our executive Director, deputy general manager and chief operating officer) who held 5% partnership interest therein, and six employees of our Company who were Independent Third Parties, none of whom held 30% or more partnership interest therein.

### ACTING-IN-CONCERT ARRANGEMENT

To provide for stability in leadership and consolidate the voting power in our general meetings during the early stages in our Company, Mr. Chen, Mr. Zhou, Chengtech VC, Chengyan VC and Huacheng VC entered into an acting-in-concert agreement on January 1, 2020, pursuant to which the parties agreed that (i) they would cast their votes as directors and/or shareholders (as appropriate) unanimously in relation to resolutions concerning important matters of our Company, including directions on operations and investments, annual budgets, profit distribution, changes in registered capital, issue of bonds, appointment of directors and general manager and determination of their remuneration, approval of directors’ reports, share incentive schemes and amendment of articles; (ii) they would reach a unanimous consensus among themselves before casting their votes as directors and/or shareholders (as appropriate) on such matters; and (iii) they would exercise their voting rights in a manner which is consistent with the views of Mr. Chen if a consensus cannot be reached among the parties. The agreement shall remain in effect until the lapse of 36 months after the [REDACTED], and shall be automatically renewed for further 36 months if none of the parties oppose to its renewal within one month before the expiry of the term.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### PRE-[REDACTED] INVESTMENTS

We completed several rounds of Pre-[REDACTED] Investments, namely the Angel Financing, the Series Pre-A Financing, the Series A Financing, the Series A+ Financing, the Series B-1 Financing, the Series B-2 Financing, the Series B-3 Financing and the Series C Financing.

	Angel Financing	Series Pre-A Financing	Series A Financing	Series A+ Financing	Series B-1 Financing	Series B-2 Financing	Series B-3 Financing	Series C Financing
Date of agreement(s)	September 5, 2017	January 24, 2018 and April 20, 2018	June 3, 2019	August 14, 2020, to February 9, 2021	July 20, 2021	November 1, 2021 to November 22, 2021	November 14, 2022	May 17, 2024
Number of Shares issued <sup>1</sup>	6,913,800 Shares	12,290,880 Shares	11,830,270 Shares	32,197,420 Shares	48,648,660 Shares	29,484,030 Shares	11,363,630 Shares	15,909,090 Shares
Amount of consideration paid <sup>2</sup>	RMB4,000,000	RMB8,000,000	RMB11,000,000	RMB45,600,000	RMB100,000,000	RMB80,000,000	RMB40,000,000	RMB70,000,000
Last date of settlement of consideration	September 27, 2017	May 4, 2018	September 6, 2019	March 23, 2021	August 27, 2021	December 7, 2021	November 24, 2022	May 31, 2024
Cost per Share <sup>3</sup>	RMB0.58	RMB0.65	RMB0.93	RMB1.42	RMB2.06	RMB2.71	RMB3.52	RMB4.40
Pre-money valuation of our Company <sup>4</sup>	RMB76.0 million	RMB90.0 million <sup>6</sup>	RMB140.0 million <sup>7</sup>	RMB230.0 million <sup>8</sup>	RMB400.0 million <sup>9</sup>	RMB660.0 million <sup>10</sup>	RMB960.0 million <sup>11</sup>	RMB1,250.0 million <sup>12</sup>
Post-money valuation of our Company <sup>5</sup>	RMB80.0 million	RMB98.0 million <sup>6</sup>	RMB151.0 million <sup>7</sup>	RMB275.6 million <sup>8</sup>	RMB500.0 million <sup>9</sup>	RMB740.0 million <sup>10</sup>	RMB1,000.0 million <sup>11</sup>	RMB1,320.0 million <sup>12</sup>

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

	Angel Financing	Series Pre-A Financing	Series A Financing	Series A+ Financing	Series B-1 Financing	Series B-2 Financing	Series B-3 Financing	Series C Financing
Discount to the [REDACTED] <sup>13</sup>	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
[REDACTED] received by our Company from the Pre-[REDACTED] Investments	For the purpose of development of our Group’s principal business. As of the Latest Practicable Date, the net [REDACTED] received by our Company from the Pre-[REDACTED] Investments were fully utilized.							
Strategic benefits of the Pre-[REDACTED] Investors brought to our Company	At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-[REDACTED] Investors’ investments in our Company. The net [REDACTED] received from the Pre-[REDACTED] Investments provided the capital which had been applied for the development of our business.							
Lock-up	Pursuant to the applicable PRC law, all existing Shareholders (including the Pre-[REDACTED] Investors) are subject to the relevant PRC statutory transfer restriction for a period of one year from the [REDACTED]							

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

*Notes:*

1. Representing the number of Shares issued to the respective Pre-[REDACTED] Investors after completion of our conversion into a joint stock company and the Share Subdivision.
2. Representing the total amount of consideration paid in the respective round of the Pre-[REDACTED] Investment, without taking into account the considerations paid in respect of the transfers of equity interests between Shareholders. The consideration was determined after arm’s length negotiations with reference to our funding needs and the prospects and development potential of our Group.
3. Calculated based on the amount of investment paid in the respective round of the Pre-[REDACTED] Investment divided by the number of Shares issued to the respective Pre-[REDACTED] Investors after completion of our conversion into a joint stock company and the Share Subdivision.
4. Representing the cost per Share under the respective round of the Pre-[REDACTED] Investments multiplied by the capitalization of our Company (on a fully diluted basis) immediately before the closing of the corresponding round of the Pre-[REDACTED] Investments.
5. Representing the cost per Share under the respective round of the Pre-[REDACTED] Investments multiplied by the capitalization of our Company (on a fully diluted basis) immediately after the closing of the corresponding round of the Pre-[REDACTED] Investments.
6. The increase in valuation from the Angel Financing to the Series Pre-A Financing was mainly due to (i) our successful development of the mock-up of our first generation of our 77G millimeter-wave radar, and (ii) the release of our first front radar CTLRR-100 within two years from our establishment, and our recognition as a High-tech Enterprise.
7. The increase in valuation from the Series Pre-A Financing to the Series A Financing was mainly due to (i) the release and launch of our front radar CTLRR-320 for commercial vehicles, and (ii) the completion of our first 76-79GHz semi-automatic production and testing line, which allowed us to commence small batch delivery.
8. The increase in valuation from the Series A Financing to the Series A+ Financing was mainly due to (i) the increase in our revenue as a result of our delivery of our front radar for commercial vehicles, (ii) the release of China’s first 5th-generation single-SoC 4D front radar CTLRR-400, according to CIC, which showcased our breakthrough in product design, functionalities and costs, and (iii) the small batch delivery of our corner radar to leading OEMs.
9. The increase in valuation from the Series A+ Financing to the Series B-1 Financing was mainly due to (i) the planning of our Suzhou production base, which would significantly improve our future production capabilities, efficiency and gross profit ratio, (ii) the start of our strategic cooperation with a Frankfurt Stock Exchange-listed German automobile parts manufacturing company for the R&D, production and business development in corner radars for passenger vehicles; and (iii) the growth in our revenue in light of the batch delivery of our front radar for commercial vehicles.
10. The increase in valuation from the Series B-1 Financing to the Series B-2 Financing was mainly due to (i) the anticipated construction of our Suzhou production base, and (ii) the successful development of our 4D high-resolution front radars for passenger vehicles, which allowed us to enter into the passenger vehicle driving assistant market.
11. The increase in valuation from the Series B-2 Financing to the Series B-3 Financing was mainly due to our Group becoming the designated supplier of industry-leading OEM vehicle manufacturers, including Customer A and an HKEX-listed automobile manufacturer based in Beijing; (ii) the mass delivery of our 4D front radar CTLRR-220 Plus and our corner radar CTMRR-130, and (iii) the anticipated breakthrough in our revenue for the financial year ended December 31, 2023.



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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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12. The increase in valuation from the Series B-3 Financing to the Series C Financing was mainly due to (i) the estimated breakeven of our financial performance for the year ended December 31, 2024, (ii) the increase in delivery volume and market share with large industry-leading customers including Customer A and (iii) the anticipated designation as supplier of a leading Chinese OEM based in Hangzhou.
13. The discount to the [REDACTED] is calculated based on the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED].

### Special Rights of the Pre-[REDACTED] Investors

The special rights granted to the Pre-[REDACTED] Investors included, among others, information rights, redemption rights, pre-emptive rights, director nomination rights, rights to be consented prior to certain corporate actions and anti-dilution rights. All special rights which are required to be terminated pursuant to Chapter 4.2 of the Listing Guide have been terminated before the submission of the [REDACTED] application to the Stock Exchange, and shall only be restored upon the earliest of (i) the withdrawal of the [REDACTED] application to the Stock Exchange by our Company; (ii) the Stock Exchange returning or rejecting our [REDACTED] application; (iii) the lapse of the [REDACTED] application has not been renewed within six months after the lapse; and (iv) our Company fails to complete the [REDACTED] within 18 months after the first submission of the [REDACTED] application to the Stock Exchange.

### Information about the Pre-[REDACTED] Investors

#### *Our Pathfinder SIIs*

We have received meaningful investments from the following Pathfinder SIIs, each having invested in our Company for at least 12 months prior to the first submission of our [REDACTED] application to the Stock Exchange.

**Green Pine Capital** Greenpine Chuangzhi and Greenpine Zhixun, being funds ultimately managed by Green Pine Capital, were in aggregate interested in 11.31% of the total number of issued Shares as of the Latest Practicable Date.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Greenpine Chuangzhi is a limited partnership established in the PRC and is principally engaged in equity investment. Greenpine Chuangzhi is owned as to 2.1% and managed by its general partner, Shenzhen Greenpine Chuangzhi Private Equity Venture Capital Fund Management Partnership (Limited Partnership) (深圳松禾創智私募創業投資基金管理合夥企業(有限合夥)) (“**Greenpine Chuangzhi Management**”). Greenpine Chuangzhi has 13 limited partners, including (i) Shenzhen Guidance Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) (wholly owned by Shenzhen Finance Bureau (深圳市財政局)), which holds 25% partnership interest therein; (ii) Shenzhen Futian Guidance Fund Investment Co., Ltd. (深圳市福田引導基金投資有限公司) (wholly owned by the Shenzhen Futian District State-owned Assets Supervision and Administration Bureau (深圳市福田區國有資產監督管理局)), which holds 20% partnership interest therein; and (iii) 11 other limited partners, none of which holds 30% or more of the partnership interest therein.

Greenpine Zhixun is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Greenpine Zhixun is owned as to 5% and managed by its general partner, Greenpine (Chongqing) Digital Technology Partnership (Limited Partnership) (松禾(重慶)數字技術合夥企業(有限合夥)) (“**Greenpine Chongqing Digital**”), which is in turn managed by its general partner, Shenzhen Greenpine Growth Private Equity Fund Management Co., Ltd. (深圳市松禾成長私募股權基金管理有限公司) (“**Greenpine Growth PE Management**”). Greenpine Zhixun has two limited partners wholly owned by Chongqing Fuling District State-owned Assets Supervision and Administration Commission of the State Council (重慶市涪陵區國有資產監督管理委員會), namely (i) Chongqing Fuling State-owned Assets Investment Management Group Co., Ltd. (重慶市涪陵國有資產投資經營集團有限公司) which holds 47.5% partnership interest therein; and (ii) Chongqing Fuling District New Urban Area Development (Group) Co., Ltd. (重慶市涪陵區新城區開發(集團)有限公司) which holds 47.5% partnership interest therein. Greenpine Growth PE Management is majority-owned by Li Wei (厲偉), who is also one of the beneficial owners of Green Pine Capital Partners Co., Ltd. (深圳市松禾資本管理有限公司).

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Green Pine Capital group consists of several operating entities and fund entities including, among others, Green Pine Capital Partners Co., Ltd., Greenpine Chuangzhi Management, Greenpine Chongqing Digital, Greenpine Growth PE Management, Greenpine Chuangzhi and Greenpine Zhixun, all of which are under the management of the same management team of Green Pine Capital Partners Co., Ltd. led by Li Wei).

Green Pine Capital group is an investment firm group with a primary focus on investing in early-stage and growth-stage companies in digital technology, precision medicine and innovative materials industries. Its investment portfolio includes companies listed on the Stock Exchange, such as Shenzhen Dobot Corp Ltd (深圳市越疆科技股份有限公司) (stock code: 2432) and YSB Inc. (藥師幫股份有限公司) (stock code: 9885).

As of June 30, 2021 (being a date within six months prior to the date on which Green Pine Capital signed the first definitive agreement for its investment in our Company) and December 31, 2024 (being a date within six months prior to the date of our Company’s [REDACTED] application), Green Pine Capital had an aggregate assets under management over RMB16 billion and RMB23 billion, respectively.

### Addor Capital

Jiangsu SME and Jiangsu Modern Service, being funds ultimately managed by Addor Capital, were in aggregate interested in 9.57% of the total number of issued Shares as of the Latest Practicable Date.

Jiangsu SME is a limited partnership established in the PRC and is managed by its general partner, Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司) (“**Addor Capital**”). Jiangsu SME had four limited partners and is held as to 54.22% by Jiangsu Addor Small and Medium Sized Enterprise Development Fund (Limited Partnership) (江蘇毅達中小企業發展基金(有限合夥)) (“**Jiangsu Addor SME**”) as its largest and only limited partner with 30% or more partnership interest in Jiangsu SME, which in turn is managed by its general partner, Addor Capital. Save for Jiangsu Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司) (“**Govtor Capital**”), which holds 35.07% partnership interest in Jiangsu Addor SME, none of the limited partners of Jiangsu Addor SME holds more than 30% or more partnership interest therein. Jiangsu SME primarily engages in venture capital investment in small and medium-sized enterprises.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Jiangsu Modern Service is a limited partnership established in the PRC and is principally engaged in equity investment. It is owned as to 0.95% and managed by its general partner, Nanjing Addor Equity Investment Management Enterprise (Limited Partnership) (南京毅達股權投資管理企業(有限合夥)) (“**Nanjing Addor Capital Management**”), which is in turn managed by its general partner, Addor Capital. Jiangsu Modern Service has 45 limited partners, including (i) Jiangsu Government Investment Fund (Limited Partnership) (江蘇省政府投資基金(有限合夥)) (owned as to 99.98% by the Department of Finance of Jiangsu Province as its only limited partner and managed by its general partner, Jiangsu Fiscal Investment Co., Ltd. (江蘇金財投資有限公司), which is wholly owned by the Department of Finance of Jiangsu Province (江蘇省財政廳)), which holds 31.55% partnership interest therein; (ii) Govtor Capital (ultimately controlled by the Jiangsu Provincial People’s Government (江蘇省人民政府)), which holds 15.77% partnership interest therein; and (iii) 43 other limited partners, none of which holds more than 30% partnership interest therein.

Addor Capital is held as to 40% by Nanjing Addor Capital Management, 35% by Govtor Capital and 25% by five other limited partnerships established in the PRC, all managed by Nanjing Addor Capital Management. Nanjing Addor Capital Management is managed by its general partner, Nanjing Addor Investment Management Co., Ltd. (南京毅達投資管理有限公司) (“**Nanjing Addor Investment Management**”), which in turn is owned by Ying Wenlu (應文祿) as its largest shareholder, holding 22.45% equity interest, and five other individuals, who are also the limited partners of Nanjing Addor Capital Management. None of them held 30% or more interest in Nanjing Addor Investment Management or Nanjing Addor Capital Management.

Established in 2014, Addor Capital is an established private equity investment fund manager engaging in investments in healthcare, clean technology, new materials, advanced manufacturing and other industries in companies across all equity stages. Its investment portfolio includes TYK Medicines, Inc (stock code: 2410).

As of June 30, 2020 (being a date within six months prior to the date on which Addor Capital signed the first definitive agreement for its investment in our Company) and December 31, 2024 (being a date within six months prior to the date of our Company’s [REDACTED] application), Addor Capital Fund Management had an aggregate assets under management over RMB78.3 billion and RMB106.3 billion, respectively.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As required by Chapter 2.5 of the Listing Guide, each of the aforesaid Pathfinder SIIIs holds 3% or more, and in aggregate 10% or more, of the issued share capital of our Company as of the date of our [REDACTED] application and throughout the pre-application 12-month period. For details of the shareholding in our Company of each of the aforesaid Pathfinder SIIIs, see “– Capitalization of our Company” below.

### *Our Sophisticated Independent Investor*

In addition, we have also received meaningful investments from the following Sophisticated Independent Investor:

**CAS Investment** Guoke Ruihua III, Guoke Ruihua IV and Xinqiao Guoke, being funds ultimately managed by CAS Investment, were in aggregate interested in 10.51% of the total number of issued Shares as of the Latest Practicable Date.

Guoke Ruihua III is a limited partnership established in the PRC and is principally engaged in venture capital investment and equity investment. The general partner of Guoke Ruihua III is Guoke Ruihua (Shenzhen) Technology Co., Ltd. (國科瑞華(深圳)科技有限公司) (“**Ruihua Technology**”), which holds 1.33% partnership interest therein and is wholly owned by CAS Investment Management Co., Ltd. (中國科技產業投資管理有限公司) (“**CAS Investment**”). The largest limited partner of Guoke Ruihua III is Shenzhen Guidance Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) (wholly owned by the Shenzhen Finance Bureau (深圳市財政局)), which holds 25% partnership interest therein. None of the other 14 limited partners of Guoke Ruihua III holds more than 20% partnership interest therein.

Guoke Ruihua IV is a limited partnership established in the PRC and is principally engaged in equity investment. Guoke Ruihua IV is owned as to 2% and managed by its general partner, CAS Investment. Guoke Ruihua IV has seven limited partners, including (i) Dajia Life Insurance Co., Ltd. (大家人壽保險股份有限公司) (ultimately controlled by the Ministry of Finance of the PRC (中華人民共和國財政部)), which holds 33.3% partnership interest therein; (ii) Beijing Guoke Borun Information Industry Center (Limited Partnership) (北京國科博潤信息產業中心(有限合夥)) (“**Guoke Borun**”) (a limited partnership managed by Ruihua Technology), which holds 27.3% partnership interest therein; and (iii) five other limited partners, none of which holds 30% or more partnership interest therein.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Xinqiao Guoke is a limited partnership established in the PRC, which is principally engaged in equity investment. Xinqiao Guoke is owned as to 2% and managed by its general partner, CAS Investment. Xinqiao Guoke has nine limited partners, including (i) Guoke Borun, which holds 29% partnership interest therein; (ii) Taibao Changhang Equity Investment Fund (Wuhan) Partnership (Limited Partnership) (太保長航股權投資基金(武漢)合夥企業(有限合伙)) (the general partner of which is Taibao Private Equity Fund Management Co., Ltd. (太保私募基金管理有限公司), which is ultimately controlled by China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司) (stock code: 601601.SH and 2601.HK)), which holds 20% partnership interest therein; and (iii) seven other limited partners, none of which holds 30% or more partnership interest therein.

CAS Investment is held as to 30.01% by Chinese Academy of Sciences Holdings Co., Ltd. (中國科學院控股有限公司), which is wholly owned by Chinese Academy of Sciences (中國科學院), and 32.52% by Beijing CAS Talent Consulting Co., Ltd. (北京國科才俊諮詢有限公司), which is owned by Sun Hua (孫華) as the largest shareholder holding 22.2% equity interest and 11 other individuals. None of the other shareholders of CAS Investment holds more than 30% equity interest therein.

CAS Investment is an investment firm group with a primary focus on investing in hard technology. Its investment portfolio includes a number of listed companies, such as Suzhou Novosense Microelectronics Co., Ltd. (蘇州納芯微電子股份有限公司) (stock code: 688052.SH) and Transwarp Technology (Shanghai) Co., Ltd. (星環信息科技(上海)股份有限公司) (stock code: 688031.SH), both being listed on the STAR Market of the Shanghai Stock Exchange.

As of December 31, 2024 (being a date within six months prior to the date on which CAS Investment signed the last definitive agreement for its investment in our Company and a date within six months prior to the date of our Company’s [REDACTED] application), CAS Investment had assets under management of over RMB6.5 billion, where that value is derived from Specialist Technology investments, which include investments in companies engaging in next-generation information technology, advanced hardware and software, advanced materials as well as new energy and environmental protection.



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On the basis that [REDACTED] Shares are expected to be in issue upon the completion of the [REDACTED], upon the [REDACTED], the aforesaid Pathfinder SIIs and Sophisticated Independent Investor will hold, in aggregate, no less than [REDACTED]% of the issued share capital of our Company (assuming the [REDACTED] is not exercised).

### *Our other Pre-[REDACTED] Investors*

Information of our other Pre-[REDACTED] Investors which held 1% or more shareholding in our Company as of the Latest Practicable Date is set out below:

<b>Cai Youliang</b>	Mr. Cai Youliang is a private investor in the PRC and has over 20 years of investment experience in venture capital investment.
<b>Shanchuang SME</b>	Shanchuang SME is a limited partnership established in the PRC, which is principally engaged in equity investment. It is owned as to 1% and managed by its general partner, Shenzhen Shanchuang Equity Investment Management Co., Ltd. (深圳杉創股權投資管理有限公司), which is owned as to 70% by Shanghai Shanshan Chuanghui Venture Capital Investment Management Co., Ltd. (上海杉杉創暉創業投資管理有限公司) (“ <b>Shanghai Shanshan</b> ”) and 30% by Ningbo Wenhui Enterprise Management Partnership (Limited Partnership) (寧波聞匯企業管理合夥企業(有限合夥)) (“ <b>Ningbo Wenhui</b> ”). Shanghai Shanshan is owned as to 40% by Ningbo Shanshan Venture Investment Co., Ltd. (寧波杉杉創業投資有限公司) (“ <b>Ningbo Shanshan</b> ”) (owned by Ningbo Shanshan Co., Ltd. (寧波杉杉股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600884)) and 40% by Shanghai Wenbo Asset Management Co., Ltd. (上海聞帛資產管理有限公司) (“ <b>Shanghai Wenbo</b> ”) (owned as to 52.27% by Li Baosheng (李寶生) and 31.82% by Guan Yi (官毅)). Shanghai Wenbo is also the general partner of Ningbo Wenhui, which is owned as to 99.97% by Beijing Mingrun Guangju Investment Co., Ltd. (北京明潤廣居投資有限責任公司) (“ <b>Beijing Mingrun</b> ”) (owned as to 30% by Zhuhai Mingrun Guangju Technology Industry Investment Enterprise (Limited Partnership) (珠海明潤廣居科技產業投資企業(有限合夥)), a limited partnership owned as to 90% and managed by Peng Qilei (彭期磊), its general partner).

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shanchuang SME has four limited partners, namely (i) Shenzhen Guidance Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) (wholly owned by Shenzhen Finance Bureau (深圳市財政局)), which holds 35% partnership interest therein; (ii) Beijing Mingrun, which holds 30% partnership interest therein; (iii) Ningbo Shanshan, which holds 20% partnership interest therein; and (iv) Shenzhen Futian Guidance Fund Investment Co., Ltd. (深圳市福田引導基金投資有限公司) (wholly-owned by the Shenzhen Futian District State-owned Assets Supervision and Administration Bureau (深圳市福田區國有資產監督管理局)), which holds 14% partnership interest therein.

### Jiabin Phase II

Jiabin Phase II is a limited partnership established under the laws of the PRC, which is principally engaged in private equity investment. Jiabin Phase II is owned as to 1% and managed by its general partner, Nantong Jiabin Fund Management Co., Ltd. (南通嘉益基金管理有限公司), which is a wholly-owned subsidiary of Nantong Xinhui Holding Group Co., Ltd. (南通市鑫匯控股集團有限公司), a PRC state-owned enterprise. Jiabin Phase II has five limited partners, including (i) Nantong Tongzhou District Huitong Investment Co., Ltd. (南通市通州區惠通投資有限責任公司), a PRC state-owned enterprise, which holds 54.5% partnership interest therein; and (ii) four other limited partners, none of which holds 30% or more partnership interest therein.

### Hygoal Capital

Each of Hygoal No. 31 and Hygoal No. 26 is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Hygoal No. 31 is owned as to 2.50% and managed by its general partner, Foshan Huachao Asset Management Co., Ltd. (佛山市華潮資產管理有限公司) (“**Huachao Asset Management**”). Hygoal No. 31 has eight limited partners, namely (i) Li Jizhen (李紀振), who holds 39.53% partnership interest therein; and (ii) seven other limited partners, none of which holds 30% or more partnership interest therein.

Hygoal No. 26 is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Hygoal No. 26 is owned as to 0.005% and managed by its general partner, Huachao Asset Management. Hygoal No. 26 has four limited partners, namely (i) Li Peng (李鵬) and Wang Shaodi (王紹迪), each of whom holds 45.04% partnership interest therein; and (ii) two other limited partners, none of which holds 10% or more partnership interest therein.



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Huachao Asset Management is a limited liability company established in the PRC and is an investment platform under Hygoal Capital which focuses on the smart electric vehicle sector. It is owned as to 56% by Huang Wenchao (黃文超), 34% by Liu Wenjie (劉文杰) and 10% by Luo Yu (羅宇).

**Xinleineng**

Xinleineng is a company principally engaged in provision of power supply products. It is a joint stock company established under the laws of the PRC and is listed on the Shenzhen Stock Exchange (stock code: 300593).

**Wang Shengping**

Mr. Wang Shengping is a private investor in the PRC and has over 10 years of investment experience in technology sector, including IoT, robots and smart driving. He is also a director in a number of technology and new energy companies in the PRC.

**Du Mu**

Mr. Du Mu is a private investor in the PRC and has around 7 years of investment experience. His investments include shares, private equity, listed securities, bonds and funds in the medical, technology and consumer goods sectors.

**Shaanxi Xinhua**

Shaanxi Xinhua is a limited partnership established under the laws of the PRC, which is principally engaged in equity investment. Shaanxi Xinhua is owned as to 0.99% and managed by its general partner, Shaanxi Green Gold Investment Management Co., Ltd. (陝西綠金投資管理有限公司). Shaanxi Xinhua has one limited partner, Shaanxi Shantou Capital Management Co., Ltd. (陝西陝投資本管理有限公司) (wholly owned by the State-owned Assets Supervision and Administration Commission of the Shaanxi Provincial People's Government (陝西省人民政府國有資產監督管理委員會)), which holds 99.01% partnership interest therein.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, each of the Pre-[REDACTED] Investors is an Independent Third Party.

### Compliance with Chapter 4.2 of the Listing Guide

The Sole Sponsor confirms that the investments by the Pre-[REDACTED] Investors are in compliance with the guidance on pre-[REDACTED] investments in Chapter 4.2 of the Guide.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### CAPITALIZATION OF OUR COMPANY

The following table sets forth our shareholding structure as of the Latest Practicable Date and immediately upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the Share Subdivision and the conversion of Unlisted Shares into H Shares:

Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED], the Share Subdivision and the conversion of Unlisted Shares into H Shares	
	<i>Number of Unlisted Shares</i>	<i>Shareholding %<sup>1</sup></i>	<i>Number of H Shares</i>	<i>Shareholding %<sup>1</sup></i>
<b>Co-founders</b>				
Mr. Chen <sup>5</sup>	4,643,109	15.48%	[REDACTED]	[REDACTED]%
Mr. Zhou <sup>5</sup>	1,493,751	4.98%	[REDACTED]	[REDACTED]%
<b>Shareholding platforms</b>				
Chengtech VC <sup>2,5</sup>	1,970,433	6.57%	[REDACTED]	[REDACTED]%
Huacheng VC <sup>4,5</sup>	1,313,622	4.38%	[REDACTED]	[REDACTED]%
Chengyan VC <sup>3,5</sup>	1,313,622	4.38%	[REDACTED]	[REDACTED]%
<b>Pathfinder SIIs</b>				
Greenpine Chuangzhi	2,286,487	7.62%	[REDACTED]	[REDACTED]%
Greenpine Zhixun	1,105,651	3.69%	[REDACTED]	[REDACTED]%
Jiangsu SME	2,385,159	7.95%	[REDACTED]	[REDACTED]%
Jiangsu Modern Service	486,487	1.62%	[REDACTED]	[REDACTED]%
<b>SIIs</b>				
Guoke Ruihua III	1,575,000	5.25%	[REDACTED]	[REDACTED]%
Guoke Ruihua IV	789,564	2.63%	[REDACTED]	[REDACTED]%
Xinqiao Guoke	789,564	2.63%	[REDACTED]	[REDACTED]%
<b>Other Shareholders</b>				
Cai Youliang	1,590,914	5.30%	[REDACTED]	[REDACTED]%
Shanchuang SME	1,474,202	4.91%	[REDACTED]	[REDACTED]%
Jiaxin Phase II	1,229,088	4.10%	[REDACTED]	[REDACTED]%
Hygoal No. 31	972,973	3.24%	[REDACTED]	[REDACTED]%
Hygoal No. 26	711,429	2.37%	[REDACTED]	[REDACTED]%
Xinleineng	706,077	2.35%	[REDACTED]	[REDACTED]%
Wang Shengping	691,380	2.30%	[REDACTED]	[REDACTED]%
Du Mu	636,365	2.12%	[REDACTED]	[REDACTED]%
Shaanxi Xinhua	368,550	1.23%	[REDACTED]	[REDACTED]%
Peng Cong <sup>6</sup>	326,414	1.09%	[REDACTED]	[REDACTED]%

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED], the Share Subdivision and the conversion of Unlisted Shares into H Shares	
			Number of H	
	Unlisted Shares	Shareholding % <sup>1</sup>	Shares	Shareholding % <sup>1</sup>
Zou Huajun	276,549	0.92%	[REDACTED]	[REDACTED]%
Wang Bin <sup>7</sup>	262,724	0.88%	[REDACTED]	[REDACTED]%
Jiaying No. 1	184,169	0.61%	[REDACTED]	[REDACTED]%
Wang Yang <sup>8</sup>	145,946	0.49%	[REDACTED]	[REDACTED]%
Wang Mu	131,362	0.44%	[REDACTED]	[REDACTED]%
Yishang Communications	107,549	0.36%	[REDACTED]	[REDACTED]%
Guoke Zhengdao	31,860	0.11%	[REDACTED]	[REDACTED]%
Investors under the [REDACTED]	—	—	[REDACTED]	[REDACTED]%
<b>Total</b>	<b>30,000,000</b>	<b>100%</b>	<b>[REDACTED]</b>	<b>100%</b>

*Notes:*

1. The percentage figures included in the table have been subject to rounding adjustments. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.
2. Chengtech VC is a limited partnership established in the PRC and is our employee shareholding platform, with Mr. Chen as its general partner.
3. Huacheng VC is a limited partnership established in the PRC and is the shareholding platform for our early-stage individual investors, with Mr. Chen as its general partner.
4. Chengyan VC is a limited partnership established in the PRC and is the shareholding platform for our early-stage individual investors, with Mr. Chen as its general partner.
5. Pursuant to the Acting-in-Concert Arrangement, Mr. Chen, Mr. Zhou, Chengtech VC, Chengyan VC and Huacheng VC agreed that they would cast their votes as directors and/or shareholders (as appropriate) unanimously in relation to resolutions concerning important matters of our Company.
6. Peng Cong is our chief financial officer and secretary of our Board.
7. Wang Bin is the chairman, general manager and substantial shareholder of Xinleineng.
8. Wang Yang is the general partner of Greenpine Chuangzhi Management, which is the general partner of Greenpine Chuangzhi.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### PUBLIC FLOAT

Of the [REDACTED] H Shares to be converted from Unlisted Shares and [REDACTED] on the Stock Exchange following the completion of the [REDACTED], the Share Subdivision and the conversion of Unlisted Shares into H Shares:

- (a) [REDACTED] H Shares representing [REDACTED]% of our total issued Shares upon the [REDACTED] (assuming that the [REDACTED] is not exercised)) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [REDACTED] as such H Shares are held by [Mr. Chen, Mr. Zhou, Chengtech VC, Huacheng VC and Chengyan VC, our Controlling Shareholders and] core connected persons of our Company;
- (b) [REDACTED] H Shares representing [REDACTED]% of our total issued Shares upon the [REDACTED] (assuming that the [REDACTED] is not exercised)) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [REDACTED] as such H Shares are held by Greenpine Chuangzhi and Greenpine Zhixun, the substantial shareholders and core connected persons of our Company; and
- (c) the remaining [REDACTED] H Shares (representing [REDACTED]% of our total issued Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised)) will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED] as such Shareholders are not core connected persons of our Company upon the [REDACTED] nor accustomed to take instructions from our Company’s core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company’s core connected persons.

See “Share Capital – Conversion of Unlisted Shares into H Shares” for more details of the H Shares to be converted from Unlisted Shares and [REDACTED] on the Stock Exchange following the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares.

As a result, immediately upon completion of the [REDACTED], the Share Subdivision and the conversion of Unlisted Shares into H Shares, taking into account [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised), an aggregate of [REDACTED] H Shares will count towards the public float of our Company, representing [REDACTED]% of the total issued Shares of our Company.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### LOCK-UP

Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all existing Shareholders (including our Pre-[REDACTED] Investors) are prohibited from disposing of any of the Shares held by them.

In addition, the following Shares will be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules at the time of the [REDACTED]:

Person(s)	Capacity	Number of Shares subject to disposal restrictions immediately following the completion of the [REDACTED] and the Share Subdivision	Shareholding subject to disposal restrictions immediately following the completion of the [REDACTED] and the Share Subdivision	Lock-up period
Mr. Chen	Co-founder and executive Director	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Mr. Zhou	Co-founder and executive Director	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Chengtech VC	Close associate of Mr. Chen and Mr. Zhou	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Chengyan VC	Close associate of Mr. Chen	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Person(s)	Capacity	Number of Shares subject to disposal restrictions immediately following the completion of the [REDACTED] and the Share Subdivision	Shareholding subject to disposal restrictions immediately following the completion of the [REDACTED] and the Share Subdivision	Lock-up period
Huacheng VC	Close associate of Mr. Chen	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Jiangsu SME	Pathfinder SII	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of six months from the [REDACTED]
Jiangsu Modern Service	Pathfinder SII	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of six months from the [REDACTED]
Greenpine Chuangzhi	Pathfinder SII	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of six months from the [REDACTED]
Greenpine Zhixun	Pathfinder SII	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of six months from the [REDACTED]
Peng Cong	Senior management	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of twelve months from the [REDACTED]

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### FREE FLOAT

Under Rule 18C.10 of the Listing Rules, a Specialist Technology Company must ensure that a portion of the total number of its issued shares [REDACTED] on the Stock Exchange with a market capitalization of at least HK\$600,000,000 are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of [REDACTED].

It is expected that immediately following completion of the [REDACTED], a market capitalization of HK\$[REDACTED] million of the H Shares [REDACTED] on the Stock Exchange, representing all the [REDACTED] (other than the [REDACTED] subscribed by the cornerstone investors), are not subject to such disposal restrictions at the time of the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range, and the [REDACTED] is not exercised). Accordingly, our Company will be able to satisfy the requirements under Rule 18C.10 of the Listing Rules.

### PRC LEGAL COMPLIANCE

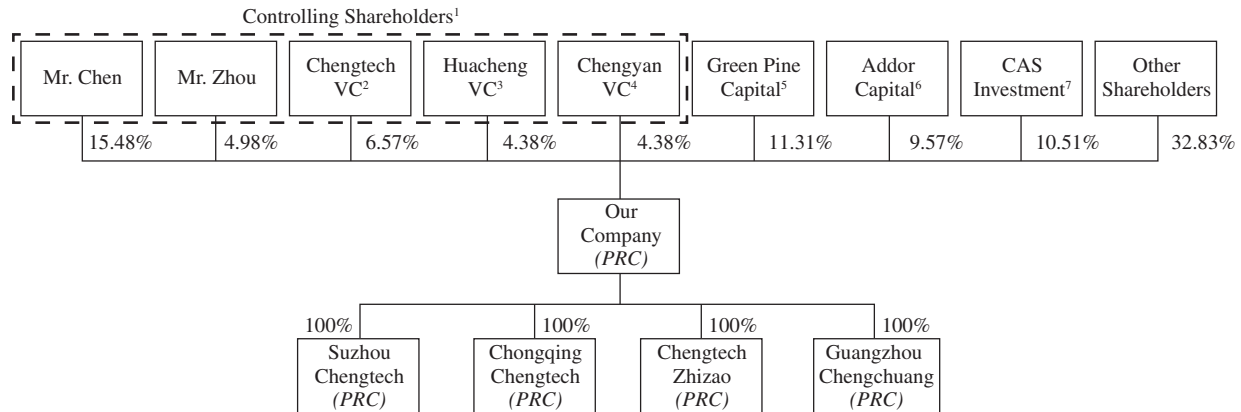
Our PRC Legal Advisors have confirmed that, according to applicable PRC laws and regulations, all equity transfers and changes in the registered capital of our Group set out in this section have been properly and legally completed and our Group has obtained all necessary approvals and made all necessary filings, and has complied with applicable PRC laws and regulations in relation to the changes of shareholdings as set out in this section.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### CORPORATE STRUCTURE

#### Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth our corporate and shareholding structure immediately before the [REDACTED]:



#### Notes:

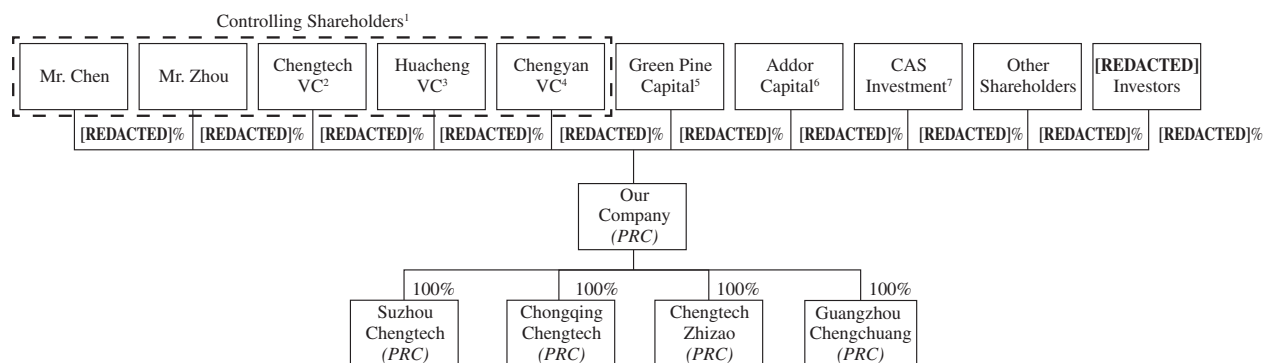
- Pursuant to the Acting-in-Concert Arrangement, Mr. Chen, Mr. Zhou, Chengtech VC, Chengyan VC and Huacheng VC agreed that they would cast their votes as directors and/or shareholders (as appropriate) unanimously in relation to resolutions concerning important matters of our Company.
- Chengtech VC is a limited partnership established in the PRC and is our employee shareholding platform, with Mr. Chen as its general partner.
- Huacheng VC is a limited partnership established in the PRC and is the shareholding platform for our early-stage individual investors, with Mr. Chen as its general partner.
- Chengyan VC is a limited partnership established in the PRC and is the shareholding platform for our early-stage individual investors, with Mr. Chen as its general partner.
- The shareholding of Green Pine Capital comprises the interests held through Greenpine Chuangzhi and Greenpine Zhixun.
- The shareholding of Addor Capital comprises the interests held through Jiangsu SME and Jiangsu Modern Service.
- The shareholding of CAS Investment comprises the interests held through Guoke Ruihua III, Guoke Ruihua IV and Xinqiao Guoke.



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### Corporate Structure Immediately After the Completion of the [REDACTED]

The following chart sets forth our corporate structure immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



*Note:* Please refer to the notes in “– Shareholding and Corporate Structure – Corporate Structure Immediately Before the [REDACTED]” above.

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## BUSINESS

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### OVERVIEW

#### Our Vision

Make the best radar and change the world with millimeter-wave technology.

#### Our Company at a Glance

We are a leading supplier of millimeter-wave radar, a core component for smart driving that is rapidly emerging in the changing automotive industry in China, according to CIC. In 2024, we were the largest domestic supplier of automotive front millimeter-wave radar in China in terms of shipment volume, and the third largest supplier of automotive millimeter-wave radar in China in terms of shipment volume, according to CIC, with market shares of 9.3% and 4.5%, respectively.

We have been involved in the design, research and development, manufacturing and commercialization of millimeter-wave radar products. We possess self-development capabilities, along with hardware and software technologies tailored specifically for millimeter-wave radar applications. As of the Latest Practicable Date, we had engaged over 20 customers in the automotive industry including multiple leading OEMs based in China. Additionally, we have entered into negotiations with several leading European automobile brands.

#### Our Market Opportunities

According to CIC, against the backdrop of growth in the smart driving industry, the automotive millimeter-wave radar sector is experiencing a period of accelerated expansion. According to CIC, the market size of global millimeter-wave radar expanded from RMB17.8 billion in 2020 to RMB29.1 billion in 2024, representing a compound annual growth rate (“CAGR”) of 13.1%. It is expected to grow at a CAGR of 16.7% and reach RMB63.0 billion by 2029. In China, the market expanded from RMB5.4 billion in 2020 to RMB9.8 billion in 2024, representing a CAGR of 16.1%, and is projected to grow further to RMB27.5 billion by 2029 at a CAGR of 22.9%.

We have capitalized on the market’s rapid growth and effectively expanded our business. Our revenue grew from RMB57.7 million in 2022 to RMB156.5 million in 2023, and further to RMB348.1 million in 2024, representing a CAGR of 145.7% which is significantly faster than the growth of China’s automotive millimeter-wave radar industry in the same period, according to CIC. Leveraging our strong R&D capabilities and extensive industry experience, we believe we are well-positioned to capture future growth opportunities, sustain our competitive advantage, and continue driving innovation in the millimeter-wave radar sector.

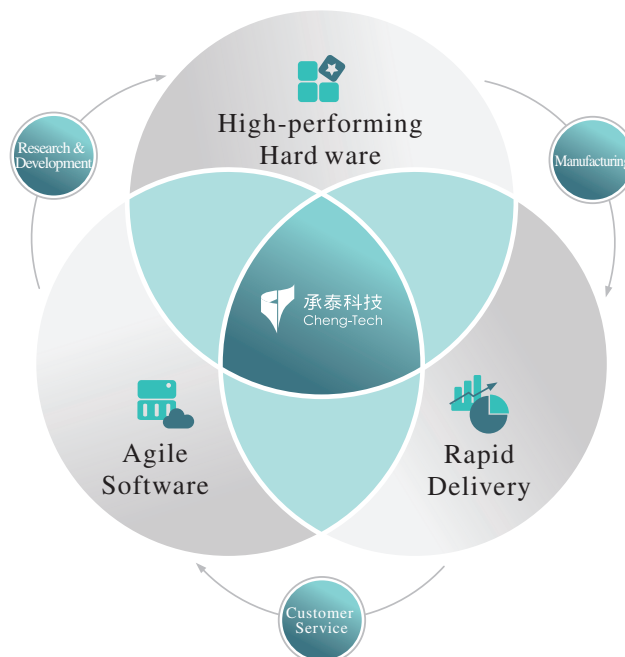
## BUSINESS

### Our Business Vision

Since our inception, we have focused extensively on the research and development of millimeter-wave radar – investing extensively into building a deep technical foundation. We believe our product innovation has consistently evolved around the shifting needs of end users, reinforcing our ability to stay at the forefront of the smart driving industry.

According to CIC, the intelligent transformation of automobiles is reshaping the global mobility landscape and redefining the industry’s value chain. According to CIC, the global shipment volume of automated vehicles is expected to grow from 37.9 million units in 2024 to 65.7 million units in 2029, with a CAGR of 11.6%. We believe smart driving technologies offer the most effective solutions to the longstanding challenges of road convenience and safety. Among key sensing technologies such as LiDAR, ultrasonic radar, and camera systems, millimeter-wave radar is, according to CIC, the only solution that combines all-weather performance, high precision and cost-effectiveness – making it an essential component of the smart driving ecosystem. See “Industry Overview – Overview of the Automotive Millimeter-wave radar industry – Adoption of Millimeter-Wave Radar in the Automotive Market.”

We provide integrated radar hardware and software solutions tailored to the evolving needs of smart driving. Our business model is built around the Cheng-Tech “Three Rings” framework: (i) high-performing hardware – competitive and reliable radar products; (ii) agile software – continuously updated algorithms and system software; and (iii) rapid delivery – a delivery-focused support system ensuring efficient project execution. We believe this framework underpins our long-term growth and differentiation in the market. Guided by this framework and our core values of “Diligence, Integrity, Adaptability, and Win-Win Cooperation,” we are committed to delivering high-quality, and quickly deployable products and services that help our OEMs advance their smart driving capabilities.



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### ***High-performing hardware – competitive and reliable radar products***

Over nearly a decade of continuous investment in technology and product development, we have built a product matrix that stands out as competitive products in terms of various performance indicators. See “Business – Our Competitive Strengths – Our Efficient Innovation-to-Commercialization Pipeline Driven by High-Performance, Scalable Radar Technologies – Products are distinguished by high performance, compact design, low power consumption, strong anti-interference capabilities and high reliability.”

### ***Agile software – continuously updated algorithms and system software***

Built on our library of core radar algorithms, our product supports a wide range of smart driving functions. These algorithms are designed for cross-platform and cross-product compatibility.

### ***Rapid delivery – a delivery-focused support system ensuring efficient project execution***

We value delivery performance. Generally, our product delivery cycle for customized software built to customers’ specifications, from the signing of the agreement to delivery of the product, is six to nine months, significantly shorter than the industry norm of 12 to 24 months, according to CIC. Leveraging our platform-based technology foundation and agile organizational collaboration, we have even achieved project delivery timelines within one month to certain established customers with existing product designs.

## **Our Product Principles**

Guided by the principles of innovation, speed, perfection, and cost-effectiveness, we believe we lead product design and development to stay ahead of market trends. Our products are characterized by the following features:

### ***Meeting the needs of smart driving across diverse scenarios and development stages***

Our millimeter-wave radar products are designed to support smart driving functions across different levels, from L0 to L2+. According to CIC, as the automotive electrical/electronic architecture undergoes major upgrades, centralized computing domain controllers are increasingly adopted across a broader range of vehicle models. Meanwhile, according to CIC, the rapid maturation of end-to-end AI models, which is made possible by said automotive electrical upgrades, creates new customer demand for sensing systems, specifically the need for radar solutions with broader coverage, denser point cloud, and higher refresh rate.

In response to these industry trends and emerging needs, we are developing the architecture of our next generation centralized computing radar products – CTMRR-610 and CTLRR-620 – which are expected to be released in the fourth quarter of 2025. These next-generation radars are designed to meet the demands of NOA.

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### *Widely recognized by leading industry players*

As of the Latest Practicable Date, we had engaged over 20 customers in the automotive industry including multiple leading OEMs based in China. Additionally, we have entered into negotiations with several leading European automobile brands.

Our 5.5th-generation 4D high-resolution front radar and corner radar products have been adopted by Customer A and another leading OEM in China in 2024, for integration into their advanced smart driving systems. Starting in 2025, our 5.5th-generation 4D high-resolution corner radar has also been featured in the smart driving systems of a leading OEM based in Hangzhou. We believe these large-scale commercial deployments reflect the strong recognition.

### **Our R&D Principles**

We believe results-oriented approach encourages our teams to shorten development cycles, accelerate project delivery, and continuously enhance customer satisfaction through practical innovation.

### *Our R&D System*

We possess full-stack, independently developed R&D capabilities for our millimeter-wave radar products. We believe that it allows us a great degree of flexibility in response to changes in the market and clients’ needs while minimizing our technological dependency on third-parties. Our R&D system comprises three core divisions: the R&D Center, the Product Center, and the Test Center. The R&D Center is responsible for core technical tasks such as hardware design, structure design, core algorithm, and engineering implementation for manufacturability. The Product Center formulates solutions based on customer requirements and continuously iterates on software and algorithm. The Test Center manages testing throughout the product development lifecycle and ensuring product reliability.

### *Our R&D Process*

To keep pace with the rapid evolution of automotive electronics, we have independently developed the Cheng-Tech Product Development (“**CPD**”) process. This framework integrates the standardization of traditional automotive electronics development with the flexibility required to address the fast-changing needs of smart driving.

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We have developed a suite of core technologies covering RF antenna designs, radar signal processing algorithms and automotive-grade development system. Our RF antenna design database supports a wide range of frequency bands and application scenarios, allowing us to customize hardware solutions to address diverse OEM needs. On the algorithm side, we maintain an extensive library of core radar algorithms and operate a simulation platform capable of automatically analyzing test data, identifying issues, and accelerating R&D iteration. Furthermore, our automotive-grade development system, which exceeds industry standards according to CIC, enables us to deliver high-quality products on compressed timelines.

### ***Our R&D Capabilities***

We operate three R&D centers in Shenzhen, Suzhou and Wuhan. We have R&D team with over 80 members as of the Latest Practicable Date. We recorded R&D expenses of RMB46.1 million, RMB64.4 million, and RMB61.9 million in 2022, 2023 and 2024, accounting for 51.7%, 52.7% and 59.6% of our total operating expenses in the same periods, respectively.

As of the Latest Practicable Date, we had obtained 86 patents. We have participated in the revision of the national standard *General Specification for Electromagnetic Compatibility Testing of Vehicle Integrated Circuits*, as well as in the drafting of an industry standards concerning unmanned vehicle logistics and unmanned aerial vehicles.

## **OUR COMPETITIVE STRENGTHS**

We believe that the following competitive strengths allow us to achieve success and stand out from our competitors.

### **Our Efficient Innovation-to-Commercialization Pipeline Driven by High-Performance, Scalable Radar Technologies**

Our R&D expenses recorded for over 50% of our total operating expenses in each year during the Track Record Period. This sustained commitment has allowed us to establish full-chain technological advantages across RF antenna design, signal processing algorithm development, and to accumulate over 86 patents certifications.

Through collaboration with OEMs, we enhance customer stickiness. For example, one of our front radar products, CTLRR-220 Plus, launched in 2022 and reached mass production in five months after signing of the agreement. This model was deployed in over 460,000 vehicles within one year of launch and was one of top-selling models in its L2 smart driving market segments in 2023, according to CIC.

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### *Parallel R&D Approach of “Mass Production, Development, and Pre-Research,” Enabling Us to Establish A Sustainable and Efficient Product Pipeline*

Our parallel R&D approach of “mass production, development, and pre-research” ensures that while mature products are being commercialized at scale, next-generation products are already in development, and future technologies are under early-stage exploration. We believe this approach not only accelerates product iteration and commercialization, but also allows revenue from mass-produced products to support ongoing R&D, achieving a virtuous cycle of innovation and growth.

#### *Mass Production – Scaled commercialization of mature products*

Our mass-produced products primarily serve mainstream market demand. We have achieved large-scale production of our 5th-generation 4D radar models as well as our 5.5th-generation high-resolution 4D radar models. These radars are widely deployed in passenger vehicles and support smart driving functions ranging from L0 to L2+. See “Business – Our Products – Our Millimeter-wave Radar Product Portfolio.”

#### *Development – Upgrading technologies and expanding functions*

While producing mainstream models at scale, we concurrently develop next-generation radar products to align with market trends and technological evolution. In particular, we are advancing the development of our centralized computing radar products, CTMRR-610 and CTLRR-620. These models incorporate waveguide antenna architecture, offering dense point cloud, high performance and cost-effectiveness. We expect these products will fulfill the growing needs of advanced smart driving functions in centralized vehicle electronic architectures.

#### *Pre-Research – Preparing for Full-Scope Applications*

We conduct ongoing internal reviews of industry research and customer feedback to identify emerging technical opportunities and allocate resources to R&D. One example is our early research into CTLRR-700, which explores the integration of AI models into radar to support higher level smart driving functions. In future, we plan to apply our expertise beyond smart driving to areas such as robotics, transportation safety, industrial measurement, and the low-altitude economy.

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*Products are distinguished by high performance, compact design, low power consumption, strong anti-interference capabilities and high reliability*

### *High Performance*

Delivering high-performance radar products has been a core priority since our inception. Our products excel in key radar performance metrics – including detection range, accuracy, resolution, and refresh rate – positioning us among the industry leaders, according to CIC. See “Business – Our Products – Our Millimeter-wave Radar Product Portfolio.”

### *Compact design*

Our radar models feature single-PCB layouts and modular hardware design and enjoy size advantages compared with other products in the market, according to CIC. For example, our CTMRR-410 radar measures 55 mm × 53 mm × 16 mm – roughly two-thirds the size of peer products launched in the same period, according to CIC.



CTMRR-410 radar – body size of only 55 mm × 53 mm × 16 mm

### *Low Power Consumption*

By leveraging our software-hardware design, we integrate hardware components with algorithmic function modules that minimizes energy draw. As a result, the power consumption of our 4D radar products is lower than the industry average of peer product, according to CIC.



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### *Strong Anti-interference Capabilities*

According to CIC, as the number of millimeter-wave radars installed per vehicle increases, signal interference has become a growing challenge. Our anti-interference technology allows our radars to perform reliably in harsh electromagnetic environments. According to CIC, our products maintain a detection rate exceeding 90%, ranking among the highest in the industry.

### *High Reliability*

We maintain stringent control across both R&D testing and manufacturing processes to ensure reliability. During our product development, we validate over 250 checkpoints to ensure hardware and software reliability. To meet customer requirements for safety and compliance, several of our radar models have also passed the C-NCAP standards by the China Automotive Technology and Research Center (CATARC).

### ***Comprehensive In-House Development and Platform-Based Architecture Enabling Efficient Product Iteration***

We have built a platform-based technology framework. This includes hardware architecture, software architecture, and development toolchains. We believe these platforms can efficiently customize and iterate products across different application scenarios.

Platformization is a core principle that underpins our commercialization efforts. On the R&D process level, we have implemented the CPD framework, which enables our engineers to utilize shared platform resources to accelerate product development and ensure timely delivery. On the technical implementation level, we modularize independent functional units within our hardware and software architecture, allowing for scalable and upgradable platforms. This approach supports product adaptation across a wide range of vehicle models and enhances the efficiency and flexibility of solution delivery.

We are extending the application of our technologies beyond smart driving. Our fast iteration capabilities, platformized development architecture, and deep understanding of perception systems enable us to deliver high-performance, adaptable solutions across various scenarios and development stages.

### **We have established stable relationships with leading OEMs in China, supporting sustained growth.**

We are committed to developing and maintaining relationship with both leading OEMs in China and emerging automakers that demonstrate strong technological capabilities and growth potential.

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## BUSINESS

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As of the Latest Practicable Date, we had engaged over 20 customers in the automotive industry including multiple leading OEMs based in China, including Customer A and a leading Chinese OEM based in Hangzhou. Additionally, we have entered into negotiations with several leading European automobile brands.

We have established framework agreements with certain leading OEMs in China. We have established cooperative relationship with Customer A, a globally leading manufacturer of NEVs and batteries for passenger EVs, which was our largest customer during the Track Record Period. We provided millimeter-wave radar products to Customer A for its smart driving system. Our revenue generated from Customer A was RMB47.2 million, RMB142.9 million and RMB325.8 million in 2022, 2023 and 2024, accounting for approximately 81.9%, 91.3%, and 93.6% of our total revenue in 2022, 2023 and 2024, respectively. Our relationship with Customer A has been stable and mutually beneficial, which we expect to continue in the future. Sales revenue from Customers other than Customer A accounted for RMB10.4 million, RMB13.6 million and RMB22.3 million in 2022, 2023 and 2024 respectively, which has experienced consistent revenue growth with a CAGR of 46.0% during the Track Record Period.

Our products are installed in numerous models from leading Chinese OEMs that are increasingly being exported to international markets such as Southeast Asia, Europe, the Middle East, and South America. As these OEMs accelerate their overseas expansion, we are positioned to grow our international presence as a key supplier of these OEMs by providing technical support to them.

### **Our strong manufacturing and delivery capabilities enable efficient mass production.**

According to CIC, leading OEMs typically place a premium on their suppliers’ responsiveness and production reliability. We believe that our delivery capacity enables us to meet urgent and customized customer requirements.

To enable efficient production, we utilize a digital supply chain system that integrates procurement and manufacturing. By introducing automated production equipment, such as robotic arms and IoT sensors, we have significantly improved efficiency in key processes such as millimeter-wave radar assembly and calibration. Our automated production lines, coupled with a digital manufacturing management system, enable real-time monitoring of operational status and precise data traceability across the entire manufacturing process. In addition, our optimized logistics help reduce costs and enhance overall production efficiency.

Our manufacturing infrastructure includes two production bases located in Shenzhen and Suzhou, strategically positioned to serve customers across Southern and Eastern China. Our combined annual designed production capacity was approximately 13.5 million units. Together, we believe these sites provide scalable production capabilities aligned with customer demand.

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We also maintain a continuous focus on process engineering innovation to maximize resource utilization and production efficiency. During product development, we validate over 250 checkpoints to ensure hardware and software reliability. As a result, our mass production yield rates exceed 99.8%, compared to the industry average of 4D millimeter-wave radar of 95%, according to CIC. With these standardized process in place, we maintain strong control over critical process parameters, ensuring consistency and reliability in mass production.

### **Our Visionary and Committed Management Team**

We are led by a forward-thinking, experienced, and highly effective management team that shares a unified vision for the future of the automotive industry – one defined by electrification and intelligence. Our management believes that China, as the world’s largest and most dynamic automotive market, presents enormous opportunities for innovation and value creation. With over 15 years of experience on average, they are dedicated to advancing smart driving in China and expanding our global presence in partnership with leading OEMs in China.

Mr. Chen, our founder, who also serves as our executive Director, chairman of our Board and general manager, has over two decades of experience in wireless communications and signal processing. He has led the development of pioneering RF testing products. Since founding our company in 2016, he has been instrumental in shaping our strategic direction, leading the development and commercialization of key product lines, and building relationships with our customers and potential partners. His visionary leadership and commitment to innovation continue to guide the company through phases of rapid growth and technological advancement.

Mr. Zhou, our co-founder, who also serves as our executive Director, deputy general manager and chief technology officer, brings over 20 years of experience in RF, baseband, and automotive electronics development, as well as in product certification, supply chain management, and R&D operations. Before joining us, he served as the vice president of the research and development department of a technology company. At our Company, he has led the development of multiple radar product generations, oversaw the construction of our key production bases in Shenzhen and Suzhou, and played a pivotal role in forging strategic partnerships. He continues to drive our long-term planning efforts, including the enhancement of our automotive-grade development system and the recruitment of top-tier talent to ensure our sustained leadership in radar technologies.

Our core R&D and senior management teams bring together technical expertise and long-standing organizational stability. They have overseen the delivery of large-scale projects, accelerated the commercialization of our 4D radar products, and secured numerous proprietary patents that enhance our competitive position. At the same time, our senior leadership has remained stable over the past decade, fostering long-term trust, close collaboration, and complementary skill sets. This cohesive structure allows us to efficiently translate strategic plans into execution and remain agile in a fast-evolving industry landscape.

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## BUSINESS

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### OUR DEVELOPMENT STRATEGIES

We aim to become a global supplier of core components for smart driving and artificial intelligence industries. To achieve this long-term vision and further strengthen our core competitiveness, we have formulated development strategies across key business areas. See “Future Plans and Use of [REDACTED].”

#### Continue to Strengthen Core R&D Capabilities and Enrich Product Portfolio

We plan to continue making substantial investments in research and development to maintain our technological leadership in the millimeter-wave radar industry. In particular, we intend to accelerate the development and commercialization of our new-paradigm radar architecture, while increasing our investment in “radar + AI”.

***Radar + AI:*** As automotive intelligence continues to advance, millimeter-wave radar is being challenged by increasingly complex traffic scenarios. To fully unlock its core value in smart driving, we plan to deeply integrate AI into radar systems by adopting advanced methods such as convolutional neural network (CNN), Transformer model, and end-to-end model. These approaches aim to significantly enhance radar’s perception accuracy and decision-making efficiency in dynamic environments. In parallel, we are accelerating R&D on next-generation centralized computing radar, multi-modal radar, and integrated sensing-communication radar. Through the deep integration of millimeter-wave radar and AI algorithms, we aim to pioneer a new direction in radar innovation and build differentiated competitive advantages in smart driving perception.

***New-paradigm Radar Architecture:*** We plan to further invest in core enabling technologies in the millimeter-wave radar domain, including new substrate materials, phased-array technology, and waveguide antennas. Building on our existing technological strengths, we will continue to optimize our product portfolio and upgrade existing products to improve competitiveness in terms of performance, cost-effectiveness, and reliability.

***AI Capability Development:*** We are also prioritizing the development of AI capabilities. On one hand, we will invest in expanding our AI training infrastructure to train radar-specific models. On the other hand, we aim to leverage these models to develop a general-purpose perception software and hardware platform that enables multi-scenario sensing solutions for our customers, thereby continuously expanding the application scope of radar technologies.

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### **Deepen Relationships with Leading OEMs in China and Expand into New Application Scenarios**

We seek to broaden the scope and deepen the depth of collaboration with both leading and high-potential OEMs to continuously expand our market share. As competition in the automotive sector intensifies, we anticipate that a small number of leading and high-growth OEMs will further consolidate their market advantages, with smart driving capabilities becoming standard features across mainstream models. As a key strategic partner to these core customers, we plan to strengthen our R&D efforts to align more closely with their technology roadmaps and product requirements. In parallel, we aim to establish dedicated service teams for major OEM programs to enhance responsiveness and service quality, thereby reinforcing long-term strategic partnerships and capturing a greater share of the smart driving value chain.

We also aim to increase our global brand recognition by selling our radar products to international OEMs. At the same time, we are developing new customer relationships with foreign OEMs to establish a long-term global presence and build an internationally recognized brand.

### **Strengthen Organizational Efficiency and Attract Top Talent**

We will continue to refine our CPD system and optimize internal structures to maintain agile product development. By adopting advanced digital collaboration tools, we aim to improve the efficiency of R&D, project delivery, and customer service.

We are also committed to attracting top talent in core technology fields. Through an expanded recruitment network, we will bring in leading engineers to reinforce our R&D strength. Our long-term goal is to build a technically sophisticated, experienced, and internationally minded development team. In new business sectors, we will add global-facing product managers and market strategists. Additionally, we provide internal and external training programs to upskill our teams and support long-term career development.

### **Upgrade Supply Chain and Manufacturing Capabilities**

We plan to further enhance our supply chain management capabilities by investing in digital operating systems to improve efficiency. We aim to establish strategic partnerships with industry-leading suppliers, particularly those providing key components, to gain advantages in technical support, lead times, and procurement costs. This will allow us to continue delivering high-performance products at competitive prices while maintaining healthy gross margins.

In preparation for the production of next-generation radar products, we are also upgrading our manufacturing equipment and processes. By integrating AIoT technologies into our production lines, we can achieve monitoring and management of the manufacturing cycle to ensure product quality.

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## BUSINESS

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### Drive Expansion through Strategic Mergers and Acquisitions

We plan to pursue strategic merger and acquisition opportunities across the radar and AI value chains to complement our core capabilities, accelerate market entry, and enhance our overall competitiveness. We focus on high-potential targets with strong technology foundations, solid R&D teams, and a high degree of strategic alignment. The target companies should have (i) an annual revenue of at least RMB4.0 million or, for pre-revenue companies, ownership of technologies in key components and proprietary technologies; (ii) a R&D team of over 10 staff dedicated to radar, AI development or radar applications; (iii) owned more than three patents/copyrights in radar hardware or AI software; and/or (iv) ability to cross-sell to our existing customer base or proof-of-concept deployments or partnerships with industry leaders validating their technology. The non-exhaustive examples of desired targets include (i) upstream targets as we will prioritize acquisitions of suppliers of MMIC chips, radar antenna arrays, and waveguide antennas to strengthen control over key components and secure proprietary technologies; and (ii) downstream targets, as we are targeting companies engaged in robotics, transportation safety, industrial measurement, and low altitude economy to accelerate commercialization and expand customer coverage in emerging non-automotive markets. These acquisitions will enable us to integrate critical patents, supply chain resources, and mature sales channels, thereby shortening product development cycles, expanding application scope, and gaining early-mover advantages in new segments. Ultimately, we aim to build a synergy-driven growth model that combines internal strengths with ecosystem collaboration to achieve scalable growth in technology, market share, and operational capabilities. As of the Latest Practicable Date, we had not identified any investment or acquisition target or enter into any definitive investment or acquisition agreement.

These acquisitions will enable us to integrate critical patents, supply chain resources, and mature sales channels, thereby shortening product development cycles, expanding application scope, and gaining early-mover advantages in new segments. Ultimately, we aim to build a synergy-driven growth model that combines internal strengths with ecosystem collaboration to achieve scalable growth in technology, market share, and operational capabilities. As of the Latest Practicable Date, we were in the process of identifying suitable targets that match our strategic priorities.

### OUR BUSINESS MODEL

We develop, manufacture, and sell radar products, with standardized hardware and customized software tailored to meet the specific integration, performance, and compatibility requirements of OEMs. Our software and algorithm capabilities are embedded into our radar hardware to enhance adaptability across different vehicle platforms, while also streamlining the R&D, testing, and mass production processes for OEMs. We operate production bases in Shenzhen and Suzhou to manufacture radar products based on customers’ needs, product positioning, and delivery arrangements, allowing us to reduce supply chain risks, ensure consistency in product quality, and enhance operational efficiency.

## BUSINESS

During the Track Record Period, we generated revenue primarily from the sale of our commercialized millimeter-wave radar products to OEMs, and to a lesser extent, from other products and services, including technology development services and consultancy services.

The following table sets forth our revenue by business line for the periods indicated:

	Year ended December 31,					
	2022	% of	2023	% of	2024	% of
	<i>RMB'000</i>	<i>revenue</i>	<i>RMB'000</i>	<i>revenue</i>	<i>RMB'000</i>	<i>revenue</i>
<b>Sales of millimeter-wave radar products</b>						
Front millimeter-wave radars	52,807	91.6	104,213	66.6	222,530	63.9
Corner millimeter-wave radars	2,195	3.8	49,926	31.9	123,040	35.3
Subtotal	55,002	95.4	154,139	98.5	345,570	99.3
Other products and services	2,649	4.6	2,385	1.5	2,524	0.7
<b>Total</b>	<b>57,651</b>	<b>100.0</b>	<b>156,524</b>	<b>100.0</b>	<b>348,094</b>	<b>100.0</b>

## OUR PRODUCTS

### Overview

At the beginning of our establishment, we engaged in the R&D and manufacturing of CTLRR-100, a 77GHz millimeter-wave front radar, as our first R&D product, based on our industry insight. After over nearly a decade of efforts, we have created a millimeter-wave radar product matrix, including 5th generation 4D radar, 5.5th generation 4D high-resolution radar, centralized computing radar, among others that encompasses front radars, corner radars, and other types of product. In particular, the 5th generation 4D radar and 5.5th generation 4D high-resolution radar products have become one of the most competitive millimeter-wave radars in the industry, according to CIC. Our mass-produced millimeter-wave radar products cover smart driving needs from L0 to L2+.



## BUSINESS

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### Millimeter-wave Radar at A Glance

Millimeter-wave radar refers to a radar operating in the millimeter-wave band. Generally, the millimeter wave refers to an electromagnetic wave in the frequency domain of 30–300 GHz (wavelength of one to 10 millimeters). The wavelength of the millimeter wave is between the centimeter wave and the light wave, so that the millimeter-wave radar has the advantages of microwave navigation and photoelectric navigation. Millimeter waves have a wide range of applications, including those in smart driving, navigation, 5G communication, among others.

Compared with optical sensors such as cameras and LiDAR, millimeter-wave radar offers distinct advantages in adverse weather and lighting conditions. It is less affected by environmental factors such as fog, rain, snow and glare making it particularly suitable for achieving perception in the said weather scenarios. While cameras is sensitive to lighting conditions and LiDAR is sensitive to extreme white-out weather conditions like heavy rain, snow and fog, millimeter-wave radar complements these sensors under these challenging conditions. According to CIC, with improvements in resolution and cost, millimeter-wave radar is increasingly capable of supporting functions traditionally handled by short-range sensors such as ultrasonic radar in low-speed environments, enabling more streamlined and integrated sensor suites across a wide range of vehicle applications.

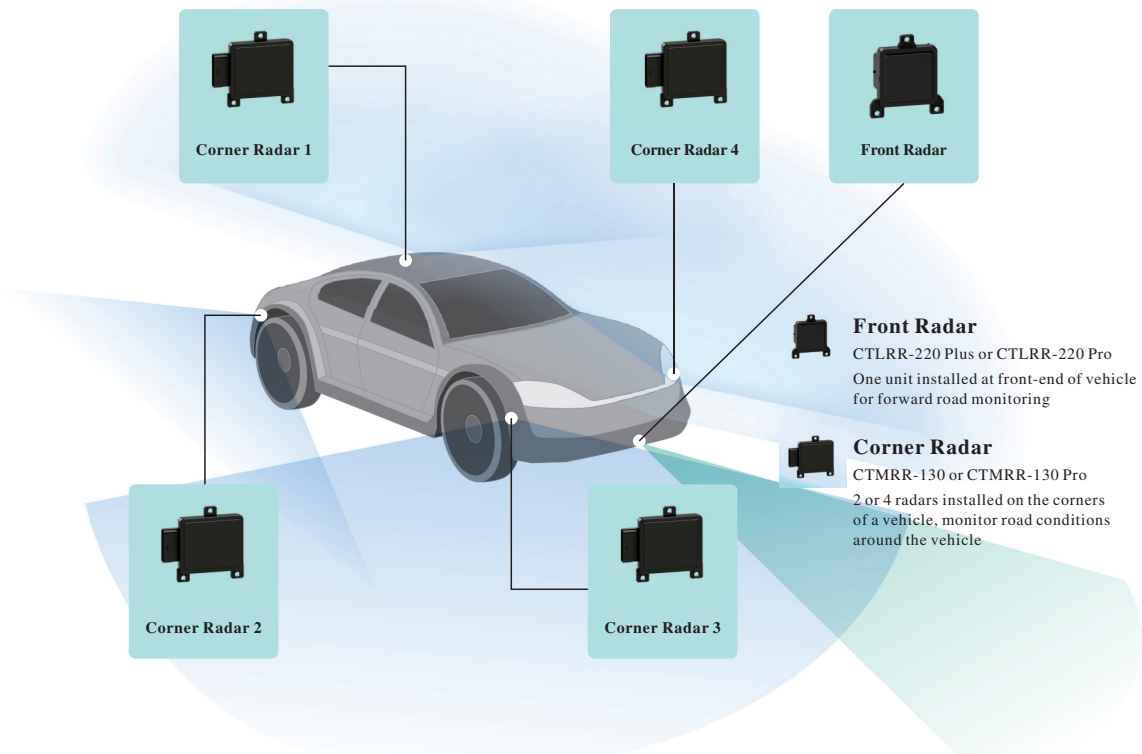
### Our Millimeter-wave Radar Product Portfolio

We have developed a multi-generational millimeter-wave radar product matrix to meet diverse smart driving needs from L0 to L2+ levels, which are widely applied in smart driving for both passenger vehicles and commercial vehicles. As of the Latest Practicable Date, we had launched seven major radar models, which are primarily categorized into (i) front radar and (ii) rear- and side-facing radar (also referred to as corner radar). In our product naming convention, models with the prefix “CTLRR” refer to long-range, front radars, while those with “CTMRR” refer to mid-range, corner radars.

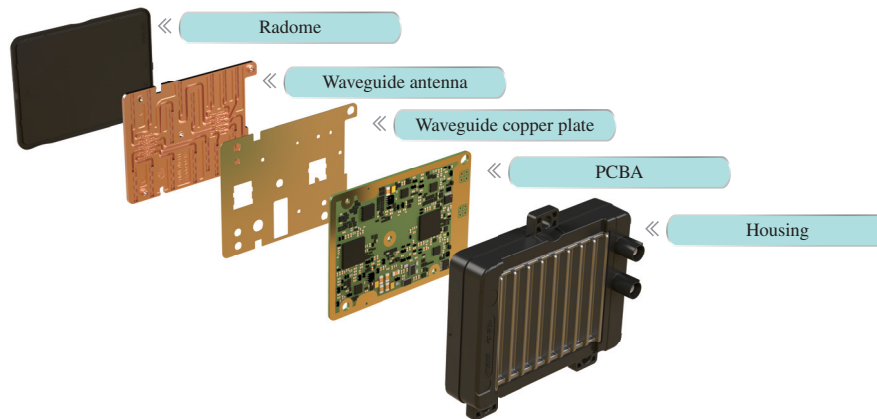


## BUSINESS

The diagrams below illustrate a typical deployment of our radars on vehicles.



The diagram below illustrates an exploded view of one of our radar products.



According to CIC, driven by the growing adoption of end-to-end AI models in the smart driving industry, there is rising demand for high-performance millimeter-wave radar solutions that offer, high point cloud density, and high refresh rate. In response to this trend, we are developing our centralized computing radar products – CTLRR-620 for front applications and CTMRR-610 for corner applications – which are expected to be released in the fourth quarter of 2025. See “Business – Our Products – Our Millimeter-wave Radar Product Portfolio – Centralized Computing Radar”.

## BUSINESS

Our radar product portfolio is designed to support smart driving functions, from basic L0-level safety alerts to advanced L2+ capabilities.

### *Front Millimeter-Wave Radar*

In connection with passenger vehicle applications, our major products are the CTLRR-220 series, which includes two front radar models, namely the standard CTLRR-220 Plus and the upgraded CTLRR-220 Pro. These two models share the same form factor and interface definitions, but differ in performance levels.

#### *CTLRR-220 Plus*



CTLRR-220 Plus is a 5th-generation 4D radar that adopts a high-performance radio-frequency complementary metal-oxide-semiconductor (RFCMOS)-based SoC solution. Its antenna array uses wide and narrow beam scanning to enhance angular resolution while preserving a detection range of up to 220 meters. It can measure the distance, velocity, and angle of frontal targets, including high-altitude targets. Through interactions with other vehicle components such as domain controllers it supports L2 smart driving functions such as AEB, ACC, LCC.

#### *CTLRR-220 Pro*



CTLRR-220 Pro is a 5.5th-generation 4D high-resolution front radar featuring a next-generation RFCMOS-based SoC. It offers a maximum detection range of 260 meters, with angle resolution of 2.5° and accuracy of 0.1°. It supports dual controller area network with flexible data-rate (CAN-FD) interfaces and information security features, and complies with Automotive Safety Integrity Level B (ASIL-B) under ISO 26262. It supports L0 to L2+ smart driving functions including AEB, ACC, LCC and NOA. Through interactions with other vehicle components such as domain controllers, it serves as a component of L2+ smart driving functionalities.

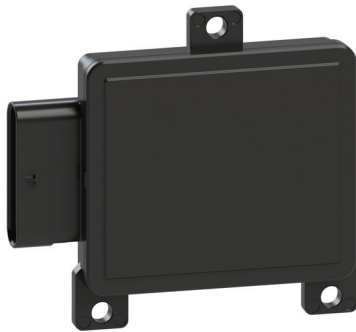
In connection with commercial vehicle applications, our major product is a front radar model, namely CTLRR-320. This model is positioned differently to meet varying smart driving needs of customers, and has a maximum detection range of 200 meters for vehicles. Designed for L0 to L1 levels of smart driving, and through interactions with other vehicle components such as domain controllers, it enables functions such as forward collision warning (FCW) and automatic emergency braking (AEB).

## BUSINESS

### *Corner Millimeter-Wave Radar*

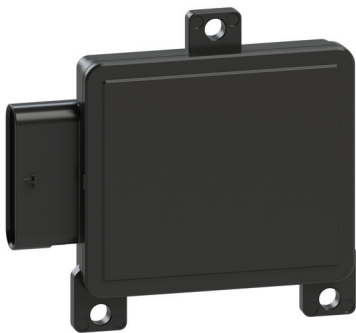
With respect to corner millimeter-wave radar products, our major products are the CTMRR-130 series, which includes the standard CTMRR-130 and the upgraded CTMRR-130 Pro. These two models share the same housing and interface configurations, but differ in performance specifications. In addition, we offer CTMRR-180 Pro, a high-resolution corner radar designed for advanced smart driving applications, and CTMRR-410, a 5th-generation model supporting multiple vehicle-platforms.

#### *CTMRR-130*



CTMRR-130 is a 5th-generation corner radar featuring a cost-effective RFCMOS-based SoC. It offers a 150° field of view with a maximum detection range of 100 meters for vehicles. It supports L0 to L2 smart driving and enables BSW, DOW, and FCTB functions. Through interactions with other vehicle components such as domain controllers, it also supports LCC.

#### *CTMRR-130 Pro*



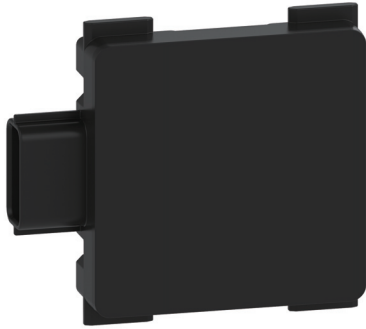
CTMRR-130 Pro is a 5.5th-generation 4D high-resolution corner radar equipped with a next-generation RFCMOS-based SoC. It supports a 150° field of view and detection ranges of 120 meters for vehicles and with angle resolution of 4° and accuracy of 0.3°, and can detect high-altitude targets. It complies with ASIL-B under ISO 26262 and supports all the features of CTMRR-130, in addition to enabling L2+ NOA functions when integrated with domain controller platforms.

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### *CTMRR-180 Pro*



CTMRR-180 Pro is a 5.5th-generation 4D high-resolution corner radar. It adopts the same next-generation RFCMOS-based SoC and antenna configuration as CTMRR-130 Pro, supporting detection of 120 meters for vehicles. It offers angle resolution of 4° and accuracy of 0.3°, and includes high-altitude target detection. The product is designed as a point cloud radar, supporting ASIL-B certification under ISO 26262. When fused with other sensors via a centralized domain controller, it enables L2+ NOA functions.

### *CTMRR-410*



CTMRR-410 is a 5th-generation corner radar utilizing a cost-effective RFCMOS-based SoC. It shares the core architecture and performance specifications of CTMRR-130, with a 150° field of view and detection ranges of 100 meters for vehicles. It supports BSW, DOW, and FCTB under L0 to L2 smart driving scenarios.

### *Centralized Computing Radar*

We are currently developing our next-generation centralized computing radar products, the front CTLRR-620 and the corner CTMRR-610, which are designed to support centralized domain controller architecture. Upon successful development, our centralized computing radars are expected to feature a decoupled architecture separating the RF antenna module from algorithmic processing, enabling deployment of radar software on domain controller platforms. This architecture facilitates algorithm training, continuous iteration, and OTA upgrades. These products will support a variety of data output formats, including raw data and point cloud, while enabling multi-radar synchronization and fusion. Such flexibility supports both traditional post-fusion and emerging pre-fusion architecture. With further cost reduction and power-over-coaxial (POC) design, they are expected to reduce wiring complexity and vehicle weight. Designed for both driving and parking integration, these radars are expected to support smart driving levels from L0 to L2+, and are planned for launch in the fourth quarter of 2025.

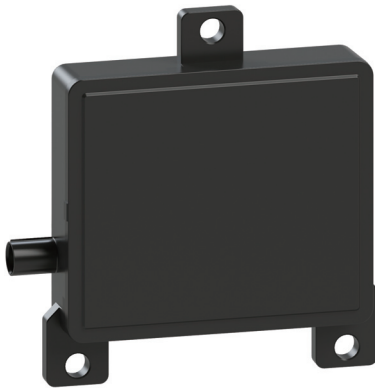
## BUSINESS

### CTLRR-620



CTLRR-620 is expected to feature a new waveguide antenna design that significantly enhances radar perception performance upon successful development. It is expected to offer a detection range of up to 420 meters. The radar is expected to generate 6,000 point cloud per frame, totaling 180,000 point cloud per second, enhance detection quality. It is also expected to adopt high-speed SerDes data interfaces and comply with ASIL-B under ISO 26262.

### CTMRR-610



CTMRR-610 is expected to adopt the same waveguide antenna technology and is designed to deliver a detection range of up to 210 meters. It is expected to output 1,000 point cloud per frame, or 30,000 points per second, and will also adopt SerDes interfaces and ASIL-B compliance.

## Applications of Our Products

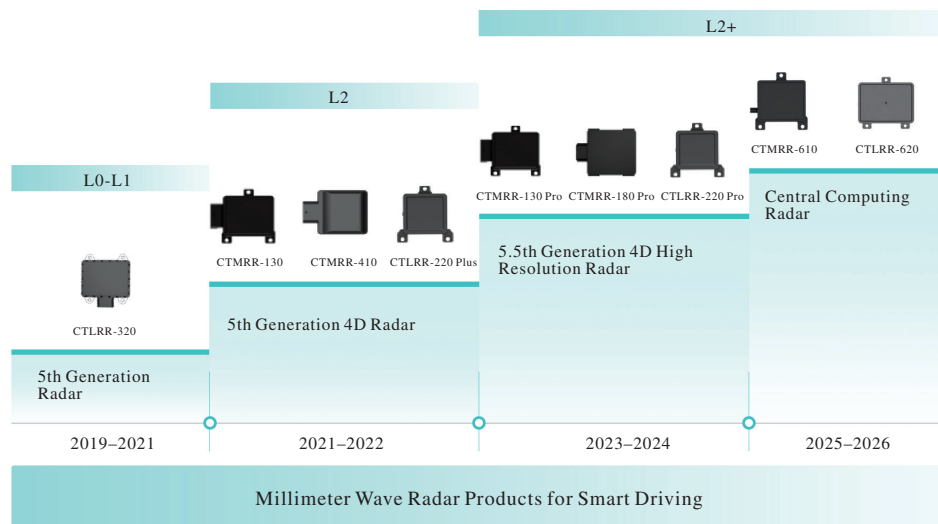
Our millimeter-wave radar products are deployed across smart driving functions.

- *Navigate-on-Autopilot (NOA)*: Designed for highway and urban scenarios, NOA enables vehicles to perform driving maneuvers such as lane changes, overtaking, ramp entry and exit.
- *Lane Centering Control (LCC)*: Enables continuous automatic adjustment of the vehicle’s lateral movement to maintain its position within the center of the lane.
- *Adaptive Cruise Control (ACC)*: adjusts a vehicle’s speed when there are slow-moving vehicles ahead, aiming to maintain a safe following distance.
- *Forward Collision Warning (FCW) and Automatic Emergency Braking (AEB)*: FCW warns drivers when approaching an impending collision with an obstruction or car in its forward path. AEB detects a potential car crash and automatically brakes to avoid a collision or lessen the severity of impact.

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- *Blind Spot Warning (BSW)*: Detects vehicles in adjacent lanes within blind zones and warns driver due to lane changes.
- *Door Open Warning (DOW)*: Alerts driver or passengers when a vehicle door is not securely closed.
- *Forward Cross-Traffic Braking (FCTB)*: At low speeds, the radar monitors lateral movement of road users from the front sides. Upon high collision risk, the system may alert the driver or trigger braking to prevent an accident.

The following chart shows our various millimeter-wave radar products for different levels of smart driving:



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The table below sets forth the detection range, supported smart driving functionalities, and corresponding smart driving levels of our major millimeter-wave radar models.

Products	Mass Production Time	Detection Range for Vehicles	Smart Driving Levels	Key Features
<i>Front Radars</i>				
CTLRR-220 Plus	August 2022	220 m	L2	5th-generation 4D radar
CTLRR-220 Pro	December 2023	260 m	L2+	5.5th-generation, high-resolution 4D radar with 16% higher distance definition and 16% higher corner resolution compared to the previous generation CTLRR-220 Plus; cybersecurity functions
CTLRR-320	April 2019	200 m	L0	radar for commercial vehicles
<i>Corner Radars</i>				
CTMRR-130	February 2023	100 m	L2	5th-generation 4D radar
CTMRR-130 Pro	November 2023	120 m	L2+	5.5th-generation high-resolution 4D radar with 40% higher corner resolution compared to the previous generation CTMRR-130; supports ASIL-B and cybersecurity functions
CTMRR-180 Pro	December 2024	120 m	L2+	5.5th-generation high-resolution 4D radar supporting point cloud and target outputs; supports ASIL-B and cybersecurity functions
CTMRR-410	April 2023	100 m	L2	5th-generation 4D radar with compact size

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### OUR TECHNOLOGY

We have full-stack, self-developed capabilities and proprietary software and hardware technologies for millimeter-wave radar systems.

#### Our Core Technologies

Our industry-leading technological foundation is based on: (i) RF antenna design and (ii) radar signal processing algorithms.

#### RF Antenna Design

We have developed technical expertise in both microstrip and waveguide antenna technologies. In microstrip design, we utilize comb-line array structures, tightly coupled planar arrays, and flat-shoulder beam shaping techniques to optimize current distribution, minimize non-radiating areas, and enhance radiation efficiency.

Waveguide antennas, which is a different technological avenue, offer further performance and integration advantages. We apply beam-forming techniques to expand both vertical and horizontal beam width while maintaining high gain in the forward direction. Our antennas achieve an ultra-thin form factor of only 2mm, which helps reduce the overall radar thickness and facilitates compact vehicle integration. We believe that these innovations ensure our radar products combine performance with cost competitiveness.

#### Radar Signal Processing Algorithms

Our radar signal processing algorithms are a key driver of system performance and reliability, especially in complex and interference-prone environments. They are engineered to extract target information under challenging conditions, such as occlusion or multipath effects. In scenarios like tunnels, intersections, and flyovers, our algorithms dynamically adjust beam direction and algorithm parameters to suppress over 90% of false alarms caused by multipath reflection, enabling continuous and accurate tracking of moving targets. Through interactions with other vehicle components such as domain controllers, our algorithms also achieve sensor fusion, enhancing adaptability across weather, lighting, and road conditions.

At the architecture level, we adopt a modular design focused on core radar functions, with algorithms optimized for high efficiency and low computational overhead.

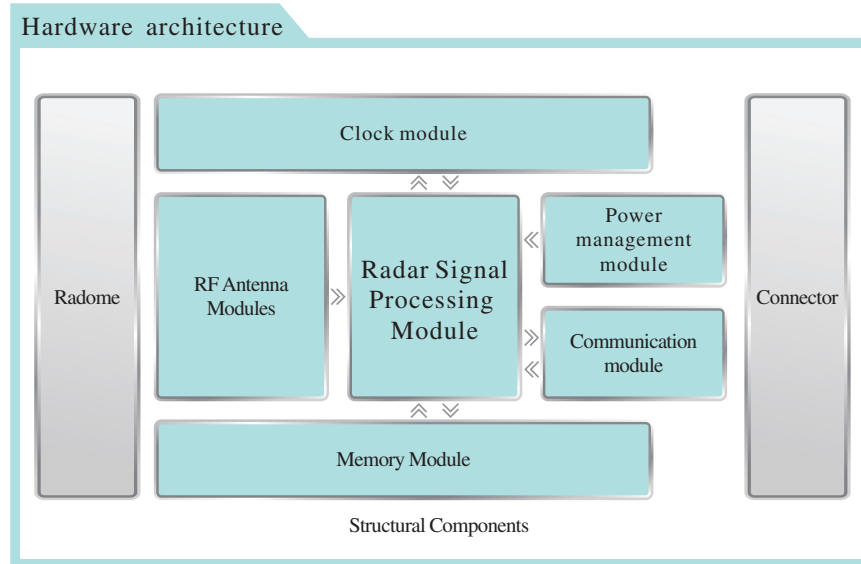
Leveraging these core competencies, we have developed integrated solutions that combine hardware platforms with software systems, enabling broad applicability across diverse smart driving scenarios.



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### Our Hardware Architecture

The diagram below illustrates the hardware architecture of our millimeter-wave radar system, which adopts a modular and layered design to support high performance, reliability, and scalability across a variety of scenarios.



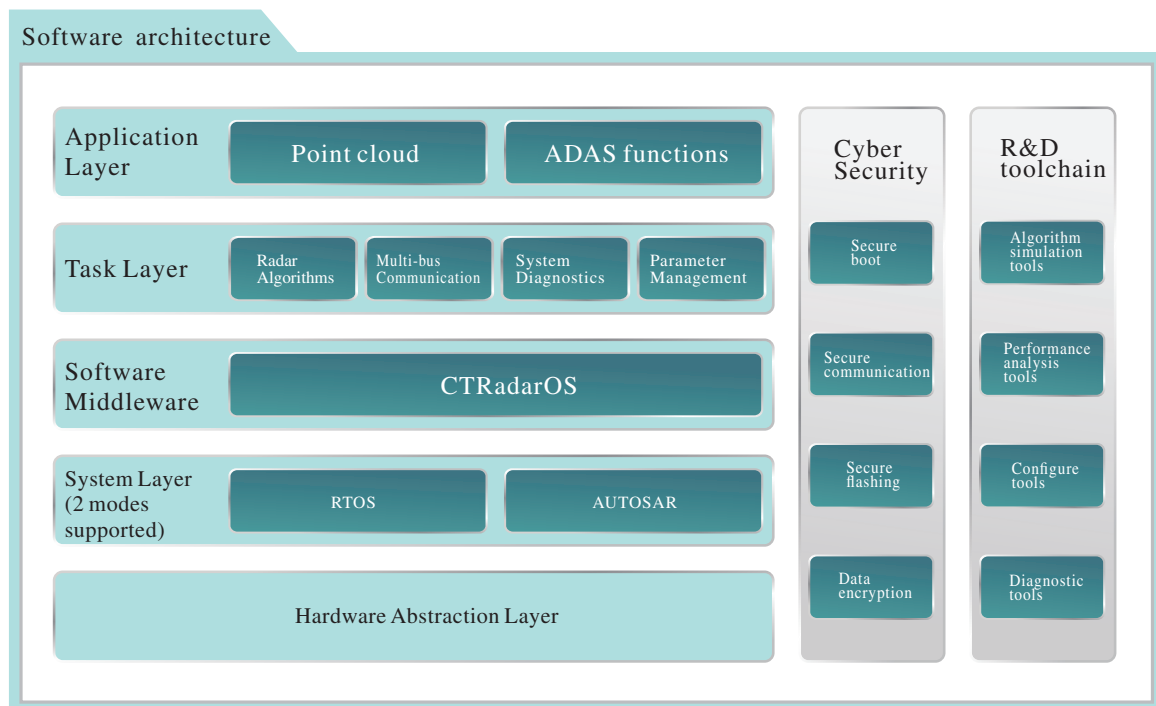
- *Radar Signal Processing Module:* Serves as the core computing unit of the radar system, responsible for signal processing, task scheduling, and data communication. It runs the embedded operating system and coordinates interactions across all functional modules.
- *RF Antenna Module:* These modules handle the transmission and reception of electromagnetic signals through multiple transmit and receive channels. They form the foundation of radar perception by detecting and tracing objects in a vehicle environment.
- *Power Management Module:* Provides stable power supply to all hardware components.
- *Communication Module:* Interfaces with the vehicle bus system to receive external instructions and transmit processed radar data or control signals.
- *Memory Module:* Handles data storage and retrieval tasks, supporting real-time signal processing and system operations.
- *Clock Module:* Supplies precise clock signals required for synchronized data acquisition and signal processing within the chip.

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- *Radome*: Protects the antenna elements while maintaining optimal electromagnetic characteristics aligned with the antenna’s design parameters.
- *Connector Interface*: Facilitates electrical and data connectivity between the radar module and external vehicle systems.
- *Structural Components*: Include printed circuit boards (PCB) substrates, thermal management elements (e.g., heat sinks or thermal frames), and external housing made of automotive-grade materials to ensure durability and electromagnetic shielding.

### Our Software Architecture

The diagram below illustrates the software architecture of our millimeter-wave radar system, which adopts a modular and layered design to support high performance, compatibility and adaptability across automotive applications.

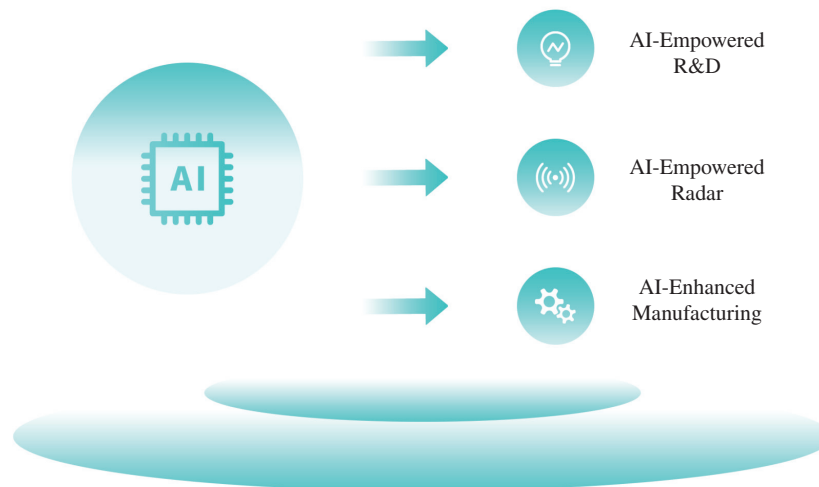


- *Hardware Abstraction Layer*: Interfaces directly with the chip to configure and manage underlying hardware modules. This layer ensures that hardware-specific operations are effectively abstracted for upper-layer components. Our software supports multiple mainstream millimeter-wave chip solutions.
- *System Layer*: Supports both real-time operating system (RTOS) and AUTomotive Open System ARCHitecture (AUTOSAR) architecture. These two modes allow flexible deployment based on application needs.

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- *Software Middleware Layer (CTRadarOS)*: A middleware developed by Cheng-Tech to decouple hardware and software.
- *Task Layer*: Implements core radar functions, including radar core algorithm, multi-bus communication, system diagnostics, and parameter management.
- *Application Layer*: Aggregates outputs from the task layer to support scenario-based features such as object detection and smart driving functionalities.
- *Cybersecurity*: The software framework incorporates key automotive security features, including secure boot, secure communication, firmware protection and data encryption, in alignment with automotive safety requirements.
- *R&D Toolchain*: provides data interfaces for simulation, performance analysis configuration, and diagnostics, supporting iterative software development.

### AI-Empowered R&D, Radar Products, and Manufacturing



We have adopted a “Radar + AI” strategy to guide our transition from a radar hardware supplier to a sensing solution provider. We believe that this strategic shift supports our long-term competitiveness by expanding our technical capabilities, deepening customer value, and enabling broader application of our products in the smart driving ecosystem and beyond.

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### ***AI-Empowered R&D***

We apply AI across the lifecycle of product development to enhance the sensing performance and adaptability of our millimeter-wave radar systems. With techniques such as deep learning and machine learning, our radar solutions demonstrate improvements in detecting and classifying targets in different driving scenarios.

In radar hardware development, we use AI at the design stage of antennas. Leveraging adaptive surrogate modeling, our R&D teams can automatically optimize key antenna parameters such as array geometry and spacing. Since 2022, AI-accelerated antenna design has been adopted across our front and corner radar products.

In the phase of algorithm design, we replace traditional rule-based radar algorithms with AI-powered models. For example, in the development of our 5th-generation front and corner radars, we applied AI-based classifiers such as support vector machines (SVMs) and density-based spatial clustering (DBSCAN) to improve object detection and multi-target tracking under low signal-to-noise conditions.

Looking ahead, we are actively developing more advanced models such as diffusion models to reconstruct high-resolution point cloud. By transforming radar data into bird’s-eye-view formats and integrating multi-modal or multi-frame conditions, diffusion models significantly reduce noise and fill in missing structural information. Compared with traditional 4D imaging radars, our point cloud density is expected to increase by approximately 2x, further supporting smart driving applications in more complex scenarios.

### ***AI-Empowered Radar Products***

Our next-generation centralized computing radar products, CTMRR-610 and CTLRR-620, transition radar signal processing from SoC to general-purpose computing platforms such as GPUs and NPUs. These systems are designed to run on open platforms, enabling support for lightweight AI models. This platform-based architecture ensures high performance, scalability, and cost-efficiency, and is expected to launch in the fourth quarter of 2025.

We are also conducting pre-research on the “AI radar” CTLRR-700, which adopts advanced hardware technologies including phased-array antennas and processing-in-memory chips. On the software side, we are developing an intelligent software platform, which integrates signal processing, object recognition, and decision-making capabilities.

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### *AI-Enhanced Manufacturing*

AI is integrated into our production process to ensure high manufacturing efficiency and product quality. By combining AI with IoT technologies and big data, we have built a smart manufacturing system within our two intelligent production bases. Environmental data such as temperature and humidity, as well as equipment operating status and testing parameters, are continuously monitored through sensors.

Key production stations are equipped with AI-enabled analytics for real-time quality control, and the entire manufacturing process is traceable to each unit and station. This minimizes downtime, enhances production stability, improves yields, and reduces cost and energy consumption. Through these AI-driven advancements, we have improved our operational efficiency while ensuring the reliability of our radar products.

### **SPECIALIST INDUSTRY AND ACCEPTABLE SECTORS**

Our radar products serve as core perception sensors that enable real-time detection and spatial localization of surrounding vehicles, pedestrians, and road infrastructure, which are essential for positioning and decision-making in smart driving systems. Leveraging our proprietary radar signal processing algorithms, high-precision object clustering and tracking capabilities, and advanced architecture such as waveguide antennas and centralized computing, our products provide reliable location estimation even in complex or low-visibility environments. These technical capabilities support the vehicle’s ability to determine its position relative to surrounding objects and dynamically adjust its driving behavior, aligning with “sensors and technology enabling the detection or calculation of the geographical position of a person, mobile device or vehicle” under the Electric and Autonomous Vehicles – Location Technology sub-sector. As such, our radar products fall within the acceptable sector of Advanced Hardware and Software – Electric and Autonomous Vehicles – Location Technology: sensors and technology enabling the detection or calculation of the geographical position of a person, mobile device or vehicle set out in Chapter 2.5 of the Guide for New Listing Applicants on Specialist Technology Companies. Our industry consultant, CIC, confirms, and our Directors are of the view, that based on the above, our Company meets the definition of a Specialist Technology Company under Chapter 18C of the Listing Rules.

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### COMMERCIALIZATION OF OUR PRODUCTS

Since 2022, we have successfully commenced the sales of multiple generations of our millimeter-wave radar products through mass production with leading OEMs in China. Our commercialization began in 2022 with the launch of our front radar and corner radar, both of which were widely adopted by Customer A. In 2023, we expanded our product lineup by commencing mass production of the enhanced corner radar for application in multiple models under a leading Chinese OEM based in Beijing, namely customer H. Most recently, in 2025, we launched a high-resolution corner radar product, which has been adopted by a leading Chinese OEM based in Hangzhou. These milestones reflect our ability to quickly bring advanced radar technologies to market and deliver customized products that align with the evolving needs of leading OEMs. In 2024 alone, we sold over 1.8 million units of our millimeter-wave radar products in total.

As of the Latest Practicable Date, we engaged over 20 customers in the automotive industry including leading OEMs based in China, and began mass production of radar products for them. Additionally, we have entered into negotiations with several leading European automobile brands. We believe these partnerships demonstrate our proven capability to fulfill large-scale orders, meet high technical standards, and support OEMs through stable delivery and reliable product performance.

The following table sets out our sales volume and average selling price (“ASP”) of our millimeter-wave radar products for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Sales		Sales		Sales	
	volume	ASP	volume	ASP	volume	ASP
	<i>Units</i>	<i>RMB/Unit</i>	<i>Units</i>	<i>RMB/Unit</i>	<i>Units</i>	<i>RMB/Unit</i>
Front millimeter-wave radars	207,223	255	420,791	248	999,470	223
Corner millimeter-wave radars	13,746	160	333,004	150	875,676	141
<b>Total/Overall</b>	<b>220,969</b>	<b>249</b>	<b>753,795</b>	<b>204</b>	<b>1,875,146</b>	<b>184</b>

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The declining trend of average selling prices during the Track Record Period was primarily due to the achievement of economies of scale as demands from Customer A increased. We benefited from bulk purchasing of raw materials, which led to a decrease in costs of raw materials and consumables per unit. The wide adoption from OEMs of our millimeter-wave radar products led to economies of scale, which allowed OEMs, through the use of our products, to reduce their production cost. According to CIC, the average selling prices of our products during the Track Record Period are in line with the market.

### **PATH TO PROFITABILITY**

#### **Clear Trajectory Toward Scalability**

We have achieved rapid business expansion during the Track Record Period, supported by strong customer demand and growing market acceptance of our radar products. In 2022, 2023 and 2024, our revenue was RMB57.7 million, RMB156.5 million and RMB348.1 million, respectively, representing a CAGR of 145.7% from 2022 to 2024. This significant growth was primarily driven by volume ramp-up in our radar product lines, particularly to Customer A, and increasing traction from other major OEMs.

We benefit from high revenue visibility anchored by sustained growth in radar demand from Customer A, who continues to expand its smart driving offerings. In parallel, we are accelerating customer diversification by securing new engagements with multiple leading OEMs in China, our current and projected order volumes indicate continued revenue expansion in 2025 and beyond. Our production bases at Shenzhen and Suzhou have been scaled to support mass deployment.

#### **Favorable Market Outlook**

According to CIC, the global automotive millimeter-wave radar market grew from RMB15.6 billion in 2020 to RMB24.8 billion in 2024, representing a CAGR of 12.3%, and is expected to grow at a CAGR of 15.1% to reach RMB50.1 billion by 2029. In China, the market expanded from RMB4.4 billion in 2020 to RMB8.2 billion in 2024, representing a CAGR of 16.6%, and is projected to reach RMB21.6 billion by 2029 at a CAGR of 21.5%. We believe that we are well positioned to benefit from this growth as millimeter-wave radar becomes increasingly standard in smart driving systems. With a track record of stable delivery to major OEMs in China, broad coverage of mainstream smart driving use cases, and continuous product iteration – from corner radar and front radar to next-generation centralized computing – we are equipped to meet evolving customer needs. Our strong execution in mass production further enhances our ability to capture emerging opportunities as radar penetration deepens across vehicle segments.

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### Strategic Cost Management

While we remain committed to long-term investment in technology and product development, we are simultaneously strengthening cost discipline. Our R&D investment continues to focus on high-impact programs such as centralized computing radar, multi-modal sensor fusion, and radar-AI integration. These investments are expected to generate higher-margin offerings with broader application scope.

On the other hand, our integrated R&D and manufacturing model enables us to control our cost structure. Selling expenses have remained relatively stable over the Track Record Period despite significant revenue growth, reflecting our focused approach to channel expansion and customer engagement. General and administrative expenses declined in 2024 due to better resource allocation and operating leverage. We intend to continue implementing rigorous budget controls and process optimization to support scalable and profitable growth.

### Near-Term Profitability Outlook

We incurred net losses RMB79.2 million and RMB96.6 million in 2022 and 2023, respectively, which narrowed significantly to RMB21.8 million in 2024. From an operating perspective, we recorded a loss from operations of RMB70.6 million and RMB72.0 million in 2022 and 2023, respectively, but reversed the trend in 2024 by achieving a profit from operations of RMB15.1 million. The net loss in 2024 was primarily attributable to changes in carrying amounts of redemption liabilities, arising from the redemption rights granted to certain Pre-[REDACTED] investors. These redemption rights were terminated in April 2025, and we expect no further impact from such non-operating and non-recurring items going forward. As our revenue continues to grow and operating leverage improves, we expect to achieve net profit attributable to equity shareholders of the Company.

Our expectation to achieve and sustain profitability is based on reasonable assumptions, including: (i) continued increase in orders from customers, (ii) no material disruption to our production or delivery schedules, (iii) further improvement in unit economics driven by scale and product optimization, and (iv) no material adverse change in the macroeconomic, regulatory, or competitive environment.

We believe our proven business model, expanding customer base, R&D capabilities and execution provide a clear and credible path to long-term profitability.



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### RESEARCH AND DEVELOPMENT

Innovation is core to our corporate culture. We have invested significant resources into the R&D of our millimeter-wave radar technologies. We have established three R&D centers in the PRC, located in Shenzhen, Suzhou, and Wuhan. We strategically place our R&D teams in locations that are close to OEMs and hubs for smart driving technologies. The R&D team also collaborates with our operations and supply chain teams in order to continually optimize and improve manufacturing processes and assist with supply chain planning.

#### **Our Research Capabilities**

We possess independent R&D capabilities for our millimeter-wave radar products.

#### ***The Cheng-Tech Production Development process***

We take pride in our Cheng-Tech Production Development (CPD) process, which retains the foundational structure of the Advanced Product Quality Planning (APQP) framework widely adopted in the automotive industry, while integrating the stage-gate decision-making mechanism of the Integrated Product Development (IPD) model commonly used in the consumer electronics sector. By enhancing stage reviews and strengthening quality control at each development milestone, the CPD process improves execution quality throughout the product lifecycle. Compared to the traditional APQP approach, CPD provides clearer definitions of inputs and outputs at each project stage. Compared to the IPD model, CPD features more structured and delineated subprocesses across functions, facilitating more effective project management. Tailored to align with our organizational structure and product development priorities, the CPD process enables us to meet stringent automotive-grade standards while maintaining the agility required for rapid iteration in smart driving applications. The CPD process also fosters a culture of innovation: we provide monetary incentives to encourage technical personnel to contribute to proprietary technologies. We believe these development framework has become a cornerstone of our ability to deliver high-performance radar products at scale, supporting our continued leadership in an increasingly competitive industry.

#### ***Our Hardware and Software Development Capabilities***

Our R&D capabilities include RF antenna design, RF simulation, hardware design and verification, and software algorithm adaptation, allowing us to independently develop millimeter-wave radar products for various application scenarios. Our capability to develop hardware ensure that we can freely select the competitive hardware combinations. At the same time, we have developed our own radar software platform, the CTRadarOS. We are not reliant on any specific hardware platform, as our modular CTRadarOS and task layer design decouples software from hardware, allowing us to flexibly adapt our products to different platforms and better meet customer needs.

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We have developed a radar core algorithm covering key functions such as signal processing, object detection, and self-learning calibration. During the algorithm development process, our radar algorithm simulated tool chain can also automatically analyze errors and support algorithm parameter evaluation, helping engineers identify the cause of problems and optimize algorithm parameters.

### ***Our Automotive-Grade Product Development Capabilities***

We have established a design and development process for automotive-grade products that is in line with the industry standard, according to CIC. During product development, we validate over 250 checkpoints to ensure hardware and software reliability. Our products support OTA updates, enabling us to collaborate with customers to continuously enhance smart driving functionality and user experience. As a proof of our development capabilities, in December 2022, we obtained the ISO 26262:2018 Functional Safety Development Process Certification from TÜV NORD, a renowned international third-party testing, inspection, and certification body. In October 2024, we obtained the ISO/SAE 21434 Road Vehicles – Cybersecurity Engineering Process Certification from TÜV NORD. Additionally, in April 2024, we obtained Automotive SPICE CL2 certification, further demonstrating our professional capabilities in embedded software development for the automotive industry.

### **Our R&D Team**

Organizational-wise, our R&D team consists of an R&D center, a product center, and a testing center. Our R&D system comprises three core divisions: the R&D Center, the Product Center, and the Test Center. The R&D Center is responsible for core technical tasks such as hardware design, structure design, core algorithm, and engineering implementation for manufacturability. The Product Center formulates solutions based on customer requirements and continuously iterates on software and algorithm. The Test Center manages testing throughout the product development lifecycle and ensuring product reliability.

We have a R&D team over 80 members as of the Latest Practicable Date. Led by Mr. Zhou, our co-founder, executive Director, deputy general manager and chief technology officer, our R&D team has extensive experience with a wide variety of engineering and automotive organizations. The table below sets forth the profiles of our core R&D members.

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### Core R&D Member

### Profile

Mr. Zhou Ke

Mr. Zhou is our co-founder, executive Director, deputy general manager and chief technology officer. With over 20 years of experience in R&D and management across RF, communications, baseband systems, and automotive electronics, Mr. Zhou previously served as the vice president of the research and development department of a technology company. He is a seasoned expert in R&D management, product testing and certification, and supply chain systems. Mr. Zhou played a pivotal role in establishing both the Company’s R&D and supply chain frameworks, and has led the development of several of our core products. He has overseen the setup of our production bases in Suzhou and Shenzhen, and continues to spearhead external technical collaborations, strategic planning, and the introduction of advanced technologies and industry talent, ensuring the Company’s long-term competitiveness in the smart driving sector.

Mr. Cai Yalin

Mr. Cai Yalin is our Vice President of Product and R&D systems. With more than 16 years of experience in the relevant sector, Mr. Cai has led the development of our testing systems and radar products, and played a key role in delivering critical projects to major car manufacturer clients. He has also been instrumental in advancing our product line from non-automotive-grade to fully automotive-grade radar systems. Mr. Cai continues to drive the evolution of our product strategy and execution capabilities as we expand into higher-performance and safety-critical smart driving applications.

Mr. Fang Yongjun

Mr. Fang Yongjun is our Chief Software Architect and Radar Algorithm Expert. With more than 16 years of experience in the relevant sector, Mr. Fang is currently responsible for the architecture of our software systems, the design of core algorithmic modules, and the management of our software department within the Product Center. He has made significant contributions to the Company’s software and algorithm innovation, and continues to lead the development of high-performance and scalable platforms that support our diverse radar product portfolio.

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### Core R&D Member

### Profile

Mr. Qian Lei

Mr. Qian Lei is our Senior Hardware Design Expert, With more than 10 years of experience in the relevant sector, Mr. Qian currently oversees the hardware development of our products as well as the operations of our R&D center. Mr. Qian holds multiple core patents related to radar calibration and process technologies, which have delivered substantial economic value to the Company. His multidisciplinary technical expertise has played a critical role in enabling us to continuously advance product performance and production efficiency.

## INTELLECTUAL PROPERTY

We own a large portfolio of intellectual property, including patents, registered trademarks, confidential technical information and expertise in the development of millimeter-wave radar technologies in the PRC.

As of the Latest Practicable Date, our R&D efforts had accumulated 86 patents. Our patents consisted of 33 invention patents, 30 utility patents and 23 design patents. In addition, as of the Latest Practicable Date, we had six registered trademarks, nine registered computer software copyrights, and two registered domain names.

The following tables sets forth details of our key patents as of the Latest Practicable Date:

Application		Patent Type	Patent name	Patent Number	Year	Grant Date
No.	Entity					
1	Shenzhen Cheng-Tech	Invention Patent	A method for improving radar measurement range and accuracy	2016101049122	2016	December 8, 2017
2	Shenzhen Cheng-Tech	Invention Patent	A system and method for improving angle measurement accuracy of vehicle millimeter-wave radar	202210924499X	2022	December 31, 2024
3	Shenzhen Cheng-Tech	Invention Patent	A method and system for automatically calibrating the installation angle of in-vehicle millimeter-wave radar	2023103197472	2023	August 20, 2024

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Application		Patent Type	Patent name	Patent Number	Year	Grant Date
No.	Entity					
4	Shenzhen Cheng-Tech	Invention Patent	A plastic electroplated waveguide antenna and manufacturing method	2023107191278	2023	July 30, 2024
5	Suzhou Chengtech	Invention Patent	An array angle measurement method for vehicle millimeter-wave radar	2023112339256	2023	November 26, 2024
6	Shenzhen Cheng-Tech	Invention Patent	A signal processing method using multi-transmission mode for increasing point cloud density	202311406580X	2023	October 22, 2024
7	Suzhou Chengtech	Invention Patent	A method and system for radar point cloud prediction	2024107287222	2024	January 28, 2025
8	Suzhou Chengtech	Invention Patent	A phase calibration method and system for automotive millimeter-wave radar array antenna	2024108387410	2024	October 1, 2024

There can be no assurance that our intellectual property protection efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights.

## SALES AND MARKETING

### Sales and Marketing Network

We adopt a direct sales model. As of Latest Practicable Date, we operated a dedicated in-house sales and marketing team of 13 employees. Our sales and marketing team was led by management with more than 12 years of industry experience and works closely with our customers as well as our internal operations teams. We have set up sales offices in major cities throughout mainland the PRC, including Shenzhen and Suzhou.

## **BUSINESS**

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### **Marketing**

We take a customer-centric marketing approach to build and expand our relationships with customers and partners. We collect feedback directly from them to garner insights that help drive our business and operations forward. We utilize offline and online marketing channels such as our website, advertising campaigns, and word of mouth. We formulate targeted marketing strategies and organize marketing activities such as exhibitions and social media platforms to meet our business promotion needs and enhance our brand awareness. As we continue to expand domestically and globally, we aim to optimize our sales and marketing network to ensure that we have sufficient geographic coverage across both existing and new markets.

### **Pricing**

We price our products based on a combination of factors, including product positioning, competitive dynamics, and procurement and production costs. For our millimeter-wave radar hardware products sold to OEMs, we also take into account the customers’ brands, vehicle models, and estimated procurement volume. We may adjust pricing within a certain range to align with customers’ expected shipment volumes and market scale, which helps increase order quantities and supports long-term collaboration. We believe this approach also enhances our ability to optimize production efficiency and achieve more stable revenue streams.

### **After-Sale Services**

We are committed to providing after-sale services to enhance customer satisfaction. To that end, we have established an after-sales service team, consisting of engineering representatives, quality management managers and project managers. This team is responsible for providing technical support and timely resolution of issues following the delivery of our products. We assist our customers throughout product installation, calibration, and debugging, and provide on-site support when needed. We also maintain communication with our customers to collect feedback, monitor product performance, and promptly respond to any concerns during the entire product life cycle. We believe these efforts enable us to maintain long-term relationships with our customers and uphold our reputation.

## **CUSTOMERS**

Our customers are primarily OEMs that integrate our millimeter-wave radar products into their vehicles to enable target detection and, in combination with other sensors, support the implementation of various smart driving functions.

### **Major Customers**

Customer A has been our largest customer in each year during the Track Record Period. Our revenue from Customer A was RMB47.2 million, RMB142.9 million, and RMB325.8 million, accounting for approximately 81.9%, 91.3%, and 93.6% of our total revenue in 2022, 2023 and 2024, respectively. See “Business – Our Relationship with Customer A.”

## BUSINESS

Revenue generated from our five largest customers in 2022, 2023 and 2024 accounted for 92.1%, 96.4%, and 98.3% of our total revenue in the same periods, respectively. The following tables set forth details about our five largest customers during the Track Record Period:

### *Year Ended December 31, 2022*

Customer	Major Products Sold	Customer Background	Revenue (RMB '000)	% of Total Revenue	Year of Commencing Business Relationship	Typical Credit Terms	Payment Method
Customer A	Front and corner radar	A SZSE- and HKEX-listed multinational OEM based in Shenzhen	47,202.3	81.9	2022	30 days after Monthly Statement	A Chain
Customer B	Technological development services	A Frankfurt Stock Exchange-listed German automobile parts manufacturing company	2,082.3	3.6	2021	90 Days from the month after acceptance	Bank Transfer
Customer C	Front radar	An automobile part and sensor manufacturing company based in Dongguan	1,619.3	2.8	2021	30 Days after Monthly Statement	Wire Transfer
Customer D	Corner radar	An automobile parts manufacturing company based in Hefei	1,150.7	2.0	2022	60 Days after Monthly Statement	Bill Acceptance
Customer-Supplier E	Front and corner radar	A radar designing and manufacturing company based in Shenzhen	1,035.1	1.8	2021	Payment required before shipment	Bank Transfer
<b>Total</b>			<u>53,089.7</u>	<u>92.1</u>			

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*Year Ended December 31, 2023*

Customer	Major Products Sold	Customer Background	Revenue (RMB '000)	% of Total Revenue	Year of Commencing Business Relationship	Typical Credit Terms	Payment Method
Customer A	Front and corner radar	A SZSE- and HKEX-listed multinational OEM based in Shenzhen	142,912.7	91.3	2022	30 Days after Monthly Settlement	A Chain
Customer F	Front radar	A smart driving company based in Shanghai	2,361.7	1.5	2021	30 Days after Monthly Statement	Bank Transfer
Customer-Supplier E	Front and corner radar	A radar designing and manufacturing company based in Shenzhen	2,022.9	1.3	2021	30 Days after Monthly Statement	Bank Transfer
Customer B	Technological development services	A Frankfurt Stock Exchange-listed German automobile parts manufacturing company	1,885.3	1.2	2021	90 Days from the month after acceptance	Bank Transfer
Customer G	Front and corner radar	A SZSE-listed map and navigation service provider based in Beijing	1,766.3	1.1	2021	Payment upon acceptance of goods	Bank Transfer
<b>Total</b>			<u>150,949</u>	<u>96.4</u>			



## BUSINESS

*Year Ended December 31, 2024*

Customer	Major Products Sold	Customer Background	Revenue (RMB '000)	% of Total Revenue	Year of Commencing Business Relationship	Typical Credit Terms	Payment Method
Customer A	Front and corner radar	A SZSE- and HKEX-listed multinational OEM based in Shenzhen	325,814.3	93.6	2022	30 Days after Monthly Statement	A Chain
Customer H	Corner radar	A HKEX-listed OEM based in Beijing	8,537.7	2.5	2023	60 Days from the Month Following Invoice	Bank Transfer
Customer I	Front radar	A smart driving company based in Wuhan	4,428.0	1.3	2019	30 Days after Monthly Statement	Bank Transfer
Customer J	Corner radar	A SSE-listed motorcycle and engine manufacturer based in Chongqing	1,659.1	0.5	2023	60 Days after Monthly Statement	Bank Transfer
Customer-Supplier E	Front and corner radar	A radar designing and manufacturing company based in Shenzhen	1,573.6	0.5	2021	30 Days after Monthly Statement	Bank Transfer
<b>Total</b>			<u>342,012.7</u>	<u>98.3</u>			

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To the best knowledge of our Directors, each of our five largest customers for each period during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest customers, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers. During the Track Record Period, Customer-Supplier E acted as both our customer and supplier. See “Business – Suppliers – Overlapping Customers and Suppliers”.

### OUR RELATIONSHIP WITH CUSTOMER A

Customer A, a globally leading manufacturer of NEVs and batteries for passenger EVs, was our single largest customer in each of the Track Record Period. During the Track Record Period, we provided millimeter-wave radar products to Customer A for its smart driving system. Our revenue generated from Customer A was RMB47.2 million, RMB142.9 million and RMB325.8 million in 2022, 2023 and 2024, respectively, accounting for 81.9%, 91.3%, and 93.6% of our total revenue in the same periods, respectively. Our relationship with Customer A has been stable and mutually beneficial, which we expect to continue in the future. Nevertheless, the high concentration of revenue generated from Customer A exposes us to certain risks. See “Risk Factors – Risks Related to Our Business and Industry – We derive a significant portion of our revenue from Customer A. Any deterioration in our business relationship with Customer A could materially and adversely affect our business, financial condition, results of operations and prospects”.

### Key Terms of the Main Agreement with Customer A

The salient terms of our main agreement with Customer A are summarized as follows:

- **Term:** The agreement is valid for a period of three years and will be automatically renewed for an additional three-year term unless either party provides written notice of termination.
- **Products and Services:** We are required to supply production materials (including radar products) and related services as specified in Customer A’s individual purchase orders.
- **Warranty:** We are obligated to provide after-sales service in accordance with the duration designated by Customer A which is typically six years.

## BUSINESS

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- **Logistics:** Unless otherwise agreed, we are responsible for arranging transportation and bearing the associated costs. We must ensure proper packaging and timely delivery to Customer A’s designated warehouse. Each shipment must include complete and accurate documentation, including product certificates, inspection reports, and packing lists.
- **Quality Control:** We are required to comply with Customer A’s technical specifications, quality standards, and applicable regulations. In the event of quality defects, we are responsible for replacement, rectification, or financial compensation.
- **IP Rights:** Customer A enjoys a permanent, irrevocable, royalty-free and sub-licensable license to use any products supplied to Customer A that are embedded with our intellectual property.
- **Termination:** Customer A may unilaterally terminate the agreement in the event of material breach, including late delivery, persistent quality issues, or IP infringement. Either party may terminate the agreement by written notice for other reasons in accordance with the contract.

### Our Settlement with Customer A

Since November 2018, Customer A has adopted an electronic settlement method known as “A Chain,” under which the relevant procurement entity within the Customer A group issues electronic accounts receivable certificates to its suppliers. A Chain certificate is a proprietary credit instrument issued and accepted by Customer A based on its own commercial credit and is supported by a dedicated digital platform. While not a traditional commercial bill, A Chain shares many features with such instruments, including transferability and financing functionality.

The holder of A Chain may choose to:

- **Transfer A Chain Certificates to Upstream Suppliers:** On the A Chain platform, the A Chain certificates held by us can be transferred to other parties, such as our suppliers, as payment for goods or services, facilitating multi-tier credit transfer within the supply chain. A Chain certificates are accepted by many of our suppliers as a form of payment in lieu of cash settlement.

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## BUSINESS

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- ***Finance Through Early Cash Settlement Prior to Maturity:*** If the holder of A Chain requires, it may apply to Customer A for early cash settlement of A Chain certificates. Customer A will advance the payment to the holder after deducting the agreed discount fee, which is often based on floating interest rates. Alternatively, the holder may pledge A Chain certificates to a bank, factoring company, or other financial institution. The lender evaluates the application based on Customer A’s credit profile and, if approved, provides the holder with a loan secured by the A Chain receivable.
- ***Hold A Chain Certificates to Maturity:*** The holder may also choose to hold A Chain certificates until its maturity date that is typically three months after issuance date in our case. Customer A will make full payment of the face value to the holder of A Chain certificates upon maturity.

As of December 31, 2022, 2023 and 2024, the trade receivables of Customer A were RMB46.6 million, RMB46.4 million and RMB106.5 million, respectively, out of which RMB3.0 million, RMB14.3 million and RMB16.3 million were receivables relating to A Chain certificates, respectively. As of the Latest Practicable Date, we did not have any forfeited or expired A Chain with Customer A, or entered any dispute with Customer A with regard to the A Chain. However, there are also certain risks associated with the possession and the use of A Chain. See “Risk Factors – Risks Related to Our Financials – We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects”.

### **Stable and Cooperative Relationships with Customer A**

We have established a stable and strategic cooperative relationship with Customer A, our largest and one of the longest-standing customers. Since 2022, we have supplied Customer A with multiple generations of our radar products, including CTLRR-220 Plus and CTMRR-130, which have been deployed across certain vehicle models. In 2024, we began mass production of our high-resolution 5.5th generation products, CTLRR-220 Pro and CTMRR-130 Pro, which have been adopted for Customer A’s smart driving platforms.

We believe, from a technology standpoint, that Customer A uses our radar products not only for their hardware performance but also for our proprietary radar software performance and agile development cycles. These capabilities, in our view, are embedded in Customer A’s system design and are not easily substitutable. Given the rigorous automotive-grade validation process and system-level integration required, we consider it commercially and technically challenging for Customer A to switch to an alternative supplier in the short to medium term without incurring significant development costs and performance risk.

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Since November 2024, Customer A has provided us with warehouse and storage service to ensure efficient delivery in view of our increased sales volume of millimeter-wave radars to Customer A. We believe this depth of integration across R&D, engineering, production and storage has laid a strong foundation for long-term collaboration and provides us with high visibility into future project pipelines. We believe this relationship exemplifies the mutual reliance between leading OEMs and specialized radar suppliers like us, and positions us as a critical partner in Customer A’s smart driving strategy.

We have successfully renewed our main agreements with Customer A on substantially similar key terms and conditions since the commencement of our cooperation. During the Track Record Period and up to the Latest Practicable Date, there had been no material service interruptions or disputes between Customer A and us. As of the Latest Practicable Date, we were not aware of any matters that may adversely affect our relationship or ongoing cooperation with Customer A, whose business has continued to perform well.

Our Directors are of the view that our ongoing cooperation with Customer A is in the interests of our Shareholders as a whole. First, Customer A is one of the leading OEMs in China with strong market presence and continued growth in the smart driving segment, offering us substantial business scale and development potential. Second, having participated in multiple radar programs of Customer A, we have accumulated deep insight into its technical roadmap and system integration requirements, which evidences our capabilities. Third, due to the complexity of automotive-grade radar integration and validation, we believe it would be inefficient and commercially costly for Customer A to replace us with alternative suppliers in the short to medium term. Lastly, the fact that we have been qualified and successfully massproducing for a leading OEM enhances our reputation and credibility in the industry, which we believe will facilitate future collaborations with other major OEMs.

### **Diversification of Customer Base and Revenue Stream**

In our early stage of development, due to constraints in funding, personnel, production capacity, and organizational scale, we strategically focused our resources on building a deep and stable relationship with a leading OEM – Customer A. We believe this approach enabled us to achieve rapid growth in product deployment, technological validation, and market share thereby our revenue generated from Customer A accounted for a predominant proportion of our total revenue during the Track Record Period.

Additionally, we have invested in expanding our OEM customer base. For example, we commenced cooperation with a leading Chinese OEM based in Hangzhou in 2024. We have shipped approximately over 30,000 CTMRR-180 Pro to this customer in 2025 up to the Latest Practicable Date, and have existing orders of additional 4,000 units that are to be shipped in the coming months. Similarly, we have established relationships with another leading OEM based in Beijing, namely Customer H, and delivered over 34,000 radar products in 2024. We have shipped approximately 24,500 radar products to this customer in 2025 up to the Latest Practicable Date, and have existing orders of additional approximately 12,000 units that are to be shipped in the coming months.

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Our revenue generated from customers other than Customer A accounted for RMB10.4 million, RMB13.6 million and RMB22.3 million in 2022, 2023 and 2024 respectively, which has been steadily increasing with a CAGR of 46.0% during the Track Record Period. We continue to build relationships with additional leading OEMs in China to diversify our customer base and revenue streams. Engagements with these OEMs are currently at different stages of discussion, and we plan to formally commence cooperation once their smart driving product roadmaps are finalized and aligned with our product offerings.

### SUPPLIERS

We procure raw materials and components for radar production, and select suppliers based on their expertise, quality, and project execution capabilities. As for existing suppliers, we review their performance on a regular basis, in which they are required to address any issues discovered.

#### Major Suppliers

Our major suppliers are suppliers of raw materials, especially hardware components for radar production. Purchases from our largest supplier for the years ended December 31, 2022, 2023 and 2024 accounted for 48.2%, 26.7%, and 48.2%, respectively, of our total purchases during those periods. Purchases from our five largest suppliers during each year/period for the years ended December 31, 2022, 2023 and 2024 accounted for 76.4%, 74.8%, and 78.0%, respectively, of our total purchases during those periods. We believe that our operation is not dependent on any particular supplier. During the Track Record Period, we maintained multiple suppliers to avoid over-reliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

## BUSINESS

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

***Year Ended December 31, 2022***

Supplier	Major Products Procured	Supplier Background	Purchase (RMB '000)	% of Total Purchase	Year of Commencing Business Relationship	Typical Credit Terms	Typical Payment Method
Supplier A	IC	A Taiwan Stock Exchange-listed semiconductor manufacturer based in New Taipei City	31,739.0	48.2	2018	60 days after monthly statement	Bank transfer
Supplier B	PCB	A circuit board printing company based in Shantou	9,759.2	14.8	2017	30 days after monthly statement	A Chain
Customer-Supplier E	IC	A radar designing and manufacturing company based in Shenzhen	3,088.5	4.7	2022	Payment in advance	Wire Transfer
Supplier C	Electronic components	An electronics retailing company based in Shenzhen	3,001.4	4.6	2018	60 days after monthly statement	A Chain
Supplier D	Plastic and rubber products	A mold manufacturing company based in Shenzhen	2,683.4	4.1	2022	30 days after monthly statement	A Chain
<b>Total</b>			<b>50,271.5</b>	<b>76.4</b>			

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*Year Ended December 31, 2023*

Supplier	Major Products Procured	Supplier Background	Purchase (RMB '000)	% of Total Purchase	Year of Commencing Business Relationship	Typical Credit Terms	Typical Payment Method
Supplier A	IC	A Taiwan Stock Exchange-listed semiconductor manufacturer based in New Taipei City	24,633.5	26.7	2018	30 days after monthly statement	A Chain
Supplier E	IC	A semiconductor retail company based in Shenzhen	17,546.8	19.0	2023	30 days after monthly statement	Bank transfer or A Chain
Supplier B	PCB	A circuit board printing company based in Shantou	14,905.7	16.2	2017	30 days after monthly statement	A Chain
Supplier D	Plastic and rubber products	A mold manufacturing company based in Shenzhen	6,528.1	7.1	2022	30 days after monthly statement	A Chain
Supplier C	Electronic components	An electronics retailing company based in Shenzhen	5,354.6	5.8	2018	30 days after monthly statement	A Chain
<b>Total</b>			<b>68,698.7</b>	<b>74.8</b>			



## BUSINESS

*Year Ended December 31, 2024*

Supplier	Major Products Procured	Supplier Background	Purchase (RMB '000)	% of Total Purchase	Year of Commencing Business Relationship	Typical Credit Terms	Typical Payment Method
Supplier E	IC	A semiconductor retail company based in Shenzhen	114,620.4	48.2	2023	30 days after monthly statement	A Chain
Supplier B	PCB	A circuit board printing company based in Shantou	28,579.0	12.0	2017	30 days after monthly statement	A Chain
Supplier C	Electronic components	An electronics retailing company based in Shenzhen	17,554.6	7.4	2018	60 days after monthly statement	A Chain
Supplier D	Plastic and rubber products	A mold manufacturing company based in Shenzhen	14,936.0	6.3	2022	60 days after monthly statement	A Chain
Supplier A	IC	A Taiwan Stock Exchange-listed semiconductor manufacturer based in New Taipei City	9,820.7	4.1	2018	30 days after monthly statement	A Chain
<b>Total</b>			<u>185,510.7</u>	<u>78.0</u>			

## BUSINESS

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To the best knowledge of our Directors, each of our five largest suppliers for each period during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest suppliers, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. During the Track Record Period, Customer – Supplier E acted as both our customer and supplier. See “Business – Overlapping Customers and Suppliers”.

### **Overlapping Customers and Suppliers**

During the Track Record Period, Customer-Supplier E acted as both our customer and supplier. We sold millimeter-wave radar products to Customer-Supplier E in the ordinary course of business, generating revenue of approximately RMB1.0 million, RMB2.0 million, and RMB1.6 million in 2022, 2023, and 2024, respectively. Meanwhile, in 2022, we made a one-time procurement of IC chips from Customer-Supplier E in the amount of RMB3.1 million. According to CIC, the global chip shortage during the pandemic significantly disrupted supply chains in 2022. In order to ensure the continuity of our production and meet urgent delivery schedules, we sourced a limited volume of chips from Customer-Supplier E. We did not procure any further products or services from Customer-Supplier E in 2023 or 2024. To the best knowledge of our Directors, Customer-Supplier E is an Independent Third Party, and our sales to and procurement from Customer-Supplier E were made in arm’s length transactions during the ordinary course of our business.

### **Raw Materials and Components**

The main raw materials used in the production of our millimeter-wave radar products include ICs, PCBs, and structural components. During the Track Record Period, our PCBs and structural components were primarily sourced from suppliers located within the PRC. Most of our ICs are also sourced from within Mainland China, with some of them sourced from other regions such as Taiwan, China. We may use logistics agents, who are Independent Third Parties, to handle administrative matters relating to customs clearance and settlement with certain suppliers. According to CIC, this arrangement is in compliance with applicable laws and industry norms.

## BUSINESS

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We generally procure ICs through distributors based on our demand forecast. ICs are tested for functionality and compatibility prior to supplier engagement. Any change to ICs is subject to prior client approval. We also maintain a reviewed register of approved suppliers for ICs, raw materials, and components. During the Track Record Period and as of the Latest Practicable Date, we had not encountered any material disruption to our business as a result of shortage or delay in the supply of key components.

The salient terms of our typical procurement supply agreement are summarized as follows:

- **Term:** Typically valid for a period of three years.
- **Products or Services Provided:** The product types (e.g., radar-related electronic components, PCB boards) are specified in individual purchase order issued under the framework agreement.
- **Credit Period and Payment Method:** We generally enjoy a credit period of 30 to 60 days. We typically may elect to pay either by bank transfer or through A Chain.
- **Warranty and Quality Standards:** Suppliers are typically required to comply with applicable industry standards. A standard warranty obligation is imposed on suppliers for defects in materials or workmanship, with required rectification or replacement within a reasonable period.
- **Logistics and Delivery:** Suppliers are responsible for making delivery arrangements to designated warehouse locations and must comply with packaging and transportation requirements specified by us.
- **Continuous Supply and Production Capacity:** Suppliers typically undertake to ensure continuous and stable supply of the agreed products and to maintain sufficient production capacity. They are required to inform us in advance of any potential capacity issues.
- **Termination:** if a force majeure event prevents delivery for over ten days, we may terminate the agreement or cancel pending orders.
- **Intellectual Property Rights:** Where applicable, suppliers confirm that the products delivered do not infringe any third-party IP rights and indemnify us from any such claims. We are granted the right to incorporate the supplied components into our radar products.

## BUSINESS

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### MANUFACTURING

We currently operate two production bases located in Shenzhen and Suzhou. Our Suzhou production base, with a gross floor area of approximately 3,365 sq.m., commenced operations in September 2022. Our production facility based in Shenzhen, which has a larger gross floor area of approximately 14,933 sq.m., commenced operations in January 2025.

During the Track Record Period and prior to the commencement of operations of our production facility in Shenzhen, we engaged an independent third-party contract manufacturer in Shenzhen (“**Shenzhen Contract Manufacturer**”) to fulfill certain customer orders and test manufacture certain new products. We set up and owned two assembly lines in the factory of Shenzhen Contract Manufacturer. Pursuant to our agreement with Shenzhen Contract Manufacturer, we are responsible for (i) provision of raw materials for production, (ii) provision of product design, technical information, graphic and software for testing, (iii) determining the quality standard, (iv) approving the production plan and procedure, and (v) provision of training to their staff. Following the commencement of operations at our Shenzhen production facility, we progressively phased out the use of Shenzhen Contract Manufacturer and formally terminated our agreement with Shenzhen Contract Manufacturer in May 2025. As our millimeter-wave radar products can be produced in either our Suzhou production base or Shenzhen Contract Manufacturer, to demonstrate our production capabilities during the Track Record Period, we set out below the production capacity, production output, and utilization rates of our Suzhou production base and Shenzhen Contract Manufacturer respectively.

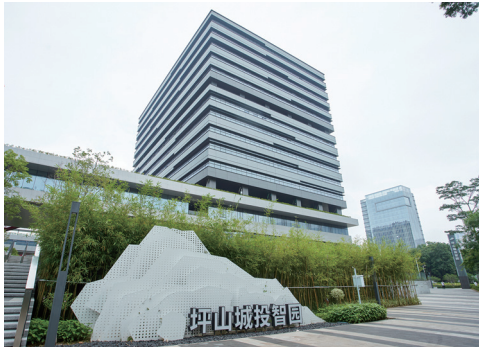
Our Shenzhen production base currently houses six SMT lines and 14 assembly lines, including two fully automated and 12 semi-automated assembly lines. Our Suzhou production base is equipped with two SMT lines and six assembly lines, of which two are fully automated and four are semi-automated.

We have multiple departments overseeing the entire manufacturing process, including supply, engineering, production, quality assurance, and general management. As of the Latest Practicable Date, we had 195 employees dedicated to supply and manufacturing functions. We place strong emphasis on product quality, employee safety, and environmental protection throughout our manufacturing operations. To that end, we have obtained a series of relevant industry certifications, including ISO 26262 for functional safety.

## BUSINESS

Please see following pictures of our Shenzhen production base.

### Shenzhen production base



## BUSINESS

Please see following pictures of our Suzhou production base.

### Suzhou production base



As we scale up our business operation, we may add new manufacturing facilities and expand our existing facilities. According to CIC, major OEMs that have substantial demand for radar products would typically require their suppliers to have sufficient production capacity available, before they establish long-term cooperation with the suppliers. We believe that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate our foreseeable future expansion.

Our manufacturing model allows us to produce various millimeter-wave radar products with efficient changeover. As of the Latest Practicable Date, our annual designed production capacity was approximately 13.5 million units.



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The following tables sets forth the details of the production capacities and utilization rates of our Suzhou production base and Shenzhen Contract Manufacturer during the Track Record Period.

Production Base	2022			2023			2024		
	Designed	Utilization		Designed	Utilization		Designed	Utilization	
	Capacity <sup>(1)</sup>	Output	Rate <sup>(2)</sup>	Capacity <sup>(1)</sup>	Output	Rate <sup>(2)</sup>	Capacity <sup>(1)</sup>	Output	Rate <sup>(2)</sup>
	('000 units)	('000 units)	(%)	('000 units)	('000 units)	(%)	('000 units)	('000 units)	(%)
Suzhou Production									
Base	118,491	164,014	138.42 <sup>(3)</sup>	506,483 <sup>(4)</sup>	530,282	87.54	1,481,143	1,759,202 <sup>(4)</sup>	118.77 <sup>(3)</sup>
Shenzhen Contract									
Manufacturer	473,966	90,252	19.04	473,966	285,400	60.22	473,966	194,953	41.13

*Notes:*

- (1) Designed capacity is calculated under the assumption that each production line is in operation for 16 hours a day, 24 days a month, and 12 months a year.
- (2) Utilization rate is calculated by dividing the production volume of a given year/period by the production capacity of the same year/period.
- (3) There had been extra workers and operation hours had been extended to cater the production needs.
- (4) We set up additional assembly lines in our Suzhou production base during 2023, and the assembly lines had been increased from one to five.

### Our Production Process

We have deployed a mix of fully-automated and semi-automated production lines. We believe that the mix of fully-automated and semi-automated production lines allows us a good degree of flexibility while mitigating the high maintenance costs associated with fully-automated production lines. Each fully-automated and semi-automated production line may be used to produce all of our products.

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## BUSINESS

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### *Production Process*

The following chart illustrates our production process for millimeter-wave radar products:

Process Step	Description
SPI Inspection	Check the quality of solder paste after printing.
Component Pick & Place	According to the BOM and the patch program, paste the corresponding components in the specified position.
Reflow Soldering	Provide enough temperature to let the solder paste melt to form an electrical connection.
Post-AOI Inspection	Check the quality of solder joints.
X-ray Inspection	Detect the solder joints on the bottom of the BGA.
PCBA Press Fit	Insert the connecting pin of the part into the metallized hole of the PCB.
Hot Air Cold Riveting	Heat the pin housing to let the locating posts melt and then solidify through the cooling to form a riveting head, fixing the PCBA.
Laser Welding	Heat the pin housing to weld with the back cover, forming an integrated unit.
Leakage Testing	Detect leakage compliance after laser welding.
End of Line Test	Angle, RCS calibration and distance, angle, speed, quiescent current detection.



## BUSINESS

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### Quality Control

We have policies in place to ensure the quality of the components and other raw materials we purchase from suppliers, such as screening prior to engaging new suppliers and conducting regular evaluations of their performance and the quality of the goods supplied by them. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, including their credentials, experience, service or product availability, price and delivery time.

We require all of our suppliers to comply with our internal supply management policies. We communicate with suppliers regarding quality standard, and inspect products received to ensure that they meet all of our specified requirements. We may conduct on-site inspection of suppliers, and require suppliers to timely remedy quality issues upon notice. Upon receiving materials and products from suppliers, we retain the right to reject or return based on our inspection results.

We generally provide three to five year warranties for our products sold to customers. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns, product recalls, product liability claims, warranty expenses or customer complaints that adversely affected our business.

### LOGISTICS AND INVENTORY MANAGEMENT

We engage third-party logistics service providers for delivering finished goods from our manufacturing facilities to locations specified by our customers. We set out strict standards to assess logistics partners, such as delivery, packaging, service, and compliance. To the best of our knowledge, all of these logistics service providers are Independent Third Parties.

Our inventories primarily consist of (i) raw materials and work-in-progress, and (ii) finished goods and fulfillment costs. We have implemented an inventory management system designed and overseen by our warehouse and logistics department. Our inventory policies cover storage authorization, inbound and outbound procedures, periodic inventory counts, and procedures for scrapping and impairment. We enforce strict safety protocols such as access controls, anti-fire and anti-theft measures, and environmental storage requirements. All inbound materials are verified against delivery documentation and subjected to quality inspection before being accepted into inventory. Outbound shipments, including production line requisitions and customer deliveries, follow MES-logged issuance and multi-point verification procedures. Since November 2024, Customer A has provided us with warehouse and storage service to ensure efficient delivery in view of our increased sales volume of millimeter-wave radars to Customer A.

In addition, we conduct inventory audits, and manage impairments and obsolescence in coordination with the finance and quality departments. We believe these internal controls enable us to maintain inventory integrity, minimize loss, and support efficient production planning.

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### AWARDS AND RECOGNITIONS

We have built an outstanding business reputation in the industry. The following chart lists selected awards and recognitions we have received:

Award Name	Awarding Organization	Year of Award
2024 AIIA Excellence in Application Award (卓越應用獎)	Organizing Committee of the Enmore Automotive Industry Conference and Exposition (易貿汽車產業大會暨展覽會組委員會)	2024
Most Valuable Investment Award of the Year (年度最具價值投資獎)	Yanzhi Auto motive (焉知汽車)	2024
“Little Giant” Enterprise Specialising in Niche and Innovative Technologies (專精特新“小巨人”企業)	Ministry of Industry and Information Technology (工業和信息化部)	2024
China Intelligent and Connected Vehicle Innovation Achievement Award (中國智能網聯汽車創新成果獎)	China Intelligent and Connected Vehicle Innovation Achievement Conference (中國智能網聯汽車創新成果大會)	2023
2023 Leading Sci-Tech Company in New Energy Vehicles and Autonomous Driving (2023新能源汽車及自動駕駛科創好公司)	CIs.cn (財聯社) & Chinastarmarket.cn (科創板日報)	2023
“Rising Star” Award 2022 (明日之星2022)	Deloitte (德勤)	2022

### COMPETITION

We offer a broad range of millimeter-wave radar products for the automotive industry. According to CIC, market in which we operate is highly competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and services and constant emergence of new industry standards and practices. For more details, see “Industry Overview”.

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Despite the competition, we believe our millimeter-wave radar product portfolio and our product delivery capabilities stand out among our competitors. In particular, we believe our algorithm and software development capabilities further differentiate us from mere sensor manufacturers.

It is our view that these unique capabilities and product portfolio allow us to enjoy a competitive edge over our competitors, whether in the field of automotive applications, or in non-automotive applications into which we seek to explore in the future. While there will always be companies that are developing advanced sensor products, we believe our market position provide us with a compelling advantage over other sensor manufacturers.

### EMPLOYEES

As of the Latest Practicable Date, we had a total of 321 employees and substantially all of our employees were based in the PRC.

The following table sets forth the number of our full-time employees by function as of the Latest Practicable Date:

	<b>Number of employees</b>
Research and development	89
Sales and marketing	13
Production and procurement	195
General administration and management	24
	<hr/>
<b>Total</b>	<b>321</b>
	<hr/> <hr/>

We use various recruitment methods, including campus recruitment, online recruitment, and internal referrals, among others. In addition to salaries and benefits, we generally provide performance-based bonuses for our full-time employees and commission for our sales and marketing staff. We have established a system for employee training and development, including specific trainings covering corporate culture, workplace safety, data security, and other logistics aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continued efforts to provide an engaging working environment to our employees.

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We enter into standard labor contracts with our full-time employees with confidentiality, intellectual property, and non-compete provisions, with the exception that we do not enter into non-compete provision with our manufacturing employees. As set out in these agreements, employees are required to maintain confidentiality of our trade secrets, proprietary information and other confidential data during and after their employment. All intellectual property created by the employee in the course of their employment, including patents, trademarks, copyrights, and trade secrets, belongs to us. The employment contracts also include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during their employment and for a period not more than two years after termination of their employment.

We believe we maintain a good working relationship with our employees and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

As advised by our PRC Legal Advisors, under the applicable regulations in the PRC, we are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing provident funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based.

During the Track Record Period and up to the Latest Practicable Date, we did not make full payments in relation to social insurance and housing provident fund contributions for certain of our employees in accordance with relevant laws and regulations and have engaged third-party agencies to make contributions for certain employees of ours. In the event that we are required by the relevant authorities to make extra contributions or terminate the engagement with third-party agencies to make contributions, we will proceed accordingly. As advised by our PRC Legal Advisors, the risk is low that we or our PRC subsidiaries will be required by the social insurance authorities to fully make up the shortfall or be imposed administrative penalties for failure to pay social insurance in full for all employees during the Track Record Period or for entrusting a third party to pay on their behalf, assuming that there are no major changes to the current policies and regulations in China, that the enforcement practices of local governments remain unchanged, and that we are not subject to any complaint made by our employees. We plan to implement, and have made progress in the implementation of, the following internal controls to ensure that we will make contributions to the social insurance plans and housing provident fund in accordance with the relevant policies and regulations:

- our human resources department will closely monitor the latest regulations and policies in relation to social insurance and housing provident funds to prevent any new instances of non-compliance; and

## **BUSINESS**

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- we will strengthen legal compliance training to our employees and management teams to increase their awareness of the relevant PRC laws and regulations.

## **INSURANCE**

Per our PRC Legal Advisors, pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in the PRC. We consider our insurance coverage to be in line with that of other companies in the same industry of similar size in the PRC.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

We understand the importance of sustainable development to our long-term development, and we have therefore put in place a number of ESG-related management measures and integrated the concept of sustainable development into our daily operations and decision-making process.

### **Corporate Governance**

We emphasize the importance of responsible corporate governance and have established the Strategy and Sustainable Development Committee (“SSDC”), forming an ESG governance structure of strategic decision-making by the Board of Directors, supervisory review by the SSDC, comprehensive management by the ESG working group, and coordinated execution by the ESG management department, while forming a comprehensive working mechanism, which provides strong support for our sustainable development.

The Board of Directors is the final authority of ESG-related decisions, being fully responsible for managing and making decisions on major ESG issues. The SSDC is responsible for reviewing the ESG system, ESG strategic planning and objectives, and assessing ESG-related risks, while the ESG working group is responsible for identifying, evaluating and managing ESG issues and communicating with and reporting on ESG matters on a regular basis. Meanwhile, the ESG management department implements specific ESG work according to the division of labor and responsibilities of each department and records the performance of ESG work on a regular basis.

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### *Identification and Assessment of ESG-related Risks*

We attach great importance to the identification, assessment and management of ESG-related risks. We have incorporated ESG risks into our overall risk management framework, and we identify ESG-related risks and opportunities in a timely manner and formulate corresponding countermeasures by means of regular assessment and internal reporting.

### *Climate-related Risk Identification and Response*

We actively respond to climate risks. In terms of physical risks, in the face of the frequent occurrence of extreme weather, drastic changes in temperature and humidity, and other challenges that may affect the operational precision of production equipment and the stability of raw material transportation, we have enhanced the resilience of our overall operations by improving the ability to control the production environment, strengthening the environmentally adaptive design of key devices and optimizing the global supply chain and inventory strategy; in terms of transformation risks, as the automotive industry accelerates its transformation to low-carbonization and intelligence, it faces pressure from tightening policies and regulations, increasing customer requirements for green products and rapid iteration of technology routes. We will support the automotive industry in realizing the integration of intelligence and sustainable development by strengthening the design optimization of millimeter-wave radar products in terms of energy efficiency, recyclability and other aspects, promoting the green manufacturing process, and continuing to carry out research and judgment related to low-carbon solutions for smart driving.

### **Environment-related Risks**

#### *Resource Management*

In response to the “double carbon” goal and to strictly implement applicable laws and regulations, we make references to national standards including the Energy Management System Requirements GB/T 23331-2020, General principles for calculation of total production energy consumption GB/T 2589-2020 and other energy consumption measurement rules in formulating our Energy Management Handbook and our energy management system. We adhere to the goals of saving energy, improving energy efficiency as the main means to reduce production costs, improving business efficiency and fulfilling the social responsibility of enterprises in accordance to applicable laws and regulations. To achieve such goals, we have established our energy conservation task force led by our general manager, and appointed energy management representatives responsible for the system implementation and continuous improvement. At the same time, we ensure the effective operation of the system through regular energy usage reviews, the establishment of energy benchmarks and energy performance parameters, and the comprehensively promotion of energy conservation and emission reduction.

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We have also formulated the Implementation Measures for Enterprise Diligence and Frugality and implemented a number of energy-saving measures, including a water equipment maintenance system and promoting the reuse of water to achieve water conservation targets, strictly enforcing air conditioning temperature standards ( $\geq 26^{\circ}\text{C}$  in summer,  $\leq 20^{\circ}\text{C}$  in winter) and popularizing voice-activated lighting systems to reduce electricity consumption, and promoting double-sided printing and paperless office practices while strengthening the management of office supplies. In terms of vehicle management, we have implemented the fixed-point fuel dispenser system and the 100-kilometer fuel consumption assessment system to effectively control the use of fuel; in our product production process, we have realized the reduction of energy and raw material consumption through the introduction of cleaner production technology and process upgrading.

### *Non-hazardous Waste Disposal*

We strictly follow applicable laws and regulations governing waste disposal, which explicitly require that solid waste treatment units must have met relevant qualifications, and that they meet the standards for personal protection during the operation process, so as to prevent accidents caused by the throwing and spilling of solid waste.

### *Hazardous Waste Disposal*

We strictly comply with applicable laws and regulations and regulatory rules governing the disposal of hazardous waste and have established a sound mechanism for the handling of hazardous waste products and emergency response to leakage.

In treating hazardous waste, we implement a full tracking and management system for waste, record the type, quantity, flow direction and storage method of waste, and transfer hazardous waste to enterprises with treatment qualifications for treatment in strict accordance with the relevant procedures to prevent arbitrary disposal.

### *Greenhouse Gas Management*

We have formulated the Carbon Management Handbook to carry out GHG emissions management through integrated planning at multiple levels, including strategic planning, target setting, monitoring and accounting, compliance and risk management, technology R&D, supply chain management, market participation and trading, corporate culture building, footprint assessment and disclosure, among others. Meanwhile, focusing on the product side, we have formulated the Product Carbon Management Guideline to comprehensively assess the carbon emissions of the product life cycle and identify the potential for emission reduction in each stage of production as we optimize production processes and procedures, improve energy efficiency, and reduce carbon emissions during the production process. Furthermore, we partner with our suppliers and manufacturers to jointly promote carbon reduction actions and achieve overall emission reduction in the industrial chain.

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### *Air Pollution*

As a head leading company in the millimeter-wave radar field, we strictly follow applicable laws, and regulate the standards and methods of gas emission in our Environmental Manual, our Environmental Factor Identification, our Evaluation Control Procedure and our Pollutant Management Specification, which satisfy the requirements of the Comprehensive Emission Standard for Air Pollutants (GB 16297-1996). According to our internal systematic management system, we have identified the volatile organic compounds (VOCs) generated from laser engraving and SMT process as the core control link, and through the waste gas treatment measures such as activated carbon adsorption as well as RTO incineration. In specific projects, the removal rate of the high concentration VOCs has reached 90%.

### *Waste Water*

We strictly follow applicable laws, regulations and regulatory requirements, regulating the workflow and risk management of water resources use, discharge and treatment in the system documents such as the “Environmental Manual”, “Operational Control Procedures”, “Emergency Preparedness and Response Control Procedures”, among others; we promote the prevention and control of water pollution and the use of resources in a systematic manner and ensure that rain water is collected and discharged into the pipeline network in a standardized manner through rainwater management.

### *Recycling*

We strictly follow applicable laws and regulations and have formulated systems such as the Management System of Sustainable Development and the Environmental Handbook, so as to ensure that recycling and utilization of waste-related work is in compliance with the rules and regulations. We reduce the consumption of various resources, such as raw and auxiliary materials for production, outsourced materials, energy, among others, to minimize the generation of waste at source, and recover and recycle waste as much as possible; actively promote waste classification and recycling to ensure that recyclables, hazardous substances and general garbage are disposed of correctly; and provide sufficient garbage cans and recycling bins and encourage employees to put garbage out correctly in the office and public areas.

Issue	Indicator	Unit	As of December 31,		
			2022	2023	2024
Greenhouse gas	Greenhouse gas scope 1 emissions	Tons of CO <sub>2</sub> equivalent	0	0.67	1.41
	Greenhouse gas scope 2 emissions	Tons of CO <sub>2</sub> equivalent	439.66	552.15	907.24



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Issue	Indicator	Unit	As of December 31,		
			2022	2023	2024
Resource utilization	Total GHG emissions (Scope 1 + Scope 2)	Tons of CO <sub>2</sub> equivalent	439.66	552.81	908.65
	GHG emission intensity (Scope 1 + Scope 2)	Tons of CO <sub>2</sub> equivalent per million RMB revenue	7.63	3.53	2.61
	Total energy consumption	kWh	819,346.77	1,031,110.67	1,695,248.93
	Energy consumption intensity	kWh per million RMB revenue	14,212.19	6,587.56	4,870.09
Waste	Total water consumption	Cubic meter	608.94	1,012.27	1,616.20
	Water consumption density	Cubic meters per million RMB revenue	10.56	6.47	4.64
	Total non-hazardous waste emissions	Ton	3.38	4.73	12.02
	Non-hazardous waste emission intensity	Tons per million RMB revenue	0.06	0.03	0.03
	Total hazardous waste emissions	Ton	0	1.13	1.42
	Hazardous waste emission intensity	Tons per million RMB revenue	0	0.0072	0.0041

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### **Social Responsibility**

#### ***Employment and Labor Standards***

We strictly abide by the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China and other laws and regulations, follow the United Nations Guiding Principles on Business and Human Rights and other international rules on the protection of human rights, and formulate the “Recruitment Management System”, “Labor Practices and Human Rights Policies” and other normative documents to clarify the procedures and methods of employee recruitment and hiring and to respect and protect human rights. We adhere to the principle of “equality and openness, internal priority” in recruitment, treats all applicants fairly, selects and employs people with equal opportunities, strictly prohibits discrimination, and does not differentiate between applicants based on their race, ethnicity, nationality, religion, disability, gender, marital status, among others. We also strictly prohibit child labor and forced labor, and explicitly prohibit any form of harassment and insults and other words and actions that undermine the dignity of employees. In addition, we hold our suppliers and business partners to the same standard of respect for the labor and human rights of all our employees, and strive to build a work environment that is mutually tolerant of different ideas and values, free of discrimination and harassment, and robust enough to allow for the development of unique personalities.

We attach importance to and strengthens the construction of talent team, and establishes diversified talent introduction channels through newspaper advertisements, the Internet, talent market, headhunting, internal and external recommendations, and school-enterprise cooperation, among others, so as to provide strong human resources support for the long-term sustainable development, and to help us achieve our strategic goals. As of Latest Practicable Date, the company had a total of 321 employees, including 221 male employees (69%) and 100 female employees (31%).

#### **Remuneration and Benefits**

We have formulated the Remuneration and Benefits Management System, which provides market-competitive salaries according to employees’ positions and abilities. We review the salaries of our employees at the end of each year and adjusts the salary level regularly. We have formulated the Performance Management System, in which the results of performance appraisal are linked to the salary, so as to fully stimulate the employees’ work potential and subjective motivation.

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We have established a welfare management system covering all regular employees, and have set up diversified Cheng-Tech characteristic benefits in addition to statutory benefits according to regulations. We pay attention to the health of employees, providing free annual on-the-job physical examination and off-the-job physical examination; we purchase commercial insurance for all employees in addition to the insurances required by applicable PRC laws, which is used for the reimbursement of outpatient and hospitalization for employees’ sudden work-related injuries and accidents. We provide various kinds of subsidies such as high temperature, rent, tutor, patent, overtime pay, but also sets up other welfare policies such as group building funds, travel meal subsidies, holiday gifts, merit-based promotion criteria, among others. For female employees, we strictly follow the national policies and regulations to implement the procedures for the protection of women’s legitimate rights and interests, equal pay for equal work for both male and female employees, and guarantee that female employees enjoy the rights and interests such as maternity leave and women’s day.

### **Health and Safety**

We attach great importance to the management of occupational health and safety, adhering to the health and safety management policy of “safety first, prevention first, compliance with laws and regulations, people-oriented”, and aiming at “zero fire accidents, zero serious injuries and zero occupational diseases”, we have integrated safety into the corporate culture and constructed a perfect health and safety management system to create a safe and healthy working environment for our employees. We have established a three-tier organizational structure headed by the general manager, coordinated and guided by the management representative, and promoted the construction of the management system together with the related departments such as the Manufacturing Department, the Quality Department, the Engineering Department, and the Operation Department, to implement, promote, and continuously supervise and improve the health and safety management of ours.

We strictly abide by applicable laws and regulations related to labor, safety, health and hygiene. We have a complete occupational health and safety system, covering the structure and responsibilities of organizational personnel, operation norms, process standards, and emergency plans. We have obtained ISO 45001 Occupational Health and Safety Management System Certification. In recent years, we have not had any production safety accidents.

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### Development and Training

We attach great importance to employee training and capacity building, and provide systematic and extensive vocational skills training for our employees around the whole cycle of career development, covering a wide range of dimensions, including: basic information about ours, corporate culture, social responsibility, safety and environmental protection, occupational health, job skills, and career development, to ensure that new employees are quickly integrated into the organization, and that existing employees continue to improve their abilities. At the same time, we continue to improve the training mechanism, formulate annual training plans for employees, provide multi-level and multi-form learning platforms and practice opportunities, and encourage employees to demonstrate their abilities and accumulate experience in all kinds of work scenarios, so as to realize the synergistic growth and sustainable development of employees and us as a company.

In order to standardize and systematize the management of human resources and further improve the mechanism of nurturing and retaining people, we have formulated relevant institutional documents and have established a dual-track parallel competence development system for professional and technical talents and front-line employees, and guaranteed the promotion of open, transparent and fair mechanism for the career advancement of employees at a systematic level, which has fully mobilized the enthusiasm and creativity of employees, and promoted the integration of personal development and long-term corporate value. In addition, we regularly evaluate the comprehensive performance of employees according to the Performance Management System, prioritizes the selection and appointment of employees with overall competence, willingness to work, ability to work, and outstanding performance, and provides them with more training opportunities to motivate employees to devote themselves to their positions and promote the common development of individuals and we as a company.

At the same time, we actively cooperate with scientific research institutes to continuously improve the R&D capability and level of our scientific research team, and continuously improve the scientific and technological innovation ability of the enterprise. In recent years, we have carried out strategic cooperation with Beijing University of Technology, North China University of Science and Technology and other universities.

### Supplier Management

In order to select suitable suppliers and establish long-term sustainable partnership, we have formulated and implemented our Supplier Management Procedures, Material Capability Evaluation Management Standards and other institutional documents, and have implemented strict development, evaluation and introduction processes for suppliers of raw materials, spare parts and agency purchasers, as we evaluate their product quality, compliance, environmental and social responsibility performance, among other parameters. At the same time, we have set up a periodic performance evaluation mechanism and other on-site audit mechanisms to require suppliers to meet the requirements of the environment, occupational health and safety and other relevant indicators of our products. We have also implemented an elimination or rectification mechanism for suppliers that do not meet the standards, in order to continuously improve the quality of the supply chain and the level of compliance.

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### Anti-corruption and Anti-bribery

We have established anti-corruption related systems such as the Corporate Social Responsibility Management Measures, the Code of Business Conduct and Ethics, and the Compliance Management Measures. We are committed to implementing transparent standards for gifts and hospitality, and we require that all gifts and hospitality be strictly and accurately recorded. Employees shall not, directly or indirectly, offer, promise, give or authorize the provision of money or any other high-value item to a third party to obtain business, nor shall they use their work to induce, request, accept, or obtain an undue advantage.

We prohibit all employees from using position of power to seek personal benefits from their relationships with customers and partners, or to seek benefits for their close relatives; we encourage the reporting of irregularities and keep the identity of the whistleblower and the matters reported strictly confidential, and no unit or individual shall retaliate against the whistleblower in any form; and we have set up an email for complaints and suggestions on anti-corruption, anti-fraud behavior and compliance issues. During the Track Record Period, we have not had any litigation cases related to corruption.

### PROPERTIES

As of the Latest Practicable Date, we maintained a number of leased properties in the PRC. Our corporate headquarters is located in Shenzhen, where we lease approximately 14,933 square meters of space primarily for office, R&D and manufacturing, including our Shenzhen production base. In addition, we leased approximately 3,365 square meters for our Suzhou production base.

As of December 31, 2024, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

### LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, permits and approvals in order to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals which are necessary to operate our business.

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The following table sets out a list of material licenses, permits and approval held by us in connection with our major products.

Approval Certificate	Products and Certification Number	Grant Date	Expiration Date
Radio Transmission Equipment Type Approval Certificate	CTLRR-220 Pro Certification Number: 2024-0527	January 12, 2024	January 12, 2029
Radio Transmission Equipment Type Approval Certificate	CTMRR-130 Pro Certification Number: 2023-21412	December 22, 2023	December 22, 2028
Radio Transmission Equipment Type Approval Certificate	CTMRR-180 Pro Certification Number: 2024-18460	October 14, 2024	October 14, 2029

As of the Latest Practicable Date, we had obtained all material licenses and permits required for our business operations in the PRC, and such licenses had remained in full effect. As of the Latest Practicable Date, we had not encountered any material legal impediment to renewing such licenses.

## LEGAL PROCEEDINGS AND COMPLIANCE

### Legal Proceedings

From time to time, we may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property infringement, violation of third-party licenses or other rights, breach of contracts and labor and employment claims. As of the Latest Practicable Date, we had not been a party to any actual or threatened actions, claims, suits or other legal proceedings, the outcome of which, if determined adversely to us, would individually or in aggregate have a material adverse effect on our business, financial condition, and results of operations.

### Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any non-compliance incident which, individually or taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations.

## **BUSINESS**

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### **RISK MANAGEMENT AND INTERNAL CONTROL**

We are dedicated to the establishment and maintenance of a risk management and internal control system. We have adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations.

We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange’s requirements on corporate governance and environmental, social and governance matters.

Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective.

#### **Operational Risk Management**

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk.

We take a comprehensive approach with regard to operational risk management, and implement a mechanism with clear responsibilities. Our departments are collectively responsible to ensure the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our CEO to take appropriate measures. Through standardized procedures, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

#### **Compliance Risk Management**

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines.

Compliance risk management refers to the structured and systematic efforts to identify, assess, mitigate, and monitor compliance risks, mechanisms.

In accordance with such procedures, our legal department carefully reviews contracts and internal rules to ensure compliance with applicable laws and internal regulations.

In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations. We have established a compliance committee to coordinate and oversee compliance matters under the leadership of the Board. Such committee is responsible for supervising our compliance management and monitoring the compliance of our Company and business partners in accordance with relevant laws and regulations. We also have an internal audit department that regularly evaluates and supervises our compliance efforts and reports to our CEO and audit committee.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### OVERVIEW

As of the Latest Practicable Date, our Company was owned as to 15.48% by Mr. Chen and 4.98% by Mr. Zhou. In addition, Mr. Chen is the general partner of (i) Chengtech VC, our employee shareholding platform, of which Mr. Zhou holds 62.5% partnership interest therein, (ii) Huacheng VC and Chengyan VC, the shareholding platforms for our early-stage individual investors, which held 15.33% of the total number of Shares.

Mr. Chen, Mr. Zhou, Chengtech VC, Chengyan VC and Huacheng VC entered into an acting-in-concert agreement on January 1, 2020, pursuant to which, among other things, they agreed that they would cast their votes as directors and/or shareholders (as appropriate) unanimously in relation to resolutions concerning important matters of our Company. See “History, Development and Corporate Structure – Acting-in-Concert Arrangement” for details.

Immediately upon completion of the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), Mr. Chen, Mr. Zhou, Chengtech VC, Huacheng VC and Chengyan VC will be directly interested in an aggregate of [REDACTED]% of the total share capital of our Company. Accordingly, immediately upon completion of the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), Mr. Chen, Mr. Zhou, Chengtech VC, Huacheng VC and Chengyan VC will be our Controlling Shareholders under the Listing Rules.

### INTERESTS OF OUR CONTROLLING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES IN OTHER BUSINESS

As of the Latest Practicable Date, none of our Controlling Shareholders and their close associates had any interest in a business, apart from our business, which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

We believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates (other than our Group) after the [REDACTED].

#### Management Independence

Our Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. None of our Directors or members of our senior management team (other than members of our Controlling Shareholders themselves) holds any position in the businesses of our Controlling Shareholders or their respective close associates.



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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Our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group.

Each of our Directors 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 best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is any potential conflict of interest arising out of any contract or arrangement or any other proposal in which our Directors or any of his/her close associates has any material interest, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings in respect of such transactions and shall abstain from voting on (nor shall be counted in the quorum in relation to) any resolutions approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates is materially interested in.

We have appointed three independent non-executive Directors with extensive experience in their respective areas of expertise to ensure that the decision of our Board are made after due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole. Matters including connected transactions are required to be referred to our independent non-executive Directors for review and approval. In addition, we have adopted a series of corporate governance measures to manage conflicts of interests, if any, between our Group and our Controlling Shareholders which would support our independent management. See “– Corporate Governance Measures.”

Based on the reasons above, our Directors are of the view that our Board as a whole and our senior management members are capable of managing our business independently from our Controlling Shareholders following the completion of the [REDACTED].

### Operational Independence

We have full rights to make all decisions on and to carry out our own business operations independently. Our Group holds the relevant licenses, approvals and permits from the relevant regulatory authorities that are material to our operations. We have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their respective close associates. We also have independent access to our customers and suppliers and an independent management team to operate our business.

Based on the above, our Directors are of the view that our Group is capable to operate independently from our Controlling Shareholders and their respective close associates following the completion of the [REDACTED].

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### Financial Independence

We have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment. As of April 30, 2025, we had total bank loans of RMB160.1 million, which were guaranteed by Mr. Chen. All guarantees provided by Mr. Chen on our bank loans will be released upon [REDACTED]. As such, upon the [REDACTED], our Group will have independent access to third party financing without relying on any guarantee from our Controlling Shareholders and their respective close associates.

Based on the above, our Directors are of the view that our Group is capable to maintain financial independence from our Controlling Shareholders and their respective close associates following the completion of the [REDACTED].

### CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that it/he has fully comprehended its/his obligations to act in our Shareholders’ best interests as a whole. Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- (a) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) we are committed that our Board should include a balanced composition with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, see “Directors and Senior Management – Board of Directors – Independent non-executive Directors”;
- (c) we have established internal control mechanisms to identify connected transactions. Upon and after the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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- (d) we have appointed Guotai Junan Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors’ duties and corporate governance; and
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transaction 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 favorable 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 Shareholders as a whole.

## DIRECTORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

Our Board of Directors comprises nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. The powers and duties of our Board include determining our business and investment plans, preparing our annual financial budgets and final reports, and exercising other powers, functions and duties as conferred by the Articles. We [have entered into] a service agreement with each of our executive Directors and a letter of appointment with each of our non-executive Directors and independent non-executive Directors.

The table below sets out the key information of our Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors and senior management
<i>Executive Directors</i>						
Mr. Chen Chengwen (陳承文)	45	September 21, 2016	September 21, 2016	Executive Director, chairman of our Board and general manager	Overall development strategies, major decisions and overall management of our Group	None
Mr. Zhou Ke (周珂)	46	September 21, 2016	June 20, 2018	Executive Director, deputy general manager and chief technology officer	Technical and strategic planning, research and development management of our Group	None
Ms. Luo Haiyan (羅海燕)	49	December 1, 2017	April 13, 2023	Executive Director, deputy general manager and chief operating officer	Overall operations and supply chain management of our Group	None
Mr. Liu Longlong (劉龍龍)	37	September 21, 2016	May 20, 2025	Executive Director	Overseeing the new business expansion of our Group	None

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors and senior management
<i>Non-executive Directors</i>						
Mr. Wu Zhigang (吳志剛)	39	October 26, 2020	October 26, 2020	Non-executive Director	Providing guidance for the strategy and business development of our Group	None
Mr. Kuang Tianyin (匡天胤)	32	May 20, 2025	May 20, 2025	Non-executive Director	Providing guidance for the strategy and business development of our Group	None
<i>Independent non-executive Directors</i>						
Mr. Zhou Zhongkui (周重揆)	60	May 20, 2025	May 20, 2025	Independent non-executive Director	Providing independent advice to our Board	None
Mr. Zhang Junyi (張君毅)	47	May 20, 2025	May 20, 2025	Independent non-executive Director	Providing independent advice to our Board	None
Mr. Tam Wai Ho (譚偉豪)	61	May 20, 2025	May 20, 2025	Independent non-executive Director	Providing independent advice to our Board	None

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## DIRECTORS AND SENIOR MANAGEMENT

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### Executive Directors

**Mr. Chen Chengwen (陳承文)**, aged 45, was appointed as our Director on September 21, 2016, the general manager on September 21, 2016, the chairman of our Board on June 20, 2018 and was re-designated as our executive Director on May 20, 2025 which will take effect upon [REDACTED]. He is primarily responsible for the overall development strategies, major decisions and overall management of our Group.

Prior to founding our Company, from July 2003 to January 2004, he worked at Shenzhen Puyang Technology Co., Ltd. (深圳市普揚技術有限公司). From March 2004 to November 2005, he worked at Jianji Network Technology (Shenzhen) Co., Ltd. (健集網絡技術深圳有限公司) (“**Jianji Network Technology**”). From November 2005 to July 2009, he worked at Huawei Technologies Co., Ltd (華為技術有限公司) (“**Huawei Technologies**”), an information and communication technology infrastructure and intelligent terminal devices provider. From July 2009 to September 2013, he successively served as the manager of the pilot testing department, deputy director and director of the product department at Beijing Autelan Technology Co., Ltd. (北京傲天動聯技術股份有限公司) (now known as Beijing Autelan Technology Limited (北京傲天動聯技術有限公司)) (“**Beijing Aotian**”), a technology company, where he was primarily responsible for the overall operations of the pilot testing department and the product department of the company. From September 2013 to November 2014, he worked as the director of research and development and operations at Shenzhen Jizhi Huiyi Technology Co., Ltd (深圳市極致匯儀科技有限公司), a company principally engaged in instrument manufacturing, research and development and sales, where he was primarily responsible for the management of research and development and the overall operations of supply chain, as well as the production manufacturing.

Mr. Chen obtained his bachelor’s degree in materials science and engineering from Wuhan University of Technology (武漢理工大學) in the PRC in July 2002.

**Mr. Zhou Ke (周珂)**, aged 46, joined our Group on September 21, 2016 as the chief technology officer. Mr. Zhou was appointed as our Director and deputy general manager on June 20, 2018, and deputy general manager on June 20, 2018, and was re-designated as our executive Director on May 20, 2025 which will take effect upon [REDACTED]. He is primarily responsible for technical and strategic planning, research and development management of our Group.

From March 2003 to July 2003, he worked at the Shenzhen Branch of Beijing Harbor Networks Limited (北京港灣網絡有限公司) (now known as Harbor Networks Limited (港灣網絡有限公司)) (“**Harbor Networks**”). From August 2003 to March 2006, he worked at Jianji Network Technology. From June 2006 to May 2007, he served at Huawei Technologies. From May 2008 to August 2016, he held dual roles as the vice president of the research and development department and the general manager of its Shenzhen subsidiary at Beijing Aotian, where he was primarily responsible for the management of the supply chain, the pilot testing department and IoT (Internet of things) product line.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Zhou obtained his bachelor’s degree in optoelectronics from Xidian University (西安電子科技大學) in the PRC in July 2001.

**Ms. Luo Haiyan (羅海燕)**, aged 49, joined our Group on December 1, 2017. Ms. Luo was appointed as our Director on April 13, 2023, the chief operation officer on March 4, 2025, the deputy general manager on May 20, 2025, and was re-designated as our executive Director on May 20, 2025 which will take effect upon [REDACTED]. She is primarily responsible for the overall operations and supply chain management of our Group.

From November 2007 to April 2010, she worked at the Shenzhen office of Harbor Networks. From May 2010 to May 2011, she worked at Beijing Xieyuan Tiancheng Technology Co., Ltd (北京攜遠天成技術有限公司), a high-tech enterprise. From June 2011 to November 2017, she worked as the manager of the procurement department at Beijing Aotian, where she was primarily responsible for the management of the production department and supply chain delivery.

Ms. Luo graduated from Central Radio and Television University (中央廣播電視大學) (now known as The Open University of China (國家開發大學)) in January 2009 majoring in administration management.

**Mr. Liu Longlong (劉龍龍)**, aged 37, joined our Group on September 21, 2016 as the director of new business department. Mr. Liu was appointed as our Director on May 20, 2025, and was also re-designated as our executive Director on May 20, 2025 which will take effect upon [REDACTED]. He is primarily responsible for overseeing the new business expansion of our Group.

From September 2011 to October 2012, Mr. Liu worked as a software engineer at Wuxi Dayuan Guangsheng Electric Co., Ltd. (無錫市大元廣盛電氣股份有限公司), a company specializing in motor drivers. From March 2013 to April 2014, he served as a senior software engineer at Shenzhen Bida Measurement and Control Technology Co., Ltd. (深圳必達測控技術有限公司), a manufacturer of battery testing equipment. From June 2014 to November 2015, he worked as a senior software engineer at Shenzhen Eview Automation Technology Co., Ltd. (深圳億維自動化技術有限公司), a company principally engaged in producing programmable logic controller, human-machine interface and motor drivers.

Mr. Liu obtained his bachelor’s degree in electrical engineering and automation from Qingdao University of Technology (青島理工大學) in the PRC in June 2011.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Non-executive Directors

**Mr. Wu Zhigang (吳志剛)**, aged 39, was appointed as our Director on October 26, 2020 and was re-designated as our non-executive Director on May 20, 2025 which will take effect upon [REDACTED]. He is primarily responsible for providing guidance for the strategy and business development of our Group.

Mr. Wu possesses over 10 years of experience in government industrial investment planning and private equity investment. From June 2010 to July 2012, Mr. Wu worked at State Grid Electric Power Research Institute Co., Ltd. (國網電力科學研究院有限公司). In June 2012, he was admitted to serve as a civil servant at Nanjing Municipal Commission of Economy and Information Technology (南京市經濟和信息化委員會). He joined Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司) in August 2015, currently serving as its partner, and accumulated extensive investment experience in the automotive industry, power electronics and semiconductor sectors.

Mr. Wu obtained his master’s degree in microelectronics and solid-state electronics from Nanjing University (南京大學) in June 2010. He obtained the fund industry qualification certificate (基金從業資格證) issued by the Asset Management Association of China (中國證券投資基金業協會) in June 2017.

**Mr. Kuang Tianyin (匡天胤)**, aged 32, was appointed as our Director on May 20, 2025 and was also re-designated as our non-executive Director on May 20, 2025 which will take effect upon [REDACTED]. He is primarily responsible for providing guidance for the strategy and business development of our Group.

Since April 2019, Mr. Kuang has been working at China Science and Technology Industry Investment Management Co., Ltd. (中國科技產業投資管理有限公司), a market-oriented private equity investment firm focusing on cutting-edge technology, where he successively served as analyst and investment manager and is currently an associate investment director.

Mr. Kuang obtained his bachelor’s degree in finance from Renmin University of China (中國人民大學) in June 2015. He further earned his master’s degree in management from HEC Paris in France in October 2018. He obtained the fund industry qualification certificate (基金從業資格證) issued by the Asset Management Association of China (中國證券投資基金業協會) in August 2020.



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## DIRECTORS AND SENIOR MANAGEMENT

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### Independent non-executive Directors

**Mr. Zhou Zhongkui (周重揆)**, aged 60, was appointed as our Director on May 20, 2025 and was also re-designated as our independent non-executive Director on May 20, 2025 which will take effect upon [REDACTED]. He is primarily responsible for providing independent advice to our Board.

Mr. Zhou Zhongkui has over 25 years of experience in the accounting industry. Prior to joining our Group, he successively served as a deputy director and the chairman of Kaiyuan Xinde Certified Public Accountants Co., Ltd. (開元信德會計師事務所有限公司) from 1999 to 2009. Since January 2010, he has been working at Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)), where he successively served as the deputy director of the management committee, the executive president, and the general manager and party secretary of Beijing branch from January 2010 to December 2023, the executive president and party secretary of Beijing branch from January 2024 to December 2024 and has been serving as the senior counsel and party secretary of Beijing branch since January 2025. During his tenure at the aforementioned accounting firms, Mr. Zhou Zhongkui has served as the signing certified public accountant and the project leader for the annual financial settlement audit project of several large central and state-owned enterprises. He also presided over the audit services for the restructuring, listing and refinancing of multiple of companies.

Mr. Zhou Zhongkui obtained his bachelor’s degree in fiscal levy from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in July 1988 and his master of business administration degree from Tsinghua University (清華大學) in the PRC in January 2008. Mr. Zhou was qualified as a Certified Public Accountant (註冊會計師) by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in November 1995. Mr. Zhou Zhongkui was awarded as a senior member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in November 2010 and a leading talent in accounting (全國註冊會計師領軍人才) by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in November 2014.

**Mr. Zhang Junyi (張君毅)**, aged 47, was appointed as our Director on May 20, 2025 and was also re-designated as our independent non-executive Director on May 20, 2025 which will take effect upon [REDACTED]. He is primarily responsible for providing independent advice to our Board.

## DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang worked at Roland Berger Enterprise Management (Shanghai) Co., Ltd. from August 2004 to June 2006 and August 2008 to October 2016 with his last position as a partner. He also worked as the managing partner at Shanghai Weishang Enterprise Management Consulting Co., Ltd. (NIO Capital) (上海蔚尚企業管理諮詢有限公司) (蔚來資本) from October 2016 to December 2019, and joined Ping An International Smart City Technology Co., Ltd. (平安國際智慧城市科技股份有限公司) (formerly known as Shenzhen Ping An Zhihui Enterprise Information Management Co., Ltd. (深圳平安智匯企業信息管理有限公司)), a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2318), in January 2020 as a deputy general manager. He worked as the and the head of automotive business in the Greater China of Oliver Wyman Consulting (Shanghai) Ltd. (奧緯企業管理諮詢(上海)有限公司) from July 2021 to August 2024. Since August 2024, he has been serving as the chief financial officer of the intelligent vehicle business group at SenseAuto Technology Development Limited (絕影汽車技術發展有限公司), an AI company dedicated to the automotive industry. In addition, Mr. Zhang has also been serving as the independent director of Shanghai Feilo Acoustics Co., Ltd (上海飛樂音響股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600651), since February 2023 and the independent non-executive director of Chenqi Technology Limited, a company listed on the Main Board of the Stock Exchange (stock code: 9680), since June 2024.

Mr. Zhang was a director of Beijing Deqidao Testing and Certification Co., Ltd. (北京德其道檢測認證有限公司), a company established in the PRC. The company’s business license was revoked on July 22, 2020 due to ceasing to operate business for six consecutive months without legitimate reasons.

Mr. Zhang has been a member of the digitalization and intelligent manufacturing working committee of the China Society of Automotive Engineers (中國汽車工程學會數字化與智能製造工作委員會) since January 2023. He has also been awarded as the Outstanding Young and Middle-aged Talent in Jing’an District, Shanghai in 2015 and Roland Berger Best Mentor Award in China in 2015.

Mr. Zhang obtained a professional certificate in economics minor in Fudan University (復旦大學) in the PRC in September 2000, a bachelor’s degree in engineering in Tongji University (同濟大學) in the PRC in July 2001 and a master’s degree in vehicle engineering in Tongji University (同濟大學) in the PRC in May 2005.

**Mr. Tam Wai Ho (譚偉豪)**, aged 61, was appointed as our Director on May 20, 2025 and was also re-designated as our independent non-executive Director on May 20, 2025 which will take effect upon [REDACTED]. He is primarily responsible for providing independent advice to our Board.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Tam is a technology-oriented entrepreneur who has over 20 years of experience in business management. Mr. Tam is one of the founders of Group Sense (International) Limited (權智(國際)有限公司) (now known as Rare Earth Magnesium Technology Group Holdings Limited (稀鎂科技集團控股有限公司)) (“**Group Sense**”), a company principally engaged in development of electronic and educational products, and launched electronic dictionaries branded as Instant-Dict (快譯通), whose shares are listed on the Main Board of the Stock Exchange in January 1993 (stock code: 601). He served as the chairman and an executive director of Group Sense from November 1992 to March 2015, where he was mainly responsible for the overall planning and financial management, and a non-executive director of Group Sense from March 2015 to June 2020.

Mr. Tam has been serving as a director of the Hong Kong Innovation Angel Investment Limited (香港英諾天使投資有限公司) since June 2016, a director of Hong Kong Industry University Research Collaboration Association Limited (香港產學研合作促進會有限公司) since October 2014 and a director of Hong Kong-Shenzhen United Investment Fund Limited (深港聯合投資基金有限公司) since January 2016.

Mr. Tam obtained his bachelor of science degree from The Chinese University of Hong Kong in May 1986 and his doctor of philosophy degree from The Hong Kong Polytechnic University in December 2005. From 2008 to 2012, Mr. Tam served as a member of the Legislative Council of Hong Kong. He was awarded the Hong Kong Young Industrialist Award (香港青年工業家獎) in 1992, the Hong Kong Ten Outstanding Young Persons (香港十大傑出青年) in 1997. He was appointed as the Justice of the Peace (JP) (太平紳士) in Hong Kong in July 2006. In addition, he was conferred as the honorary fellow by The Hong Kong University of Science and Technology in June 2008 and the honorary university fellowship by The Open University of Hong Kong in November 2017.

Save as disclosed above and in this document, each of our Directors has confirmed that he/she has no other relationship with any other Directors, senior management, substantial Shareholders or Controlling Shareholders of our Company and none of our Directors has held any other directorships in listed companies during the three years immediately preceding the date of this document. Save as disclosed above, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Each of our Directors has confirmed that he/she has obtained the legal advice on June 10, 2025 with regards to the requirements under the Listing Rules that are applicable to him/her as a director of a [REDACTED] issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange as set out in Rule 3.09D of the Listing Rules and he/she understood his/her obligations as a director of a [REDACTED] issuer.

Each of our independent non-executive Directors has confirmed his independence with regards to each of the factors as set out in Rule 3.13(1) to (8) of the Listing Rules and that there are no other factors that may affect his independence at the time of his appointment.

## DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day operations and management of our business. The following table sets out the information on the members of our senior management:

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Date of appointment as senior management</u>	<u>Existing position(s) in our Group</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Directors and senior management</u>
Mr. Chen Chengwen (陳承文)	45	September 21, 2016	September 21, 2016	Executive Director, chairman of our Board and general manager	Overall development strategies, major decisions and overall management of our Group	None
Mr. Zhou Ke (周珂)	46	September 21, 2016	June 20, 2018	Executive Director, deputy general manager and chief technology officer	Technical and strategic planning, research and development management of our Group	None
Ms. Luo Haiyan (羅海燕)	49	December 1, 2017	April 13, 2023	Executive Director, deputy general manager and chief operating officer	Overall operations and supply chain management of our Group	None
Mr. Peng Cong (彭聰)	36	January 1, 2025	May 20, 2025	Chief financial officer and secretary of our Board	Overall financial management of our Group	None

## DIRECTORS AND SENIOR MANAGEMENT

**Mr. Chen Chengwen (陳承文)**, see “– Board of Directors – Executive Directors” in this section for details of his background.

**Mr. Zhou Ke (周珂)**, see “– Board of Directors – Executive Directors” in this section for details of his background.

**Ms. Luo Haiyan (羅海燕)**, see “– Board of Directors – Executive Directors” in this section for details of her background.

**Mr. Peng Cong (彭聰)**, aged 36, is our chief financial officer and secretary of our Board and is primarily responsible for the overall financial management of our Group.

Prior to joining our Group, Mr. Peng worked at Shenzhen Xinya Electronic Process Co., Ltd. (深圳市新亞電子製程股份有限公司) (now known as Xinya Process (Zhejiang) Co., Ltd. (新亞製程浙江股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002388), from June 2015 to July 2018 where he had served as the general manager assistant, the deputy general manager and secretary of the board. From July 2018 to April 2021, Mr. Peng worked as the deputy general manager at Bohan Investment (Shenzhen) Co., Ltd. (伯翰投資(深圳)有限公司), an investment company. From April 2021 to February 2025, Mr. Peng served as partner at Shenzhen Sanhui Capital Private Equity Fund Management Co., Ltd. (深圳市三匯資本私募股權基金管理有限公司), a company principally engaged in private equity investments.

Mr. Peng obtained his bachelor’s degree in finance from the South China University of Technology (華南理工大學) in the PRC in July 2011. He further obtained his master’s degree in finance from the Carey Business School at the Johns Hopkins University in the United States in December 2014. Mr. Peng was awarded the Chartered Financial Analyst (CFA) designation by the CFA Institute (特許金融分析師協會) in January 2017.

## JOINT COMPANY SECRETARIES

**Ms. Yang Cuiping (楊翠萍)**, was appointed as the manager of the investment and financing department on April 1, 2025 and a joint company secretary of our Company on June 5, 2025.

Prior to joining our Group, from September 2016 to June 2018, Ms. Yang worked at Shenzhen Qianhai Shiji Longwen Capital Management Co., Ltd. (深圳前海世紀龍文資產管理有限公司). From July 2018 to March 2019, she worked at Shenzhen Rhino Star Information Co., Ltd. (深圳犀牛之星信息股份有限公司). From April 2019 to July 2021, she worked at Shenzhen Dena Baichuan Industrial Co., Ltd. (深圳市德納百川實業有限公司). From August 2021 to August 2024, she worked at Ningbo Meishan Bonded Port Zone Zhuode Investment Management Co., Ltd. (寧波梅山保稅港區卓德投資管理有限公司) as a senior investment manager. From August 2024 to March 2025, she served as a senior fund operational manager at Shenzhen Unite Pioneers Capital Co., Ltd. (深圳市聚合資本有限公司).

Ms. Yang obtained her bachelor’s degree in finance from Shenzhen University (深圳大學) in the PRC in June 2016.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Ms. Chan Hiu Lam (陳曉琳)**, was appointed as a joint company secretary of our Company on June 5, 2025.

Ms. Chan Hiu Lam is currently an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited. She has over nine years of experience in the company secretarial field, providing corporate services to listed companies and private companies incorporated in Hong Kong and overseas.

Ms. Chan holds a bachelor’s degree in business administration in accountancy from the City University of Hong Kong and a master’s degree in corporate governance from the Hong Kong Polytechnic University. Ms. Chan is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

### BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Sustainable Development Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group’s activities.

#### Audit Committee

We have established the Audit Committee on May 20, 2025 pursuant to Rule 3.21 of the Listing Rules with written terms of reference in compliance with paragraph D.3 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “CG Code”). The Audit Committee consists of Mr. Zhou Zhongkui, Mr. Zhang Junyi and Mr. Wu Zhigang. Mr. Zhou Zhongkui is the chairman of the Audit Committee. Mr. Zhou Zhongkui has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but not limited to (i) handling of the relationship with external auditors, including advising our Board on their appointment and removal, monitoring their audit process and developing the relevant policies; (ii) reviewing and providing advice on our financial information; (iii) overseeing our financial reporting system, risk management and internal control systems; (iv) performing our corporate governance functions; and (v) performing other duties and responsibilities as assigned by our Board and/or required by the relevant laws and regulations.

#### Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee on May 20, 2025 pursuant to Rule 3.25 of the Listing Rules with written terms of reference in compliance with paragraph E. 1 of Part 2 of the CG Code. The Remuneration and Appraisal Committee consists of Mr. Tam Wai Ho, Mr. Zhou Zhongkui and Mr. Zhou Ke. Mr. Tam Wai Ho is the chairman of the Remuneration and Appraisal Committee.



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## DIRECTORS AND SENIOR MANAGEMENT

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The primary duties of the Remuneration and Appraisal Committee include, but not limited to (i) making recommendations to our Board on our policy and structure for remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) reviewing and approving the management team’s remuneration proposals with reference to corporate goals and objectives; (iii) determining the remuneration packages of each executive Director and senior management; (iv) making recommendations to our Board on the remuneration of non-executive Directors; (v) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions for other employees of our Group; (vi) reviewing and approving the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (vii) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; (viii) ensuring that no Director or any of his/her associates is involved in deciding that Director’s own remuneration; (ix) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and (x) performing other duties and responsibilities as assigned by our Board and/or required by the relevant laws and regulations.

### **Nomination Committee**

We have established the Nomination Committee on May 20, 2025 pursuant to Rule 3.27A of the Listing Rules with written terms of reference in compliance with paragraph B.3 of Part 2 of the CG Code. The Nomination Committee consists of Mr. Zhang Junyi, Mr. Tam Wai Ho and Ms. Luo Haiyan. Mr. Zhang Junyi is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to (i) reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (ii) identifying individuals suitably qualified to become Directors and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (iii) assessing the independence of independent non-executive Directors; (iv) making recommendations to our Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairperson of our Board and the chief executive; (v) reviewing our board diversity policy, any measurable objectives for implementing such board diversity policy as may be adopted by our Board from time to time, and the progress on achieving the objectives; (vi) proposing there solutions to elect independent non-executive Directors at the general meeting and setting out the selection processes and reasons in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting; (vii) performing our corporate governance functions; (viii) reviewing the implementation and effectiveness of our mechanism(s) to ensure independent views and opinions are available to our Board; and (ix) performing other duties and responsibilities as assigned by our Board and/or required by the relevant laws and regulations.

## **DIRECTORS AND SENIOR MANAGEMENT**

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### **Strategy and Sustainable Development Committee**

We have established the Strategy Committee on May 20, 2025 with written terms of reference. The Strategy Committee consists of Mr. Chen Chengwen, Mr. Zhou Ke and Mr. Zhang Junyi. Mr. Chen Chengwen is the chairman of the Strategy Committee.

The primary duties of the Strategy Committee are to: (i) considering and making recommendations to the Board on the Company’s long-term development strategies, major investment and financing plans, major capital operation and asset operation, and other major issues affecting the development of our Company; (ii) inspection of the implementation of the above matters; and (iii) other responsibilities authorized by the Board.

### **BOARD DIVERSITY POLICY**

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company’s strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board has a balanced mix of knowledge, skills and experience, including but not limited to electronic science, engineering, business management, accounting and financial management, investment and corporate governance. Members of our Board have obtained degrees in various majors including materials science and engineering, optoelectronics, administration management, electrical engineering and automation, microelectronics and solid-state electronics and finance. We have three independent non-executive Directors from different backgrounds, including accounting engineering and investment. Furthermore, our Directors are of a wide range of age, from 32 years old to 61 years old.



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## DIRECTORS AND SENIOR MANAGEMENT

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With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Board currently comprises one female Director and eight male Directors and expects to maintain the same gender mix in the Board upon [REDACTED]. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our board diversity policy provides that our Board should aim to increase the proportion of female members over time after [REDACTED] where possible when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the expectations of stakeholders and international and local recommended best practices.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [REDACTED], our Nomination Committee will review our board diversity policy and its implementation from time to time to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives and the progress on achieving these objectives, in our corporate governance report on an annual basis.

## COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of fees, salaries and other benefits and contribution to pension scheme.

The aggregate remuneration (including salaries, allowances and other benefits, discretionary bonuses, retirement scheme contributions and share-based payments) paid or payable to our Directors for the three years ended December 31, 2024 was RMB3.86 million, RMB13.19 million and RMB4.58 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors for each of the three years ended December 31, 2024.

The aggregate amount of salaries, allowances and other benefits and emoluments, discretionary bonuses, retirement scheme contributions and share-based payments paid or payable to our five highest paid individuals in respect of the three years ended December 31, 2024 was RMB6.78 million, RMB15.28 million and RMB6.73 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the three years ended December 31, 2024. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including salaries, allowances, benefits in kind, discretionary bonuses, retirement scheme contributions and share-based payments) of our Directors for the year ending December 31, 2025 is estimated to be no more than approximately RMB4.64 million.

## DIRECTORS AND SENIOR MANAGEMENT

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Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the [REDACTED], receive recommendation from the remuneration and appraisal committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

### KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into employment contracts, confidentiality agreements and non-competition agreements with our senior management members and other key personnel. Below sets forth the key terms of these contracts we have entered into with our senior management and other key personnel.

#### Confidentiality

The employee shall keep in confidence and shall not disclose our trade secrets, until the trade secret is actually in the public domain other than as a result of the employee’s breach of the duty of confidentiality. The employees shall use all confidential information only for work purposes and shall not disclose, copy or otherwise use any confidential information for any other purpose.

#### Non-competition

Within two years from the date of the employee’s departure (the “**Non-compete Period**”), the employee shall not, directly or indirectly, (i) set up, operate or participate in the business of our competitors; (ii) work for, provide financial support, guarantees or advice to our competitors; (iii) engage in any activity similar to our business; (iv) cause, assist or encourage any of our other employees to terminate their employment with us; or (v) employ any of our other employees.

#### Invention for Hire

The right and interests in any invention, utility model, design, copyright and other forms of intellectual property rights, including but not limited to those produced by the employee: (i) in the performance of his/her work duties or assigned tasks during his/her employment or within one year from the date of the employee’s departure; or (ii) mainly using our physical and technological conditions, including but not limited to capital, equipment, component, raw materials, know-how or confidential information, shall belong to us.

## **DIRECTORS AND SENIOR MANAGEMENT**

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### **COMPLIANCE ADVISOR**

We have appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated including shares issues, sales or transfers of treasury shares and share repurchases;
- where our Company proposes to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the [REDACTED] and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED].

### **CORPORATE GOVERNANCE**

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability. Our Company has adopted the code provisions stated in the Corporate Governance Code.

Our Company is committed to the view that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgement. It is expected that our Group will be able to continue to comply with the code provisions in the Corporate Governance Code upon the [REDACTED].

## **DIRECTORS AND SENIOR MANAGEMENT**

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Except for the deviation from paragraph C.2.1 of Part 2 of the Corporate Governance Code, our Company’s corporate governance practices have complied with the Corporate Governance Code as at the Latest Practicable Date. Paragraph C.2.1 of Part 2 of the Corporate Governance Code stipulates that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive and Mr. Chen currently is serving as the chairman of the Board as well as the general manager of our Company. In view that Mr. Chen has been assuming day-to-day responsibilities in operating and managing our Group since 2016 and the development of our Group, our Board believes that with the support of Mr. Chen’s extensive experience and knowledge in the business of our Group, vesting the roles of both chairman and chief executive of our Company in Mr. Chen strengthens the consistent and solid leadership of our Group, and thereby allows for efficient business planning and decision which is in the best interest to our Group as a whole. Our Board will continue to review and consider splitting the roles of executive chairman of our Board and the chief executive of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

Our Directors consider that the deviation from paragraph C.2.1 of Part 2 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, our Board is also of the view that the current management structure is effective for our Group’s operations, and sufficient checks and balances are in place. Our Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of chairman of our Board and chief executive is necessary.

As Mr. Chen, the chairman of the Board, is not an independent non-executive Director, pursuant to paragraph C.1.8 of Part 2 of the Corporate Governance Code, our Company has designated Mr. Zhang Junyi as the lead independent non-executive Director. The role is not an executive position in the Company and does not have any management role in the Group. As a lead independent non-executive Director, Mr. Zhang will (a) serve as an intermediary for the other Directors and Shareholders; and (b) be available to other Directors and Shareholders where normal communication channels with the chairman or management are inadequate.

## SHARE CAPITAL

As of the Latest Practicable Date, the registered share capital of our Company was RMB30,000,000, divided into 30,000,000 Unlisted Shares, with a nominal value of RMB1.00 each.

Assuming the [REDACTED] is not exercised, the share capital of our Company immediately after the completion of the [REDACTED], the Share Subdivision and conversion of Unlisted Shares into H Shares will be as follows:

Number of Shares	Description of Shares	Percentage to total share capital
[REDACTED]	H Shares to be converted from Unlisted Shares <sup>1</sup>	[REDACTED]%
[REDACTED]	H Shares to be issued under the [REDACTED]	[REDACTED]%
[REDACTED]	<b>Total</b>	<b>100.00%</b>

*Note:*

1. See “Public Float” in “History, Development and Corporate Structure” for details of the identities of the shareholders whose Shares will be converted into H Shares upon [REDACTED].

Assuming the [REDACTED] is exercised in full, the share capital of our Company immediately after the completion of the [REDACTED], the Share Subdivision and conversion of Unlisted Shares into H Shares will be as follows:

Number of Shares	Description of Shares	Percentage to total share capital
[REDACTED]	H Shares to be converted from Unlisted Shares	[REDACTED]%
[REDACTED]	H Shares to be issued under the [REDACTED]	[REDACTED]%
[REDACTED]	<b>Total</b>	<b>100.00%</b>

## ASSUMPTIONS

The above table assumes that the [REDACTED] has become unconditional and the H Shares are issued pursuant to the [REDACTED].

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## SHARE CAPITAL

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### RANKING

Upon the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares, our Shares will consist of [REDACTED].

Both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association.

Apart from certain qualified domestic institutional [REDACTED] in the PRC, the qualified PRC [REDACTED] 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 (such as our certain existing shareholders the Unlisted Shares held by whom will be converted into H Shares according to the filing with the CSRC), H Shares generally cannot be subscribed by or [REDACTED] between legal or natural PRC persons.

Unlisted Shares and H Shares shall carry the same rights in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividend for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company will have only one class of Shares upon completion of the [REDACTED], namely ordinary Shares, and each carries the same rights as with the other Shares.

For details of circumstances under which our Shareholders’ general meetings are required, see “Appendix V – Summary of the Articles of Association” to this document.

### CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the holders of Unlisted Shares may, at their own discretion, authorize the Company to file with the CSRC for conversion of their Unlisted Shares into overseas-[REDACTED] Shares. Such converted Shares could be [REDACTED] or [REDACTED] as H Shares on the Stock Exchange, provided that prior to the conversion and [REDACTED] of such H 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 and [REDACTED] of such converted Shares, have been consummated. In addition, such conversion and [REDACTED] shall comply with the regulations, requirements and procedures prescribed by the Stock Exchange.

## SHARE CAPITAL

### Filing with the CSRC and Full Circulation Application

In accordance with the Overseas Listing Trial Measures and related guidelines announced by the CSRC, H-share [REDACTED] companies which apply for the conversion of unlisted shares into H shares for [REDACTED] 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 [REDACTED] 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 [REDACTED].

We [have filed] with the CSRC for the conversion of Unlisted Shares into H Shares in respect of the registration of the overseas [REDACTED] and “Full Circulation”, pursuant to which (i) our Company is supposed to issue no more than [REDACTED] H Shares, which are all ordinary Shares, and upon such issuance our Company may be [REDACTED] on the Main Board of the Stock Exchange; (ii) a total of [REDACTED] Unlisted Shares held by our existing Shareholders (the “Participating Shareholders”) are supposed to be converted into H Shares on a one-for-one basis after the [REDACTED], and the relevant Shares may be [REDACTED] on the Stock Exchange upon completion of the conversion.

### [REDACTED] Approval by the Stock Exchange

We [have applied] to the Stock Exchange for the approval for the granting of [REDACTED] of, and permission to [REDACTED], our H Shares to be issued pursuant to the [REDACTED] and the H Shares to be converted from [REDACTED] Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (a) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (b) enabling the converted H Shares to be accepted as [REDACTED] by [REDACTED] for deposit, clearance and settlement in the [REDACTED].

### TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

The PRC Company Law provides that in relation to the [REDACTED] of a company, the shares issued prior to the [REDACTED] shall not be transferred within a period of one year from the date on which the publicly offered shares are [REDACTED] on any stock exchange. Accordingly, Shares issued by our Company prior to the [REDACTED] shall be subject to such statutory restriction and not be transferred 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. The Shares that the aforementioned persons hold in our Company cannot be transferred within one year from the [REDACTED], nor within half a year after they leave their positions as Directors or members of the senior management in our Company.

## SHARE CAPITAL

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For details of the lock-up undertaking given by our Controlling Shareholders to the Stock Exchange, see “[REDACTED]” .

### INCREASE IN SHARE CAPITAL

Pursuant to the Articles of Association and subject to the requirements of relevant PRC laws and regulations, our Company, upon the [REDACTED] of our H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new Unlisted Shares on the condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting conducted in accordance with the provisions of the Articles of Association and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong and PRC. To adopt a special resolution of Shareholders in general meeting, more than the two thirds votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution. See “– Ranking”.

### REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the “Full Circulation” Program for 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》) announced by the CSRC, the domestic shareholders of Unlisted Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Unlisted Shares involved in the application is completed.

### SHAREHOLDERS’ APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for our Company to issue H Shares and seek the [REDACTED] of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders’ general meeting held on June 6, 2025.



## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares (without taking into account any H shares which may be issued pursuant to the exercise of the [REDACTED]), have interests or short positions in our Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of nominal value of any types of our issued voting shares of our Company:

### LONG POSITIONS IN SHARES OF OUR COMPANY<sup>1</sup>

Shareholder	Nature of interest	Number of Shares	Percentage in total issued share capital
Mr. Chen	Beneficial owner	[REDACTED] H Shares	[REDACTED]%
	Interest in controlled corporation <sup>2</sup>	[REDACTED] H Shares	[REDACTED]%
Mr. Zhou	Beneficial owner	[REDACTED] H Shares	[REDACTED]%
	Interest in controlled corporation <sup>3</sup>	[REDACTED] H Shares	[REDACTED]%
Chengtech VC	Beneficial owner	[REDACTED] H Shares	[REDACTED]%
Jiangsu SME	Beneficial owner	[REDACTED] H Shares	[REDACTED]%
Jiangsu Addor SME	Interest in controlled corporation <sup>4</sup>	[REDACTED] H Shares	[REDACTED]%
Govtor Capital	Interest in controlled corporation <sup>4</sup>	[REDACTED] H Shares	[REDACTED]%
Addor Capital	Interest in controlled corporation <sup>5</sup>	[REDACTED] H Shares	[REDACTED]%
Nanjing Addor Capital Management	Interest in controlled corporation <sup>5</sup>	[REDACTED] H Shares	[REDACTED]%

## SUBSTANTIAL SHAREHOLDERS

Shareholder	Nature of interest	Number of Shares	Percentage in total issued share capital
Nanjing Addor Investment Management	Interest in controlled corporation <sup>5</sup>	[REDACTED] H Shares	[REDACTED]%
Greenpine Chuangzhi	Beneficial owner	[REDACTED] H Shares	[REDACTED]%
Greenpine Chuangzhi Management	Interest in controlled corporation <sup>6</sup>	[REDACTED] H Shares	[REDACTED]%
Wang Yang (汪洋)	Beneficial owner	[REDACTED] H Shares	[REDACTED]%
	Interest in controlled corporation <sup>6</sup>	[REDACTED] H Shares	[REDACTED]%
Shenzhen Greenpine Capital Management Partnership (Limited Partnership) (深圳市松禾資本管理合夥企業(有限合伙)) (“Greenpine Capital Management”)	Interest in controlled corporation <sup>6</sup>	[REDACTED] H Shares	[REDACTED]%
Hainan Greenpine Innovative Venture Capital Investment Co., Ltd. (海南松禾創新創業投資有限公司) (“Hainan Greenpine”)	Interest in controlled corporation <sup>6</sup>	[REDACTED] H Shares	[REDACTED]%
Shenzhen Greenpine Venture Capital Investment Co., Ltd. (深圳市松禾創業投資有限公司) (“Greenpine VC Investment”)	Interest in controlled corporation <sup>6</sup>	[REDACTED] H Shares	[REDACTED]%

## SUBSTANTIAL SHAREHOLDERS

Shareholder	Nature of interest	Number of Shares	Percentage in total issued share capital
Ningbo Meishan Bonded Port Area Anhe Enterprise Management Partnership (Limited Partnership) (寧波梅山保稅港區安禾企業管理合夥企業(合夥企業)) (“Ningbo Anhe”)	Interest in controlled corporation <sup>6</sup>	[REDACTED] H Shares	[REDACTED]%
Luo Fei (羅飛)	Interest in controlled corporation <sup>6</sup>	[REDACTED] H Shares	[REDACTED]%
Cui Jingtao (崔京濤)	Interest in controlled corporation <sup>6</sup>	[REDACTED] H Shares	[REDACTED]%
	Interest of spouse <sup>8</sup>	[REDACTED] H Shares	[REDACTED]%
Li Wei (厲偉)	Interest in controlled corporation <sup>7</sup>	[REDACTED] H Shares	[REDACTED]%
	Interest of spouse <sup>8</sup>	[REDACTED] H Shares	[REDACTED]%
CAS Investment	Interest in controlled corporation <sup>9</sup>	[REDACTED] H Shares	[REDACTED]%
Huachao Asset Management	Interest in controlled corporation <sup>10</sup>	[REDACTED] H Shares	[REDACTED]%
Huang Wenchao (黃文超)	Interest in controlled corporation <sup>10</sup>	[REDACTED] H Shares	[REDACTED]%
Liu Wenjie (劉文杰)	Interest in controlled corporation <sup>10</sup>	[REDACTED] H Shares	[REDACTED]%

*Notes:*

1. All interests stated are long positions. The percentage figures included in the table have been subject to rounding adjustments. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

## SUBSTANTIAL SHAREHOLDERS

2. Mr. Chen is the general partner of Chengtech VC, Huacheng VC and Chengyan VC. By virtue of the SFO, Mr. Chen is deemed to be interested in the Shares in which each of Chengtech VC, Huacheng VC and Chengyan VC is interested.
3. Mr. Zhou holds 62.5% partnership interest in Chengtech VC. By virtue of the SFO, Mr. Zhou is deemed to be interested in the Shares in which Chengtech VC is interested.
4. Jiangsu SME is owned as to 54.22% by Jiangsu Addor SME, which in turn is owned as to 35.1% by Govtor Capital. By virtue of the SFO, each of Jiangsu Addor SME and Govtor Capital is deemed to be interested in the Shares in which Jiangsu SME is interested.
5. Addor Capital is the general partner of Jiangsu SME and Jiangsu Addor SME. It is also the sole shareholder of Tibet Aida Huicheng Enterprise Management Co., Ltd. (西藏愛達匯承企業管理有限公司), the general partner of Nanjing Addor Equity Investment Management Enterprise (Limited Partnership), which in turn is the general partner of Jiangsu Modern Service.

Nanjing Addor Capital Management directly holds 40% equity interest in Addor Capital and further controls 25% equity interest therein through five other limited partnerships managed by it. Its general partner is Nanjing Addor Investment Management.

By virtue of the SFO, each of Addor Capital, Nanjing Addor Capital Management and Nanjing Addor Investment Management is deemed to be interested in the Shares in which Jiangsu SME and Jiangsu Modern Service are interested.

6. Greenpine Chuangzhi is managed by its general partner, Greenpine Chuangzhi Management, which is owned as to 35% by Wang Yang, its general partner, and 60% by Greenpine Capital Management.

Greenpine Capital Management is owned as to 1.0% by Luo Fei, its general partner, 49.5% by Hainan Greenpine and 49.5% by Ningbo Anhe. Hainan Greenpine is wholly owned by Greenpine VC Investment, a company which is owned as to 77.9% by Cui Jingtao. Ningbo Anhe is managed by Luo Fei, its general partner.

By virtue of the SFO, each of Greenpine Chuangzhi Management, Wang Yang, Greenpine Capital Management, Hainan Greenpine, Greenpine VC Investment, Cui Jingtao, Ningbo Anhe and Luo Fei is deemed to be interested in the Shares in which Greenpine Chuangzhi is interested.

7. Greenpine Zhixun is managed by its general partner, Greenpine Chongqing Digital, which is in turn managed by Greenpine Growth PE Management and is owned as to 50% by each of Greenpine Growth PE Management and Li Wei. Li Wei also directly holds 55% equity interest in Greenpine Growth PE Management. By virtue of the SFO, Li Wei is deemed to be interested in the Shares in which Greenpine Zhixun is interested.
8. Li Wei and Cui Jingtao are spouses. By virtue of the SFO, they are deemed to be interest in the Shares in which their spouse is interested.
9. CAS Investment is the sole shareholder of Ruihua Technology (which is the general partner of Guoke Ruihua III), and is also the general partner of Guoke Ruihua IV and Xinqiao Guoke. By virtue of the SFO, CAS Investment is deemed to be interested in the Shares in which each of Guoke Ruihua III, Guoke Ruihua IV and Xinqiao Guoke.
10. Each of Hygoal No. 31 and Hygoal No. 26 is managed by its general partner, Huachao Asset Management, which is owned as to 56% by Huang Wenchao and 34% by Liu Wenjie. By virtue of the SFO, each of Huachao Asset Management, Huang Wenchao and Liu Wenjie is deemed to be interested in the Shares in which Hygoal No. 31 and Hygoal No. 26 are interested.

## **SUBSTANTIAL SHAREHOLDERS**

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Except as disclosed above, our Directors are not aware of any person who will, immediately prior to and following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares (without taking into account any H shares which may be issued pursuant to the exercise of the [REDACTED]), have interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any types of our issued voting shares 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.

## FINANCIAL INFORMATION

*You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the years ended December 31, 2022, 2023 and 2024 included in the Accountants’ Report set out in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all the information provided in this document, including the sections headed “Risk Factors” and “Business.”*

## OVERVIEW

We are a leading supplier of millimeter-wave radar, a core component for smart driving that is rapidly emerging in the changing automotive industry in China, according to CIC. In 2024, we were the largest domestic supplier of automotive front millimeter-wave radar in China in terms of shipment volume, and the third largest supplier of automotive millimeter-wave radar in China in terms of shipment volume, according to CIC, with market shares of 9.3% and 4.5%, respectively.

We have been involved in the design, research and development, manufacturing and commercialization of millimeter-wave radar products. We possess self-development capabilities, along with hardware and software technologies tailored specifically for millimeter-wave radar applications. As of the Latest Practicable Date, we had engaged over 20 customers in the automotive industry including multiple leading OEMs based in China. Additionally, we have entered into negotiations with several leading European automobile brands.

Our revenue achieved rapid growth during the Track Record Period. In 2022, 2023 and 2024, our revenue was RMB57.7 million, RMB156.5 million and RMB348.1 million, respectively, representing a CAGR of 145.7% from 2022 to 2024.

We recorded net losses of RMB79.2 million, RMB96.6 million and RMB21.8 million in 2022, 2023 and 2024, primarily due to the significant amount of changes in carrying amounts of redemption liabilities arising from the redemption rights granted to our investors in certain rounds of financing in previous years and our operating expenses, including our R&D expenses, general and administrative expenses and selling expenses, incurred during the Track Record Period. We recorded increasing changes in carrying amounts of redemption liabilities throughout the Track Record Period, primarily as we granted redemption rights to certain Pre-[REDACTED] investors. In April 2025, the redemption rights granted to our investors were terminated and all the redemption liabilities were converted from liabilities into equity upon such termination.

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## FINANCIAL INFORMATION

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Going forward, we aim to maintain business sustainability and achieve profitability through (i) investing in technology and product development to offer new generations of radar products; (ii) expanding our customer base; and (iii) enhancing our operational efficiency and attaining economies of scale.

### KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe our results of operations and financial conditions are mainly affected by the following factors:

#### **Our Ability to Maintain Business Relationship with Automotive OEMs and Expand our Customer Base**

Substantially all of our revenue was generated from selling our millimeter wave radar products to leading OEMs in China. During the Track Record Period, we generated a majority of our revenue from Customer A. Our revenue generated from Customer A was RMB47.2 million, RMB142.9 million and RMB325.8 million in 2022, 2023 and 2024, respectively, accounting for 81.9%, 91.3%, and 93.6% of our total revenue in the same periods, respectively. As a result, our continuous success depends upon our ability to maintain good relationship with our existing customers. Any deterioration in our business relationship with Customer A could materially and adversely affect our business, financial condition, results of operations and prospects.

Driven by the rapid development of the smart driving industry, the automotive millimeter-wave radar sector has entered a period of accelerated growth. The market size of global automotive millimeter-wave radar increased from RMB15.6 billion in 2020 to RMB24.8 billion in 2024, representing a CAGR of 12.3%. The market is expected to grow at a CAGR of 15.1% and reach RMB50.1 billion by 2029. Our future growth, therefore, depends on our ability to maintain strong relationships with existing customers and attract new customers to capture this market opportunities.

With an aim to expanding our customer base and deepening business relationships with our existing customers, we plan to pursue marketing initiatives in a prudent and effective manner. Our selling expenses, primarily consisting of staff costs and business development expenses, amounted to RMB14.0 million, RMB14.3 million and RMB13.7 million in 2022, 2023 and 2024, respectively, representing 24.3%, 9.2% and 3.9% of our total revenue, respectively.

We have taken various measures to manage our selling expenses during the Track Record Period, including streamlining our personnel structure and optimizing our operational efficiencies. Going forward, we will continue to improve the efficacy of our overall selling and marketing spending. We believe that we are strategically well-positioned in our market and compete favorably with others based on our advanced millimeter-wave radar technology that delivers high performance and quality, our broad range of products, and our strong R&D capabilities.

## FINANCIAL INFORMATION

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### **Our Ability to Innovate Our Technology or Develop New Products**

Our future growth depends on penetrating new markets, adapting existing products and solutions to new applications and customer requirements, and introducing new products that achieve market acceptance in this rapidly evolving business environment. To accomplish these goals, we had incurred, and plan to further incur, substantial R&D expenditure as part of our continuous efforts to design, develop, manufacture and commercialize new products and enhance existing products and solutions. Our research and development expenses were RMB46.1 million, RMB64.4 million and RMB61.9 million in 2022, 2023 and 2024, respectively. Our significant and sustained commitment in research and development has allowed us to establish full-chain technological advantages across RF antenna design, signal processing algorithm development, and to accumulate over 80 patents as of the Latest Practicable Date. We expect a continued grow in our research and development expenses in the future. However, our research and development efforts are subject to the potential need for more capital and may not yield successful results, and our new products may not achieve market acceptance, create additional revenue or become profitable.

### **Our Ability to Control Cost of Sales and Operating Expenses**

Our competitiveness and long-term profitability are dependent upon our ability to control our cost of sales and operating expenses.

In 2022, 2023 and 2024, we incurred cost of sales of RMB41.1 million, RMB108.0 million and RMB229.6 million, respectively. Accordingly, our sustainable growth depends on our ability to achieve economies of scale, enabling us to further reduce costs and enhance profitability as production volumes increase. As our production and sales volumes continue to increase, we expect our costs of sales, which primarily consisted of costs of raw materials and components, increased in a controlled manner through bulk purchasing of materials and optimized production processes. We expect to benefit from improved economies of scale, which is expected to reduce our costs of sales as a percentage of total revenue and improve our gross profit margin going forward.

Our future profitability also depends on our ability to manage our operating expenses. Apart from having better control of our selling expenses as discussed above and incur our research and development expenses in the prudent and effective manner, we had achieved, and aim to continuously improve, efficiency in our corporate management. Our general and administrative expenses accounted for 50.2%, 27.8% and 8.1% of our total revenue in 2022, 2023 and 2024, respectively. With our prudent cost control measures, we expect to continue optimizing our operating efficiency going forward.



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## FINANCIAL INFORMATION

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### BASIS OF PRESENTATION

Our Company was established in the PRC as a limited liability company on September 21, 2016. Our historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). We have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2024. The historical financial information also complies with the applicable disclosure provisions of the Listing Rules.

The historical financial information has been prepared under the historical cost basis, except that the financial assets measured at fair value through profit or loss (“FVPL”) are stated at their fair values. See Note 2 to the Accountants’ Report in Appendix I to this document for details.

As of December 31, 2024, we had net current liabilities amounting to RMB417.9 million and net liabilities of RMB326.0 million, primarily due to the redemption liabilities of RMB503.7 million. See Note 23 to the Accountants’ Report in Appendix I to this document for details. In April 2025, the redemption rights granted to our investors were terminated. This led to the reclassification of redemption liabilities to equity, which significantly improved our financial position as of the date of this document. By excluding the redemption liabilities, we would be at a net current assets position of RMB85,803,000 and a net assets position of RMB177,697,000 respectively, as of December 31, 2024. Accordingly, our Directors are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

### MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. See Note 2 to the Accountants’ Report in Appendix I to this document for details.

The preparation of our historical financial information in conformity with IFRS Accounting Standards requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. There had not been any material deviation with regard to the procedures and methods used by our management in making accounting estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 3 to the Accountants’ Report in Appendix I to this document.

## **FINANCIAL INFORMATION**

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We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Notes 2 and 3 to the Accountants’ Report in Appendix I to this document.

### **Revenue Recognition**

We recognize revenue when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

We recognize revenue from sale of millimeter wave radar products when our customer takes possession of and accepts the products.

### **Redemption Liabilities**

A contract that contains an obligation for us to purchase our own equity instruments for cash or another financial asset gives rise to a financial liability even if our obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortized cost. The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty’s redemption right.

### **Inventories**

Inventories are measured at the lower of cost and net realizable value. We calculate the cost of inventories using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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## FINANCIAL INFORMATION

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### Property, Plant and Equipment

We state our property, plant and equipment at cost, less accumulated depreciation and any accumulated impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. We recognize any gain or loss on disposal of an item of property, plant and equipment in profit or loss. Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The estimated useful lives are as follows:

Leasehold improvements	Over the lease term
Machinery and equipment	10 years
Electronic equipment and others	3–5 years

We review our depreciation methods, useful lives and residual values annually and adjust if appropriate.

### Investments in Securities

Investments in securities, other than investments in subsidiaries, are recognized/derecognized on the date we commit to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss.

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected consolidated statements of profit or loss and other comprehensive income items for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB'000)		
<b>Revenue</b>	<b>57,651</b>	<b>156,524</b>	<b>348,094</b>
Cost of sales	(41,110)	(108,036)	(229,623)
<b>Gross profit</b>	<b>16,541</b>	<b>48,488</b>	<b>118,471</b>
Other net income	3,740	1,493	785
(Provision)/reversal of loss allowance on trade receivables and other receivables	(1,783)	138	(295)
Selling expenses	(14,015)	(14,339)	(13,681)
General and administrative expenses	(28,969)	(43,433)	(28,323)
Research and development expenses	(46,086)	(64,360)	(61,885)
<b>(Loss)/profit from operations</b>	<b>(70,572)</b>	<b>(72,023)</b>	<b>15,072</b>
Changes in carrying amounts of redemption liabilities	(7,903)	(23,237)	(35,721)
Finance costs	(796)	(1,468)	(1,150)
Finance income	97	130	31
Net finance costs	(699)	(1,338)	(1,119)
<b>Loss before taxation</b>	<b>(79,174)</b>	<b>(96,598)</b>	<b>(21,768)</b>
Income tax	—	—	—
<b>Loss and total comprehensive income for the year</b>	<b>(79,174)</b>	<b>(96,598)</b>	<b>(21,768)</b>

## FINANCIAL INFORMATION

### Non-IFRS Measures

To supplement our consolidated statements of profit or loss and other comprehensive income presented in accordance with IFRS Accounting Standards, we also use adjusted net loss/profit (a non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe that the presentation of such non-IFRS measure facilitates comparisons of the operating performance from period to period and company to company by eliminating potential impacts of certain items detailed below. We believe that the presentation of such non-IFRS measure, when shown in conjunction with the corresponding IFRS measures, provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain items.

However, the use of non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

We define adjusted net loss/profit (a non-IFRS measure), as loss for the year adjusted by adding back (i) share-based payment, which is non-cash and non-operating expense arising from the indirect acquisition of equity interest by a Director from another shareholder. The amount of the share-based payment represented the difference between the fair value of acquired equity interests and the consideration paid by the Director. See Note 24 to the Accountants’ Report in Appendix I for details; and (ii) the changes in carrying amounts of redemption liabilities, reflecting non-cash expenses arising from the redemption rights granted to our pre-[REDACTED] investors. In April 2025, the special rights, including the redemption rights, granted to our investors were terminated pursuant to the supplemental agreements entered into between us and our investors. Accordingly, the redemption liabilities had been converted into equity. The following tables reconcile our adjusted net loss/profit (a non-IFRS measure) for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB’000)		
<b>Loss for the year</b>	<u>(79,174)</u>	<u>(96,598)</u>	<u>(21,768)</u>
<b>Add back:</b>			
Share-based payments	–	10,403	–
Changes in carrying amounts of redemption liabilities	<u>7,903</u>	<u>23,237</u>	<u>35,721</u>
<b>Adjusted net (loss)/profit (a non-IFRS measure)</b>	<u>(71,271)</u>	<u>(62,958)</u>	<u>13,953</u>

## FINANCIAL INFORMATION

### Revenue

During the Track Record Period, we generated revenue primarily from sales of our millimeter-wave radar products to OEMs; and, to a lesser extent, (ii) other products and services, including the sales of other radar products, modules and provision of research and development services and consultancy services in relation to radar products. During the Track Record Period, our revenue was principally affected by the total sales volume of our millimeter-wave radar products, which was influenced primarily by our customers’ demand, driven by evolving trends in new energy vehicles (NEVs) and smart driving. We generated all of our revenue from the PRC during the Track Record Period.

During the Track Record Period, we derived a significant portion of our revenue from sales of our front and corner millimeter-wave radar products to Customer A, which had been deployed across certain vehicle models. Our revenue from Customer A was RMB47.2 million, RMB142.9 million, and RMB325.8 million, accounted for approximately 81.9%, 91.3%, and 93.6% of our total revenue in 2022, 2023 and 2024, respectively.

The following table sets forth our revenue by business line for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB’000</i>	<i>% of revenue</i>	<i>RMB’000</i>	<i>% of revenue</i>	<i>RMB’000</i>	<i>% of revenue</i>
<b>Sales of millimeter-wave radar products</b>						
Front millimeter-wave radars	52,807	91.6	104,213	66.6	222,530	63.9
Corner millimeter-wave radars	2,195	3.8	49,926	31.9	123,040	35.3
<b>Subtotal</b>	<u>55,002</u>	<u>95.4</u>	<u>154,139</u>	<u>98.5</u>	<u>345,570</u>	<u>99.3</u>
Other products and services	2,649	4.6	2,385	1.5	2,524	0.7
<b>Total</b>	<u><b>57,651</b></u>	<u><b>100.0</b></u>	<u><b>156,524</b></u>	<u><b>100.0</b></u>	<u><b>348,094</b></u>	<u><b>100.0</b></u>

## FINANCIAL INFORMATION

### *Sales of Millimeter-Wave Radar Products*

During the Track Record Period, we principally generated revenue from our millimeter-wave radars, categorizing into (i) front radars; and (ii) corner radars. See “Business – Our Products” for details.

In 2022, 2023 and 2024, our revenue from sales of our millimeter-wave radar products experienced robust growth and amounted to RMB55.0 million, RMB154.1 million and RMB345.6 million, respectively, accounting for 95.4%, 98.5% and 99.3% of our total revenue for the respective years.

The following table sets out our sales volume and average selling price (“ASP”) of our millimeter-wave radar products for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Sales		Sales		Sales	
	volume	ASP	volume	ASP	volume	ASP
	<i>Units</i>	<i>RMB/Unit</i>	<i>Units</i>	<i>RMB/Unit</i>	<i>Units</i>	<i>RMB/Unit</i>
Front millimeter-wave radars	207,223	255	420,791	248	999,470	223
Corner millimeter-wave radars	13,746	160	333,004	150	875,676	141
<b>Total/Overall</b>	<b>220,969</b>	<b>249</b>	<b>753,795</b>	<b>204</b>	<b>1,875,146</b>	<b>184</b>

### *Others Products and Services*

During the Track Record Period, we derived revenue from sales of other products including in-cabin radars and other radar products used in non-automotive applications, as well as from provision of services, including research and development services and consultancy services.

In 2022, 2023 and 2024, revenue from sales of other products and provision of services amounted to RMB2.6 million, RMB2.4 million and RMB2.5 million, respectively, accounting for 4.6%, 1.5% and 0.7% of our total revenue in the respective years.

## FINANCIAL INFORMATION

### Cost of Sales

Our cost of sales primarily consists of (i) raw materials and components, including ICs, PCBs, and structural components; (ii) depreciation and amortization of our production facilities; (iii) direct labor costs, representing salaries, bonuses, social insurance and welfare for our production personnel; (iv) processing fees, representing fees for outsourced processing services; and (v) other costs, including rental expenses, consumables and other production costs. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Raw materials and components	34,535	84.0	92,553	85.7	211,320	92.0
Depreciation and amortization	2,280	5.5	5,429	5.0	6,397	2.8
Direct labor costs	2,409	5.9	4,329	4.0	5,988	2.6
Processing fees	1,261	3.1	3,775	3.5	2,920	1.3
Others	625	1.5	1,950	1.8	2,998	1.3
<b>Total</b>	<b>41,110</b>	<b>100.0</b>	<b>108,036</b>	<b>100.0</b>	<b>229,623</b>	<b>100.0</b>

To better understand the potential financial impact of fluctuations in prices of raw materials and components, we conducted a sensitivity analysis of such on our net loss, which considered historical price changes in key raw materials and components. Based on this analysis, an 1% increase in prices of raw materials and components could lead to gross profit margin fluctuation of 2.1%, 1.9% and 1.8% in 2022, 2023 and 2024, respectively.



## FINANCIAL INFORMATION

### Gross Profit and Gross Profit Margin

In 2022, 2023 and 2024, our gross profit amounted to RMB16.5 million, RMB48.5 million and RMB118.5 million, respectively. In 2022, 2023 and 2024, our gross profit margin was 28.7%, 31.0% and 34.0%, respectively. During the Track Record Period, our overall gross profit margin continued to increase as we achieved economies of scale from our expanded production.

The following table sets forth our gross profit and gross profit margin by business line for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
<b>Sales of millimeter-wave radar products</b>						
Front millimeter-wave radar products	15,673	29.7	41,989	40.3	95,824	43.1
Corner millimeter-wave radar products	<u>51</u>	2.3	<u>5,926</u>	11.9	<u>21,586</u>	17.5
Subtotal/overall	15,724	28.6	47,915	31.1	117,410	34.0
Other products and services	<u>817</u>	30.8	<u>573</u>	24.0	<u>1,061</u>	42.0
<b>Total/Overall</b>	<b><u>16,541</u></b>	<b>28.7</b>	<b><u>48,488</u></b>	<b>31.0</b>	<b><u>118,471</u></b>	<b>34.0</b>

## FINANCIAL INFORMATION

### Other Net Income

Our other net income primarily consisted of (i) government grants, primarily representing unconditional cash awards granted by the government authorities in the PRC; and (ii) net fair value gains from financial assets measured at FVPL, representing our gains from investments in wealth management products issued by financial institutions in the PRC. See “– Consolidated Statements of Financial Position – Financial Assets at Fair Value through Profit or Loss (“FVPL”). The following table sets forth the breakdown of our other net income by nature for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB'000)		
Government grants	1,092	1,283	1,214
Net fair value gains from financial assets measured at FVPL	2,662	575	301
Net gain/(loss) on disposal of property, plant and equipment	–	11	(61)
Others <sup>(1)</sup>	(14)	(376)	(669)
<b>Total</b>	<b>3,740</b>	<b>1,493</b>	<b>785</b>

*Note:*

(1) Mainly representing primarily loss from disposal of materials.

## FINANCIAL INFORMATION

### Selling Expenses

Our selling expenses primarily consisted of (i) staff costs, including salaries, bonuses, social insurance and welfare for our sales personnel; (ii) business development expenses; (iii) property fees, including rental expenses and property management fees for our sales department; and (iv) advertising expenses. The following table sets forth the breakdown of our selling expenses by nature for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Staff costs	8,830	63.0	6,817	47.5	7,629	55.8
Business development expenses	3,033	21.6	4,636	32.3	3,841	28.1
Property fees	909	6.5	945	6.6	495	3.6
Advertising expenses	610	4.4	250	1.7	485	3.5
Others <sup>(1)</sup>	633	4.5	1,691	11.8	1,231	9.0
<b>Total</b>	<b>14,015</b>	<b>100.0</b>	<b>14,339</b>	<b>100.0</b>	<b>13,681</b>	<b>100.0</b>

*Note:*

- (1) Mainly representing repair and maintenance, depreciation, transportation expenses, office expenses and other miscellaneous selling expenses.

## FINANCIAL INFORMATION

### General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) staff costs, including salaries, bonuses, social insurance and welfare for our administrative personnel; (ii) professional service fees, mainly including audit fees, legal services fees, tax service fees, and financing service fees ; (iii) property fees, including rental expenses and property management fees for our corporate headquarters; (iv) other taxes; (v) depreciation; (vi) traveling expenses and (vii) share-based payments. The following table sets forth the breakdown of our general and administrative expenses by nature for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Staff costs	14,150	48.8	19,089	43.9	15,774	55.7
Professional service fees	6,515	22.5	4,115	9.5	4,081	14.4
Property fees	2,752	9.5	3,293	7.6	2,347	8.3
Business entertainment expenses	283	1.0	938	2.2	1,801	6.4
Depreciation	783	2.7	636	1.5	694	2.5
Traveling expenses	733	2.5	1,321	3.0	568	2.0
Share-based payments	–	–	10,403	23.9	–	–
Others <sup>(1)</sup>	3,753	13.0	3,648	8.4	3,059	10.7
<b>Total</b>	<b>28,969</b>	<b>100.0</b>	<b>43,443</b>	<b>100.0</b>	<b>28,323</b>	<b>100.0</b>

*Note:*

- (1) Mainly representing office expenses, repair and maintenance expenses, training expenses and other miscellaneous administrative expenses.

## FINANCIAL INFORMATION

### Research and Development Expenses

Our research and development expenses primarily consisted of (i) staff costs arising from our R&D personnel; (ii) raw materials and components consumed in our R&D activities; (iii) traveling expenses incurred by our R&D personnel; and (iv) testing fees. The following table sets forth the breakdown of our research and development expenses by nature for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Staff costs	36,467	79.1	48,365	75.1	46,472	75.1
Raw materials and components	1,240	2.7	1,971	3.1	4,113	6.6
Traveling expenses	2,871	6.2	4,714	7.3	2,317	3.7
Testing fees	1,511	3.3	3,016	4.7	2,116	3.4
Others <sup>(1)</sup>	3,997	8.7	6,294	9.8	6,867	11.1
<b>Total</b>	<b>46,086</b>	<b>100.0</b>	<b>64,360</b>	<b>100.0</b>	<b>61,885</b>	<b>100.0</b>

*Note:*

- (1) Mainly representing outsourced development costs, property expenses. Depreciation and other miscellaneous R&D expenses.

## FINANCIAL INFORMATION

### Changes in Carrying Amounts of Redemption Liabilities

Our changes in carrying amounts of redemption liabilities represented our interest on redemption liabilities from the amortization. See “– Indebtedness – Redemption Liabilities” and Note 23 to the Accountants’ Report included in Appendix I to this document for details.

In 2022, 2023 and 2024, we had changes in carrying amounts of redemption liabilities of RMB7.9 million, RMB23.2 million and RMB35.7 million, respectively.

### Net Finance Costs

Our finance income represented our interest income from bank deposits. Our finance costs consisted of (i) interest on bank loans; and (ii) interest on lease liabilities. The following table sets forth a breakdown of our net finance costs for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>Finance income:</b>			
Interest income from bank deposits	97	130	31
<b>Finance costs:</b>			
Interest on bank loans	378	1,217	883
Interest on lease liabilities	418	251	267
<b>Subtotal</b>	796	1,468	1,150
<b>Net finance costs</b>	<b>699</b>	<b>1,338</b>	<b>1,119</b>

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## FINANCIAL INFORMATION

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### Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operate. During the Track Record Period, we are subject to income tax in the following jurisdictions:

#### *PRC*

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the respective regulations (the “EIT Law”), our Company and subsidiaries, which are established and operated in the PRC, are liable to EIT at a rate of 25% unless otherwise specified. In accordance with the EIT Law and its relevant regulations, we were entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% during the Track Record Period. In accordance with the EIT Law and its relevant regulations, our Company was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% during the Track Record Period.

In 2022, 2023 and 2024, we did not incur any income tax as there had been no assessable profits.

As of the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no material disputes or unresolved tax issues with relevant tax authorities.

### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### **2024 Compared to 2023**

##### *Revenue*

Our revenue increased significantly from RMB156.5 million in 2023 to RMB348.1 million in 2024, primarily driven by the growth in sales of millimeter-wave radar products.

Revenue generated from millimeter-wave radar products increased significantly from RMB154.1 million in 2023 to RMB345.6 million in 2024. The sales volume of our front millimeter-wave radars increased from 420,791 units in 2023 to 999,470 units in 2024, while corner millimeter-wave radars increased from 333,004 units in 2023 to 875,678 units in 2024. Such sharp growth was mainly attributable to the commencement of mass production of certain products in 2023, including enhanced corner radar CTMRR-410 and the introduction of our 5.5th generation high-definition 4D radar series, CTLRR-220 Pro and CTMRR-130 Pro – both of which were incorporated into Customer A’s smart driving systems.

Benefiting from the rising adoption of smart driving technologies, our revenue from sales to Customer A increased from RMB142.9 million in 2023 to RMB325.8 million in 2024.

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## FINANCIAL INFORMATION

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### *Cost of Sales*

Our cost of sales increased significantly from RMB108.0 million in 2023 to RMB229.6 million in 2024, which was generally in line with the increase in sales of our millimeter-wave radar products.

### *Gross Profit and Gross Profit Margin*

As a result of the foregoing, our gross profit increased significantly from RMB48.5 million in 2023 to RMB118.5 million in 2024. Our gross profit margin increased from 31.0% in 2023 to 34.0% in 2024.

Specifically, the gross profit margin from sales of millimeter-wave radars increased from 31.1% in 2023 to 34.0% in 2024, as the decrease in the unit cost of our millimeter-wave radars outpaced the decrease in ASP. The unit cost of our millimeter-wave radars decreased from RMB141 per unit in 2023 to RMB122 per unit in 2024, mainly due to the achievement of economies of scale as demands from Customer A increased. We benefited from bulk purchasing of raw materials which led to a decrease in costs of raw materials and consumables used per unit. Such impact was partially offset by the decline in ASP of our millimeter-wave radars from RMB204 per unit in 2023 to RMB184 per unit in 2024, reflecting our strategic push to penetrate the market supported by the achievement of economies of scale.

### *Other Net Income*

Our other net income decreased by 47.4% from RMB1.5 million in 2023 to RMB0.8 million in 2024, primarily attributable to a decrease in net fair value gains from our investments in wealth management products as we redeemed these products during the year, retaining more cash to meet our working capital needs.

### *Selling Expenses*

Our selling expenses decreased slightly from RMB14.3 million in 2023 to RMB13.7 million in 2024, primarily due to (i) a decrease in business development expenses by RMB0.8 million; and (ii) an increase in staff costs by RMB0.8 million, mainly as a result of salary increment.

### *General and Administrative Expenses*

Our general and administrative expenses decreased by 34.8% from RMB43.4 million in 2023 to RMB28.3 million in 2024, primarily attributable to (i) the absence of share-based payment in 2024, whereas we incurred share-based payment of RMB10.4 million in 2023 in relation to the indirect acquisition of equity interest by a Director from another shareholder. The amount of the share-based payment represented the difference between the fair value of acquired equity interests and the consideration paid by the Director. See Note 24 to the Accountants’ Report in Appendix I for details; and (ii) a decrease in administrative staff costs by RMB3.3 million, reflecting a decrease in bonuses and welfare for our administrative personnel.



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## FINANCIAL INFORMATION

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### *Research and Development Expenses*

Our research and development expenses decreased slightly from RMB64.4 million in 2023 to RMB61.9 million in 2024, primarily due to (i) a decrease in traveling expenses by RMB2.4 million; (ii) a decrease in staff costs by RMB1.9 million as our R&D headcount decreased; partially offset by (iii) an increase in raw materials and components by RMB2.1 million.

### *Changes in Carrying Amounts of Redemption Liabilities*

Our changes in carrying amounts of redemption liabilities increased by 53.7% from RMB23.2 million in 2023 to RMB35.7 million in 2024, primarily as a result of Series C Financing with redemption rights in 2024.

### *Income Tax*

We did not record any income tax in both 2023 and 2024.

### *Loss for the Year*

As a result of the foregoing, our loss for the year decreased by 77.5% from RMB96.6 million in 2023 to RMB21.8 million in 2024, reflecting the growth in our business.

## **2023 Compared to 2022**

### *Revenue*

Our revenue increased significantly from RMB57.7 million in 2022 to RMB156.5 million in 2023, primarily driven by the increased sales of millimeter-wave radar products.

Revenue generated from millimeter-wave radar products increased significantly from RMB55.0 million in 2022 to RMB154.1 million in 2023. The sales volume of our front millimeter-wave radars increased from 207,223 units in 2022 to 420,791 units in 2023, while corner millimeter-wave radars increased from 13,746 units in 2022 to 333,004 units in 2023. Such growth was primarily driven by an increased sales to Customer A, following the commencement of our cooperation in 2022, to which we supplied multiple generations of our radar products. Such revenue growth was also fueled by the launch of our 5th-generation front radar CTLRR-220 Plus and corner radar CTMRR-130 in October and November 2022, respectively, both of which were adopted by Customer A.

### *Cost of Sales*

Our cost of sales increased significantly from RMB41.1 million in 2022 to RMB108.0 million in 2023, which was generally in line with the increase in sales of our millimeter-wave radar products.

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## FINANCIAL INFORMATION

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### ***Gross Profit and Gross Profit Margin***

As a result of the foregoing, our gross profit increased significantly from RMB16.5 million in 2022 to RMB48.5 million in 2023. Our gross profit margin increased from 28.7% in 2022 to 31.0% in 2023.

Specifically, the gross profit margin from sales of millimeter-wave radars increased from 28.6% in 2022 to 31.1% in 2023, as the decrease in the unit cost of our millimeter-wave radars outpaced the decrease in ASP. The unit cost of our millimeter-wave radars decreased from RMB178 per unit in 2022 to RMB141 per unit in 2023, mainly due to the achievement of economies of scale as demands from Customer A increased. We benefited from bulk purchasing of raw materials, which led to a decrease in costs of raw materials and consumables per unit. Such impact was partially offset by the decline in ASP of our millimeter-wave radars from RMB249 per unit in 2022 to RMB204 per unit in 2023, reflecting our strategic push to penetrate the market supported by the achievement of economies of scale.

### ***Other Net Income***

Our other net income decreased by 60.1% from RMB3.7 million in 2022 to RMB1.5 million in 2023, primarily attributable to a decrease in net fair value gains from our investments in wealth management products as we redeemed these products during the year, retaining more cash to meet our working capital needs.

### ***Selling Expenses***

Our selling expenses increased slightly from RMB14.0 million in 2022 to RMB14.3 million in 2023, primarily due to (i) an increase in business development expenses by RMB1.6 million due to increased traveling to maintain relationships with our existing and new customers; and (ii) a decrease in staff costs by RMB2.0 million mainly as a result of decrease in headcount and decrease in bonuses.

### ***General and Administrative Expenses***

Our general and administrative expenses increased by 50.0% from RMB29.0 million in 2022 to RMB43.4 million in 2023, primarily due to (i) the share-based payments of RMB10.4 million incurred in 2023 in relation to the indirect acquisition of equity interest by a Director from another shareholder. The amount of the share-based payment represented the difference between the fair value of acquired equity interests and the consideration paid by the Director. See Note 24 to the Accountants’ Report in Appendix I for details; and (ii) an increase in administrative staff costs by RMB4.9 million, primarily reflecting an increase in welfare expenses in 2023; partially offset by (iii) a decrease in professional service fees by RMB2.4 million, mainly related to the decrease in financing service fees.

## FINANCIAL INFORMATION

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### *Research and Development Expenses*

Our research and development expenses increased by 39.7% from RMB46.1 million in 2022 to RMB64.4 million in 2023, primarily attributable to an increase in R&D staff costs as a result of increased R&D personnel, reflecting our R&D efforts in development of other radar products.

### *Changes in Carrying Amounts of Redemption Liabilities*

Our changes in carrying amounts of redemption liabilities increased from RMB7.9 million in 2022 to RMB23.2 million in 2023, primarily as we issued new equity financing with redemption liabilities in 2022.

### *Income Tax*

We did not record any income tax in both 2022 and 2023.

### *Loss for the Year*

As a result of the foregoing, our loss for the year increased from RMB79.2 million in 2022 to RMB96.6 million in 2023.

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected consolidated statements of financial position items for the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	45,600	49,057	58,625
Right-of-use assets	7,629	8,286	4,900
Intangible assets	1,306	1,159	1,011
Other non-current assets	6,898	2,245	29,401
<b>Total non-current assets</b>	61,433	60,747	93,937
<b>CURRENT ASSETS</b>			
Inventories	41,730	37,080	57,643
Trade and other receivables	64,017	58,814	120,949
Financial assets at fair value through profit or loss	82,658	–	2,191
Restricted cash	–	13,849	5,499
Cash and cash equivalents	4,241	1,075	15,865
<b>Total current assets</b>	192,646	110,818	202,147
<b>CURRENT LIABILITIES</b>			
Trade and other payables	71,355	43,314	89,496
Contract liabilities	211	187	–
Bank loans	17,600	26,120	24,000
Lease liabilities	4,955	3,224	2,848
Redemption liabilities	309,021	332,258	503,673
<b>Total current liabilities</b>	<b>403,142</b>	<b>405,103</b>	<b>620,017</b>

## FINANCIAL INFORMATION

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>NET CURRENT LIABILITIES</b>	<b>(210,496)</b>	<b>(294,285)</b>	<b>(417,870)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>(149,063)</b>	<b>(233,538)</b>	<b>(323,933)</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	3,256	4,976	2,043
<b>Total non-current liabilities</b>	<b>3,256</b>	<b>4,976</b>	<b>2,043</b>
<b>Net liabilities</b>	<b>(152,319)</b>	<b>(238,514)</b>	<b>(325,976)</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Paid-in capital	10,813	10,813	11,419
Reserves	(163,132)	(249,327)	(337,395)
<b>Total deficit</b>	<b>(152,319)</b>	<b>(238,514)</b>	<b>(325,976)</b>

## FINANCIAL INFORMATION

### Trade and Other Receivables

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB'000)		
Trade receivables, net of allowances	55,308	52,859	112,156
Other receivables	7,450	3,779	4,123
Prepayments to vendors	365	730	807
Bill receivables, net of allowances	894	1,446	3,863
<b>Trade and other receivables</b>	<b>64,017</b>	<b>58,814</b>	<b>120,949</b>

### *Trade Receivables, net of allowance*

Our trade receivables primarily represented receivables from customers of our millimeter-wave radar products. We generally grant our customers credit terms ranging from one to three months. For Customer A, our top customer, trade receivables were settled through the proprietary digital platform A Chain. Upon the monthly settlement at the end of each month, we then receive the A Chain certificates of the amount receivable by us in the next mid-month, which accounted for as part of the trade receivables. We could transfer the A Chain certificates to our suppliers for settling trade and other payables of the same amount on a non recourse basis. We may also finance through redeeming the A Chain certificates prior to maturity at a discount. See “Business – Our Relationship with Customer A – Our Settlement with Customer A” for details. As of December 31, 2022, 2023 and 2024, the trade receivables of Customer A were RMB46.6 million, RMB46.4 million and RMB106.5 million, respectively, out of which RMB3.0 million, RMB14.3 million and RMB16.3 million were receivables relating to A Chain certificates, respectively. As of December 31, 2024, we recorded a relatively low amount of A Chain certificates as compared to our total trade receivables, primarily as we made significant sales in December 2024 and the corresponding A Chain certificates were received in January 2025.

Despite the growth in our revenue in 2023, our trade receivables, net of allowances decreased slightly from RMB55.3 million as of December 31, 2022 to RMB52.9 million as of December 31, 2023, primarily as we collected cash from redeeming certain A Chain certificates prior to maturity and transferred certain A Chain certificates to our suppliers to settle our trade payables. Our trade receivables, net of allowances increased significantly from RMB52.9 million as of December 31, 2023 to RMB112.2 million as of December 31, 2024, primarily due to the significant revenue to Customer A recorded near the end of 2024.

## FINANCIAL INFORMATION

We calculate the trade receivable turnover days using the average of the opening and ending trade receivables balances for the period, divided by revenue for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2022, 2023 and 2024). The following table sets forth the number of our trade receivables turnover days for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Trade receivable turnover days	217	126	87

Our trade receivable turnover days decreased from 217 days in 2022 to 126 days in 2023, and further to 87 days in 2024, reflecting our improvement in capital management utilizing A Chain, where we collected cash from redeeming certain A Chain certificates prior to maturity or transferred the A Chain certificates to our suppliers for settlement of trade and other payables. In 2022, we recorded a longer trade receivable turnover days of 217 days, largely due to a higher beginning balance of our trade receivables resulting from delay in settlement of certain customers due to the lingering effect of pandemic and the then market conditions. Those receivables were subsequently recovered.

The following table sets forth aging analysis of trade receivables, net of loss allowance and based on revenue recognition date as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB'000)		
Within 1 year	50,223	50,613	112,156
Over 1 year but less than 2 years	5,085	268	–
Over 2 years but less than 3 years	–	1,978	–
<b>Total</b>	<b>55,308</b>	<b>52,859</b>	<b>112,156</b>

As of April 30, 2025, RMB96.1 million, or approximately 83.9% of our trade receivables as of December 31, 2024 were subsequently settled.

### *Other Receivables*

Our other receivables primarily represented security deposits and other deposits and receivables. As of December 31, 2022, 2023 and 2024, our other receivables amounted to RMB7.5 million, RMB3.8 million and RMB4.1 million, respectively.

## FINANCIAL INFORMATION

Our other receivables decreased from RMB7.5 million as of December 31, 2022 to RMB3.8 million as of December 31, 2023, primarily due to the settlement of other receivables from a third party. Our other receivables increased from RMB3.8 million as of December 31, 2023 to RMB4.1 million as of December 31, 2024, primarily due to increase in other deposits, generally in line with the expansion of our business.

### Inventories

Our inventories comprised (i) raw materials such as ICs, PCBs, and structural components; (ii) semi-finished products and work-in-progress (“WIP”); and (iii) finished goods and goods in transit, mainly representing our millimeter-wave radar products ready for delivery to customers or in transit. The following table sets forth our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB’000)		
Raw materials	29,609	20,420	22,243
Semi-finished products and WIP	6,779	4,053	13,224
Finished goods and goods in transit	5,342	12,607	22,176
<b>Total</b>	<b>41,730</b>	<b>37,080</b>	<b>57,643</b>

Notwithstanding the increased production level in 2023 to fulfill our customers’ orders, our inventories slightly decreased from RMB41.7 million as of December 31, 2022 to RMB37.1 million as of December 31, 2023, primarily as we stocked up on raw materials at the end of 2022 to prepare for orders from Customer A. Our inventories increased significantly from RMB37.1 million as of December 31, 2023 to RMB57.6 million as of December 31, 2024, primarily due to the increased in customers’ orders.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB’000)		
Within 1 year	40,310	35,004	56,613
Over 1 year but less than 2 years	1,420	2,076	1,030
<b>Total</b>	<b>41,730</b>	<b>37,080</b>	<b>57,643</b>



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## FINANCIAL INFORMATION

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We have implemented an inventory management system designed and overseen by our warehouse and logistics department. All inbound materials are verified against delivery documentation and subjected to quality inspection before being accepted into inventory. Outbound shipments, including production line requisitions and customer deliveries, follow MES-logged issuance and multi-point verification procedures. In addition, we conduct inventory audits, and manage impairments and obsolescence in coordination with the finance and quality departments. See “Business – Inventory Management” for details.

We periodically assess the impairment on our inventories. In particular, we review our inventories as of the end of each accounting period to ensure inventory is shown at the lower of cost and net realizable value, which is the estimated selling price in the ordinary course of our business less any estimated costs of completion and costs necessary to make the sale. In 2022, 2023 and 2024, we recognized write-down of inventories of RMB3.4 million, RMB2.1 million and a reversal of write down of RMB1.2 million, respectively.

We calculate the inventory turnover days using the average of the opening and ending inventory balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2022, 2023 and 2024). The following table sets forth the number of our inventory turnover days for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Inventory turnover days	240	133	75

Our inventory turnover days decreased from 240 days in 2022 to 133 days in 2023, and further to 75 days in 2024, reflecting the improvement in our sale.

As of April 30, 2025, RMB53.6 million, or approximately 93.0% of our inventories as of December 31, 2024 had been utilized or sold.

## FINANCIAL INFORMATION

### Property, Plant and Equipment

Our property, plant and equipment consisted of (i) machinery and equipment; (ii) electronic equipment and others leasehold improvement; and (iii) leasehold improvements. The following table sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB'000)		
Machinery and equipment	38,290	42,042	52,892
Electronic equipment and others	2,660	3,914	3,801
Leasehold improvement	4,650	3,101	1,932
<b>Total</b>	<b>45,600</b>	<b>49,057</b>	<b>58,625</b>

Our property, plant and equipment increased by 7.6% from RMB45.6 million as of December 31, 2022 to RMB49.1 million as of December 31, 2023. Such increase was primarily due to the addition of machinery and equipment such as test chambers and production lines to meet the increasing production and R&D needs.

Our property, plant and equipment increased by 19.5% from RMB49.1 million to RMB58.6 million as of December 31, 2024, primarily due to the addition of equipment and machinery for our Shenzhen production base, which commenced operation in January 2025.

### Other Non-current Assets

Our other non-current assets represented our prepayments for property, plant and equipment. As of December 31, 2022, 2023 and 2024, our other non-current assets amounted to RMB6.9 million, RMB2.2 million and RMB29.4 million, respectively. The significant increase in balance as of December 31, 2024 was mainly due to prepayments for purchases of assets for our Shenzhen production plant.

### Financial Assets at Fair Value through Profit or Loss (“FVPL”)

Our financial assets at FVPL represented our investments in wealth management products. As of December 31, 2022, 2023 and 2024, our financial assets at FVPL amounted to RMB82.7 million, nil and RMB2.2 million, respectively.

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During the Track Record Period, we purchased wealth management products from reputable commercial banks from time to time with an aim to enhancing our income without materially interfering with our business operations or capital expenditures. We generally purchased low-risk, short-term and highly liquid instruments. Our investment department is responsible for selecting these investment products, which is reviewed and approved by our investment director.

We reduced our investments in financial assets at FVPL during the Track Record Period to retain more cash to meet our working capital needs.

### Trade and Other Payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(RMB'000)</i>		
Trade payables	50,484	30,735	65,865
Staff cost payables	16,865	9,821	17,094
Other payables	4,006	2,758	6,537
	<u>71,355</u>	<u>43,314</u>	<u>89,496</u>
<b>Trade and other payables</b>	<b><u>71,355</u></b>	<b><u>43,314</u></b>	<b><u>89,496</u></b>

### *Trade Payables*

Our trade payables primarily represented the amounts payable to raw materials suppliers and other product and service providers. Our trade payables decreased from RMB50.5 million as of December 31, 2022 to RMB30.7 million as of December 31, 2023, primarily as we settled certain of our trade payables utilizing A Chain and made fewer purchases near the end of 2023, affected by our purchases and production schedules. Our trade payables increased from RMB30.7 million as of December 31, 2023 to RMB65.9 million as of December 31, 2024, which aligned with our increased procurement to support our business expansion.

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We calculate the trade payable turnover days using the average of the opening and ending trade payable balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2022, 2023 and 2024). The following table sets forth the number of our trade payable turnover days for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Trade payable turnover days	286	137	77

Our trade payables turnover days decreased from 286 days in 2022 to 137 days in 2023, and further to 77 days in 2024, primarily due to the improvement in capital management utilizing A Chain and settled our trade payables on a timely manner.

The following table sets forth an aging analysis of our trade payables, based on invoice dates, as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB'000)		
Within 1 year	50,136	29,516	65,246
After 1 year but within 2 years	280	1,084	12
Over 2 years	68	135	607
<b>Total</b>	<b>50,484</b>	<b>30,735</b>	<b>65,865</b>

As of April 30, 2025, RMB50.8 million, or approximately 77.1% of our trade payables as of December 31, 2024 were subsequently settled.

### *Staff Cost Payables*

Our staff cost payables primarily represented salaries and bonuses payable to our employees. Our staff cost payables decreased from RMB16.9 million as of December 31, 2022 to RMB9.8 million as of December 31, 2023, primarily due to a decrease in our headcount as we optimized our corporate structure. Our staff cost payables increased from RMB9.8 million as of December 31, 2023 to RMB17.1 million as of December 31, 2024, primarily due to increase in accruals for bonuses.

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### *Other Payables*

Our other payables primarily represented VAT payables and accruals for payables for our operating expenses, including utilities, property fees and other miscellaneous payables. Our other payables decreased from RMB4.0 million as of December 31, 2022 to RMB2.8 million as of December 31, 2023, and increased from RMB2.8 million as of December 31, 2023 to RMB6.5 million as of December 31, 2024, primarily due to the fluctuation of our VAT payables. As of December 31, 2024, our VAT payables increased mainly due to higher sales recorded in 2024.

### NET CURRENT LIABILITIES

The table below sets forth our current assets, current liabilities and net current liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
	(RMB'000)			2025
				(Unaudited)
<b>Current assets:</b>				
Inventories	41,730	37,080	57,643	132,620
Trade and other receivables	64,017	58,814	120,949	320,937
Restricted cash	–	13,849	5,499	16,676
Financial assets at fair value through profit or loss	82,658	–	2,191	–
Cash and cash equivalents	4,241	1,075	15,865	31,324
<b>Total current assets</b>	<b>192,646</b>	<b>110,818</b>	<b>202,147</b>	<b>501,557</b>
<b>Current liabilities:</b>				
Trade and other payables	71,355	43,314	89,496	368,350
Contract liabilities	211	187	–	5
Bank loans	17,600	26,120	24,000	160,115
Lease liabilities	4,955	3,224	2,848	3,409
Redemption liabilities	309,021	332,258	503,673	–
<b>Total current liabilities</b>	<b>403,142</b>	<b>405,103</b>	<b>620,017</b>	<b>531,879</b>
<b>Net current liabilities</b>	<b>(210,496)</b>	<b>(294,285)</b>	<b>(417,870)</b>	<b>(30,322)</b>

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## FINANCIAL INFORMATION

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We had net current liabilities of RMB30.3 million as of April 30, 2025, consisting of current assets of RMB501.6 million and current liabilities of RMB531.9 million, which represented a decrease of RMB387.5 million from our net current liabilities of RMB417.9 million as of December 31, 2024. This was primarily attributable to the derecognition of redemption liabilities as of April 30, 2025 upon the termination of special rights previously granted to our investors. Such impact was partially offset by the increase in bank loans to finance our construction of production line and for our working capital purposes. In June 2025, we had obtained credit facilities of RMB171.0 million to support our operations.

We had net current liabilities of RMB417.9 million as of December 31, 2024, consisting of current assets of RMB202.1 million and current liabilities of RMB620.0 million, which represented an increase of RMB123.6 million from our net current liabilities of RMB294.3 million as of December 31, 2023, mainly due to the increase in redemption liabilities of RMB171.4 million as we issued shares with special rights in 2024. See Note 23 to the Accountants’ Report in Appendix I for details.

We had net current liabilities of RMB294.3 million as of December 31, 2023, consisting of current assets of RMB110.8 million and current liabilities of RMB405.1 million, which represented an increase of RMB83.8 million from our net current liabilities of RMB210.5 million as of December 31, 2022, mainly due to (i) the decrease in financial assets at FVPL as we redeemed our investments in wealth management products to retain cash for operating and capital uses; and (ii) the increase in redemption liabilities of RMB23.2 million, mainly due to the amortization of our redemption liabilities. See Note 23 to the Accountants’ Report in Appendix I for details.

By excluding the redemption liabilities, we would be at a net current assets position of RMB98.5 million, RMB38.0 million and RMB85.8 million as of December 31, 2022, 2023 and 2024, respectively.

## LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital, including cash and cash equivalents as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations, bank borrowings and capital contribution from our investors. As of December 31, 2022, 2023 and 2024, we had cash and cash equivalents of RMB4.2 million, RMB1.1 million and RMB15.9 million, respectively.

## FINANCIAL INFORMATION

### Cash Flows

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
	(RMB'000)		
Net cash used in operating activities	(97,603)	(61,886)	(6,981)
Net cash generated from/(used in) investing activities	41,535	70,694	(55,656)
Net cash generated from/(used in) financing activities	50,439	(11,974)	77,427
Net (decrease)/increase in cash and cash equivalents	(5,629)	(3,166)	14,790
Cash and cash equivalents at January 1,	9,870	4,241	1,075
Cash and cash equivalents at December 31,	4,241	1,075	15,865

### Operating Activities

Cash flows from operating activities consist of loss before income tax adjusted for certain non-cash or non-operating activities related items, primarily including changes in carrying amounts of redemption liabilities, equity-settled share-based payment expenses and depreciation arising from our property, plant and equipment and right-of-use assets. We derive our cash inflow mainly from operating activities through sales of our millimeter-wave radar products. Cash outflow from operating activities primarily consisted of payments for procuring inventories, staff costs and other operating expenses incurred during our daily operations. We recorded net operating cash outflow from operating activities throughout the Track Record Period due to our loss incurred during the years.

Our net cash used in operating activities was RMB7.0 million in 2024. This net cash inflow was attributable to loss before tax of RMB21.8 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of (i) changes in carrying amounts of redemption liabilities of RMB35.7 million; (ii) depreciation of property, plant and equipment of RMB8.1 million; and (iii) depreciation of right-of-use assets of RMB3.2 million. These were partially offset by (i) the increase trade and other receivables of RMB62.4 million, mainly due to the growth in our revenue; and (ii) an increase in inventories of RMB19.4 million, mainly due to increased purchases to support our customers' orders.

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## FINANCIAL INFORMATION

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Our net cash used in operating activities was RMB61.9 million in 2023. This net cash inflow was attributable to loss before tax of RMB96.6 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of (i) changes in carrying amounts of redemption liabilities of RMB23.2 million; (ii) equity-settled shared-based payment expenses of RMB10.4 million; (iii) depreciation of property, plant and equipment of RMB7.2 million; and (iv) depreciation of right-of-use assets of RMB4.5 million. These were partially offset by the decrease in trade and other payables of RMB21.5 million, which was mainly due to decrease in trade payables affected by the purchases and production schedules.

Our net cash used in operating activities was RMB97.6 million in 2022. This net cash inflow was attributable to loss before tax of RMB79.2 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of (i) changes in carrying amounts of redemption liabilities of RMB7.9 million; (ii) depreciation of property, plant and equipment of RMB4.1 million; and (iii) depreciation of right-of-use assets of RMB4.4 million. These were partially offset by (i) the increase in inventories of RMB32.8 million, mainly due to increased purchases in anticipation of future orders; and (ii) the increase in trade and other receivables of RMB39.8 million, mainly due to increased sales.

### *Investing Activities*

Our cash used in investing activities mainly consisted of our cash used in purchases of items of property, plant and equipment, right-of-use assets and wealth management products. Our cash generated from investing activities mainly consisted of proceeds from disposal of wealth management products.

Our net cash used in investing activities was RMB55.7 million in 2024. This net cash outflow was primarily due to the purchases of wealth management products of RMB65.0 million and that of property, plant and equipment of RMB53.8 million, which was partly offset by the proceeds from proceeds from disposal of wealth management products of RMB63.1 million.

Our net cash from investing activities was RMB70.7 million in 2023. This net cash inflow was primarily due to proceeds from disposal of wealth management products of RMB133.0 million, partially offset by the cash paid for purchases of wealth management products of RMB49.8 million and that of property, plant and equipment of RMB12.1 million.

Our net cash from investing activities was RMB41.5 million in 2022. This net cash inflow was primarily due to proceeds from disposal of wealth management products of RMB298.7 million, partially offset by the cash paid for purchases of wealth management products of RMB238.9 million and that of property, plant and equipment of RMB17.8 million.



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## FINANCIAL INFORMATION

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### *Financing Activities*

Our cash used in financing activities mainly consisted of cash used for repayment of bank loans and lease payments. Cash generated from financing activities mainly consisted of proceeds from bank loans and capital contributions from our investors.

Our net cash from financing activities was RMB77.4 million in 2024. This net cash inflow was primarily due to (i) capital contributions by investors of RMB70.0 million from our series C financing during the year; and (ii) proceeds of bank loans from RMB59.0 million. This net cash inflow was offset by the repayment of bank loans of RMB61.1 million.

Our net cash used in financing activities was RMB12.0 million in 2023. This net cash outflow was primarily due to (i) the repayment of bank loans of RMB31.5 million; and (ii) the placement of restricted cash balance of RMB13.8 million. This net cash outflow was offset by proceeds from bank loans of RMB40.0 million.

Our net cash from financing activities was RMB50.4 million in 2022. This net cash inflow was primarily due to (i) capital contribution of RMB40.0 million from our Series B-3 Financing; and (ii) proceeds from bank loans of RMB20.0 million.

### WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we met our working capital requirements mainly from capital contributions from shareholders and bank loans.

Taking into account the estimated net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents and unutilized bank facilities, our Directors are of the view that we have available sufficient working capital to cover our present requirements and for at least the next 12 months from the date of this document.

### BURN RATE

Our burn rate refers to our average monthly (i) net cash used in operating activities; and (ii) lease payments. For the years ended December 31, 2022, 2023 and 2024, our historical monthly burn rate was RMB8.6 million, RMB5.8 million and RMB0.9 million, respectively. Taking into account our cash and cash equivalents, the amount of our A Chain certificates and financial assets at FVPL as of December 31, 2024, and assuming average monthly net cash used in operating activities and capital expenditures going forward at the level similar to that for the year ended December 31, 2024, we estimate we will be able to maintain our financial viability for not less than 20 months from the date of this document without considering [REDACTED] from the [REDACTED]; or, if we also take into account the net [REDACTED] from [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), not less than 826 months from the date of this document. Our Directors and our management team will continue to monitor our working capital, cash flows and our business development status.

## FINANCIAL INFORMATION

We currently have no immediate plan for future financing after the [REDACTED] taking into account our available cash, [REDACTED] from the [REDACTED] and based on our cash burn rate. However, with the continuing expansion of our business and development of our products, we could not exclude the possibility to require further funding through public or private equity [REDACTED], debt financing and other sources. We will comply with applicable laws and regulations, including requirements under the Listing Rules, when we proceed with such financings.

### RESEARCH AND DEVELOPMENT EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, we did not capitalize internal development costs as intangible assets. The following table sets forth our annual and total research and development expenditure for the years indicated.

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
<b>Research and development expenses</b>	46,086	64,360	61,885
<b>Adjustments:</b>			
Add: intangible assets acquired from third parties and capitalized <sup>(1)</sup>	345	—	—
Less: amortization expense of capitalized intangible assets included in research and development expenditure <sup>(1)</sup>	(38)	(64)	(64)
<b>Annual research and development expenditure</b>	<u>46,393</u>	<u>64,296</u>	<u>61,821</u>
<b>Total research and development expenditure for the three financial years prior to the [REDACTED]</b>			<u><u>172,510</u></u>

<sup>(1)</sup> Primarily related to software procured from third parties for our research and development activities.

## FINANCIAL INFORMATION

The following table sets forth our annual and total operating expenditure for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
<b>Research and development expenses</b>	46,086	64,360	61,885
<b>Selling expenses</b>	14,015	14,339	13,681
<b>General and administrative expenses</b>	28,969	43,443	28,323
<b>Adjustments:</b>			
Add: intangible assets acquired from third parties and capitalized <sup>(1)</sup>	345	—	—
Less: amortization expense of capitalized intangible assets included in research and development expenditure <sup>(1)</sup>	(38)	(64)	(64)
<b>Annual total operating expenditure</b>	<u>89,377</u>	<u>122,078</u>	<u>103,825</u>
<b>Total operating expenditure for the three financial years prior to the [REDACTED]</b>			<u><u>315,280</u></u>

<sup>(1)</sup> Primarily related to software procured from third parties for our research and development activities.

The following table sets forth our annual research and development expenditure ratio and total research and development expenditure ratio for the years indicated.

	Year ended December 31,		
	2022	2023	2024
<b>Annual research and development expenditure ratio<sup>(1)</sup></b>	52%	53%	60%
<b>Total research and development expenditure ratio<sup>(2)</sup></b>			55%

<sup>(1)</sup> Calculated by dividing annual research and development expenditure by annual total operating expenditure.

<sup>(2)</sup> Calculated by dividing total research and development expenditure for the three financial years prior to the [REDACTED] by total operating expenditure for the three financial years prior to the [REDACTED].

## FINANCIAL INFORMATION

### INDEBTEDNESS AND CONTINGENT LIABILITIES

#### Indebtedness

During the Track Record Period, our indebtedness consisted of (i) lease liabilities; (ii) loans and borrowings; and (iii) redemption liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
		(RMB'000)		2025
				(Unaudited)
<b>Included in current liabilities</b>				
Lease liabilities	4,955	3,224	2,848	3,409
Bank loans	17,600	26,120	24,000	160,115
Redemption liabilities	309,021	332,258	503,673	—
<b>Sub-total</b>	331,576	361,602	530,521	163,524
<b>Included in non-current liabilities</b>				
Lease liabilities	3,256	4,976	2,043	15,780
<b>Sub-total</b>	3,256	4,976	2,043	15,780
<b>Total</b>	334,832	366,578	532,564	179,304

#### Bank Loans

	As of December 31,			As of
	2022	2023	2024	April 30,
				2025
				(Unaudited)
Within one year or on demand				
– Guaranteed	17,600	26,120	24,000	160,115
<b>Total</b>	17,600	26,120	24,000	160,115

## FINANCIAL INFORMATION

As of December 31, 2022, 2023 and 2024 and April 30, 2025, we had total bank loans of RMB17.6 million, RMB26.1 million, RMB24.0 million and RMB160.1 million, respectively. The overall increase in the balance of our bank loans during the Track Record Period were primarily due to the growing cash requirements in line with our business expansion. Bank loans are primarily from well-established commercial banks in China. As of December 31, 2022, 2023 and 2024 and April 30, 2025, all of our bank loans were guaranteed by Mr. Chen.

Our Directors confirm that there has been no material change in our indebtedness position since April 30, 2025, being the latest practicable date for the purpose of the indebtedness statement. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank borrowings, we did not have plans for other material external debt financing.

As of April 30, 2025, we had unutilized credit facilities of RMB75.0 million. In June 2025, we further obtained credit facilities from commercial bank in the PRC amounting to RMB171.0 million, all of which were available for general working purposes. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

### Lease Liabilities

Our lease liabilities mainly represented the amount to be paid by us as the lessee for the leases of premises of our headquarters and production facilities. The following table sets forth the carrying amount of our lease liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
				2025
				(Unaudited)
Non-current	3,256	4,976	2,043	15,780
Current	4,955	3,224	2,848	3,409
Total	8,211	8,200	4,891	19,189

For a maturity analysis of our lease liabilities, see Note 21 to the Accountants’ Report included in Appendix I to this document.

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### Redemption Liabilities

Our redemption liabilities represented our obligations to redeem the paid-in capital for cash upon certain events as stipulated in the investment agreement entered into between us and our investors. See Note 23 to the Accountants’ Report in Appendix I to this document for details. As of December 31, 2022, 2023 and 2024, we had redemption liabilities of RMB309.0 million, RMB332.3 million and RMB503.7 million, respectively. The increase in our redemption liabilities throughout the Track Record Period was primarily due to the amortization of redemption liabilities and the issuance of shares with redemption rights from two rounds of financing in November 2022 and May 2024, respectively.

Subsequent to the Track Record Period in April 2025, the special rights granted to our investors were terminated pursuant to the supplemental agreements entered into between us and our investors. Accordingly, the redemption liabilities were converted from liabilities into equity.

### Contingent Liabilities

As of April 30, 2025, we did not have any material outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

### Capital Expenditures

Our capital expenditures during the Track Record Period primarily consisted of expenditures on (i) property, plant and equipment; and (ii) intangible assets. The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB’000)		
Property, plant and equipment	17,806	12,095	53,766
Intangible assets	469	504	—
<b>Total</b>	<b>18,275</b>	<b>12,599</b>	<b>53,766</b>

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See “Future Plans and Use of [REDACTED] – Use of [REDACTED]” for details. We intend to fund our planned capital expenditures through a combination of the net [REDACTED] from the [REDACTED], bank loans as well as cash generated from operating activities.

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Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in China, the availability of financing on terms acceptable to us and development in the regulatory environment in China. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business in the future.

### Contractual Commitments

The following table sets forth our contractual commitments as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB'000)		
Contracted, but not provided for:			
Property, plant and equipment	2,346	1,050	71,400
<b>Total</b>	<b>2,346</b>	<b>1,050</b>	<b>71,400</b>

### OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

### MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain transactions with our related parties. See Note 27 to the Accountants’ Report in Appendix I to this document for details of transactions carried out with our related parties during the Track Record Period.

It is the view of our Directors that each of the related party transactions set out in Note 27 of the Accountants’ Report in Appendix I to this document (i) were conducted on normal commercial terms and/or on terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

## FINANCIAL INFORMATION

### CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated:

	As of December 31,		
	2022	2023	2024
	(RMB'000)		
<b>Research and developments costs</b>			
Research and development costs for Specialist Technology Products	9,196	14,741	14,225
Research and development costs for other products	—	—	—
<b>Workforce employment costs</b>	64,233	79,823	74,708
<b>Direct production costs</b>	36,421	98,278	217,238
<b>Product marketing costs</b>	18,444	19,405	16,274
<b>Total</b>	<b>128,294</b>	<b>212,247</b>	<b>322,445</b>

### KEY FINANCIAL RATIOS

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

	Year ended December 31,		
	2022	2023	2024
Revenue growth (%)	N/A <sup>(6)</sup>	171.5	122.4
Gross profit margin (%) <sup>(1)</sup>	28.7	31.0	34.0
Net loss margin (%) <sup>(2)</sup>	(137.3)	(61.7)	(6.3)
Adjusted net (loss)/profit margin (%) <sup>(3)</sup>	(123.6)	(40.2)	4.0
	As of December 31,		
	2022	2023	2024
Current ratio ( <i>times</i> ) <sup>(4)</sup>	0.5	0.3	0.3
Quick ratio ( <i>times</i> ) <sup>(5)</sup>	0.4	0.1	0.2

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net loss margin is calculated based on loss for the period divided by revenue and multiplied by 100%.



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- (3) Adjusted net (loss)/profit margin is calculated based on adjusted net loss/profit for the period divided by revenue and multiplied by 100%.
- (3) See “– Non-IFRS measure” for details of adjusted net (loss)/profit.
- (4) Current ratio is calculated based on total current assets divided by total current liabilities.
- (5) Quick ratio is calculated based on total current assets less inventories and prepayments for purchases for inventories divided by total current liabilities.
- (6) Labeled as “N/A” as the financial information for the year ended December 31, 2021 was not within the Track Record Period.

### Revenue Growth, Gross Profit Margin and Net Loss Margin

See “– Period to Period Comparison of Results of Operations” for a discussion of the factors affecting our gross profit margin and net loss margin during the respective periods.

### Current Ratio

Our current ratio decreased from 0.5 times as of December 31, 2022 to 0.3 times as of December 31, 2023, primarily due to a decrease in current assets as we disposed of our wealth management products. Our current ratio remained stable at 0.3 times as of December 31, 2023 and 2024, respectively.

### Quick Ratio

Our quick ratio decreased from 0.4 times as of December 31, 2022 to 0.1 times as of December 31, 2023, primarily due to a decrease in current assets as we disposed of our wealth management products. Our quick ratio remained stable at 0.1 times and 0.2 times as of December 31, 2023 and 2024, respectively.

## FINANCIAL RISKS

We are exposed to a credit, liquidity, interest rate and currency risks arising in the normal course of our business as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. For further details, see Note 25 in the Accountants’ Report set out in Appendix I to this document.

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables. Our exposure to credit risk arising from cash and cash equivalents, financial assets measured at FVPL and restricted cash is limited because the counterparties are banks and financial institutions with high credit standing, for which we consider to have low credit risk.

## FINANCIAL INFORMATION

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See Note 25 in the Accountants’ Report set out in Appendix I to this document for further details.

### **Liquidity Risk**

Our policy is to regularly monitor our liquidity requirements and to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are not exposed to significant interest rate risk for cash and cash equivalents or restricted cash because the interest rates of cash at bank are not expected to change significantly. All of the lease liabilities are fixed rate instruments and are insensitive to any change in market interest rates.

We do not have floating rate liabilities or loans as of the end of each reporting period and consequently do not have significant exposure to interest rate risk. We currently do not have an interest rate hedging policy. However, our Directors will consider hedging significant interest rate risk should the need arise.

### **DIVIDENDS**

No dividends were paid or declared by our Company or any of our subsidiaries during the Track Record Period.

We are incorporated under the laws of the PRC. Any dividends we pay will be subject to our Articles of Association and the relevant PRC laws and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors. Our shareholders in a general meeting may approve any declaration of dividends, which shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years’ accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

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## FINANCIAL INFORMATION

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No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

### DISTRIBUTABLE RESERVES

As of December 31, 2024, our Company did not have any distributable reserves.

### [REDACTED] EXPENSES

Our [REDACTED] expenses mainly include [REDACTED] commissions, professional fees paid to legal advisors, the Reporting Accountants and other professional parties for their services rendered in relation to the [REDACTED] and the [REDACTED].

Based on the mid-point [REDACTED] of HK\$[REDACTED] per Share, the total estimated [REDACTED] expenses in relation to the [REDACTED] are RMB[REDACTED] million (HK\$[REDACTED] million), assuming the [REDACTED] is not exercised, which constitute approximately [REDACTED]% of the gross [REDACTED]. Our total [REDACTED] expenses consist of (i) [REDACTED]-related expenses and fees (including [REDACTED] commissions, Stock Exchange trading fee, SFC and AFRC transaction levy) of RMB[REDACTED] million (HK\$[REDACTED] million); and (ii) non-[REDACTED]-related expenses of RMB[REDACTED] million (HK\$[REDACTED] million), including (a) fees payable to the Sole Sponsor, legal advisors and Reporting Accountants of RMB[REDACTED] million (HK\$[REDACTED] million) and (b) other fees and expenses of RMB[REDACTED] million (HK\$[REDACTED] million). During the Track Record Period, we did not incur any [REDACTED] expenses. Among the total [REDACTED] expenses, approximately HK\$[REDACTED] million is expected to be charged to profit or loss for the year ending December 31, 2025, and approximately HK\$[REDACTED] million directly attributable to the issue of the Shares is expected to be deducted from equity upon the completion of the [REDACTED].

Our Directors do not expect that such expenses will have a material adverse effect on our results of operations for the year ending December 31, 2025.

## FINANCIAL INFORMATION

### [REDACTED] ADJUSTED NET TANGIBLE ASSETS

The following [REDACTED] statement of adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [REDACTED] on our net tangible assets attributable to equity shareholders as of December 31, 2024, as if the [REDACTED] had taken place on that date. The [REDACTED] statement of adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our net tangible assets had the [REDACTED] been completed as of December 31, 2024 or at any future date. The [REDACTED] statement of adjusted net tangible assets is based on the unaudited consolidated total net tangible assets of our Group attributable to the equity shareholders as of December 31, 2024 derived from the Accountants’ Report in set out in Appendix I to this document, and adjusted as follows:

	Consolidated net tangible liabilities of our Group attributable as of December 31, 2024  (RMB’000) <sup>(1)</sup>	Estimated net [REDACTED] from the [REDACTED]  (RMB’000) <sup>(2)</sup>	[REDACTED] adjusted consolidated net tangible assets  (RMB in million)	[REDACTED] adjusted net tangible assets per Share  (RMB) <sup>(3)</sup>	(HK\$ equivalent) <sup>(4)</sup>
Based on an [REDACTED] of HK\$[REDACTED] per H Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per H Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

*Notes:*

- (1) The consolidated net tangible liabilities of our Group as of December 31, 2024 is calculated based on the consolidated net assets of our Group of RMB177,697,000 as of December 31, 2024, after deducting intangible assets of RMB1,011,000 as shown in the Accountants’ Report as set out in Appendix I to this document.

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## FINANCIAL INFORMATION

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- (2) The estimated net [REDACTED] from the [REDACTED] are based on [REDACTED] H Shares expected to be issued under the [REDACTED] and the indicative [REDACTED] of HK\$[REDACTED] per H Share and HK\$[REDACTED] per H Share, being the lower end and higher end of the indicative [REDACTED] range respectively, after deduction of the estimated [REDACTED] fees and other related expenses related to the [REDACTED] payable by the Group and does not take into account of any shares that may be issued upon the exercise of the [REDACTED]. The estimated net [REDACTED] from the [REDACTED] are converted into RMB at an exchange rate of HK\$1.0774 to RMB1. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted into RMB, or vice versa, at that rate.
- (3) The [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after the adjustment described in note (2) and on the basis that [REDACTED] Shares were in issue assuming that the [REDACTED] was completed on December 31, 2024, and does not take into account any Shares which may be issued upon the exercise of the [REDACTED].

The [REDACTED] adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of RMB1 to HK\$1.0774. No representation is made that RMB amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.

- (4) No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2024. In particular, the above unaudited pro forma adjusted net tangible assets does not take into account the termination of the redemption rights granted to investors in April 2025 (as mentioned in Note 29 of the Accountants’ Report as set out in Appendix I to this document). Had the above event been completed on December 31, 2024, the unaudited pro forma adjusted net tangible assets of our Group would have increased by RMB503,673,000, while the unaudited pro forma net tangible assets per H would have increased by RMB1.51 or HK\$1.63.

## RECENT DEVELOPMENT

### Recent Business and Financial Performance

After the Track Record Period, following the launch of Customer A’s latest advanced smart driving system in early 2025, we experienced significant sales growth. Our sales volume increased to approximately 3,276,000 units in the four months ended April 30, 2025, as compared to approximately 293,000 units in the same period in 2024. However, the decrease in the ASP of our millimeter-waver radars due to our strategic push to penetrate the market and scaled production outweighed the decrease in the average unit cost achieved through economies of scale. As such, our gross profit in the four months ended April 30, 2025 increased, but our gross profit margin contracted.

## FINANCIAL INFORMATION

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### No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, (i) there had been no material adverse change in our business, the industry where we operate, or market or regulatory environment to which we are subject; (ii) there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the date of the latest consolidated financial position of our Group as set out in the Accountants’ Report in Appendix I to this document; or (iii) there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants’ Report set forth in Appendix I to this document.

### DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules upon the [REDACTED] of the Shares on the Stock Exchange.

## FUTURE PLANS AND USE OF [REDACTED]

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### FUTURE PLANS

See “Business — Our Development Strategies” for a detailed description of our future development plans.

### USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range stated in this document), and after deducting the [REDACTED] commissions and other estimated expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] is not exercised, we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED]. We intend to use the net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used for new technology research and product development in new application areas to maintain our leadership position in the millimeter-wave radar industry. Specifically:
  - o Approximately [REDACTED]% (HK\$[REDACTED] million) will be used for R&D in AI technologies, including increasing our computing power through the purchase of servers and computation chips, training radar-specific AI models, and accelerating implementation of our “Radar + AI” strategy to enable differentiated advantages in smart driving and emerging sectors.
  - o Approximately [REDACTED]% (HK\$[REDACTED] million) will be used to upgrade and iterate our automotive millimeter-wave radar product offerings, including the development of next-generation centralized computing radar hardware platforms and standardization of software platforms, to support advanced smart driving project delivery.
  - o Approximately [REDACTED]% (HK\$[REDACTED] million) will be used for research in new radar technologies, particularly in phased array radar and interceptive radar, focusing on new materials, RF antenna innovation, high-frequency signal modules, and radar algorithms applicable to smart driving scenarios.
  - o Approximately [REDACTED]% (HK\$[REDACTED] million) will be used for extending products to diversified industry applications, such as high-precision industrial measurement, and low-altitude transportation networks. We aim to expand beyond automotive to become a “full-scenario perception solution provider.”
- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used to supplement testing equipment and upgrade production lines to enhance our product testing and manufacturing capabilities:

## FUTURE PLANS AND USE OF [REDACTED]

- o Approximately [REDACTED]% (HK\$[REDACTED] million) will be used to establish feasibility and Electromagnetic Compatibility (EMC) laboratories in accordance with China National Accreditation Service for Conformity Assessment (CNAS) standards and acquire AI data collection and simulation verification systems.
  - o Approximately [REDACTED]% (HK\$[REDACTED] million) will be used to upgrade radar production lines, including assembly, calibration and test equipment. We also plan to procure AIoT and Automated Guided Vehicle (AGV) automation equipment to further digitalize our Shenzhen production base and improve manufacturing efficiency.
- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used for marketing and sales channel development:
  - o Approximately [REDACTED]% (HK\$[REDACTED] million) will be used to strengthen relationships with OEMs and expand our customer base by building out our China-based sales and technical support team, and increasing brand visibility both domestically and internationally.
  - o Approximately [REDACTED]% (HK\$[REDACTED] million) will be used to build channels for new customers and industries with some potential industries of exploration being robotics, transportation safety, industrial measurement, and the low-altitude economy with the aim to diversify our customer portfolio. See “Business – Our Relationship with Customer A – Diversification of Customer Base and Revenue Stream”. We plan to recruit product managers with domain expertise and global perspective to accelerate business penetration in these fields.
- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used for strategic mergers and acquisitions or strategic investments. We intend to acquire targets with high synergy in the upstream and downstream of the radar and AI value chain to strengthen our scale, market presence, and technical capability.
- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used to repay a portion of our existing bank loans from PRC commercial banks which are used for our working capital purpose, comprising (i) the outstanding balance of RMB10.0 million of a bank loan with an interest rate of 2.40% per annum and maturity date of March 14, 2026; (ii) the outstanding balance of RMB30.0 million of a bank loan with an interest rate of 2.96% per annum and maturity date of March 28, 2026; (iii) the outstanding balance of RMB10.0 million of a bank loan with an interest rate of 2.98% per annum and maturity date of April 9, 2026; and (iv) the outstanding balance of RMB30.0 million of a bank loan with an interest rate of 2.95% per annum and maturity date of March 28, 2026 and June 12, 2026; and this is expected to reduce our leverage ratio, optimize capital structure, improve operating efficiency, and enhance our financial flexibility.



## **FUTURE PLANS AND USE OF [REDACTED]**

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- Approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED] million) will be used to supplement our working capital.

Should the [REDACTED] be exercised, we intend to use the additional net [REDACTED] on a pro rata basis for the purposes set out above. To the extent that the net [REDACTED] from the [REDACTED] are either more or less than expected, we may adjust the above allocations on a pro rata basis. Any unused [REDACTED] will be held in short-term deposits with licensed banks or other authorized financial institutions in Hong Kong or the PRC as permitted under applicable laws and Listing Rules.

**[REDACTED]**

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## APPENDIX I

## ACCOUNTANTS’ REPORT

*The following is the text of a report set out on pages I-1 to I-[●], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*



### ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN CHENG-TECH TECHNOLOGY CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED

#### Introduction

We report on the historical financial information of Shenzhen Cheng-Tech Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[3] to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended December 31, 2022, 2023 and 2024 (the “**Track Record Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[3] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “**Document**”) in connection with the [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

#### Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

## APPENDIX I

## ACCOUNTANTS’ REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at December 31, 2022, 2023 and 2024 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

### Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

### Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I - [3] have been made.

### Dividends

We refer to note 24(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

### KPMG

*Certified Public Accountants*

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

[Date]

## APPENDIX I

## ACCOUNTANTS’ REPORT

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### HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate term of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

## APPENDIX I

## ACCOUNTANTS’ REPORT

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Years ended December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue	4	57,651	156,524	348,094
Cost of sales		<u>(41,110)</u>	<u>(108,036)</u>	<u>(229,623)</u>
<b>Gross profit</b>		16,541	48,488	118,471
Other net income	5	3,740	1,493	785
(Provision)/reversal of loss allowance on trade receivables and other receivables		(1,783)	138	(295)
Selling expenses		(14,015)	(14,339)	(13,681)
General and administrative expenses		(28,969)	(43,443)	(28,323)
Research and development expenses		<u>(46,086)</u>	<u>(64,360)</u>	<u>(61,885)</u>
<b>(Loss)/profit from operations</b>		<u>(70,572)</u>	<u>(72,023)</u>	<u>15,072</u>
Changes in carrying amounts of redemption liabilities	23	<u>(7,903)</u>	<u>(23,237)</u>	<u>(35,721)</u>
Finance costs		(796)	(1,468)	(1,150)
Finance income		<u>97</u>	<u>130</u>	<u>31</u>
Net finance costs	6(a)	<u>(699)</u>	<u>(1,338)</u>	<u>(1,119)</u>
<b>Loss before taxation</b>	6	(79,174)	(96,598)	(21,768)
Income tax	7	<u>—</u>	<u>—</u>	<u>—</u>
<b>Loss and total comprehensive income for the year</b>		<u>(79,174)</u>	<u>(96,598)</u>	<u>(21,768)</u>
<b>Loss per share</b>				
Basic and diluted (RMB)	10	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The accompanying notes form part of the Historical Financial Information.

## APPENDIX I

## ACCOUNTANTS’ REPORT

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at December 31,		
		2022	2023	2024
		RMB’000	RMB’000	RMB’000
<b>Non-current assets</b>				
Property, plant and equipment	11	45,600	49,057	58,625
Right-of-use assets	11	7,629	8,286	4,900
Intangible assets	12	1,306	1,159	1,011
Other non-current assets	15	6,898	2,245	29,401
		<u>61,433</u>	<u>60,747</u>	<u>93,937</u>
<b>Current assets</b>				
Inventories	16	41,730	37,080	57,643
Trade and other receivables	17	64,017	58,814	120,949
Financial assets measured at fair value through profit or loss (“FVPL”)	14	82,658	–	2,191
Restricted cash	18(a)	–	13,849	5,499
Cash and cash equivalents	18(a)	4,241	1,075	15,865
		<u>192,646</u>	<u>110,818</u>	<u>202,147</u>
<b>Current liabilities</b>				
Trade and other payables	19	71,355	43,314	89,496
Contract liabilities	20	211	187	–
Bank loans	22	17,600	26,120	24,000
Lease liabilities	21	4,955	3,224	2,848
Redemption liabilities	23	309,021	332,258	503,673
		<u>403,142</u>	<u>405,103</u>	<u>620,017</u>
<b>Net current liabilities</b>		<u>(210,496)</u>	<u>(294,285)</u>	<u>(417,870)</u>
<b>Total assets less current liabilities</b>		<u>(149,063)</u>	<u>(233,538)</u>	<u>(323,933)</u>

## APPENDIX I

## ACCOUNTANTS’ REPORT

		As at December 31,		
	<i>Note</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liability</b>				
Lease liabilities	21	<u>3,256</u>	<u>4,976</u>	<u>2,043</u>
		<u>3,256</u>	<u>4,976</u>	<u>2,043</u>
<b>NET LIABILITIES</b>				
		<u>(152,319)</u>	<u>(238,514)</u>	<u>(325,976)</u>
<b>CAPITAL AND RESERVES</b>				
Paid-in capital	24(c)	10,813	10,813	11,419
Reserves		<u>(163,132)</u>	<u>(249,327)</u>	<u>(337,395)</u>
<b>TOTAL DEFICIT</b>				
		<u>(152,319)</u>	<u>(238,514)</u>	<u>(325,976)</u>

The accompanying notes form part of the Historical Financial Information.

## APPENDIX I

## ACCOUNTANTS’ REPORT

### STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	<i>Note</i>	As at December 31,		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Non-current assets</b>				
Property, plant and equipment	11	6,532	12,750	24,207
Right-of-use assets	11	3,200	5,389	3,120
Intangible assets	12	494	430	366
Investments in subsidiaries	13	30,000	31,000	31,000
Other non-current assets	15	4,078	1,826	22,752
		<u>44,304</u>	<u>51,395</u>	<u>81,445</u>
<b>Current assets</b>				
Inventories	16	41,682	37,582	10,762
Trade and other receivables	17	99,315	138,380	194,567
Financial assets measured at FVPL	14	82,658	–	2,191
Restricted cash	18(a)	–	13,849	5,075
Cash and cash equivalents	18(a)	3,365	943	15,854
		<u>227,020</u>	<u>190,754</u>	<u>228,449</u>
<b>Current liabilities</b>				
Trade and other payables	19	51,366	34,822	59,313
Contract liabilities	20	211	187	–
Bank loans	22	17,600	26,120	24,000
Lease liabilities	21	3,401	1,929	1,745
Redemption liabilities	23	309,021	332,258	503,673
		<u>381,599</u>	<u>395,316</u>	<u>588,731</u>
<b>Net current liabilities</b>		<u>(154,579)</u>	<u>(204,562)</u>	<u>(360,282)</u>
<b>Total assets less current liabilities</b>		<u>(110,275)</u>	<u>(153,167)</u>	<u>(278,837)</u>



## APPENDIX I

## ACCOUNTANTS’ REPORT

		As at December 31,		
	Note	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current liability				
Lease liabilities	21	457	3,472	1,531
		457	3,472	1,531
NET LIABILITIES		(110,732)	(156,639)	(280,368)
CAPITAL AND RESERVES				
Paid-in capital	24(c)	10,813	10,813	11,419
Reserves		(121,545)	(167,452)	(291,787)
TOTAL DEFICIT		(110,732)	(156,639)	(280,368)

The accompanying notes form part of the Historical Financial Information.

## APPENDIX I

## ACCOUNTANTS’ REPORT

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company				
		Paid-in Capital RMB'000 note 24(c)	Capital reserve RMB'000 note 24(d)(i)	Share-based payments reserve RMB'000 note 24(d)(ii)	Accumulated losses RMB'000	Total deficit RMB'000
Balance at January 1, 2022		10,381	15,219	26,467	(125,212)	(73,145)
Changes in equity for 2022:						
Loss and total comprehensive income for the year		—	—	—	(79,174)	(79,174)
Capital contribution by investors	24(c)	432	39,568	—	—	40,000
Redemption rights granted upon share issuance	23	—	(40,000)	—	—	(40,000)
Balance at December 31, 2022 and January 1, 2023		10,813	14,787	26,467	(204,386)	(152,319)
Changes in equity for 2023:						
Loss and total comprehensive income for the year		—	—	—	(96,598)	(96,598)
Equity settled share-based transactions	24(d)(ii)	—	—	10,403	—	10,403
Balance at December 31, 2023 and at January 1, 2024		10,813	14,787	36,870	(300,984)	(238,514)
Changes in equity for 2024:						
Loss and total comprehensive income for the year		—	—	—	(21,768)	(21,768)
Capital contribution by investors	24(c)	606	69,394	—	—	70,000
Redemption rights granted upon share issuance	23	—	(70,000)	—	—	(70,000)
Redemption rights granted subsequent to share issuance	23	—	(65,694)	—	—	(65,694)
Balance at December 31, 2024		11,419	(51,513)	36,870	(322,752)	(325,976)

The accompanying notes form part of the Historical Financial Information.

## APPENDIX I

## ACCOUNTANTS’ REPORT

### CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

		Years ended December 31,		
	Note	2022	2023	2024
		RMB'000	RMB'000	RMB'000
<b>Operating activities</b>				
Cash used in operations	18(b)	(97,603)	(61,886)	(6,981)
Income tax paid		<u>—</u>	<u>—</u>	<u>—</u>
<b>Net cash used in operating activities</b>		<u>(97,603)</u>	<u>(61,886)</u>	<u>(6,981)</u>
<b>Investing activities</b>				
Payment for purchases of property, plant and equipment		(17,806)	(12,095)	(53,766)
Payment for purchases of intangible assets		(469)	(504)	—
Proceeds from disposal of property, plant and equipment		—	60	—
Payment for purchases of financial assets measured at FVPL		(238,900)	(49,800)	(65,000)
Proceeds from disposal of financial assets measured at FVPL		<u>298,710</u>	<u>133,033</u>	<u>63,110</u>
<b>Net cash generated from/(used in) investing activities</b>		41,535	70,694	(55,656)

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		Years ended December 31,		
	Note	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Financing activities				
Payment of capital element of lease liabilities	18(d)	(3,810)	(5,177)	(3,152)
Payment of interest element of lease liabilities	18(d)	(418)	(251)	(267)
Capital contributions by investors	24(c)	40,000	–	70,000
Interest of bank loans paid	18(d)	(378)	(1,217)	(883)
Decrease in restricted cash		–	–	13,849
Increase in restricted cash		–	(13,849)	–
Proceeds from bank loans	18(d)	20,000	40,000	59,000
Repayment of bank loans	18(d)	<u>(4,955)</u>	<u>(31,480)</u>	<u>(61,120)</u>
Net cash generated from/(used in) financing activities		<u>50,439</u>	<u>(11,974)</u>	<u>77,427</u>
Net (decrease)/increase in cash and cash equivalents		(5,629)	(3,166)	14,790
Cash and cash equivalents at January 1,		<u>9,870</u>	<u>4,241</u>	<u>1,075</u>
Cash and cash equivalents at December 31,	18(a)	<u>4,241</u>	<u>1,075</u>	<u>15,865</u>

The accompanying notes form part of the Historical Financial Information.

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### NOTES TO THE HISTORICAL FINANCIAL INFORMATION *(Expressed in Renminbi unless otherwise indicated)*

#### 1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Shenzhen Cheng-Tech Technology Co., Ltd. (the “**Company**”) was established in Shenzhen, Guangdong Province, the People’s Republic of China (the “**PRC**”) on September 21, 2016 as a limited liability company. The Company was converted into a joint stock limited liability company in May 2025.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the development, manufacturing and sales of millimeter-wave radar products in the PRC. Details of the Group’s principal subsidiaries are set out in note 13.

As at December 31, 2024, the Group had net current liabilities of RMB417,870,000 and net liabilities of RMB325,976,000 primarily due to redemption liabilities amounting to RMB503,673,000. Further details on the redemption liabilities are disclosed in Note 23.

The redemption rights granted to investors were terminated in April 2025. This led to the reclassification of redemption liabilities to equity, which significantly improved the Group’s financial position as at the date of this report. By excluding the redemption liabilities, the Group would be at a net current assets position of RMB85,803,000 and a net assets position of RMB177,697,000 respectively as at December 31, 2024. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standard Board (“**IASB**”). Further details of the material accounting policy information are set out in note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on January 1, 2024 are set out in note 28.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

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

#### 2 MATERIAL ACCOUNTING POLICY INFORMATION

##### (a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that financial assets measure at FVPL stated at their fair value as explained note 2(d).

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### **(b) Use of estimates and judgements**

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3.

### **(c) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

### **(d) Other investments in securities**

The Group’s policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments. These investments are subsequently accounted for as follows, depending on their classification.

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### (i) *Non-equity investments*

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(r)(ii)), foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

### (e) **Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses (see note 2(h)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The estimated useful lives are as follows:

Leasehold improvements	Over the lease term
Machinery and equipment	10 years
Electronic equipment and others	3–5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

### (f) **Intangible assets**

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group’s research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(h)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their useful lives, if any, and is generally recognised in profit or loss.

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The estimated useful lives are as follows:

Software	10 years
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Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

### (g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(e) and 2(h)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(d)(i), 2(r)(ii) and 2(h)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.



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In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

**(h) Credit losses and impairment of assets**

**(i) Credit losses from financial instruments**

The Group recognises a loss allowance for expected credit losses (“ECL’s”) on:

- financial assets measured at amortised cost (including cash and cash equivalents, restricted cash, trade and other receivables).

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at each reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

*Significant increases in credit risk*

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

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The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

### *Write-off policy*

The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### **(ii) Impairment of other non-current assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU’s”).

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are reduced the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(i) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **(j) Contract liabilities**

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(r)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable would also be recognised (see note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(r)(i)).

### **(k) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(h)(i)).

### **(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

### **(m) Trade and other payables**

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

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### (n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(s).

### (o) Employee benefits

#### (i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Contribution to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

#### (ii) *Share-based payments*

The grant-date fair value of equity-settled share-based payments granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the share-based payments reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

#### (iii) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

### (p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income (“OCI”).

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

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- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities, provisions and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### **(q) Provisions and contingent liabilities**

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

### **(r) Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services.

Further details of the Group’s revenue and other income recognition are as follows:

#### ***(i) Revenue from contracts with customers***

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group’s ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

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Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

*(a) Sale of goods and provision of services*

Sales of the Group’s products are recognized as follows:

- Sale of millimeter-wave radar products

Revenue is recognized when the customer takes possession of and accepts the products.

*(ii) Interest income*

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

*(iii) Government grants*

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

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

**(s) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

**(t) Related parties**

(a) A person, or a close member of that person’s family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group’s parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### **(u) Redemption liabilities**

A contract that contains an obligation for the Company to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability even if the Company's obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost.

The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

### **(v) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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### 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 25 contain information about the assumptions and their risk factors relating to fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

**(a) Net realisable value of inventories**

Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

**(b) Loss allowance for expected credit losses**

The Group estimates the amount of loss allowance for ECLs on trade and other receivables that are measured at amortised cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the asset’s carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. 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.

### 4 REVENUE AND SEGMENT REPORTING

The Group is engaged in the development, manufacture and sales of millimeter-wave radar products.

**(a) Segment reporting**

The Group’s chief operating decision makers (“**CODM**”), which has been identified as the executive directors of the Company, review the Group’s internal reporting when making decisions about allocating resources and assessing performance of the Group as a whole. The Group has one operating segment, which is the development, manufacture and sales of millimeter-wave radar products. Accordingly, no reportable segment information is presented.

As substantially all of the Group’s operations and assets are in the PRC, no geographic information is presented.



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## ACCOUNTANTS’ REPORT

### (b) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15:</b>			
Disaggregated by major products or service lines			
– Sales of millimeter-wave radar	55,002	154,139	345,570
– Other products and services	2,649	2,385	2,524
	<u>57,651</u>	<u>156,524</u>	<u>348,094</u>
Disaggregated by timing of revenue recognition			
– Point in time	<u>57,651</u>	<u>156,524</u>	<u>348,094</u>

### (c) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

#### *Contracts within the scope of IFRS 15*

Except for the disclosures in Note 20, the Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for products or service such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an expected duration of one year or less.

### (d) Information about major customers

For the years ended December 31, 2022, 2023, and 2024, Customer A was the sole customer contributing more than 10% to the Group’s total revenue. The revenue derived from Customer A accounted for 81.88%, 91.30%, and 93.60% of the Group’s total revenue, respectively.

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## ACCOUNTANTS’ REPORT

### 5 OTHER NET INCOME

	Years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants ( <i>note (i)</i> )	1,092	1,283	1,214
Net fair value gains from financial assets measured at FVPL	2,662	575	301
Net gain/(loss) on disposal of property, plant and equipment	–	11	(61)
Others	(14)	(376)	(669)
	<u>3,740</u>	<u>1,493</u>	<u>785</u>

*Note:*

- (i) Government grants mainly represented unconditional cash awards granted by the government authorities in the PRC.

### 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

#### (a) Net finance costs

	Years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest income from bank deposits	(97)	(130)	(31)
Finance income	(97)	(130)	(31)
Interest on bank loans ( <i>note 18(d)</i> )	378	1,217	883
Interest on lease liabilities ( <i>note 18(d)</i> )	418	251	267
Finance costs	796	1,468	1,150
Net finance costs	<u>699</u>	<u>1,338</u>	<u>1,119</u>

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(b) Staff costs (including directors’ emoluments)

	Years ended December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Salaries, wages and other benefits	60,604	76,006	75,365
Share-based payments	–	10,403	–
Contributions to defined contribution retirement plans	1,084	1,614	1,388
	<u>61,688</u>	<u>88,023</u>	<u>76,753</u>

(c) Other items

	Years ended December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Amortisation of intangible assets ((i), note 12)	61	147	148
Depreciation ((i), note 11)			
– property, plant and equipment	4,062	7,205	8,132
– right-of-use assets	4,398	4,511	3,237
	<u>8,521</u>	<u>11,863</u>	<u>11,517</u>
Auditors’ remuneration	18	100	144
Cost of inventories ((i), note 16(b))	42,146	109,882	233,865

- (i) Cost of inventories includes RMB2,993,000, RMB7,334,000 and RMB12,403,000 relating to staff costs, depreciation and amortisation expenses for the year end each Track Record Period separately, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

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## ACCOUNTANTS’ REPORT

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Years ended December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
<b>Current tax</b>			
Provision for the year			
– PRC income tax	—	—	—
<b>Deferred tax</b>			
Origination and reversal of temporary differences	—	—	—
	—	—	—

Pursuant to the Enterprise Income Tax (the “EIT”) Law of the PRC (the “EIT Law”), the Company and its subsidiaries established and operated in the PRC are liable to EIT at a rate of 25% unless otherwise specified.

In accordance with the EIT Law and its relevant regulations, the Company was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% during the Track Record Period.

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## ACCOUNTANTS’ REPORT

**(b) Reconciliation between tax expense and accounting loss at applicable tax rates:**

	Years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss before taxation	(79,174)	(96,598)	(21,768)
Notional tax on profit before taxation, calculated at the PRC statutory tax rate of 25%	(19,794)	(24,150)	(5,442)
Effect of preferential tax rate	4,279	5,631	2,666
Tax effect of non-deductible expenses	2,247	375	2,139
Effect of additional deduction on research and development expenses (i)	(8,488)	(12,171)	(9,283)
Income not subject to tax	(24)	–	(28)
Effect of deferred tax assets in respect of temporary differences and tax losses not recognized	21,780	30,315	12,560
Utilisation of previously unrecognised tax losses	–	–	(2,612)
Actual tax expense	–	–	–

*Note:*

- (i) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of those costs were deducted for the Track Record Period.

**(c) Deferred tax assets not recognised:**

In accordance with the accounting policy set out in note 2(p), as at December 31, 2022, 2023 and 2024, the Company and its subsidiaries have not recognized deferred tax assets in respect of their cumulative tax losses of RMB185,814,000, RMB312,583,000 and RMB352,180,000 and temporary differences of RMB14,006,000, RMB36,455,000 and RMB35,712,000, respectively as it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised. The tax losses arising from operations in the PRC can be carried forward to offset against taxable profits of subsequent years for up to ten years from the year in which they arose.

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### 8 DIRECTORS’ EMOLUMENTS

Directors’ emoluments as recorded in the Historical Financial Information are set out below:

	Year ended December 31, 2022					
	Salaries, allowances and other benefits <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Retirement scheme contributions <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Share-based payments <i>RMB'000</i> <i>note (viii)</i>	Total <i>RMB'000</i>
<b>Executive directors</b>						
Mr. Chen Chengwen (陳承文)	825	660	8	1,493	–	1,493
Mr. Zhou Ke (周珂)	927	420	20	1,367	–	1,367
Mr. Cong Yunfeng (叢運峰)	993	–	4	997	–	997
<b>Non executive directors</b>						
Mr. Wu Zhigang (吳志剛)	–	–	–	–	–	–
Mr. Zhu Ming (朱明)	–	–	–	–	–	–
<b>Supervisor</b>						
Ms. Luo Haiyan (羅海燕)	748	660	20	1,428	–	1,428
<b>Total</b>	<b>3,493</b>	<b>1,740</b>	<b>52</b>	<b>5,285</b>	<b>–</b>	<b>5,285</b>

	Year ended December 31, 2023					
	Salaries, allowances and other benefits <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Retirement scheme contributions <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Share-based payments <i>RMB'000</i> <i>note (viii)</i>	Total <i>RMB'000</i>
<b>Executive directors</b>						
Mr. Chen Chengwen (陳承文)	864	180	7	1,051	–	1,051
Mr. Zhou Ke (周珂)	870	220	18	1,108	10,403	11,511
Ms. Luo Haiyan (羅海燕)	539	80	12	631	–	631
Mr. Cong Yunfeng (叢運峰) (i)	–	–	–	–	–	–
<b>Non executive directors</b>						
Mr. Wu Zhigang (吳志剛)	–	–	–	–	–	–
Mr. Zhu Ming (朱明)	–	–	–	–	–	–
<b>Supervisors</b>						
Ms. Luo Haiyan (羅海燕) (ii)	271	–	6	277	–	277
Ms. Gu Darong (顧大蓉) (iv)	695	60	9	764	–	764
<b>Total</b>	<b>3,239</b>	<b>540</b>	<b>52</b>	<b>3,831</b>	<b>10,403</b>	<b>14,234</b>

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Year ended December 31, 2024						
	Salaries, allowances and other benefits <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Retirement scheme contributions <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Share-based payments <i>RMB'000</i> <i>note (viii)</i>	Total <i>RMB'000</i>
<b>Executive directors</b>						
Mr. Chen Chengwen (陳承文)	983	520	9	1,512	–	1,512
Mr. Zhou Ke (周珂)	989	570	19	1,578	–	1,578
Ms. Luo Haiyan (羅海燕)	809	660	19	1,488	–	1,488
<b>Non executive directors</b>						
Mr. Wu Zhigang (吳志剛)	–	–	–	–	–	–
Mr. Zhu Ming (朱明)	–	–	–	–	–	–
<b>Supervisor</b>						
Ms. Gu Darong (顧大蓉)	691	50	9	750	–	750
Total	3,472	1,800	56	5,328	–	5,328

*Notes:*

- (i) Mr. Cong Yunfeng (叢運峰) was appointed as a director of the Company in February 2022 and resigned in April 2023.
- (ii) Ms. Luo Haiyan (羅海燕) was reappointed as a director of the Company in April 2023.
- (iii) Mr. Zhu Ming (朱明) resigned in May 2025.
- (iv) Ms. Gu Darong (顧大蓉) was appointed as a supervisor of the Company in April 2023 and resigned in May 2025.
- (v) Mr. Liu Longlong (劉龍龍) was appointed as executive director in May 2025.
- (vi) Mr. Kuang Tianyin (匡天胤) was appointed as non-executive director in May 2025.
- (vii) Mr. Zhou Zhongkui (周重揆), Mr. Zhang Junyi (張君毅) and Mr. Tam Wai Ho (譚偉豪) was appointed as independent non-executive directors in May 2025.
- (viii) The details of these benefits in kind are disclosed in note 24.
- (ix) During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

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### 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the years ended December 31, 2022, 2023 and 2024, of the five individuals with the highest emoluments, 3, 3 and 3 are directors whose emoluments are disclosed in note 8.

The aggregate of the emoluments in respect of the other 2, 2 and 2 individuals are as follows:

	Years ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and other emoluments	1,821	1,389	1,326
Discretionary bonuses	1,080	420	820
Retirement scheme contributions	17	4	5
	<u>2,918</u>	<u>1,813</u>	<u>2,151</u>

The emoluments of the 2, 2 and 2 individuals with the highest emoluments are within the following bands:

	Years ended December 31,		
	2022	2023	2024
	Number of individuals	Number of individuals	Number of individuals
HKD nil–HKD1,000,000	–	1	–
HKD1,000,001–HKD1,500,000	2	1	2

During the Track Record Period no amounts were paid or payable to the above individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

### 10 LOSS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the presentation of the result of the Company for the Track Record Period on the basis of preparation and presentation as disclosed.



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## ACCOUNTANTS’ REPORT

### 11 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

#### (a) Reconciliation of carrying amount

##### *The Group*

	Leasehold improvement RMB'000	Machinery and equipment RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Subtotal RMB'000	Right-of-use assets RMB'000	Total RMB'000
<b>Cost:</b>							
At January 1, 2022	5,658	5,674	3,004	13,009	27,345	11,677	39,022
Additions	559	10,450	1,491	12,086	24,586	2,399	26,985
Transfer from construction in progress	–	25,095	–	(25,095)	–	–	–
At December 31, 2022 and January 1, 2023	6,217	41,219	4,495	–	51,931	14,076	66,007
Additions	–	8,156	2,555	–	10,711	5,208	15,919
Disposals	–	(54)	(1)	–	(55)	(6,592)	(6,647)
At December 31, 2023 and January 1, 2024	6,217	49,321	7,049	–	62,587	12,692	75,279
Additions	336	15,772	1,653	–	17,761	207	17,968
Disposals	–	(80)	(27)	–	(107)	(2,542)	(2,649)
At December 31, 2024	6,553	65,013	8,675	–	80,241	10,357	90,598
<b>Accumulated depreciation:</b>							
At January 1, 2022	82	1,117	1,070	–	2,269	2,049	4,318
Charge for the year	1,485	1,812	765	–	4,062	4,398	8,460
At December 31, 2022 and January 1, 2023	1,567	2,929	1,835	–	6,331	6,447	12,778
Charge for the year	1,549	4,355	1,301	–	7,205	4,511	11,716
Disposals	–	(5)	(1)	–	(6)	(6,552)	(6,558)
At December 31, 2023 and January 1, 2024	3,116	7,279	3,135	–	13,530	4,406	17,936
Charge for the year	1,505	4,862	1,765	–	8,132	3,237	11,369
Disposals	–	(20)	(26)	–	(46)	(2,186)	(2,232)
At December 31, 2024	4,621	12,121	4,874	–	21,616	5,457	27,073
<b>Net Book Value:</b>							
At December 31, 2024	1,932	52,892	3,801	–	58,625	4,900	63,525
At December 31, 2023	3,101	42,042	3,914	–	49,057	8,286	57,343
At December 31, 2022	4,650	38,290	2,660	–	45,600	7,629	53,229

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## ACCOUNTANTS’ REPORT

### *The Company*

	Leasehold improvement <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Electronic equipment and others <i>RMB'000</i>	Subtotal <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost:</b>						
At January 1, 2022	–	5,674	2,188	7,862	5,233	13,095
Additions	110	657	1,232	1,999	2,399	4,398
At December 31, 2022 and January 1, 2023	110	6,331	3,420	9,861	7,632	17,493
Additions	–	6,642	1,508	8,150	5,208	13,358
Disposals	–	(53)	(1)	(54)	(6,592)	(6,646)
At December 31, 2023 and January 1, 2024	110	12,920	4,927	17,957	6,248	24,205
Additions	–	12,971	1,032	14,003	–	14,003
Disposals	–	(80)	(27)	(107)	(722)	(829)
At December 31, 2024	110	25,811	5,932	31,853	5,526	37,379
<b>Accumulated depreciation:</b>						
At January 1, 2022	–	1,117	1,066	2,183	1,565	3,748
Charge for the year	21	608	517	1,146	2,867	4,013
At December 31, 2022 and January 1, 2023	21	1,725	1,583	3,329	4,432	7,761
Charge for the year	37	950	897	1,884	2,979	4,863
Disposals	–	(5)	(1)	(6)	(6,552)	(6,558)
At December 31, 2023 and January 1, 2024	58	2,670	2,479	5,207	859	6,066
Charge for the year	52	1,290	1,143	2,485	1,913	4,398
Disposals	–	(20)	(26)	(46)	(366)	(412)
At December 31, 2024	110	3,940	3,596	7,646	2,406	10,052
<b>Net Book Value:</b>						
At December 31, 2024	–	21,871	2,336	24,207	3,120	27,327
At December 31, 2023	52	10,250	2,448	12,750	5,389	18,139
At December 31, 2022	89	4,606	1,837	6,532	3,200	9,732

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## ACCOUNTANTS’ REPORT

### (b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Property – Right-of-use assets, carried at depreciated cost	7,629	8,286	4,900

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:			
Property - Right-of-use assets	4,398	4,511	3,237
Interest on lease liabilities (note 6(a))	418	251	267
Expense relating to leases of low-value assets	871	1,574	836

For the years ended December 31, 2022, 2023 and 2024, additions to right-of-use assets were RMB2,399,000, RMB5,208,000 and RMB207,000, respectively. These amounts primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18 and 21, respectively.

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## ACCOUNTANTS’ REPORT

### 12 INTANGIBLE ASSETS

#### The Group

**Software**  
*RMB’000*

#### Cost:

At January 1, 2022	299
Additions	1,179

At December 31, 2022, 2023 and 2024	1,478
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#### Accumulated amortisation:

At January 1, 2022	111
Charge for the year	61

At December 31, 2022 and January 1, 2023	172
Charge for the year	147

At December 31, 2023 and January 1, 2024	319
Charge for the year	148

At December 31, 2024	467
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#### Net book value:

At December 31, 2024	1,011
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At December 31, 2023	1,159
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At December 31, 2022	1,306
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The amortisation charge for the years ended December 31, 2022, 2023 and 2024 is included in “general and administrative expenses, research and development expenses” in the consolidated statements of profit or loss and other comprehensive income.

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### The Company

#### Software RMB’000

#### Cost:

At January 1, 2022	299
Additions	345

At December 31, 2022, 2023 and 2024	644
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#### Accumulated amortisation:

At January 1, 2022	111
Charge for the year	39

At December 31, 2022 and January 1, 2023	150
Charge for the year	64

At December 31, 2023 and January 1, 2024	214
Charge for the year	64

At December 31, 2024	278
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#### Net book value:

At December 31, 2024	366
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At December 31, 2023	430
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At December 31, 2022	494
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### 13 INVESTMENTS IN SUBSIDIARIES

#### The Company

	As at December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Investments in subsidiaries, at cost	30,000	31,000	31,000

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During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries:

Company name	Place and date of incorporation/ establishment	Particulars of issued capital	Particulars of paid-up capital	Effective interest held by the Group			At the date of this report	Principal activities and place of operation	Name of auditor
				As at December 31, 2022	2023	2024			
Directly held by the Company									
蘇州承泰科技有限公司 Suzhou Chengtai Technology Co., Ltd. <sup>(ii)</sup>	PRC	RMB30,000,000	RMB30,000,000	100%	100%	100%	100%	Design, research and development and manufacture of millimeter-wave radar PRC	2022: 眾華會計師事務所(特殊普通合夥) Zhonghua Certified Public Accountants (Special General Partnership) 2023, 2024: 中匯會計師事務所(特殊普通合夥)武漢分所 Zhonghui Certified Public Accountants (Special General Partnership) Wuhan Branch
重慶承泰科技有限公司 Chongqing Chengtai Technology Co., Ltd. <sup>(ii)&amp;(iii)&amp;(iv)</sup>	PRC	RMB100,000,000	RMB1,000,000	N/A	100%	100%	100%	Design, research and development and manufacture of millimeter-wave radar PRC	N/A

### Notes:

- (i) The financial statements of the Company were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC (“**PRC GAAP**”). The financial statements for the year ended December 31, 2022 was audited by Shenzhen Zhixin Certified Public Accountants (General Partnership) (深圳市知信會計師事務所(普通合夥)); the financial statements for the year ended December 31, 2023 and 2024 was audited by Zhonghui Certified Public Accountants (Special General Partnership) Wuhan Branch (中匯會計師事務所(特殊普通合夥)武漢分所).
- (ii) The official names of these entities are in Chinese. The English translation is for identification purposes only.
- (iii) Chongqing Chengtai Technology Co., Ltd. was establish in Chongqing in March 2023.
- (iv) No audited financial statements were prepared for this entity during the Track Record Period.

## 14 FINANCIAL ASSETS MEASURED AT FVPL

### The Group and the Company

	As at December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Wealth management products	82,658	—	2,191

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The amount represents investments in wealth management products issued by banks in the PRC. The wealth management products are redeemable on demand, and have no fixed or guaranteed returns (note 25(d)(i)).

### 15 OTHER NON-CURRENT ASSETS

#### The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments for property, plant and equipment	6,898	2,245	29,401

#### The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments for property, plant and equipment	4,078	1,826	22,752

### 16 INVENTORIES

#### (a) Inventories in the consolidated statements of financial position comprise:

#### The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	29,609	20,420	22,243
Semi-finished products and work-in-progress	6,779	4,053	13,224
Finished goods and goods in transit	5,342	12,607	22,176
	41,730	37,080	57,643

#### The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	29,609	20,420	—
Semi-finished products and work-in-progress	6,667	4,047	—
Finished goods and goods in transit	5,406	13,115	10,762
	41,682	37,582	10,762

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- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	37,750	105,925	230,827
Carrying amount of inventories used in			
R&D activities	764	1,572	3,956
Write-down/(reversal) of inventories	3,360	2,111	(1,204)
Others	272	274	286
	<u>42,146</u>	<u>109,882</u>	<u>233,865</u>

### 17 TRADE AND OTHER RECEIVABLES

#### The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade debtors, net of loss allowance	55,308	52,859	112,156
Other receivables	7,450	3,779	4,123
Prepayments	365	730	807
Bills receivable, net of loss allowance	894	1,446	3,863
	<u>64,017</u>	<u>58,814</u>	<u>120,949</u>

#### The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade debtors, net of loss allowance	53,397	52,371	140,621
Other receivables	1,507	969	2,119
Prepayments	252	707	138
Bills receivable, net of loss allowance	894	1,446	3,863
Amounts due from subsidiaries	43,265	82,887	47,826
	<u>99,315</u>	<u>138,380</u>	<u>194,567</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.



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As at December 31, 2022, 2023 and 2024, the Group endorsed certain bank acceptance bills to suppliers for settling trade and other payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is not probable.

As at December 31, 2024, the Group’s maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB6,072,000.

### *Ageing analysis:*

As at December 31, 2022, 2023 and 2024, the ageing analysis of trade debtors ( included in trade and other receivables), based on the revenue recognition date and net of loss allowance, is as follows:

#### **The Group**

	<b>As at December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	50,223	50,613	112,156
Over 1 year but less than 2 years	5,085	268	–
Over 2 years but less than 3 years	–	1,978	–
	<u>55,308</u>	<u>52,859</u>	<u>112,156</u>

#### **The Company**

	<b>As at December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	49,734	50,125	140,621
Over 1 year but less than 2 years	3,663	268	–
Over 2 years but less than 3 years	–	1,978	–
	<u>53,397</u>	<u>52,371</u>	<u>140,621</u>

Further details on the Group’s credit policy are set out in note 25(a).

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### 18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

*The Group*

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash on hand	29	–	–
Cash at bank	4,212	14,924	21,364
Less: restricted bank deposits ( <i>note (i)</i> )	–	(13,849)	(5,499)
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents in the consolidated statements of financial position and the consolidated cash flow statements	<u>4,241</u>	<u>1,075</u>	<u>15,865</u>

*The Company*

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash on hand	29	–	–
Cash at bank	3,336	14,792	20,929
Less: restricted bank deposits ( <i>note (i)</i> )	–	(13,849)	(5,075)
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents in the statements of financial position	<u>3,365</u>	<u>943</u>	<u>15,854</u>

- (i) As of December 31, 2023, restricted bank deposits were mainly funds held in accounts at the banks’ request for loan repayment.

As of December 31, 2024, restricted bank deposits were mainly funds frozen due to litigation.

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**(b) Reconciliation of loss before taxation to cash used in operations:**

	<i>Note</i>	Years ended December 31,		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss before taxation		(79,174)	(96,598)	(21,768)
Adjustments for:				
(Gain)/loss on disposal of non-current assets		–	(14)	55
Write down/(reversal) of inventories	16	3,360	2,111	(1,204)
Provision/(reversal) of loss allowance on trade receivables and other receivables		1,783	(138)	295
Depreciation of property and equipment	11(a)	4,062	7,205	8,132
Depreciation of right-of-use assets	11(b)	4,398	4,511	3,237
Amortization of intangible assets	12	61	147	148
Changes in the carrying amount of redemption liabilities	23	7,903	23,237	35,721
Finance costs	6(a)	796	1,468	1,150
Net fair value gains from financial assets measured at FVPL	5	(2,662)	(575)	(301)
Equity-settled share-based payment expense	6(b)	–	10,403	–
Changes in working capital:				
(Increase)/decrease in inventories		(32,826)	2,539	(19,359)
(Increase)/decrease in trade and other receivables		(39,826)	5,341	(62,430)
Increase/(decrease) in trade and other payables		34,476	(21,499)	55,029
Increase/(decrease) in contract liabilities		46	(24)	(187)
Increase in restricted cash		–	–	(5,499)
Cash used in operations		<u>(97,603)</u>	<u>(61,886)</u>	<u>(6,981)</u>

**(c) Non-cash transactions:**

For the years ended December 31, 2022, 2023 and 2024, the Group used trade receivables from a customer amounting to RMB1,120,000, RMB8,841,000 and RMB43,338,000 respectively, to settle its payables for purchase of property, plant and equipment.

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(d) **Reconciliation of liabilities arising from financing activities:**

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s consolidated cash flow statements as cash flows from financing activities.

	<b>Bank loans</b> <i>RMB'000</i> <i>note 22</i>	<b>Lease Liabilities</b> <i>RMB'000</i> <i>note 21</i>	<b>Total</b> <i>RMB'000</i>
At January 1, 2022	2,555	9,622	12,177
Changes from financing cash flows:			
Proceeds from bank loans	20,000	–	20,000
Repayment of bank loans	(4,955)	–	(4,955)
Interest of bank loans paid	(378)	–	(378)
Capital element of lease rentals paid	–	(3,810)	(3,810)
Interest element of lease rentals paid	–	(418)	(418)
Total changes from financing cash flows	14,667	(4,228)	10,439
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	2,399	2,399
Increase in interest expenses	378	418	796
Total other changes	378	2,817	3,195
At December 31, 2022	17,600	8,211	25,811

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	<b>Bank loans</b> <i>RMB’000</i> <i>note 22</i>	<b>Lease Liabilities</b> <i>RMB’000</i> <i>note 21</i>	<b>Total</b> <i>RMB’000</i>
At January 1, 2023	17,600	8,211	25,811
Changes from financing cash flows:			
Proceeds from bank loans	40,000	–	40,000
Repayment of bank loans	(31,480)	–	(31,480)
Interest of bank loans paid	(1,217)	–	(1,217)
Capital element of lease rentals paid	–	(5,177)	(5,177)
Interest element of lease rentals paid	–	(251)	(251)
Total changes from financing cash flows	7,303	(5,428)	1,875
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	5,208	5,208
Increase in interest expenses	1,217	251	1,468
Disposals of right-of-use assets	–	(42)	(42)
Total other changes	1,217	5,417	6,634
At December 31, 2023	26,120	8,200	34,320

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	<b>Bank loans</b> <i>RMB’000</i> <i>note 22</i>	<b>Lease Liabilities</b> <i>RMB’000</i> <i>note 21</i>	<b>Total</b> <i>RMB’000</i>
At January 1, 2024	26,120	8,200	34,320
Changes from financing cash flows:			
Proceeds from bank loans	59,000	–	59,000
Repayment of bank loans	(61,120)	–	(61,120)
Interest of bank loans paid	(883)	–	(883)
Capital element of lease rentals paid	–	(3,152)	(3,152)
Interest element of lease rentals paid	–	(267)	(267)
Total changes from financing cash flows	(3,003)	(3,419)	(6,422)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	207	207
Increase in interest expenses	883	267	1,150
Disposals of right-of-use assets	–	(364)	(364)
Total other changes	883	110	993
At December 31, 2024	24,000	4,891	28,891

(e) **Total cash out flow for leases:**

	<b>Years ended December 31,</b>		
	<b>2022</b> <i>RMB’000</i>	<b>2023</b> <i>RMB’000</i>	<b>2024</b> <i>RMB’000</i>
Within operating cash flows	1,258	1,916	872
Within financing cash flows	4,228	5,428	3,419
	5,486	7,344	4,291

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### 19 TRADE AND OTHER PAYABLES

#### The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	50,484	30,735	65,865
Staff cost payables	16,865	9,821	17,094
Other payables	4,006	2,758	6,537
	<u>71,355</u>	<u>43,314</u>	<u>89,496</u>

#### The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	37,312	24,418	7,713
Staff cost payables	8,978	5,736	10,389
Other payables	3,160	1,862	5,885
Amounts due to subsidiaries	1,916	2,806	35,326
	<u>51,366</u>	<u>34,822</u>	<u>59,313</u>

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

As at December 31, 2022, 2023 and 2024, the ageing analysis of trade payables, based on the invoice date, is as follows:

#### The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	50,136	29,516	65,246
Over 1 year but less than 2 years	280	1,084	12
Over 2 years	68	135	607
	<u>50,484</u>	<u>30,735</u>	<u>65,865</u>

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### The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	37,114	23,724	7,599
Over 1 year but less than 2 years	130	559	12
Over 2 years	68	135	102
	<u>37,312</u>	<u>24,418</u>	<u>7,713</u>

### 20 CONTRACT LIABILITIES

#### The Group and The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Advance receipts from customers	<u>211</u>	<u>187</u>	<u>–</u>

Movements in contract liabilities:

#### The Group and The Company

	Years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At the beginning of the year	165	211	187
Increase in contract liabilities as a result of receiving advance payment during the year	363	709	301
Decrease in contract liabilities as a result of recognising revenue during the year	<u>(317)</u>	<u>(733)</u>	<u>(488)</u>
Balance at the end of the year	<u>211</u>	<u>187</u>	<u>–</u>



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### 21 LEASE LIABILITIES

As at December 31, 2022, 2023 and 2024, the lease liabilities were repayable as follows:

#### The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	4,955	3,224	2,848
After 1 year but within 2 years	1,608	3,045	2,043
After 2 years but within 5 years	1,648	1,931	–
	3,256	4,976	2,043
	8,211	8,200	4,891

#### The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	3,401	1,929	1,745
After 1 year but within 2 years	312	1,941	1,531
After 2 years but within 5 years	145	1,531	–
	457	3,472	1,531
	3,858	5,401	3,276

### 22 BANK LOANS

The analysis of the repayment schedule of bank loans is as follows:

#### The Group and the Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year or on demand			
– guaranteed	17,600	26,120	24,000

All of the bank loans as have fixed interest rates, are repayable within one year or on demand and are guaranteed by Mr. Chen Chengwen (陳承文) (note 27(c)).

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### 23 REDEMPTION LIABILITIES

#### The Group and the Company

Since its date of establishment, the Company has completed several rounds of financing, including: Angel Financing, Series Pre-A Financing, Series A Financing, Series A+ Financing, Series B-1 Financing, Series B-2 Financing, Series B-3 Financing and Series C Financing. Upon the completion of these financings, certain investors were immediately granted redemption rights upon the signing of their respective investment agreements, whereas other investors were not. Pursuant to the shareholders agreement signed in May 2024, redemption rights were also granted to those investors which originally did not have them.

The key terms of the redemption rights are summarized as follows:

The investors are entitled to the redemption of their shares upon occurrence of certain triggering events, including but not limited to (i) a qualified [REDACTED] not occurring by December 31, 2027, or it becoming objectively unachievable by that date, (ii) Mr. Chen leaving the Company or breaching the non-competition agreement, and (iii) a change in the ultimate controlling shareholder.

The redemption price shall equal to the higher of:

- (i) the issue price of the redeemed shares plus an annual simple interest of 10% in case of other triggering events;
- (ii) the Company’s net assets as extracted from the audited financial statements multiplied by an ratio equal the number of the redeemed shares over the Company’s total shares; and
- (iii) the issue price of the redeemed shares plus the investor’s pro rata share of the increase in the Company’s equity for the period over which the shares are held by the investor.

The Company recognized its obligation to redeem its shares for cash as financial liabilities, because not all triggering events are within the control of the Company. The redemption liabilities are measured at the highest redemption price that the Company can be required to pay, on a present value basis.

The movements of the redemption liabilities during the Track Record Period are as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
At the beginning of the year	261,118	309,021	332,258
Redemption rights granted upon share issuance	40,000	–	70,000
Redemption rights granted subsequent to share issuance	–	–	65,694
Changes in carrying amounts of redemption liabilities	7,903	23,237	35,721
At the end of the year	<u>309,021</u>	<u>332,258</u>	<u>503,673</u>

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## ACCOUNTANTS’ REPORT

### 24 CAPITAL, RESERVES AND DIVIDENDS

#### (a) *Movements in components of equity*

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statements of changes in equity.

Details of the changes in the Company’s individual components of equity are set out below:

	Note	Paid-in Capital RMB’000	Capital reserve RMB’000	Share-based payments reserve RMB’000	Accumulated losses RMB’000	Total RMB’000
<b>Balance at January 1, 2022</b>		10,381	15,219	26,467	(120,008)	(67,941)
<b>Changes in equity for 2022:</b>						
Loss and total comprehensive income for the year		–	–	–	(42,791)	(42,791)
Capital contribution by investors	24(c)	432	39,568	–	–	40,000
Redemption rights granted upon share issuance	23	–	(40,000)	–	–	(40,000)
<b>Balance at December 31, 2022 and January 1, 2023</b>		10,813	14,787	26,467	(162,799)	(110,732)
<b>Changes in equity for 2023:</b>						
Loss and total comprehensive income for the year		–	–	–	(56,310)	(56,310)
Equity settled share-based transactions	24(d)(ii)	–	–	10,403	–	10,403
<b>Balance at December 31, 2023 and at January 1, 2024</b>		10,813	14,787	36,870	(219,109)	(156,639)
<b>Changes in equity for 2024:</b>						
Loss and total comprehensive income for the year		–	–	–	(58,035)	(58,035)
Capital contribution by investors	24(c)	606	69,394	–	–	70,000
Redemption rights granted upon share issuance	23	–	(70,000)	–	–	(70,000)
Redemption rights granted subsequent to share issuance	23	–	(65,694)	–	–	(65,694)
<b>Balance at December 31, 2024</b>		11,419	(51,513)	36,870	(277,144)	(280,368)

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### (b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Track Record Period.

### (c) Paid-in capital

RMB’000

#### Issued and fully paid:

At January 1, 2022	10,381
Capital contribution by investors (i)	432

At December 31, 2022, December 31, 2023 and January 1, 2024	10,813
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Capital contribution by investors (ii)	606
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At December 31, 2024	11,419
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#### Notes:

- (i) In November 2022, the Company entered into an investment agreement with series B-3 investors, pursuant to which total capital of RMB40,000,000 was contributed into the Company. The proceeds of RMB40,000,000 were received by the Company in November 2022, with RMB432,000 credited to the Company’s paid-in capital. Certain redemption rights upon capital contribution were granted to series B-3 investors (Note 23).
- (ii) In May 2024, the Company entered into an investment agreement with series C investors, pursuant to which total capital of RMB70,000,000 was contributed into the Company. The proceeds of RMB70,000,000 were received by the Company in May 2024, with RMB606,000 credited to the Company’s paid-in capital. Certain redemption rights upon capital contribution were granted to series C investors (Note 23).

### (d) Nature and purpose of reserves

#### (i) Capital reserve

The capital reserve mainly comprises the following:

- amounts in relation to the recognition of the redemption liabilities;
- the excess of the net contributions from the shareholders of the Company over the total paid-in capital issued;

#### (ii) Share-based payments reserve

The share-based payments reserve comprises the difference between the fair value of shares granted and the consideration paid by the employees of the Group that has been recognised in accordance with the accounting policy adopted for equity settled share-based payments.

During the year ended December 31, 2023, Mr. Zhou Ke (周珂), an executive director of the Company, acquired 1.39% indirectly equity interests of the Company from another shareholder. The difference between the fair value of the acquired equity interests and the consideration paid was accounted for share-based payments for the year ended December 31, 2023. The fair value of the acquired equity interests is measured by reference to the then recent equity financing price of the Company.

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### (e) Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

### 25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group’s business.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade receivables. The Group’s exposure to credit risk arising from cash and cash equivalents, financial assets measured at FVPL and restricted cash is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

##### *Trade receivables*

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing. Normally, the group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2022, 2023 and 2024, 80.97%, 84.41% and 93.01% respectively, of the total trade receivables were due from the Group’s largest customer during the year and 85.93%, 89.54%, and 97.73%, of the total trade receivables were due from the Group’s five largest customers during the Track Record Period.

The group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The group segments its trade receivables based on geographic regions, due to different loss patterns experienced in the different regions.

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The following table provides information about the Group’s exposure to credit risk and ECLs for trade receivables:

As at December 31, 2022			
	Expected	Gross	Loss
	loss amount	carrying	allowance
	%	amount	
		RMB’000	RMB’000
Current (not past due)	3.33%	50,482	1,681
1–90 days past due	4.17%	551	23
More than 90 days past due	8.41%	6,528	549
		<u>57,561</u>	<u>2,253</u>
		<u><u>57,561</u></u>	<u><u>2,253</u></u>
As at December 31, 2023			
	Expected	Gross	Loss
	loss amount	carrying	allowance
	%	amount	
		RMB’000	RMB’000
Current (not past due)	3.37%	51,184	1,725
1–90 days past due	3.86%	544	21
More than 90 days past due	11.12%	3,237	360
		<u>54,965</u>	<u>2,106</u>
		<u><u>54,965</u></u>	<u><u>2,106</u></u>
As at December 31, 2024			
	Expected	Gross	Loss
	loss amount	carrying	allowance
	%	amount	
		RMB’000	RMB’000
Current (not past due)	1.92%	112,308	2,158
1–90 days past due	1.78%	1,966	35
More than 90 days past due	71.91%	267	192
		<u>114,541</u>	<u>2,385</u>
		<u><u>114,541</u></u>	<u><u>2,385</u></u>

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Expected loss rates are based on historical actual credit loss experience over the past years. These rates are adjusted based on the Group’s historical credit loss experience, adjusted for factors including customer mix, general market risk and specific conditions to debtors, if any, at the reporting date.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At the beginning of the year	486	2,253	2,106
Provision/(reversal) of loss allowance on trade receivables	1,767	(147)	279
At the end of the year	2,253	2,106	2,385

### *Other receivables and deposits*

Credit risk in respect of other receivables is limited since the balance mainly includes rental deposits.

The Group measures loss allowances for other receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognized in accordance with IFRS 9 for other receivables as at December 31, 2022, 2023 and 2024.

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### (b) Liquidity risk

The Group’s policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as at the end of each reporting period of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

	Within 1 year or on demand <i>RMB’000</i>	More than 1 year but less than 2 years <i>RMB’000</i>	More than 2 years but less than 5 years <i>RMB’000</i>	Total <i>RMB’000</i>	Carrying amount at December 31, 2022 <i>RMB’000</i>
At December 31, 2022					
Trade and other payables ( <i>note 19</i> )	71,355	–	–	71,355	71,355
Bank loans ( <i>note 22</i> )	17,807	–	–	17,807	17,600
Lease liabilities ( <i>note 21</i> )	5,187	1,712	1,703	8,602	8,211
Redemption liabilities ( <i>note 23</i> )	309,021	–	–	309,021	309,021
	<u>403,370</u>	<u>1,712</u>	<u>1,703</u>	<u>406,785</u>	<u>406,187</u>

	Within 1 year or on demand <i>RMB’000</i>	More than 1 year but less than 2 years <i>RMB’000</i>	More than 2 years but less than 5 years <i>RMB’000</i>	Total <i>RMB’000</i>	Carrying amount at December 31, 2023 <i>RMB’000</i>
At December 31, 2023					
Trade and other payables ( <i>note 19</i> )	43,314	–	–	43,314	43,314
Bank loans ( <i>note 22</i> )	26,428	–	–	26,428	26,120
Lease liabilities ( <i>note 21</i> )	3,517	3,075	2,073	8,665	8,200
Redemption liabilities ( <i>note 23</i> )	332,258	–	–	332,258	332,258
	<u>405,517</u>	<u>3,075</u>	<u>2,073</u>	<u>410,665</u>	<u>409,892</u>



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	Within 1 year or on demand <i>RMB’000</i>	More than 1 year but less than 2 years <i>RMB’000</i>	More than 2 years but less than 5 years <i>RMB’000</i>	Total <i>RMB’000</i>	Carrying amount at December 31, 2024 <i>RMB’000</i>
At December 31, 2024					
Trade and other payables ( <i>note 19</i> )	89,496	–	–	89,496	89,496
Bank loans ( <i>note 22</i> )	24,588	–	–	24,588	24,000
Lease liabilities ( <i>note 21</i> )	2,991	2,073	–	5,064	4,891
Redemption liabilities ( <i>note 23</i> )	503,673	–	–	503,673	503,673
	<u>620,748</u>	<u>2,073</u>	<u>–</u>	<u>622,821</u>	<u>622,060</u>

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to significant interest rate risk for cash and cash equivalents or restricted cash because the interest rates of cash at bank are not expected to change significantly. All of the lease liabilities of the Group are fixed rate instruments and are insensitive to any change in market interest rates.

The Group does not have floating rate liabilities or loans as at end of each reporting period and consequently does not have significant exposure to interest rate risk.

### (d) Fair value measurement

#### (i) Financial assets and liabilities measured at fair value

##### *Fair value hierarchy*

The following table presents the fair value of the Group’s financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

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The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

	<b>Fair value at December 31, 2022 RMB'000</b>	<b>Fair value measurements as at December 31, 2022 categorised into</b>		
		<b>Level 1 RMB'000</b>	<b>Level 2 RMB'000</b>	<b>Level 3 RMB'000</b>
<b>Recurring fair value measurement</b>				
Financial assets measured at FVPL:				
– Wealth management products	82,658	–	–	82,658

	<b>Fair value at December 31, 2024 RMB'000</b>	<b>Fair value measurements as at December 31, 2024 categorised into</b>		
		<b>Level 1 RMB'000</b>	<b>Level 2 RMB'000</b>	<b>Level 3 RMB'000</b>
<b>Recurring fair value measurement</b>				
Financial assets measured at FVPL:				
– Wealth management products	2,191	–	–	2,191

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

### *Information about Level 3 fair value measurements*

Level 3 financial assets measured at FVPL include wealth management products acquired from banks with non-guaranteed principals and interest rates. Their fair values are estimated by using a discounted cash flow approach and key inputs used by the Group are estimated yield rates written in the contracts by the counterparties.

The following table indicates the instantaneous change in the Group’s loss and accumulated losses that would arise if fair value of wealth management products to which the Group has significant exposure at the end of the each reporting period had changed at that date, assuming all other risk variables remained constant.

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## ACCOUNTANTS’ REPORT

December 31, 2022

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input RMB’000
Wealth management products	Discounted cash flow method	Interest return rate	2.17%–2.95%	5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB4,133

December 31, 2024

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input RMB’000
Wealth management products	Discounted cash flow method	Interest return rate	2%–3.5%	5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB110

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2022 RMB’000	2023 RMB’000	2024 RMB’000
At January 1,	139,806	82,658	–
Purchases of financial assets measured at FVPL	238,900	49,800	65,000
Fair value changes of financial assets measured at FVPL	2,662	575	301
Disposals of financial assets measured at FVPL	(298,710)	(133,033)	(63,110)
At December 31,	82,658	–	2,191

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## ACCOUNTANTS’ REPORT

### (ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at amortised cost are not materially different from their fair values as at December 31, 2022, 2023 and 2024.

## 26 COMMITMENTS

Capital commitments of the Group outstanding at December 31, 2022, 2023 and 2024 not provided for in the financial statements were as follows:

	2022 RMB’000	2023 RMB’000	2024 RMB’000
Contracted for acquisition of property, plant and equipment	2,346	1,050	71,400

In addition, the Group was committed at December 31, 2024 to enter into a new lease of 5 years that is not yet commenced, the lease payments under which ranged from RMB437,000 to RMB464,000 per annum.

## 27 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere the Historical Financial Information, the Group entered into the following material related party transactions.

### (a) Names and relationships of the related parties that had material transactions with the Group

Name of party	Relationship with the Group
Mr. Chen Chengwen (陳承文)	The chairman of the Board, an executive Director and the general manager of the Company, and one of the Company’s Controlling Shareholders

### (b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors and supervisors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows.

	Years ended December 31,		
	2022 RMB’000	2023 RMB’000	2024 RMB’000
Salaries, wages and other benefits	7,658	5,855	7,785
Discretionary bonuses	3,860	1,090	4,114
Contributions to defined contribution retirement plan	100	83	122
Share-based payments	—	10,403	—
At the end of the year	11,618	17,431	12,021

Total remuneration is included in “staff costs” (see note 6(b)).

## APPENDIX I

## ACCOUNTANTS’ REPORT

### (c) Guarantees from related parties

All of the bank loans as at December 31, 2022, 2023 and 2024 were guaranteed by Mr. Chen Chengwen (陳承文).

### 28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of this report, the IASB issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	January 1, 2025
Amendments to IFRS 9 and IFRS 7, <i>Contracts referencing nature-dependent electricity</i>	January 1, 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

### 29 SIGNIFICANT NON-ADJUSTING EVENTS AFTER THE TRACK RECORD PERIOD

In April 2025, the redemption rights granted to investors were terminated pursuant to the supplementary agreement amongst the Company and the investors, resulting in the reclassification of redemption liabilities from liability to equity.

In May 2025, the Company became a joint stock limited liability company.

### SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2024.

## APPENDIX II

## [REDACTED] FINANCIAL INFORMATION

*The following information does not form part of the Accountants’ Report from KPMG, Certified Public Accountants, Hong Kong, the Company’s reporting accountants, as set out in Appendix I to this document, and is included for illustrative purposes only.*

*The [REDACTED] financial information should be read in conjunction with the “Financial Information” section in this document and the Accountants’ Report set out in Appendix I to this document.*

### A. [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following [REDACTED] statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and is set out below for the purpose of illustrating the effect of the [REDACTED] on the consolidated net tangible liabilities of the Group as if it had taken place on December 31, 2024.

The [REDACTED] statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as at December 31, 2024 or any future date.

	Consolidated net tangible liabilities of the Group as of December 31, 2024 (Note 1) RMB’000	Estimated net [REDACTED] [REDACTED] from the (Note 2) RMB’000	adjusted consolidated net tangible assets RMB’000	[REDACTED] adjusted consolidated net tangible assets per H Share (Note 3) RMB	HK\$
Based on an [REDACTED] of HK\$[REDACTED] per H share	(326,987)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per H share	(326,987)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

*Notes:*

- (1) The consolidated net tangible liabilities of the Group as at December 31, 2024 is calculated based on the net liabilities of the Group of RMB325,976,000 as of December 31, 2024, after deducting intangible assets of RMB1,011,000, as shown in the Accountants’ Report as set out in Appendix I to this document.

## APPENDIX II

## [REDACTED] FINANCIAL INFORMATION

- (2) The estimated net [REDACTED] from the [REDACTED] are based on [REDACTED] H Shares expected to be issued under the [REDACTED] and the indicative [REDACTED] of HK\$[REDACTED] per H Share and HK\$[REDACTED] per H Share, being the lower end and higher end of the indicative [REDACTED] range respectively, after deduction of the estimated [REDACTED] fees and other related expenses related to the [REDACTED] payable by the Group, and does not take into account of any shares that may be issued upon the exercise of the [REDACTED].

The estimated net [REDACTED] from the [REDACTED] are converted into RMB at an exchange rate of HK\$1.0774 to RMB1. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted into RMB, or vice versa, at that rate.

- (3) The [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after the adjustment described in note (2) and on the basis that [REDACTED] Shares were in issue assuming that the [REDACTED] was completed on December 31, 2024, and does not take into account any shares which may be issued upon the exercise of the [REDACTED].

The [REDACTED] adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of RMB1 to HK\$1.0774. No representation is made that RMB amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.

- (4) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2024. In particular, the above [REDACTED] adjusted net tangible assets does not take into account the termination of the redemption rights granted to investors in April 2025 (as mentioned in Note 29 of the Accountants’ Report as set out in Appendix I to this document). Had the above event been completed on December 31, 2024, the [REDACTED] adjusted net tangible assets of the Group would have increased by RMB[REDACTED], while the [REDACTED] net tangible assets per H would have increased by RMB[REDACTED] or HK\$[REDACTED].

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**APPENDIX II**

**[REDACTED] FINANCIAL INFORMATION**

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**[REDACTED]**



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**APPENDIX II**

**[REDACTED] FINANCIAL INFORMATION**

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**[REDACTED]**

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## APPENDIX II

## [REDACTED] FINANCIAL INFORMATION

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[REDACTED]

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

### TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares shall be subject to the laws and practices of the PRC and the jurisdictions in which the holders of H Shares are residents or otherwise subject to taxes. The following summary of certain relevant tax provisions is based on current laws and practices, without taking into account any possible changes or modifications in the relevant laws or policies, and does not constitute any opinion or recommendation. This appendix does not involve all the possible tax consequences of the investment in H Shares, nor does it take into account the particular circumstances of any individual investor, some of which may be subject to special rules. Therefore, investors should consult their own tax advisor for advice on the tax consequences of the investment in H Shares. The discussion is based on the laws and related interpretations in force as of the Latest Practicable Date, which are subject to change or adjustment and may have retroactive effect.

This appendix does not address any PRC tax issues other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Investors are advised to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of H Shares.

### TAXATION IN THE PRC

#### Taxation on Dividends

##### *Individual Investor*

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “**IIT Law**”), which was issued by the SCNPC on September 10, 1980, last amended on August 31, 2018 and implemented on January 1, 2019, and the Regulations on Implementation 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》), which was issued by the State Council on January 28, 1994, last amended on December 18, 2018 and implemented on January 1, 2019, individual income including interest, dividends and bonus is subject to individual income tax with applicable proportional tax rate of 20%. For a foreign natural person who is not a resident of the PRC, the receipt of dividends from a PRC enterprise is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by a relevant tax treaty.

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

In addition, according to the Notice on Issues Concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) jointly issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is more than 1 year, the income from dividends and bonuses shall be exempted from individual income tax; where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is 1 month or less, the income from dividends and bonuses shall be included into the taxable incomes in full amount; if the stock holding period is more than 1 month and up to 1 year, 50% of the income from dividends and bonuses shall be temporarily included into the taxable incomes. The individual income tax rate on the aforesaid income is levied at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement**”), which was signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《國家稅務總局關於〈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》) (the “**Fifth Protocol of the Arrangement**”), which came into effect on December 6, 2019, adds criteria for the entitlement to enjoy tax treaty benefits. Although there may be other provisions under the Arrangement, the tax treaty benefits shall not be granted in the circumstance where relevant tax treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under the Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements shall also be subject to the requirements of PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

### *Enterprise Investors*

In accordance with 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 issued by the SCNPC on March 16, 2007, last amended and implemented on December 29, 2018, and the Implementation Provisions 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 “Implementation Provisions”), which was issued by the State Council on December 6, 2007, last amended on December 6, 2024 and implemented on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends and bonuses received from a PRC resident enterprise that issue shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income is not connected with such establishment or premise in the PRC. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income shall be the withholding agent, and is required to withhold the income tax from the payment or due payment every time it is paid or due.

The Circular of the SAT on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the SAT and implemented on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate flat of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. The Response to Issues on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》) which was issued by the SAT and implemented on July 24, 2009, further provides that any PRC-resident enterprise that is listed on Chinese and overseas stock exchanges by issuing shares (including A shares, B shares and overseas shares) shall withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. If non-resident enterprise shareholders need to enjoy tax treaty treatment, they shall handle it in accordance with the relevant provisions of the tax treaty. Pursuant to the Arrangement, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company.

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

The Fifth Protocol of the Arrangement adds criteria for the qualification of entitlement to enjoy tax treaty benefits. Although there may be other provisions under the Arrangement, the tax treaty benefits under the criteria shall not be granted for relevant gains in the circumstance where relevant tax treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under the Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements shall be subject to the requirements of PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

### Tax Treaties

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

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

### Taxation on Share Transfer

#### *Value-Added Tax and Local Surcharges*

Pursuant to the Notice on the Full Implementation of Pilot Program for Transition from Business Tax to VAT (《財政部、國家稅務總局關於全面推開營業稅改征增值稅試點的通知》) (the “**Circular 36**”), which was implemented on May 1, 2016, entities and individuals engaged in sales of services within the PRC shall be subject to VAT and “sales of services within the PRC” refers to the situation where either the seller or the buyer of a taxable service is located within the PRC. The Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable income (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, the Circular of the Ministry of Finance and the SAT on Certain Exemptions from Business Tax on the Sale and Purchase of Financial Commodities by Individuals, which came into effect on January 1, 2009, also provides that individuals are exempt from VAT upon transfer of financial products. According to these provisions, upon the sale or disposal of H shares, the holders are exempt from VAT in the PRC if they are non-resident individuals; in case the holders are non-resident enterprises, they may not be subject to the VAT in the PRC if the purchasers of the H shares are individuals or entities located outside of the PRC whereas the holders may be subject to the VAT in the PRC if the purchasers of the H shares are individuals or entities located in the PRC. There is still uncertainty as to whether non-PRC resident enterprises are actually subject to VAT in the PRC on the disposal of H shares.

In addition, VAT payers are also subject to urban maintenance and construction tax, education surtax and local education surtax (the “**local surtax**”), which is usually 12% of the actual VAT, business tax and consumption tax (if any) payable.

### Income Taxes

#### *Individual investors*

According to the IIT Law and the Implementation Provisions of the Enterprise Income Tax Law, gains from the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

## APPENDIX III

## TAXATION AND FOREIGN EXCHANGE

According to the Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and SAT on March 30, 1998 and effective on the same date, since January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be temporarily exempted from individual income tax. On December 31, 2009, the MOF, the SAT and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which became effective on the same date, provides that individuals' income from the transfer of listed shares of the listed company on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by the above three departments and came into effect on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

### *Enterprise investors*

In accordance with the EIT Law and its Implementation Provisions, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premises in the PRC but its PRC-sourced income is not connected in reality with such establishment or premise. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income shall be the withholding agent, and is required to withhold the income tax from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

### **Stamp Duty**

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on June 10, 2021 and implemented on July 1 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the PRC and entities and individuals who issue taxable certificates and conduct securities transactions outside the PRC to be used within the PRC are subject to stamp duty, thus the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the purchase and disposal of H Shares by non-PRC investors outside the PRC.

### **Estate duty**

According to PRC law, as of the Latest Practicable Date, no estate duty is currently levied in the PRC government.



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### Major Taxes on the Company in the PRC

#### *EIT Law*

In accordance with the EIT Law and its Implementation Provisions, the enterprise income tax rate is 25%. Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that 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 income has no actual connection to such establishment or place of business, shall pay enterprise income tax at a rate of 25% on its income within the PRC.

Pursuant to the Announcement of the MOF and the SAT on Further Supporting the Development of Relevant Tax and Fee Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (《財政部、國家稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) issued by August 2, 2023 and implemented on January 1, 2023, the taxable income of a small low-profit enterprise shall be calculated at a reduced rate of 25% and be subject to enterprise income tax at 20% tax rate, which will be extended to December 31, 2027.

Pursuant to the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) promulgated by the Ministry of Science and Technology of the PRC, the MOF and the SAT on April 14, 2008, amended on January 29, 2016 and effective on January 1, 2016, enterprises that are recognized as high-tech enterprises can apply for a preferential enterprise income tax rate of 15% in accordance with the EIT Law.

#### *Value-added tax*

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, last amended and implemented on November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 15, 1993, last amended on October 28, 2011 and implemented on November 1, 2011, all taxpayers engaging in the sale of goods or processing, repair and assembly services, the sale of services, intangible assets, real estate, and import goods in the PRC are subject to VAT. Unless otherwise specified, the tax rate is 17.0% for the sale of goods or labour services, leasing services of tangible movable property, or import of goods.

According to the Notice of the MOF and the SAT on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), issued by the MOF and the SAT on April 4, 2018 and implemented on May 1, 2018, the applicable tax rate for VAT is adjusted where the VAT rates of 17.0% and 11.0% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16.0% and 10.0%, respectively.

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According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), issued by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, the VAT rates of 16% and 10% for the sale of or import of goods are adjusted to 13% and 9%, respectively.

According to the Circular 36, approved by the State Council, the Pilot Program for Transition from Business Tax to VAT has been fully implemented nationwide since May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax. According to the Implementation Measures for the Pilot Program for Transition from Business Tax to VAT (《營業稅改徵增值稅試點實施辦法》) promulgated by the MOF and the SAT on December 12, 2013, amended on March 23, 2016, July 11, 2017 and March 20, 2019, respectively, and implemented on April 1, 2019, the tax rates for taxpayers selling services, intangible assets or real estate are 17%, 11%, 6% and zero respectively.

According to the Announcement on the Value-Added Tax Reduction and Exemption Policy for Small-Scale Value-Added Tax Taxpayers (《關於增值稅小規模納稅人減免增值稅政策的公告》) promulgated and implemented by the MOF and the SAT on August 1, 2023, small-scale value-added tax taxpayers with monthly sales of less than RMB100,000 (inclusive) are exempt from value-added tax. The announcement will be implemented until December 31, 2027.

### FOREIGN EXCHANGE

The lawful currency of the PRC is the Renminbi. The SAFE, under the authority of PBOC, is entitled to perform the function of administrating all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and last amended and implemented on August 5, 2008, payments of current account items, such as profit distributions, interest payments and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. By contrast, approval from or registration with SAFE or its branch offices is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

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According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders’ meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the SAFE on February 13, 2015 and implemented on June 1, 2015, foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment shall be directly examined and handled by banks on behalf of the SAFE. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

The Decisions on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》), which was issued and implemented by the State Council on October 23, 2014, decides to cancel the approval requirement of the SAFE and its branch offices for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into Renminbi domestic accounts.

According to the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the “**Circular 21**”), which was promulgated on May 10, 2013, took effect on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019, the Circular 21 specifies that the administration by SAFE or its local branch offices over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE or its branch offices.

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The Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**Circular 19**”) promulgated by the SAFE on March 30, 2015, last amended and implemented on March 23, 2023, allows foreign-invested enterprises to make equity investments by using Renminbi fund converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. Furthermore, the Circular 19 and the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which was issued by the SAFE on June 9, 2016, last amended and implemented on December 4, 2023 (the “**Circular 16**”), continues to prohibit foreign-invested enterprises from, among other things, using Renminbi funds converted from its foreign exchange capitals for expenditure beyond its business scope or prohibited by national laws and regulations, investment in securities, or other investment and wealth management (except for guarantee products issued by banks), providing loans to non-affiliated enterprises (except where the business scope clearly permits) or constructing or purchasing real estate not for self-use (except for real estate enterprises). The Circular on Further Deepening Reforms to Facilitate Cross-border Trade and Investment (《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》) (Huifa [2023] No. 28) issued and implemented by the SAFE on December 4, 2023, made further updates on the Circular 16, specifying that the use of capital funds of non-financial enterprises, foreign exchange income under foreign debt and Renminbi funds derived from foreign exchange settlement shall follow the principle of truthfulness and for own use, and (i) shall not be used directly or indirectly for expenditures prohibited by national laws and regulations; (ii) unless otherwise expressly provided, shall not be used directly or indirectly for investment in securities or other investment and wealth management (except for wealth management products and structured deposits with risk ratings of not higher than Level 2); (iii) shall not be used for the issuance of loans to non-affiliated enterprises (except for those expressly permitted in the scope of business and the four specific areas, namely Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone, Nansha Area of Guangzhou of China (Guangdong) Pilot Free Trade Zone, China (Hainan) Free Trade Port on the Yangpu Economic Development Zone, and Beilun District of Ningbo City, Zhejiang Province); (iv) shall not be used for the purchase of non-self-use residential properties (except for enterprises engaged in real estate development and operation and real estate leasing and operation).

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The Notice on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was issued by the SAFE on October 23, 2019, last amended and implemented on December 4, 2023, cancelled the restrictions on the domestic equity investment by non-investment foreign-funded enterprises with their capital funds and non-investment foreign-funded enterprises are allowed to make domestic equity investment with their capital funds in accordance with the law on the premise that the Negative List is not violated and the projects invested thereby in China are true and compliant.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《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》) promulgated and implemented by the SAFE on April 10, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction. The bank in charge shall follow the principle of prudential business development to manage and control relevant business risks, and conduct post spot checking on the facilitation of payment for the income under capital accounts in accordance with relevant requirements.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued and implemented by the SAFE on December 26, 2014, a domestic company shall register its overseas listing with the foreign exchange bureau located at its registered address within 15 working days after completion of the overseas listing and issuance. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document or offering documents for corporate bond, shareholders’ circulars, resolutions of the board of directors or shareholders’ meetings and other publicly disclosed documents.

The State Administration of Foreign Exchange promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) issued and took effect on December 4, 2023, cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors’ security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

## APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS

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This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company’s operations and business. For details of laws and regulations relating to taxation in the PRC, see “Appendix IV – Taxation and Foreign Exchange” to this document. This Appendix also contains a summary of laws and regulatory provisions of the Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary does not cover all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company’s business, see “Regulatory Overview” in this document.

### THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (the “**Constitution**”), and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments,, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**Legislation Law**”), which was last amended by the NPC on March 13, 2023 and implemented on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws relating to criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts and autonomous prefectures shall be subject to approval before implementation.



## **APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS**

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The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, NAO of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

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According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC on June 10, 1981 and effective on the same date, issues related to the further clarification or supplement of laws or decrees should be interpreted by the SCNPC or provided by with decrees. Issues related to the application of laws or decrees in a court trial should be interpreted by the Supreme People’s Court. Issues related to the application of laws or decrees in a prosecution process should be interpreted by the Supreme People’s Procuratorate. If there are principled differences in the interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. The application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities.

Where the provisions of local regulations need to be further defined or additional stipulations need to be made, the standing committees of the people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted such regulations shall provide the interpretations or make the stipulations. Interpretation of issues related to the specific application of local regulations shall be provided by the competent departments of the people’s governments of provinces, autonomous regions and municipalities.

### **PRC JUDICIAL SYSTEM**

According to the Constitution and the Law of the PRC of Organization of the People’s Courts (《中華人民共和國人民法院組織法》) last amended by the SCNPC on October 26, 2018 and implemented on January 1, 2019, the People’s Court is made up of the Supreme People’s Court, the local people’s courts, and special people’s courts. The local people’s courts are divided into three levels, namely the basic people’s courts, the intermediate people’s courts and the higher people’s courts. The basic people’s courts may set up certain people’s tribunals based on the status of the region, population and cases. The Supreme People’s Court shall be the highest judicial organ of the state. The Supreme People’s Court shall supervise the judicial work by the local people’s courts at all levels and by the special people’s courts. The people’s courts at a higher level shall supervise the judicial work of the people’s courts at lower levels.

According to the Constitution and the Law of Organization of the People’s Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) last amended by SCNPC on October 26, 2018 and implemented on January 1, 2019, the People’s Procuratorate is the law supervision organ of the state. The Supreme People’s Procuratorate shall be the highest procuratorial organ. The Supreme People’s Procuratorate shall direct the work of the local people’s procuratorates at all levels and of the special people’s procuratorates; the people’s procuratorates at higher levels shall direct the work of those at lower levels.



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The people’s courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people’s courts are final. A party may appeal against the judgment or ruling of the first instance of a local people’s courts. The people’s procuratorate may present a protest to the people’s courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s courts are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court or the people’s courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people’s court at a lower level, or if the chief judge of a people’s court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”), last amended by the SCNPC on September 1, 2023 and implemented on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot violate the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people’s court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the PRC court may apply the same principles to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the people’s court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people’s court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

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All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people’s court for enforcing an effective judgment or ruling by a people’s court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity, unless among other exceptions, the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

### THE COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company established in the PRC seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the PRC.

The Company Law was last amended by the SCNPC on December 29, 2023 and implemented on July 1, 2024.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “**Overseas Listing Trial Measures**”) and its five interpretative guidelines, which were promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, were applicable to the direct and indirect overseas offering and listing of PRC domestic companies’ securities. According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “**Guidelines for Articles of Association**”), which was last amended by the CSRC on March 28, 2025 and implemented on the same date, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from March 31, 2023.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

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### **General Provisions**

“A joint stock limited company” means a corporate legal person incorporated 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 held by them 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, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

### **Incorporation**

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be cast by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

A joint stock limited company’s promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

## **APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS**

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### **Registered Shares**

Under the Company Law, shareholders may make capital contributions in currencies, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

### **Allotment and Issue of Shares**

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

### **Increase in Share Capital**

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders’ general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, when the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

## **APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS**

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### **Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) to prepare a balance sheet and a property list; (ii) a company makes a resolution at shareholders' general meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital at shareholders' general meeting; (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

### **Share Buy-Back**

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances: (i) reducing the registered capital; (ii) merging with other company that holds the shares of the company; (iii) using the shares for employee stocks plan or equity incentives; (iv) with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them; (v) using the shares for the conversion of convertible corporate bonds issued by the listed company; (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the shareholders' general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of (i) above; such shares shall be transferred or canceled within six months in the case of (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of (iii), (v) and (vi) above.

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### **Transfer of Shares**

Shares held by a shareholder may be transferred according to the laws. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder’s general meeting or 5 days prior to the record date for a company’s distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of accompany are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within one year from the date of a company’s listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

### **Shareholders**

Under the Company Law and the Guidelines for Articles of Association, the rights of a shareholder of a company include: (i) to receive dividends and other forms of interest distribution according to the number of shares held; (ii) to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the shareholders’ meeting and exercise corresponding voting rights; (iii) to supervise business operations of the company, provide suggestions or submit queries; (iv) to transfer, grant or pledge the company’s shares held according to the provisions of the laws, administrative regulations and the articles of association; (v) to read and copy the articles of association, the register of Shareholders, counterfoil of company debentures, General Meeting minutes, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports; (vi) shareholders who hold more than 3% of the company’s shares individually or collectively for more than 180 consecutive days may inspect the company’s accounting books and accounting vouchers in accordance with laws; (vii) to participate in the distribution of the remaining assets of the company according to the proportion of shares held



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upon our termination or liquidation; (viii) to require our company to acquire the shares from Shareholders voting against any resolutions adopted at the General Meeting concerning the merger and division of the company; (ix) other rights conferred by laws, administrative regulations, regulations of the authorities or the articles of association.

The obligations of a shareholder of a company include: (i) to abide by laws, administrative regulations and the articles of association; (ii) to provide share capital according to the shares subscribed for and share participation methods; (iii) not to withdraw shares unless prescribed otherwise in laws and administrative regulations; (iv) not to abuse shareholders' rights to infringe upon the interests of the company or other shareholders; not to abuse the company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the company's creditors; (v) to perform other duties prescribed in laws, administrative regulations, departmental rules and articles of association.

### **Shareholder's General Meetings**

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the board of directors; (iii) to examine and approve reports of the supervisory committee; (iv) to examine and approve a company's profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of a company's registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company; (viii) to amend the company's articles of association; (ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' general meetings are required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association; (ii) when the unrecovered losses of a company amount to one-third of the total share capital; (iii) shareholders separately or aggregately holding 10% or more of the company's shares request; (iv) when deemed necessary by the Board; (v) the Supervisory Committee proposes to convene the meeting; (vi) other circumstances as stipulated in the articles of association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

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If the board of directors is incapable of performing or is not performing its duties to convene the shareholders' general meeting, the supervisory board should convene and preside over shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting. According to the articles of association, the Board and the secretary to the Board shall cooperate with respect to matters relating to a general meeting convened by the Supervisory Committee or the shareholders on their own. The Board shall provide the shareholder registers as of the date of equity registration. In addition, all directors and supervisors and the board secretary shall attend the shareholders' general meeting, whereas the general manager and other senior management members shall be present at the meeting.

Shareholders who separately or aggregately hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the shareholders' general meeting. The board of directors shall notify other shareholders within two days after receiving the proposal and submit the interim proposal to the shareholders' general meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

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



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The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' general meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

### **Directors**

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers: (i) to convene shareholder's general meetings and report its work to the shareholder's general meetings; (ii) to implement the resolutions of the shareholder's general meeting; (iii) to decide on a company's business plans and investment plans; (iv) to formulate a company's profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds; (vi) to formulate plans for cake, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration; (ix) to formulate a company's basic management system; (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

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Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is: (i) a person without capacity or with restricted capacity; (ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period; (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; (iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and (v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to): (i) to preside over shareholders' general meetings and convene and preside over board meetings; (ii) to examine the implementation of resolutions of the Board; (iii) to sign the securities issued by a company; (iv) to exercise other powers conferred by the Board.

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### **Managers and Senior Management**

Under the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the articles of association of the company or the authorization of the board of directors. The manager attends the meetings of the board of directors.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors of a listed company and other personnel as stipulated in the articles of association of the company.

### **Duties of Directors, Supervisors and Senior Management**

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from: (i) embezzling the company's property or misappropriating of the company's capital; (ii) depositing the company's capital into accounts under his own name or the name of other individuals; (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power; (iv) accept and possess commissions paid by a third party for transactions conducted with the company; (v) unauthorized divulgence of confidential company information; or (vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' general meeting, subject to the approval of the board of directors or the shareholders' general meeting according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

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Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances: (i) where he/she has reported to the board of directors or the shareholders' general meeting and has been approved by a resolution of the board of directors or the shareholders' general meeting according to the articles of association; or (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' general meeting and obtain an approval by resolution of the board of directors or the shareholders' general meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

If the shareholders' general meeting requires the attendance of any director or senior management, such director or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the audit committee, without impeding the discharge of duties by the audit committee.

Where a director or senior management other than the audit committee contravenes law, administrative regulation or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate more than 1% of the company's shares consecutively for over 180 days may request in writing that the audit committee institute litigation at a people's court on its behalf. Where the audit committee violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institutes litigation at a people's court on its behalf. If the audit committee or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, Shareholder(s) provided for in the preceding paragraph may institute litigation at a people's court in accordance with the provisions described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may institute litigation at a people's court.

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### **Finance and Accounting**

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of a shareholders' general meeting. A joint stock limited company issuing its shares in public shall publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' general meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounting books other than those provided by law. Its assets shall not be deposited in any accounts opened in the name of any individual.

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### **Appointment and Dismissal of Accounting Firms**

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the shareholders' general meeting.

### **Profit Distribution**

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

### **Amendments to Articles of Association**

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed. Pursuant to the Company Law, the resolution of a shareholders' general meeting regarding any amendment to the articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidelines for Articles of Association, the company shall amend its articles of association in any of the following circumstances: (i) after amendments are made to the Company Law or other applicable laws or administrative regulations, the provisions stipulated in the articles of association are in conflict with the provisions of the revised laws and/or administrative regulations; (ii) if certain changes of the company occur resulting in the inconsistency with certain terms specified in the articles of association; and (iii) the shareholders' meeting has resolved to amend the articles of association.

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### **Dissolution and Liquidation**

According to the Company Law, a company shall be dissolved for the following reasons: (i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or division of the company; (iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws; (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the company is dissolved pursuant to (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and respectively prepare balance sheet and list of property; (ii) to notify creditors by notice or public announcement; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) distributing the remaining property of the company after paying off debts; (vii) to participate in civil litigations on behalf of the company.



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The liquidation group shall notify the company’s creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees’ wages, social insurance expenses and statutory compensation, outstanding taxes and the company’s debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company’s assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company’s assets and having prepared a balance sheet and an inventory of assets, discovers that the company’s assets are insufficient to pay its debts in full, it shall file an application to a people’s court for bankruptcy liquidation. After the people’s court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people’s court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders’ general meeting or the people’s court for confirmation, and submit to the company registration authority to apply for cancelation of the company’s registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company’s deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.



## **APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS**

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### **Overseas Listing**

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of the Article 16 of the Overseas Listing Trial Measures. Moreover, 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 publicize the filing information through the 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 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

### **Loss of Share Certificates**

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, apply to a people’s court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people’s court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

### **Termination of Listing**

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

### **Merger and Division**

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company after the merger.

## **APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS**

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancellation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

### **SECURITIES LAW AND REGULATIONS**

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) issued by the State Council on April 22, 1993 and implemented on the same date provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the 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》), which were issued by the State Council on December 25, 1995 and implemented on the same date, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

## APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS

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The Securities Law, which was last amended by the SCNPC on December 28, 2019 and implemented on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities 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 and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

### ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**Arbitration Law**”), last amended by the SCNPC on September 1, 2017 and implemented on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people’s court will refuse to take legal action brought by a party in the people’s court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement according to the Civil Procedure Law. If there is evidence to prove that any of the following circumstances exists: the parties have not stipulated an arbitration clause in the contract or have not reached a written arbitration agreement afterwards; the respondent has not been notified of the appointment of the Court of Arbitration or the arbitration proceedings or failed to present views for other reasons for which the respondent is not responsible; the composition of the arbitral tribunal or the arbitration procedures are not in accordance with the arbitration rules; the matters awarded are outside the scope of the arbitration agreement, or the arbitration committee has no jurisdiction to arbitrate, the people’s court may rule not to enforce such award. A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the mainland China shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people’s court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

## APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS

According to the Arrangement 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》) promulgated by the Supreme People’s Court on January 24, 2000 and implemented on February 1, 2000, and the Supplementary Arrangement 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補充安排》) promulgated by the Supreme People’s Court on November 26, 2020 and implemented on November 27, 2020, awards made by PRC arbitral authorities can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the PRC.

### JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**Arrangement**”) promulgated by the Supreme People’s Court on 3 July 2008 and implemented on 1 August 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of the PRC and the court of the Hong Kong in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People’s Court of the PRC or the court of the Hong Kong for recognition and enforcement based on this arrangement. “Choice of court agreement in written” refers to a written agreement defining the exclusive jurisdiction of either the People’s Court of the PRC or the court of the Hong Kong in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of the PRC or the court of the Hong Kong to recognize and enforce the final judgment made in the PRC or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, the Supreme People’s Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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 seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a jurisdiction agreement for bilateral recognition and enforcement. The New Arrangement took effect on January 29, 2024 after the promulgation of a judicial interpretation by the Supreme People’s Court and the completion of the relevant legislative procedures in the Hong Kong. The New Arrangement has, upon its effectiveness, superseded the Arrangement.

## **APPENDIX V**

## **SUMMARY OF THE ARTICLES OF ASSOCIATION**

This Appendix is primarily intended to provide potential [REDACTED] with an overview of the Articles of Association (the Articles of Association set out in this Appendix shall come into effect on the date when the Company’s H shares are issued and [REDACTED] on the Hong Kong Stock Exchange), and the following information is a summary and therefore may not contain all the content that is material to potential [REDACTED].

### **ISSUANCE OF SHARES**

The shares of the Company the form of stocks. The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Any unit or individual shall pay the same price for each share subscribed for.

### **INCREASE, DECREASE AND REPURCHASE OF SHARES**

In accordance with the laws and regulations, the Company may, based on its operating and development needs and the resolution of the general meeting, increase its capital by the following methods:

- (i) issuing shares to unspecified targets;
- (ii) issuing shares to specified targets;
- (iii) distribution of bonus shares to existing shareholders;
- (iv) converting the reserve funds into share capital;
- (v) other methods specified by the laws and administrative regulations and approved by the CSRC and the regulatory rules of the stock exchange where the Company’s shares are [REDACTED].

The Company may decrease the registered share capital. When the Company reduces its registered capital, it shall comply with the procedures stipulated in the Company Law, the Hong Kong Listing Rules and other regulations, the Articles of Association.

The Company may not purchase its own shares. However, the Company may purchase its own shares in accordance with the provisions of laws, administrative regulations, departmental rules and the Company’s articles of association under the following circumstances:

- (i) Reducing the Company’s registered share capital;
- (ii) Merging with other companies which hold our shares;
- (iii) Using the shares for an employee stock ownership plan or equity incentive plan;

## **APPENDIX V**

## **SUMMARY OF THE ARTICLES OF ASSOCIATION**

- (iv) Purchasing its shares from shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request;
- (v) Use of shares for conversion of convertible corporate bonds issued by the Company;
- (vi) Necessary for the Company to maintain its value and protect the interests of the Shareholders.
- (vii) Other circumstances approved by laws, administrative regulations, and securities regulatory rules of the place where the Company's shares are [REDACTED].

Except for the above circumstances, the Company shall not purchase its own shares.

Where the Company acquires its own shares due to the circumstances specified in items (iii), (v) and (vi) above, it shall do so through public centralized trading; where the Company acquires its own shares due to the circumstances specified in items (i) and (ii) above, it shall obtain a resolution of the shareholders' meeting; if the Company acquires its own shares due to the circumstances specified in items (iii), (v) or (vi) above, it may do so in accordance with the provisions of the company's articles of association or with the authorization of the shareholders' meeting by resolution of a board meeting attended by more than two-thirds of the directors.

After a company acquires its own shares in accordance with the above circumstances, if it falls under item (i), it shall be cancelled within 10 days from the date of acquisition; if it falls under item (ii) or item (iv), it shall be transferred or cancelled within 6 months; in the case of items (iii), (v) and (vi), the total number of shares of the Company held by the company shall not exceed 10% of the total number of shares issued by the Company and shall be transferred or cancelled within 3 years.

### **FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES IN OUR COMPANY**

The Company shall not offer gifts, advances, loans, guarantees and any financial assistance for others to acquire the shares of the Company except for those implemented by employee stock ownership plans by the Company.

### **SHARE TRANSFER**

Shares of the Company shall be transferred in accordance with the laws. All transfer of H Shares shall be executed with a written instrument of transfer in a general or ordinary form or in other format acceptable to the board of directors (including the standard transfer format or form of transfer that the Hong Kong Stock Exchange may provide from time to time); the instrument of transfer may be signed by hand only or affixed with the Company's valid seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong, or its agents, the instrument of transfer may be signed by hand or by machine imprinted signatures. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the board of directors from time to time.



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## SUMMARY OF THE ARTICLES OF ASSOCIATION

The Company shall not accept its own shares as collateral.

Shares issued prior to the [REDACTED] of the Company shall not be transferred within one year from the date on which the shares of the Company are [REDACTED] and [REDACTED] on the stock exchange(s). If laws, administrative regulations or the CSRC have other provisions on the transfer of shares held by the Company’s shareholders or actual controllers, such provisions shall prevail.

The Directors and senior management of the Company shall declare the Company of their holdings of shares of the Company and the changes therein. The shares transferred by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the same type of the Company. The shares of the Company held by them shall not be transferred within one year from the date on which the Company’s shares are [REDACTED] for [REDACTED]. The shares of the Company held by them shall not be transferred within half a year from their departure from the Company.

If laws, administrative regulations, the CSRC or the securities regulatory rules of the company’s stock [REDACTED] place have other provisions on the transfer of shares held by shareholders in the company, such provisions shall prevail.

If the shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge within the restricted transfer period.

Any gains from sale of Company’s shares or other securities with the nature of equity by the Directors and senior management members or shareholders holding 5% or more of the Company’s shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with the nature of equity by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties. However, there is an exception for securities companies that hold more than 5% of the shares due to the purchase of surplus shares after the package sale, and other circumstances stipulated by the securities regulatory authority of the State Council.

Shares or other securities with the nature of equity held by Directors, senior management and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people’s accounts.

If the Board of Directors of the Company fails to comply with the provision set forth above, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People’s Court of the PRC in their own names for the interest of the Company.

## **APPENDIX V**

## **SUMMARY OF THE ARTICLES OF ASSOCIATION**

If the Board of Directors fails to implement the provisions set forth above, the responsible Directors shall bear joint and several liability in accordance with law.

### **SHAREHOLDERS AND SHAREHOLDERS’ MEETINGS**

#### **General Provisions for Shareholders**

The Company shall establish a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of shareholders is sufficient evidence to prove that the shareholders hold the Company’s Shares. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The register of shareholders recording shareholders of the Company’s domestic unlisted shares shall be subject to the data recorded in the securities book-entry system of China Securities Depository and Clearing Co., Ltd.

When the Company holds a general meeting, distributes dividends, commences liquidation or participates in other activities which require the confirmation of shareholder identities, the Board or the convener of the general meeting shall fix a date as the date for the registration of shareholdings. Shareholders whose names appear on the register of shareholders at the closing of the registration of shareholdings will be the shareholders of the Company who are entitled to relevant benefits.

The rights of our shareholders are as follows:

- (i) To receive dividends and other forms of interest distribution according to the number of shares held;
- (ii) To legally require, hold, convene, preside over, participate in or authorize proxies of shareholders to attend the shareholders’ meeting and exercise corresponding voting rights;
- (iii) To supervise operations of the Company, provide suggestions or submit queries;
- (iv) To transfer, grant or pledge the Company’s shares held according to the provisions of the laws, administrative regulations, the relevant regulations of the securities regulatory authorities and stock exchanges in the place where the Company’s shares are listed and the Articles of Association;
- (v) To read and copy the Articles of Association, the register of shareholders, shareholders’ meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports; shareholders who meet the requirements may review the company’s accounting books and accounting vouchers;



## APPENDIX V

## SUMMARY OF THE ARTICLES OF ASSOCIATION

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- (vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- (vii) To require our Company to acquire the shares from shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company, subject to the fulfillment of the procedural requirements for the repurchase of shares by the Company under the Articles of Association and relevant laws and regulations;
- (viii) inspection of the Hong Kong Branch Register of Members of a company, provided that the company may close its register of members on the equivalent terms of section 632 of the Companies Ordinance (Cap. 622);
- (ix) Other rights conferred by laws, administrative regulations, or the Articles of Association.

If shareholders request to review or copy relevant company materials, they must comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.

Where a shareholder requests to inspect or copy the relevant information mentioned in the preceding article or requests for materials, he shall provide the Company with written documents certifying the type and number of shares he holds in the Company, and the Company shall provide such documents upon verification of the identity of the shareholder as required by the shareholder.

Shareholders may entrust accounting firms, law firms or other intermediary institutions to review the materials specified in the preceding paragraph.

Shareholders and their authorized accounting firms, law firms and other intermediary institutions shall comply with the provisions of laws and administrative regulations on the protection of state secrets, commercial secrets, personal privacy, personal information, etc. when reviewing and copying relevant materials.

If a shareholder requests to review or copy relevant materials of the company's wholly-owned subsidiaries, the provisions of the first four paragraphs above shall apply.

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If any resolution of the general meeting or the board of directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the people’s court to invalidate the resolution. If the convening procedure or voting method of the general meetings or board of directors meetings violates the laws, administrative regulations or the Articles of Association or the contents of a resolution run counter to the Articles of Association, the shareholders shall have the right to request the people’s court to cancel such resolution within sixty days after passing the resolution. However, this does not apply if the meeting convening procedures or voting methods of the shareholders’ meeting or the board of directors have only minor flaws that have no substantial impact on the resolution.

Where the Board, shareholders and other stakeholders dispute the validity of a resolution of a shareholders’ meeting, they shall promptly file a lawsuit with the court. Before the court makes a judgement or ruling, such as a cancellation of a resolution, the stakeholders shall execute the resolution of the shareholders’ meeting. The Company, its directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

Upon the People’s Court rendering a judgment or ruling on relevant matters, the Company shall fulfil its information disclosure obligations in accordance with laws, administrative regulations, the rules of the CSRC, and stock exchanges, fully explain the impact, and actively cooperate with the enforcement after the judgment or ruling takes effect. Where it involves correcting prior matters, the Company shall promptly process and fulfil the corresponding information disclosure obligations.

Resolutions of the Company’s general meeting or Board meeting shall not be valid under any of the following circumstances:

- (i) no general meeting or Board meeting was convened to adopt the resolution;
- (ii) the general meeting or Board meeting did not vote on the matters set forth in the resolution;
- (iii) the number of attendees or the voting rights held by them at the meeting did not reach the number of attendees or the voting rights required by the Company Law or the Articles of Association;
- (iv) the number of persons or the voting rights held by them in favor of the resolution did not reach the number of persons or the voting rights required by the Company Law or the Articles of Association.

If the resolution of the shareholders’ general meeting of the Company or the meeting of the board of directors is declared invalid, revoked or confirmed to be invalid by the People’s Court, the Company shall apply to the company registration authority to cancel the registration that has been processed based on the resolution.

## APPENDIX V

## SUMMARY OF THE ARTICLES OF ASSOCIATION

If the resolutions of the shareholders' general meeting or the meeting of the board of directors are declared invalid, revoked or confirmed to be invalid by the People's Court, the civil legal relationship formed between the Company and its bona fide counterparties based on the resolution will not be affected.

In the event that Directors and senior management staff other than a member of the Audit Committee violate laws, administrative regulations, or these Articles whilst performing duties, resulting in losses for the Company, shareholders that individually or jointly hold over 1% of shares of the Company and continuously for over 180 days have the right to request the Audit Committee to begin legal proceedings in the civil courts by written application; in the event that members of the Audit Committee violate laws, administrative regulations, or these Articles whilst performing duties of the Company, resulting in losses for the Company, shareholders described above have the right to request the Board to begin legal proceedings in the civil courts by written application.

In the event that the Audit Committee or the Board refuse to begin legal proceedings after receiving the written request of shareholders described in the previous provision, or have not begun legal proceedings within 30 days of receiving the written request, or do not begin legal proceedings immediately under urgent circumstances that will lead to irreparable losses to the interests of the Company, the shareholders described in the previous provision have the right to begin legal proceedings directly with the civil courts for the best interests of the Company.

In the event that the lawful rights of the Company are violated by others resulting in losses, shareholders described in the first provision of this Article may begin legal proceedings with the civil courts in accordance with the previous provisions of this Article.

If any director, supervisor or senior management member of a wholly-owned subsidiary of the Company violates the laws, administrative regulations or the provisions of these Articles in fulfilling his/her duties and incurs losses to the Company, or if others infringe upon the lawful rights and interests of a wholly-owned subsidiary of the Company and cause losses to the Company, the shareholders individually or jointly holding 1% or more shares of the Company for more than 180 consecutive days, may, in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law of the PRC, request in writing to the supervisory committee and board of directors of a wholly-owned subsidiary to lodge a legal action in the People's Court or lodge a legal action in the People's Court under his/her own name.

In the event of a Director or senior management violates the laws, administrative regulations or the Articles of Association, thereby damaging the interest of Shareholders, Shareholders may file an action in the People's Court.

If a director or senior management officers, in the performance of his duties, causes damage to another person, the Company shall be liable for compensation; if the director or senior management officers is intentional or grossly negligent, he/she shall also be liable for compensation.

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## SUMMARY OF THE ARTICLES OF ASSOCIATION

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If a controlling shareholder or a de facto controller of the Company instructs a director or senior management officers to engage in an act that is detrimental to the interests of the Company or the shareholders, he or she shall be jointly and severally liable with the director or senior management officers.

Shareholders of the Company shall assume the following obligations:

- (i) To abide by laws, administrative regulations, and these Articles of Association;
- (ii) To pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) Not to withdraw their share capital except as otherwise provided by laws and regulations;
- (iv) Not to abuse their shareholder rights to jeopardize the interests of the Company or other shareholders; and not to abuse the independent status of the Company as a legal entity and the limited liabilities of shareholders to jeopardize the interests of the Company's creditors; and
- (v) Any other obligations imposed by laws, administrative regulations or these Articles of Association.

Shareholders of the Company who abuse their shareholder rights to cause losses to the Company or other shareholders shall be liable for compensation in accordance with the laws. Shareholders of the Company who abuse the independent status of the Company as a legal entity and the limited liabilities of shareholders to evade debts and seriously jeopardize the interests of the Company's creditors shall be jointly and severally liable for the debts of the Company.

### **The Controlling Shareholders and De Facto Controllers**

The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfil their obligations in accordance with the laws, administrative regulations, the provisions of the CSRC and the stock exchange where the Company's shares are [REDACTED], and safeguard the interests of the Company.

Controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (i) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (ii) to strictly fulfil the public statements and undertakings made, without unilateral alteration or waiver;

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## SUMMARY OF THE ARTICLES OF ASSOCIATION

- (iii) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (iv) not to appropriate the Company's funds in any way;
- (v) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (vi) not to make use of the Company's undisclosed material information for personal gain, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset restructuring, foreign investment or any other means;
- (viii) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organisation and business, and not to affect the independence of the Company in any way;
- (ix) other provisions of laws, administrative regulations, provisions of the CSRC, regulatory rules of the stock exchange where the Company's shares are [REDACTED] and the Articles of Association.

Where a controlling shareholder or de facto controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or de facto controller of the Company instructs a director or a member of the senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or member of the senior management.

Where a controlling shareholder or the de facto controller pledges the shares of the Company that he/she holds or actually controls, he/she shall maintain the Company's control and its stability of production and operations.

Where a controlling shareholder or the de facto controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, the regulations of the CSRC and the stock exchange, as well as his/her undertakings in respect of the restriction on the transfer of shares.

## APPENDIX V

## SUMMARY OF THE ARTICLES OF ASSOCIATION

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### General Provisions for Shareholders' Meetings

The shareholders' general meeting of the Company shall be composed of all shareholders. The shareholders' general meeting shall be the source of authority of the Company, which exercises its powers in accordance with the law:

- (i) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (ii) to consider and to approve the report of the board of directors;
- (iii) to consider and to approve the plan for profit distribution and plan for making up losses;
- (iv) to approve the increase in or reduction of the registered capital of the Company;
- (v) to pass resolutions on the consolidation, split, dissolution, liquidation or change of form of the Company;
- (vi) to amend the Articles of Association;
- (vii) to decide on the issue of corporate bonds by the Company;
- (viii) to approve the appointment or dismissal of appointment of the accounting firm engaged in the audit work of the Company;
- (ix) to examine and approve matters relating to changes in the use of [REDACTED];
- (x) To consider and approve the total assets in respect of the Company's significant acquisition or disposal of assets or the events with a trading amount exceeding 30% of the latest total assets of the Company as extracted from its audited financial statements within one year;
- (xi) to examine and approve any changes to the use of [REDACTED];
- (xii) to examine and approve the equity incentive plans and employee stock ownership plans;
- (xiii) to examine and approve other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules and regulations of the place where the Company's shares are [REDACTED] or the Articles of Association of the Company, which shall be decided by the shareholders' meeting.

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The shareholders' meeting may authorize the board of directors to make resolutions on issuance of bonds by the Company. Except for item (vii), the aforesaid powers of the shareholders' meeting shall not be exercised by the board of directors or any other institution or individual on its behalf upon authorization. Powers that are not legally exercised by the shareholders' meeting may be granted to the board of directors for exercise upon review and approval by the shareholders' meeting, and the authorization should be clear and specific.

The following acts of external guarantee of the Company shall be submitted to the shareholders' meeting for deliberation and approval:

- (i) the single guarantee for an amount more than 10% of the Company's net assets as extracted from its audited financial statements in the latest period;
- (ii) any additional guarantee provided when the net amount of external guarantees provided by the Company and its controlling subsidiary companies exceeds 30% of the latest net assets as extracted from its audited financial statements;
- (iii) any guarantee provided after the total amount of external guarantees of the company and its controlled subsidiaries exceeds 50% of the as extracted from its audited financial statements net assets of the most recent period
- (iv) guarantees provided for guaranteed entities with a debt-to-asset ratio exceeding 70%;
- (v) any guarantee provided by the Company to others within one year exceeds 30% of the Company's latest as extracted from its audited financial statements total assets;
- (vi) the guarantee to be provided to a shareholder, or to an actual controller or related party thereof;
- (vii) other external guarantees that must be approved by the shareholders' meeting in accordance with laws, regulatory documents, the CSRC, securities regulatory rules of the company's stock [REDACTED] place, or the Articles of Association of the Company.

When a guarantee is raised for consideration and discussion at a board meeting, it shall be considered and approved by at least two-thirds of the directors attending the board meeting. The shareholders' meeting shall consider the guarantee mentioned in item (v) above and shall require the approval of more than two-thirds of the voting rights held by the shareholders attending the meeting.

The shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

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The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

- (i) the number of directors is less than 2/3 of the number prescribed by the Company Law or the Articles of Association of the Company;
- (ii) The uncovered losses of the Company reach one-third of its total paid-in share capital;
- (iii) A request from shareholders who separately or jointly hold 10% or more shares in the Company;
- (iv) The board considers it necessary;
- (v) The board of supervisors proposes that such a meeting shall be held;
- (vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are [REDACTED] and the Articles of Association of the Company.

The place for the Company to hold shareholders' meetings is the Company's conference room, or the meeting place clearly stated in the meeting notice. A meeting venue shall be set up and the shareholders' meeting shall be convened by way of on-site meeting. The Company may also provide other means to facilitate shareholders to participate in the shareholders' meeting according to the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [REDACTED] or the Articles of Association of the Company, where applicable. Shareholders participating in the shareholders' meeting in the aforesaid manner shall be deemed as present.

### Assembling of Shareholders' Meetings

The Board of Directors shall convene shareholders' meetings on time within the prescribed period. The publication of shareholders' meeting notices (including supplementary notices) shall comply with relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are [REDACTED]. If the Board of Directors is unable to perform or fails to perform the duty of convening a shareholders' meeting, the audit committee may convene and preside over the meeting on its own; where the Audit Committee fails to issue a notice of a shareholders' meeting within the stipulated period, the Audit Committee will be deemed as not convening and chairing the shareholders' meeting, a situation under which the shareholders who hold 10% or more of the Company's shares individually or jointly for 90 or more consecutive days may proceed to convene and chair an extraordinary general meeting on their own initiative.



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An independent non-executive director has the right to propose to the Board of Directors to convene a special shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, security regulatory rules of the place where the shares of the Company are listed and the Company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting.

If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. If the Board of Directors disagrees to convene a special shareholders' meeting, it shall state the reasons and make an announcement.

The aforesaid shall not apply where laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are [REDACTED] stipulate otherwise.

The Audit Committee shall propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall submit such proposal in written form to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations security regulatory rules of the place where the shares of the Company are listed and these Articles of Association, submit written feedback within 10 days after receiving the proposal on whether it agrees or disagrees to convene an extraordinary shareholders' meeting.

If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene a special shareholders' meeting, or fails to provide feedback within 10 days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

The aforesaid shall not apply where laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are [REDACTED] stipulate otherwise.

Shareholders who individually or collectively hold more than 10% of the company's shares may request the Board of Directors to convene a special shareholders' meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations security regulatory rules of the place where the shares of the Company are listed and the company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting.

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If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors disagrees to convene a special shareholders' meeting, or fails to provide feedback within 10 days of receipt, shareholders who individually or collectively hold 10% or more of the company's shares have the right to propose to the Audit Committee to convene a special shareholders' meeting and shall submit such request in writing to the Audit Committee.

If the Audit Committee agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue a notice of the shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the shareholders' meeting. In such cases, shareholders who individually or collectively hold 10% or more of the company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

The aforesaid shall not apply where laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are [REDACTED] stipulate otherwise.

If the general meeting is convened by the Audit Committee or shareholders on their own, a written notice shall be issued to the Board of Directors. Prior to the announcement of the resolutions passed by the shareholders' meeting, the shareholding percentage of the shareholders who convene the meeting shall not be less than 10%.

The Board of Directors and the secretary to the Board of Directors shall cooperate with respect to matters relating to general meeting of shareholders convened by the Audit Committee or the shareholders at their own discretion. The Board of Directors shall provide the shareholder registers as of the date of shareholding confirmation.

If a general meeting of shareholders is convened by the Audit Committee or the shareholders on their own, all necessary expenses arising therefrom shall be borne by the Company.

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### Proposals and Notices of Shareholders’ Meetings

The content of proposals at the shareholders’ meetings shall fall within the terms of reference of the shareholders’ meetings, have a clear agenda and specific resolution items, and comply with the relevant provisions of laws, administrative regulations security regulatory rules of the place where the shares of the Company are listed and the Company’s Articles of Association.

The company may convene a shareholders’ meeting, and the Board of Directors, the Audit Committee, as well as shareholders who individually or collectively hold more than 1% of the company’s shares, have the right to submit proposals to the company.

Shareholders who individually or collectively hold more than 1% of the company’s shares may submit a temporary proposal in writing to the convener 10 days prior to the shareholders’ meeting. The temporary proposal must have a clear agenda and specific resolution items. The Board shall issue a supplementary notice of the shareholders’ meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal, and submit the temporary proposal to the shareholders’ meeting for consideration. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the company’s Articles of Association, or if it is not within the scope of the shareholders’ meeting’s authority.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the shareholders’ meeting, it shall not modify the proposals already [REDACTED] in the notice or add new proposals.

The shareholders’ meeting shall not vote on or make resolutions regarding proposals that are not [REDACTED] in the notice of the shareholders’ meeting or that do not comply with the provisions of the company’s Articles of Association.

When the Company convenes an annual general meeting, the convener shall notify each shareholder by announcement at least 21 days before the annual general meeting; and when the Company convenes a special shareholders’ meeting, the convener shall notify each shareholder by announcement at least 15 days before the shareholders’ meeting.

Notice of shareholders’ meetings shall be published on the Company’s website or the website designated by the Hong Kong Stock Exchange, subject to compliance with applicable laws and regulations and the listing rules of the place where the Company’s shares are listed. If an announcement shall be made to shareholders of overseas listed foreign shares in accordance with these Articles, the relevant announcement shall at the same time be published in accordance with the method stipulated in the Hong Kong Listing Rules. For shareholders of domestic unlisted shares, notice of shareholders’ meetings may also be given by way of an announcement.

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The Company shall not include the date of the meeting in calculation of the starting period.

A notice of a shareholders’ meeting shall include the following:

- (i) the time, venue and duration of the meeting;
- (ii) matters and proposals submitted to the meeting for consideration;
- (iii) a prominent written statement that all Shareholders are entitled to attend shareholders’ meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;
- (iv) the record date of registration of Shareholders entitled to attend the shareholders’ meeting;
- (v) the name and telephone number of the regular contact person for the meeting;
- (vi) the time and procedure for voting online or through other means;
- (vii) other particulars stipulated in relevant laws, administrative regulations, department rules, securities regulatory rules of the place where the Company’s shares are [REDACTED] and the Company’s Articles of Association.

Adequate and complete disclosure of all specific contents of each proposal will be made in the notice of the shareholders’ meeting and the supplemental notice.

The interval between the record date and the date of the shareholders’ meeting shall not be more than seven business days. Once the record date is confirmed, no change may be made thereto.

If the election of directors is intended to be discussed at the shareholders’ meeting, the notice of the shareholders’ meeting shall fully disclose the details of the candidates for the role of directors, including the following particulars:

- (i) personal information, such as education level, working experiences and any part-time work undertaken;
- (ii) whether there is any connected relationship with the Company or its controlling shareholder or de facto controller of the Company;
- (iii) disclosure of their shareholding in the Company;

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- (iv) whether or not the candidate has been subject to penalties by the CSRC or other relevant authorities as well as sanctions by any stock exchange;
- (v) information on the director candidates as required to be disclosed under the Hong Kong Listing Rules.

Except for the election of directors by cumulative voting mechanism, the nomination proposal of each candidate for director shall be submitted in the form of independent motion.

After issuing a notice of the shareholders’ meeting, the shareholders’ meeting shall not be delayed or cancelled without justified reasons, and proposals, as set out in the notice, shall not be called off. Once delay or cancellation occurs, the convener shall make an announcement with written explanation at least 2 working days before the original convening date.

Where the securities regulatory rules of the place where the Company’s shares are [REDACTED] contain other provisions in relation to the aforesaid matters, such provisions shall apply to the extent that they do not contravene the domestic regulatory requirements.

### Convening of Shareholders’ Meetings

The Board and other conveners shall take necessary measures to maintain the normal order of the general meeting. They shall take measures to stop the conducts that interfere with the general meeting, provoke trouble and infringe on the legal rights and interests of the shareholders and report to the relevant authorities for investigation.

All the shareholders of ordinary shares [REDACTED] in the register of shareholders on the Record Date or their agents shall be entitled to attend the general meeting. They shall have the right to speak and exercise voting rights at the meeting in accordance with the relevant laws, regulations and the Company’s Articles of Association, unless individual shareholders are required to waive their voting rights on individual matters in accordance with the Hong Kong Listing Rules (for example, shareholders hold significant interests in the individual transactions or arrangements being voted on).

Shareholders may attend the general meeting in person or appoint proxies to attend and vote on their behalf within the scope of authorisation.

An individual shareholder who attends the meeting in person shall produce his/ her own identity card or other valid documents or proof evidencing his/her identity. If a proxy is appointed to attend the meeting on his/her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the shareholder.

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Institutional shareholders shall be represented at the meetings by their legal representatives or managing partners or by agents authorized by their legal representatives or managing partners. If the legal representative or managing partner attends the meeting, he/she shall present his/her ID card and a valid certificate proving his/her qualifications as the legal representative or managing partner. If the legal representative or managing partner entrusts an agent to attend the meeting, the agent shall present his/her ID card and a written power of attorney issued by the legal representative or managing partner of the institutional shareholder unit in accordance with the law.

Where the shareholder is a Recognized Clearing House (or its proxy) as defined by relevant provisions of the Hong Kong laws in force from time to time, it may authorize one or more persons it considers appropriate as its representative(s) at any general meeting. However, if more than one person is so authorized, the power of attorney shall specify the involved number and class of shares in respect of which each such person is so authorized, and shall be signed by an authorized officer of the Recognized Clearing House. The person so authorized can represent the Recognized Clearing House (or its proxy) to attend the meeting (without the need of producing any documents of title, notarized authorization and/or further evidence to substantiate that he/she is so authorized) and exercise the rights (including the right to speak and vote), as if he/she was an individual shareholder of the Company.

A proxy of attorney issued by a shareholder to entrust another person as his/her proxy to attend the general meeting shall contain the following:

- (i) the name of the appointor, the class and number of shares of the Company held by him/her;
- (ii) the name of the proxy;
- (iii) whether the proxy has the right to vote;
- (iv) specific instructions from shareholders, including instructions for voting in favour of or against or abstaining from voting on each resolution to be considered at the shareholders' meeting;
- (v) the issue date and validity period of such instrument;
- (vi) the signature (or company seal) of the appointor. If the appointor is an institutional shareholder, it shall be affixed with the company seal of the appointor.
- (vii) Specifying the number of shares represented by such proxy;

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(viii) If more than one proxy is appointed, the instrument shall specify the number of shares represented by each proxy respectively.

The instrument shall state whether the proxy is entitled to vote at his discretion in the absence of specific instruction from the shareholder.

If the securities regulatory rules of the place where the shares of the Company are [REDACTED] stipulate otherwise in respect of the aforesaid matters, such provisions shall prevail.

The power of attorney for proxy voting shall be deposited at the domicile of the Company or such other places designated in the notice of the meeting 24 hours before the meeting at which the proxy is authorized to vote or 24 hours before the specified voting time. If the power of attorney for proxy voting is signed by the authorized person of the principal, the letter of authority for signing or other authorization documents shall be notarized. The notarized letter of authority or other authorization documents and the power of attorney for proxy voting shall be maintained at the domicile of the Company or other places specified in the meeting notice.

If the principal is an institutional shareholder, his/her legal representative, managing partner or the person authorized by the board of directors or other decision-making body shall attend the company's shareholders' meeting as a representative.

The register of the persons attending the meeting shall be prepared by the Company. The register shall set out the names of the persons attending the meeting (or names of the entity they are from), their ID card numbers, numbers of shares held or representing voting rights and names of the proxies (or names of the entity they are from).

The convener and the lawyer (if applicable) engaged by the Company shall jointly verify the qualification of the shareholders according to the register of shareholders provided by the securities depository and clearing institution, and register the name of each shareholder and the number of shares with voting rights they hold. Registration for the meeting shall be closed before the chairman of the meeting announces the number of shareholders and proxies present at the meeting and the total number of shares held with voting rights.

If the general meeting requires directors or senior management officers to attend, they shall attend the meeting and answer shareholders' questions.

A shareholders' meeting shall be presided over by the chairman of the board of directors. If the chairman of the board of directors is unable to perform his duties or does not perform his duties, a director jointly elected by more than half of the directors shall preside over the meeting.

The Audit Committee convener shall preside over the general meeting that is convened by the Audit Committee. If the Audit Committee convener is unable to or fails to perform his or her duties, a member of the Audit Committee jointly recommended by more than half of the Audit Committee members shall preside over the meeting.

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A shareholders’ meeting summoned by the shareholders on their own initiative shall be presided over by a representative elected by the convener.

When the chairman of the general meeting violates the rules of procedure when holding the meeting and as a result, the general meeting is unable to continue, subject to the consent of the shareholders with more than half of voting rights of all the shareholders attending the general meeting, the general meeting may nominate a person to act as the chairman of the meeting and such meeting may continue.

The Company shall formulate the rules of procedure for the general meeting which shall set out in details the convening and voting procedures of a general meeting, including notification, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, meeting minutes and their signing and other contents, and the principles of authorization to the Board of Directors at the general meeting. The authorization shall be clear and specific. The rules of procedure for the general meeting shall be prepared by the Board of Directors and approved by at the general meeting, and shall be appended to the Articles of Association.

In the annual general meeting, the Board of Directors shall report to the general meeting their work done in the past year. Each independent non-executive director shall also present a work report.

Directors and members of the senior management shall provide explanation and clarification in relation to the enquiries and suggestions from the shareholders during the general meeting.

The chairman of the meeting shall, prior to voting, declare the number of shareholders and proxies attending the meeting as well as the total number of their voting shares, which shall conform to the meeting’s registration.

The general meeting shall have minutes prepared by the secretary to the Board of Directors, which shall record the following information:

- (i) time, venue and agenda of the meeting and name of the convener;
- (ii) the name of the chairman of the meeting and the names of the directors, managers and other members of the senior management attending or present at the meeting;
- (iii) the number of shareholders (including shareholders of domestic unlisted shares and H-share shareholders (if any)) and proxies attending the meeting, the total number of voting shares held by them, and its proportion in the total number of shares of the Company;
- (iv) the consideration process, summaries of speeches and voting result for each proposal;



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- (v) the shareholders' questions, opinions or suggestions and the corresponding answers or explanations;
- (vi) names of the lawyer (if any), vote counters and scrutinizer;
- (vii) other contents to be recorded in the minutes as specified in the Articles of Association of the Company.

The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, secretary to the Board of Directors, conveners or their representatives and the chairman of the meeting shall sign on the minutes. The minutes of the meeting shall be kept together with the attendance record of the attending shareholders, letters of authorization of proxies, online and other valid information, for a period of not less than 10 years.

The convener shall ensure that the general meeting is conducted continuously until final resolutions are made. In the event that the general meeting is adjourned or resolutions failed to be reached due to an event of force majeure or other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or terminate that meeting, and a report shall be made promptly in accordance with the laws, regulations or securities regulatory rules of the place where the Company's shares are [REDACTED].

### **Voting and Resolutions at the Shareholders' Meeting**

The resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution at a shareholders' meeting shall be passed by more than half of the voting rights held by the voting shareholders present at the shareholders' meeting (including proxies).

A special resolution at a shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the voting shareholders' meeting (including proxies).

The following matters shall be approved by the shareholders' meeting through ordinary resolutions:

- (i) Work reports of the Board of Directors;
- (ii) Plans of earnings distribution and recovery of losses schemes drafted by the Board of Directors;
- (iii) Appointment or dismissal of the members of the Board of Directors, their remunerations and the payment method;

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- (iv) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are [REDACTED] or the Articles of Association.

The following matters shall be approved by special resolution at the shareholders' meeting:

- (i) The increase or reduction of the registered capital of the Company;
- (ii) The division, merger, dissolution and liquidation of the Company or change in the form of the Company;
- (iii) Any amendment to the Articles of Association;
- (iv) The purchase and sale of material assets or amount of guarantee provided by the Company within one year valued at more than 30% of the total assets of the Company as extracted from its audited financial statements as at the most recent period;
- (v) Share incentive plan;
- (vi) other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are [REDACTED] or the Articles of Association, and considered by the shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights at shareholders' meeting.

Where material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' meeting for 36 months after the purchase.

When the shareholders' meeting reviews matters related to related-party transactions, related shareholders shall not participate in the voting, and the number of shares they represent with voting rights shall not be included in the total number of valid votes; the resolution of the shareholders' meeting shall state the voting situation of non-related shareholders.

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Unless the Company is in a crisis or any special circumstance, the Company may not enter into any contract with anyone other than a director, a manager or other senior management officer to have all or significant part of the Company’s business in the care of the said person, unless with the approval by special resolutions at a general meeting.

List of nominations for the candidates for directors shall be proposed by way of proposal at general meetings for voting.

The cumulative voting system may be adopted for the election of directors at the shareholders’ meeting in accordance with the provisions of the Articles of Association or the resolutions of the shareholders’ meeting. The cumulative voting system shall be adopted for the election of two or more independent non-executive directors at the shareholders’ meeting.

The voting for each director shall be conducted separately during the election of directors at the shareholders’ meeting.

The procedures for the nomination, election, and removal of Directors of the Company shall be prescribed in detail by the Rules of Procedure for Shareholders’ Meetings.

Director candidates representing employees on the Board of Directors shall be elected through a democratic process by the Company’s employees.

Where the securities regulatory rules of the place where the Company’s Shares are [REDACTED] provide otherwise with respect to the foregoing matters, such provisions shall prevail.

Except for the cumulative voting system, all proposals at the Shareholders’ meeting shall be voted on item by item. Where there are multiple proposals concerning the same matter, the proposals shall be voted on in the order in which they were submitted. Unless the Shareholders’ meeting is suspended or unable to pass resolutions due to *force majeure* or other exceptional circumstances, no proposal shall be postponed or excluded from voting.

Where the securities regulatory rules of the place where the Company’s Shares are [REDACTED] provide otherwise with respect to the foregoing matters, such provisions shall prevail.

When the Shareholders’ meeting considers a proposal, no amendments may be made to the proposal; otherwise, the relevant changes shall be deemed a new proposal and shall not be voted on at the current Shareholders’ meeting.

The same voting right may only be exercised through one of the following methods: in-person, online, or other voting methods. Subject to the applicable laws and regulations and the listing rules of the place where the Company’s shares are listed, the shareholders’ meeting may use electronic means when voting on proposals. In the event of duplicate votes for the same voting right, the result of the first vote shall prevail.

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Where the securities regulatory rules of the place where the Company’s Shares are [REDACTED] provide otherwise with respect to the foregoing matters, such provisions shall prevail.

Voting at the Shareholders’ meeting shall be conducted by a registered ballot.

Before voting on a proposal at the Shareholders’ meeting, two Shareholder representatives shall be appointed to participate in the counting and supervision of votes. Shareholders and their proxies who have a connected interest in the matter under consideration shall not participate in the counting and supervision of votes.

When the Shareholders’ meeting votes on a proposal, the counting and supervision of votes shall be jointly conducted by a lawyer (if required) and Shareholder representatives. The voting results of the resolutions shall be announced on the spot and recorded in the minutes of the meeting.

Where the stock exchange on which the shares of the Company are listed requires any member to abstain from voting on any particular resolution or restricts any member to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

Shareholders or their proxies who vote online or by other means shall have the right to verify their own voting results.

The conclusion of the physical Shareholders’ meeting shall not precede the end of voting conducted online or by other means (if any). The chairperson of the meeting shall announce the voting status and results for each proposal and declare whether the proposal has been approved based on the voting results.

Before the official announcement of the voting results, all relevant parties involved in the voting, whether conducted on-site, online, or by other means (if any), including the Company, vote counters, supervisors, substantial Shareholders, and network service providers, shall bear a confidentiality obligation regarding the voting process.

Shareholders present at the Shareholders’ meeting shall express one of the following opinions on each proposal submitted for voting: approve, oppose, or abstain, except where the securities registration and settlement institution, as the nominal holder of shares traded under the Mainland-Hong Kong Stock Connect mechanism, has submitted votes in accordance with the actual holder’s instructions.

Ballots that are blank, incorrectly filled out, illegible, or not submitted shall be deemed as the voter’s waiver of voting rights, and the voting result for the shares held by such voter shall be recorded as “abstain.”

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If the chairperson of the meeting has any doubt regarding the voting results of a submitted resolution, he/she may order a recount of the votes. If the chairperson does not order a recount, any shareholder or proxy present at the meeting who disputes the results announced by the chairperson shall have the right to request a recount immediately after the announcement, and the chairperson shall promptly organize such recount.

Resolutions of the Shareholders' meeting shall be announced promptly. The announcement shall specify the number of Shareholders and proxies present, the total number of voting shares held and the proportion thereof to the Company's total voting shares, the voting methods employed, the voting results for each proposal, and the detailed contents of all resolutions passed.

If a proposal is not approved, or if the current Shareholders' meeting amends a resolution passed at a previous Shareholders' meeting, a special notice shall be included in the announcement of the resolution passed at the Shareholders' meeting.

When the Shareholders' meeting passes a proposal concerning the election of Directors, the newly elected Directors shall assume office from the date the resolution is made at the Shareholders' meeting. If the resolution specifies a different commencement date for the new Directors, such date shall prevail.

When the Shareholders' meeting passes a proposal concerning cash dividends, bonus Shares, or capital reserve capitalization, the Company shall implement the specific plan within two months after the conclusion of the Shareholders' meeting. Where the relevant laws and regulations and the relevant provisions of the securities regulatory authorities in the place where the Company's shares are listed provide otherwise in respect of the above relevant matters, such provisions shall apply.

### **BOARD OF DIRECTORS**

#### **General Rules of the Board of Directors**

Directors include Executive Directors and Non-Executive Directors. Executive Directors refer to Directors who participate in the daily operational management of the Company or its controlling subsidiaries. Non-Executive Directors refer to directors who do not participate in the daily operational management of the Company or its controlling subsidiaries. Non-Executive Directors include Independent non-executive Directors.

Non-executive directors include independent non-executive directors. The independent non-executive directors shall act in accordance with the applicable laws and regulations, the securities regulatory authorities of the places where the Company's shares are listed, the stock exchanges and the relevant provisions of these Articles of Association.

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## SUMMARY OF THE ARTICLES OF ASSOCIATION

The Company shall not appoint any person who does not meet the qualifications for office as a Director, nor shall it authorize any person lacking the required qualifications to exercise the duties of a Director in practice in violation of applicable regulations.

Directors of the Company shall be natural persons. A person shall not serve as a Director of the Company if any of the following circumstances apply:

- (i) lacking full civil capacity or having limited civil capacity;
- (ii) having been sentenced for corruption, bribery, embezzlement, misappropriation of property, or disrupting the socialist market economic order, with less than five years elapsed since the end of the execution period; or having been deprived of political rights due to a crime, with less than five years elapsed since the end of the execution period; or having been granted probation, with less than two years elapsed since the end of the probation period;
- (iii) having served as a director, factory head, or manager of a company or enterprise undergoing bankruptcy liquidation and bearing personal liability for the bankruptcy, with less than three years elapsed since the completion of such bankruptcy liquidation;
- (iv) having served as the legal representative of a company or enterprise whose business license was revoked or was ordered to close due to illegal activities and bearing personal liability, with less than three years elapsed since the revocation or closure;
- (v) being listed by a People's Court as a dishonest debtor due to failure to repay significant debts when due;
- (vi) being subject to a securities market ban imposed by the CSRC, and the relevant period has not yet expired;
- (vii) being publicly deemed by the securities exchange(s) where the Company's shares are listed as unfit to serve as a director or senior executive of a [REDACTED] company, and the relevant period has not yet expired;
- (viii) other circumstances prescribed by laws, administrative regulations, departmental rules, the CSRC, or securities regulatory rules of the stock exchange where the Company's Shares are [REDACTED].

Any election, appointment, or engagement of a Director in violation of the provisions of this Article shall be deemed invalid. If a Director is found to fall under any of the circumstances specified in this Article during their term of office, the Company shall remove the Director from their position and suspend their performance of duties.

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Directors shall be elected or replaced by the Shareholders' meeting and may be removed from office by resolution of the Shareholders' meeting prior to the expiration of their term, with such removal taking effect on the date the resolution is passed. The term of office for Directors shall be three years, and Directors may be re-elected upon expiration of their term.

The term of office for a Director shall be calculated from the date of assumption of office and shall expire upon the expiration of the term of the current Board of Directors. If the term of a Director expires and a timely re-election has not been conducted, the incumbent Director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are [REDACTED], and the provisions of the Articles of Association, until the newly elected Directors assume office.

A Director who resigns shall notify the Company in writing. The resignation shall take effect on the date the Company receives the notice. However, if the circumstances set forth in the preceding paragraph apply, the Director shall continue to perform their duties.

Directors may concurrently serve as the general manager or other senior management personnel, provided that the total number of Directors concurrently holding such positions shall not exceed one-half of the total number of Directors of the Company.

Directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are [REDACTED], and the Articles of Association. They owe the following fiduciary duties to the Company, shall take measures to avoid conflicts between their own interests and those of the Company, and shall not use their authorities to seek improper personal gains:

Directors owe the following fiduciary duties to the Company:

- (i) shall not misappropriate the Company's assets or embezzle the Company's funds;
- (ii) shall not deposit the Company's funds into accounts opened under their own name or any other individual's name;
- (iii) shall not use their authority to offer or accept bribes or other illegal income;
- (iv) without reporting to the Board of Directors or Shareholders' meeting and obtaining approval by the Board of Directors or resolution of the Shareholders' meeting in accordance with the Articles of Association, shall not directly or indirectly enter into contracts or conduct transactions with the Company;

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- (v) shall not exploit their position to seek business opportunities belonging to the Company for themselves or others, except where such opportunities have been reported to the Board of Directors or Shareholders' meeting and approved by resolution of the Shareholders' meeting, or where the Company, in accordance with laws, administrative regulations, or the Articles of Association, is unable to pursue such opportunities;
- (vi) without reporting to the Board of Directors or Shareholders' meeting and obtaining approval by resolution of the Shareholders' meeting, shall not engage in businesses of the same kind as the Company for themselves or others;
- (vii) shall not accept commissions from others in transactions with the Company for personal gain;
- (viii) shall not disclose the Company's secrets without authorization;
- (ix) shall not harm the Company's interests through related-party relationships;
- (x) shall not vote on any resolution approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, and he shall not be counted in the quorum present at the relevant meeting;
- (xi) other fiduciary duties prescribed by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are [REDACTED], and the Articles of Association.

Any income obtained by a Director in violation of the provisions of this Article shall belong to the Company. If such violation causes losses to the Company, the Director shall bear liability for compensation.

Close relatives of Directors and senior management personnel, enterprises directly or indirectly controlled by Directors, senior management personnel, or their close relatives, as well as other related parties having connections with Directors or senior management personnel, shall comply with the provisions set forth in item (iv) above when entering into contracts or conducting transactions with the Company.

Senior management personnel of the Company shall perform their duties in accordance with the above-mentioned requirements.



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Directors shall comply with laws, administrative regulations, and the Articles of Association, owe the following diligence duties to the Company and, in performing their duties, shall exercise the degree of care that a reasonably prudent manager would exercise in the best interests of the Company:

- (i) shall exercise the rights conferred by the Company prudently, conscientiously, and diligently to ensure that the Company’s business operations comply with the requirement of national laws, administrative regulations, and national economic policies, and that its business operations do not exceed the scope specified in the business license;
- (ii) shall treat all Shareholders fairly;
- (iii) shall keep timely and informed understanding of the Company’s business operations and management status;
- (iv) shall provide written confirmation opinions on the Company’s periodic reports, ensuring that the disclosed information is true, accurate, and complete;
- (v) shall truthfully provide relevant information and materials to the Audit Committee and shall not impede the exercise of the Audit Committee’s authority;
- (vi) other diligence duties prescribed by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s Shares are [REDACTED], and the Articles of Association.

Senior management personnel of the Company shall perform their duties in accordance with the above-mentioned requirements.

If a Director fails to attend two consecutive Board meetings either in person or through another Director authorized by him/her, he/she shall be deemed unable to perform their duties, and the Board of Directors shall recommend to the Shareholders’ meeting that the Director be removed.

A Director may resign before the expiration of his/her term by submitting a written resignation letter to the Company. The resignation shall take effect on the date the Company receives the resignation letter. The Company shall disclose the relevant information within two trading days.

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If a Director's resignation causes the number of members of the Board of Directors to fall below the statutory minimum, the incumbent Directors shall continue to perform their duties in accordance with laws, or if the number of independent non-executive directors is less than one-third (1/3) of the members of the Board of Directors due to the resignation of an independent non-executive director or if there is no accounting professional among the independent non-executive directors administrative regulations, departmental rules, and the Articles of Association, until new Directors are duly elected and assume office.

The Company shall establish a Director departure management system that clearly defines safeguard measures for accountability and recovery relating to unfulfilled public commitments and other outstanding matters. Upon the effectiveness of a Director's resignation or the expiration of his/her term, the Director shall complete all handover procedures with the Board of Directors. The Director's fiduciary duties to the Company and its Shareholders shall not be automatically terminated upon the conclusion of his/her term. Any liabilities incurred by the Director during their tenure in the execution of their duties shall not be exempted or terminated due to his/her departure.

The Shareholders' meeting may resolve to remove a Director, and such removal shall take effect on the date the resolution is passed.

If a Director is removed before the expiration of his/her term without just cause, the Director may demand compensation from the Company.

Without the provisions of the Articles of Association or lawful authorization by the Board of Directors, no Director shall act on behalf of the Company or the Board of Directors in his/her personal capacity. When a Director acts in his/her personal capacity but a third party reasonably believes that the Director is acting on behalf of the Company or the Board of the Directors, the Director shall beforehand clarify his/her position and capacity.

When a Director, in the performance of his/her duties for the Company, causes damage to others, the Company shall bear the liability for compensation. If the Director acts with intent or gross negligence, the Director shall also be held liable for compensation.

If a Director violates laws, administrative regulations, departmental rules, or the Articles of Association while performing his duties, and such violation has caused loss to the Company, the Director shall bear the liability for compensation.

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### Board of Directors

The Company has established a Board of Directors.

The Board shall consist of 9 Directors. The Board shall have a chairman, who shall be elected with approval of more than half of all Directors. Independent non-executive Directors shall be of 3 members and constitute one-third or more of the total number of the Board. At least one independent non-executive Director shall have appropriate professional qualifications, and one shall ordinarily reside in Hong Kong.

The Board shall exercise the following duties and powers:

- (i) to convene general meetings and report its work to the general meetings;
- (ii) to implement the resolutions of the general meetings;
- (iii) to resolve business operation plans and investment plans of the Company;
- (iv) to formulate the profit distribution plans and loss recovery plans of the Company;
- (v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and [REDACTED];
- (vi) to draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change of the form of the Company;
- (vii) to determine, to the extent authorized by the general meeting, on such matters as the outbound investments, purchase or sale of assets, assets mortgage, external guarantee, consigned financial management, connected transactions and external donations of the Company;
- (viii) to determine the internal management structure of the Company;
- (ix) to appoint or dismiss the manager, secretary to the Board and other senior management of the Company, and decide on matters of remuneration, rewards and punishments; to appoint or dismiss senior management such as deputy manager and chief financial officer according to the nomination of the manager, and decide on matters of remuneration, rewards and punishments;
- (x) to manage the information disclosure of the Company;
- (xi) to formulate the basic management system of the Company;
- (xii) to formulate proposals for any amendment of the Articles of Association;

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- (xiii) to propose to the general meeting for appointment or replacement of the accounting firm which provide audit services to the Company;
- (xiv) to listen to work reports of the manager of the Company and review his/her work;
- (xv) to decide on the Company's repurchase of its shares under the circumstances specified in items (III), (V) and (VI) of the first paragraph of Article 25 of the Articles of Association on the premise of complying with the securities regulatory rules of the place where the shares of the Company are [REDACTED];
- (xvi) any other functions and powers granted by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are [REDACTED] or the Articles of Association.

Matters beyond the scope of such authorization shall be submitted to the general meeting for consideration.

The Company shall, on a regular basis, disclose to shareholders the emoluments obtained by the Directors and senior management from the Company.

The Board of the Company shall explain at the general meeting for the non-standard auditing opinions provided by the certified public accounts with respect to the Company's financial reports.

The Board shall formulate the procedural rules for the Board to ensure its implementation of resolutions passed at the general meeting, to enhance work efficiency and to secure scientific decision-making. The procedural rules for the Board, which are annexed to the Articles of Association, shall be formulated by the Board and approved at the general meeting.

The Board shall establish a stringent examination and policy-making process by setting the scope of authority for conducting outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions and external donations. Material investment projects that beyond the authority of the Board shall be appraised by relevant experts and specialists, and shall be submitted to the general meeting for approval.

The chairman shall exercise the following functions and powers:

- (i) to preside over general meetings and to convene and preside over Board meetings;
- (ii) to procure and examine the implementation of Board resolutions;
- (iii) any other functions and powers stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association, and granted by the Board.

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The vice chairman of the Company, if any, shall assist the chairman. If the chairman is unable or fails to perform his/her duties, the vice chairman shall perform the duties of the chairman (if the Company has two or more vice chairmen, the one elected by more than half of the Directors shall perform the duties of the chairman). If the vice chairman is unable or fails to perform his/her duties, a Director elected by more than half of the Directors shall perform such duties.

The Board shall meet at least four a year. All Board meetings shall be convened and presided over by the chairman or a Director, as the case may be. A written notice shall be given to all Directors at least 14 days prior to each Board meeting to inform them of the time, place and agenda of the meeting. The above notice period for convening a regular Board meeting may be shortened or waived with the unanimous consent of all Directors of the Company.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, audit committee or the more than half of the independent non-executive Directors may propose to convene an extraordinary meeting of the Board. The chairman shall convene and preside over the Board meeting within 10 days after receiving the proposal.

The Board shall convene an extraordinary Board meeting by giving a 5-day written notice to all Directors prior to the meeting. The above notice period for convening an extraordinary Board meeting may be shortened or waived with the unanimous consent of all Directors of the Company.

In case of emergency and an extraordinary Board meeting is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

The notice of Board meetings shall include the following particulars:

- (i) date and venue of the meeting;
- (ii) duration of the meeting;
- (iii) matters of and issues of discussion;
- (iv) date of the notice.

Board meetings shall be held only if more than half of all the Directors are present. Save as otherwise specified in the Articles of Association, resolutions of the Board shall be passed by more than half of all Directors.

In the voting process, one Director shall represent one vote.

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Where a Director is considered to have connections with the enterprise or individual involved in a Board resolution or in which his or any of its associates has a material interest, such Director shall submit a written report to the Board in a timely manner. Any Director with any connected relationship or in which his or any of its associates has a material interest shall neither exercise his/her voting rights on the resolution nor exercise another Director's voting rights as a proxy and such Director shall not be counted in the quorum present at the relevant meeting. The Board meeting may be held only when more than half of the Directors with no connected relationship are present, and the Board resolutions shall be approved by more than half of such Directors with no connected relationship. In case of less than three Directors with no connected relationship present at the Board meeting, such matter shall be submitted to the general meeting for consideration.

The Board meets and votes by means of on-site voting and electronic communication.

Directors shall attend Board meetings in person. Any Director who is unable to attend a Board meeting may appoint another Director in writing to attend the meeting on his/her behalf. The power of attorney shall specify the name of the proxy, the relevant matter to be entrusted, scope of authorization and validity period and shall be signed or sealed by the principal. The Director appointed as the representative of another Director to attend the meeting shall exercise the rights of the Director within the scope of authorization. Any Director who is unable to attend a Board meeting and fails to appoint a proxy to attend the meeting on his/her behalf shall be deemed to have waived his/her voting right at that meeting.

The Board shall prepare meeting minutes in respect of decisions on matters discussed at the meeting. The Directors attending the meeting shall sign to endorse such minutes.

The minutes of the Board meetings shall be kept as archives of the Company for no less than ten years.

The minutes of the Board meetings shall include the following particulars:

- (i) date and venue of the meeting, and the name of the convener;
- (ii) name of Directors that attend the meeting in person, and name of Directors (proxies) that attend the meeting on behalf of other Directors;
- (iii) agenda of the meeting;
- (iv) key points of the speeches of Directors;
- (v) the method and results of voting for each resolution (the voting results shall clearly state the number of votes for or against the resolution or abstention).

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### Independent non-executive Directors

Independent non-executive directors shall earnestly fulfill their responsibilities in accordance with laws, administrative regulations, regulations of the CSRC, rules of the stock exchanges where the shares of the Company are [REDACTED], and provisions of the Articles of Association and play a role in participating in decision-making, supervising and balancing, and providing professional advice to the Board to maintain the overall interests of the Company and protect the legitimate rights and interests of minority shareholders.

Independent non-executive Directors shall maintain their independence, and the following persons shall not serve as independent non-executive Directors:

- (i) Persons working for the Company or its subsidiaries, their spouses, parents and children, and major social relations;
- (ii) Natural person shareholders who directly or indirectly hold more than 1% of the Company’s issued shares or who are among the Company’s top ten shareholders, and their spouses, parents and children;
- (iii) Persons who work for shareholders who directly or indirectly hold more than 5% of the Company’s issued shares or who work for entities of the Company’s top five shareholders, and their spouses, parents, and children;
- (iv) Persons serving in the subsidiaries of the Company’s controlling shareholders and de facto controllers and their spouses, parents and children;
- (v) Persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who serve in entities with which they have significant business dealings and their controlling shareholders or de facto controllers;
- (vi) Persons providing financial, legal, consulting and sponsorship and other services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries; including, but not limited to, all members of the project team of the intermediaries providing the services, reviewers at all levels, persons signing the report, partners, Directors, senior management and principals;
- (vii) Persons who have been in the situations listed in above item (i) to (vi) within the last twelve months;
- (viii) Other persons who do not possess independence as stipulated by laws, administrative regulations, regulations of the CSRC, rules of the stock exchanges where the shares of the Company are [REDACTED] and the Articles of Association.

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The subsidiaries of the Company’s controlling shareholder and de facto controller as referred to in items (iv) to (vi) above do not include those companies which are controlled by the same state-owned asset administration institution and the Company does and do not have a connected relationship with the Company in accordance with the relevant regulations.

Independent non-executive Directors shall conduct an annual self-examination of independence and submit the self-examination to the Board. The Board shall evaluate and issue a special opinion on the independence of the incumbent independent non-executive Directors on an annual basis, which shall be disclosed at the same time as the annual report.

A person to serve as an independent non-executive Director of the Company shall meet the following conditions:

- (i) being qualified to serve as the director of [REDACTED] companies in accordance with laws, administrative regulations and other relevant provisions;
- (ii) meeting the independence requirements stipulated in the Articles of Association;
- (iii) having basic knowledge of the operation of [REDACTED] companies and being familiar with relevant laws, regulations and rules;
- (iv) having at least five years of legal, accounting or economic work experience necessary to perform the duties of an independent non-executive Director;
- (v) having good personal morality, with no bad record such as major dishonesty, etc.;
- (vi) other conditions stipulated by laws, administrative regulations, regulations of the CSRC, rules of the stock exchanges where the shares of the Company are [REDACTED] and the Articles of Association.
- (vii) As members of the Board, the independent non-executive Directors owe fiduciary duties and diligence to the Company and all shareholders, and prudently fulfill the following duties:
- (viii) to involve in the decision-making of the Board and provide explicit opinions on the matters discussed;
- (ix) to supervise matters that indicate potential material conflict of interest between the Company and its controlling shareholders, de facto controllers, Directors and senior management so as to protect the legitimate interests of minority shareholders;
- (x) to provide professional and objective advice on the Company’s operation and development, thereby facilitating improvement in the standard of the decisions of the Board;



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- (xi) other duties stipulated by laws, administrative regulations, regulations of the CSRC, rules of the stock exchanges where the shares of the Company are [REDACTED] and the Articles of Association.

The independent non-executive Directors exercise the following special functions and powers:

- (i) independently engage intermediaries to audit, provide consultation on or verify specific matters of the Company;
- (ii) proposing to the Board with respect to the convening of extraordinary general meetings;
- (iii) proposing the convening of Board meetings;
- (iv) openly soliciting shareholders' rights in accordance with the law;
- (v) expressing independent opinions on matters that may harm the interests of the Company or its minority shareholders;
- (vi) other powers and functions as provided by laws, administrative regulations, regulations of the CSRC, rules of the stock exchanges where the shares of the Company are [REDACTED] and the Articles of Association.

Any exercise of the powers as referred to in above items (i) to (iii) by the independent non-executive Directors shall be approved by more than half of all independent non-executive Directors.

The Company shall disclose in a timely manner any exercise of the powers set out above by the independent non-executive Directors. If any of the aforesaid powers could not be exercised properly, the Company shall disclose the specific circumstances and reasons thereof.

The following matters shall be approved by more than half of all independent non-executive Directors of the Company before submitting to the Board for consideration:

- (i) disclosable connected transactions;
- (ii) proposed changes to the Company and the relevant parties or waivers of undertakings;
- (iii) decisions made and measures taken by the board of directors of an acquired company in relation to an acquisition;
- (iv) other matters as provided by laws, administrative regulations, regulations of the CSRC, rules of the stock exchanges where the shares of the Company are [REDACTED] and the Articles of Association.

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The Company has established a mechanism of special meetings attended by all independent non-executive Directors. When the Board considers matters such as connected transactions, the special meeting of independent non-executive Directors shall approve the matters in advance.

The Company shall convene special meetings of the independent non-executive Directors on a regular or irregular basis. Matters listed in items (I) to (III) of paragraph 1 of Article 134 and Article 135 of the Articles of Association shall be considered by the special meeting of independent non-executive Directors.

The special meetings of independent non-executive Directors may study and discuss other matters of the Company if necessary.

The special meetings of independent non-executive Directors shall be convened and presided over by an independent Director jointly elected by more than half of the independent non-executive Directors. If the convener fails to or is unable to perform his or her duties, two or more independent non-executive Directors may, on their initiative, convene a meeting and elect a representative to preside over the meeting.

Minutes of special meetings of independent non-executive Directors should be prepared in accordance with the regulations and the views of independent non-executive Directors should be set out in the minutes. The independent non-executive Directors should sign to confirm the minutes of the meeting.

The Company shall facilitate and support the convening of special meetings of independent non-executive Directors.

### **Special Committees of the Board of Directors**

The Audit Committee consists of three Directors who do not hold senior management positions in the Company, of which two are Independent Directors, with the accounting professionals among the Independent Directors serving as conveners.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosures, supervising and evaluating the internal and external audits and internal controls. The following matters shall be submitted to the Board of Directors for consideration after the approval by a majority of all members of the Audit Committee:

- (i) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (ii) appointment or dismissal of the accounting firm that undertake the Company's auditing business;
- (iii) appointment or dismissal of the Company's chief financial officer;

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- (iv) changes in accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;
- (v) other matters as provided by laws, administrative regulations, requirements of CSRC, security regulatory rules of the place where the shares of a company are listed, and the Articles of Association.

The Audit Committee shall hold at least one meeting every quarter, and may hold an extraordinary meeting when two or more members propose, or when the convenor deems it necessary. The quorum of the meeting of the Audit Committee shall be more than two-thirds of the members are present.

Decisions made by the Audit Committee shall be approved by more than half of the members of the Audit Committee. The voting on the resolution of the Audit Committee shall be one person, one vote.

The Audit Committee shall prepare meeting minutes for its resolutions in accordance with the regulations, and the members of the Audit Committee attending the meeting shall sign on the meeting minutes. The Board of Directors is responsible for formulating the working procedures of the Audit Committee.

The Board of Directors of the Company has established the Strategy and Sustainability Committee, Nomination Committee and the Remuneration and Appraisal Committee, the composition of which shall be in compliance with the laws, administrative regulations, the China Securities Regulatory Commission, the securities regulatory rules of the place where the Company's shares are listed and the provisions of these Articles of Association, to perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and the proposals of the specialized committees shall be submitted to the Board of Directors for consideration. The Board of Directors shall be responsible for formulating the working procedures of the special committees.

The Nomination Committee is responsible for formulating the standards and procedures for the selection of directors and senior management members, selecting and reviewing the candidates for directors and senior management members and their qualifications for office, and making recommendations to the Board of Directors on the following matters:

- (i) nominating or removing of directors;
- (ii) appointing or dismissing senior management members;
- (iii) other matters as provided by laws, administrative regulations, requirements of CSRC, the securities regulatory rules of the places where the Company's Shares are [REDACTED], and the Articles of Association.

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If the Board of Directors does not adopt or does not fully adopt the recommendations of the Nomination Committee, it shall record the opinion of the Nomination Committee and the specific reasons for not adopting in the resolution of the Board of Directors and disclose the same.

The Remuneration and Appraisal Committee is responsible for formulating the evaluation criteria for directors and senior management and conducting the evaluation, preparing and reviewing the remuneration policies and programs for directors and senior management such as the mechanism for determining the remuneration of directors and senior management, the decision-making process, and the arrangements for the payment and stoppage of recourse, and making recommendations to the Board of Directors on the following matters:

- (i) the remuneration of directors and senior management;
- (ii) formulating or changing the share incentive scheme and employee share ownership scheme, granting of rights and benefits to the targets of the incentives and fulfillment of the conditions for exercising the rights and benefits;
- (iii) arranging share ownership schemes for directors and senior management in the subsidiaries proposed to be spun off;
- (iv) other matters as provided by laws, administrative regulations, requirements of CSRC, the securities regulatory rules of the places where the Company's Shares are [REDACTED], and the Articles of Association.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinion of the Remuneration and Appraisal Committee and the specific reasons for not adopting in the resolution of the Board of Directors and disclose the same.

### **Managers and Other Senior Management**

The Company shall have a manager, who shall be appointed or dismissed by the Board of Directors.

The Company shall have several deputy managers, who shall be appointed or dismissed by the Board of Directors.

The manager, deputy manager, secretary of the Board of Directors and the person in charge of finance are the senior management of the Company.

The restrictions on Director eligibility under these Articles of Association shall apply equally to the senior management.

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Provisions regarding fiduciary duties and duty of diligence of directors under these Articles of Association shall apply equally to the senior management.

Any person who holds an executive position in the controlling shareholder of the Company other than as a director or supervisor shall not be appointed as a senior management member of the Company.

The senior management of the Company is paid only by the Company and is not paid by the controlling shareholder on behalf of the Company.

The manager shall serve a term of three years, and may serve consecutive terms if reappointed.

The manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (i) to be in charge of the production, operation and management of the Company, organize the implementation of resolutions Board of Directors, and to report his/her works to the Board of Directors;
- (ii) to organise the implementation of the Company's annual business plans and investment plans;
- (iii) to prepare plans for the establishment of the Company's internal management organisation;
- (iv) to set up the Company's basic management system;
- (v) to formulate the Company's specific regulations;
- (vi) to propose the appointment or dismissal of the Company's deputy manager, chief financial director;
- (vii) to determine the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (viii) such other functions and powers conferred by these Articles of Association or the Board of Directors.

The manager of the Company shall attend board meetings.

The manager shall formulate detailed working rules of the manager, which shall be submitted to the Board of Directors for approval before implementation.

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The manager's work rules shall include the following:

- (i) the conditions and procedures for convening the managers' meeting and the persons attending it;
- (ii) the specific responsibilities of each of the managers and other senior management and their respective duties and division of responsibilities;
- (iii) the authority to utilize the Company's funds and assets and to enter into major contracts, as well as the reporting system to the Board of Directors;
- (iv) such other matters as the Board of Directors may deem necessary.

A manager may resign before the expiration of his/her term of office. The specific procedure and method of resignation of a manager shall be stipulated in the labor contract or employment contract between the manager and the Company.

The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors is responsible for the preparation and documentation of general meetings and board meetings of the Company, as well as the management of shareholders' information of the Company, information disclosure matters and other matters.

The secretary to the board of the directors shall abide by the relevant provisions of the laws, administrative regulations, department rules, the securities regulatory rules of the place where the Company's Shares are [REDACTED], and the Articles of Association.

The Company shall be liable for any damages caused to others by senior management in the performance of their duties for the Company, and shall also be liable for any damages caused by intent or gross negligence on the part of the senior management.

Where any member of the senior management violates the laws, administrative regulations, department rules or the Articles of Association in the performance of his/her duties resulting in any loss to the Company, such member shall be liable for compensation.

The senior management of the Company shall perform duties faithfully and safeguard the best interests of the Company and all shareholders. Where any member of the senior management of the Company fails to perform duties faithfully or violate his/her fiduciary duties resulting in any loss to the interests of the Company and the general public shareholders, such member shall be liable for compensation in accordance with the law.

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## **SUMMARY OF THE ARTICLES OF ASSOCIATION**

### **FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT**

#### **Financial Accounting System**

The Company shall formulate its financial and accounting systems in accordance with applicable laws, administrative regulations, and the requirements of the competent financial authorities under the State Council.

The Company’s financial year shall follow the Gregorian calendar year, commencing on January 1 and ending on December 31 of each calendar year.

The Company shall submit and disclose an annual report to the CSRC’s dispatching agency (if necessary) and the stock exchange where the Company’s shares are listed within four months from the end of each fiscal year, and an interim report to the CSRC’s dispatching agency (if necessary) and the stock exchange where the Company’s shares are listed within two months from the end of the first half of each fiscal year, and may submit and disclose a quarterly report in accordance with the relevant regulations of the stock exchange where the Company’s shares are listed. Quarterly reports may also be submitted and disclosed in accordance with the relevant regulations of the stock exchange where the Company’s shares are listed. Where the regulatory rules of the place where the Company’s shares are listed provide otherwise, such provisions shall apply.

The aforesaid financial and accounting reports are prepared in accordance with the relevant laws and administrative regulations, the regulations of the China Securities Regulatory Commission and the securities regulatory authorities and stock exchanges where the Company’s shares are listed.

The Company shall not maintain any accounting books other than those required by applicable laws. Company funds shall not be deposited in accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of such profits to the statutory reserve fund. Where the accumulated amount of the statutory reserve fund has reached or exceeds 50% of the Company’s registered capital, no further allocation shall be required.

Where the statutory reserve fund of the Company is insufficient to cover losses incurred in previous years, the current year’s profits shall first be used to offset such losses before any allocation is made to the statutory reserve fund in accordance with the preceding paragraph.

After the statutory reserve fund has been appropriated from the after-tax profits, the Company may, upon resolution of the Shareholders’ meeting, further appropriate discretionary reserve funds from the after-tax profits.

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After offsetting losses and appropriating reserve funds, the remaining after-tax profits shall be distributed to Shareholders in proportion to their respective shareholdings, except otherwise stipulated in the Articles of Association that distribution shall not be based on the proportion of shareholding.

If the Shareholders’ meeting distributes profits to Shareholders in violation of the Company Law, the Shareholders shall return the improperly distributed profits to the Company; where such distribution causes losses to the Company, the Shareholders and the Directors or senior management responsible shall bear liability for compensation.

Shares of the Company held by the Company itself shall not participate in the distribution of profits.

The premium received from the issuance of Shares at a price exceeding the par value of the Shares, the capital received from the issuance of no-par value shares that has not been included in the registered capital, and other items designated by the competent financial authorities under the State Council to be included in capital reserves shall be recorded as the Company’s capital reserve fund. The Company’s reserve funds may be used to cover losses, expand production and operations, or be converted into additional registered capital. When reserve funds are used to cover losses, discretionary reserves and statutory reserves shall be used first; if losses still cannot be covered, capital reserves may be used in accordance with relevant regulations.

When the statutory reserve fund is converted into additional registered capital, the retained amount of such reserve shall not be less than 25% of the Company’s registered capital prior to the increase.

After the Shareholders’ meeting of the Company has passed a resolution on the profit distribution plan, the Board of Directors of the Company shall complete the distribution of dividends (or Shares) within two months after the Shareholders’ meeting is convened.

When formulating the profit distribution policy and specific plans, the Company shall prioritize providing investors with reasonable returns on investment, while also considering the Company’s long-term interests and sustainable development. The Company shall maintain continuity and stability in its profit distribution policy.

The Company’s profit distribution may be made in cash, Shares, a combination of cash and Shares, or by other means permitted by laws and regulations.

The Company shall appoint a payment agent for the holders of H Shares. The payment agent shall collect dividends and other payable amounts distributed by the Company on H Shares on behalf of the relevant Shareholders.

The payment agent appointed by the Company shall meet the requirements of the laws or the securities exchange(s) of the place of [REDACTED].



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## **SUMMARY OF THE ARTICLES OF ASSOCIATION**

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### **Internal Audit**

The Company shall establish an internal audit system that clearly defines the leadership framework, responsibilities and authorities, staffing, funding provisions, use of audit findings, and mechanisms for accountability.

The Company's internal audit system shall be implemented upon approval by the Board of Directors and disclosed to the public.

The Company's internal audit department shall supervise and inspect the Company's business activities, risk management, internal controls, financial information, and other related matters.

The internal audit department shall be accountable to the Board of Directors.

The internal audit department shall, in the course of supervising and inspecting the Company's business activities, risk management, internal controls, and financial information, be subject to the oversight and guidance of the Audit Committee. Upon discovering any significant issues or indications thereof, the internal audit department shall promptly report directly to the Audit Committee.

The internal audit department shall be responsible for the organization and implementation of the Company's internal control evaluation. Based on the evaluation report issued by the internal audit department and reviewed by the Audit Committee, the Company shall issue an internal control evaluation report for the year.

The internal audit department shall actively cooperate and provide necessary support and assistance when the Audit Committee communicates with external audit entities, including accounting firms and national audit authorities.

The Audit Committee shall participate in the evaluation of the head of the internal audit department.

### **Appointment of the Accounting Firm**

The Company shall engage an accounting firm that complies with the provisions of the Securities Law to conduct audits of financial accounting reports, verification of net assets, and other related consulting services. The term of engagement shall be one year, with the possibility of renewal.

The appointment and dismissal of the accounting firm shall be decided by the Shareholders' meeting. The Board of Directors shall not appoint the accounting firm before such decision is made by the Shareholders' meeting.

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The Company shall ensure that the appointed accounting firm is provided with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall neither refuse to provide nor conceal or falsify such information.

The audit fees payable to the accounting firm shall be determined by the Shareholders' meeting.

When the Company dismisses or decides not to renew the engagement of the accounting firm, it shall notify the accounting firm at least 30 days in advance. The accounting firm shall be allowed to present its views when the Shareholders' meeting votes on the dismissal of the accounting firm.

If the accounting firm proposes to resign, it shall explain to the Shareholders' meeting whether any improper circumstances exist within the Company.

### **MERGERS, DIVISIONS, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION, AND LIQUIDATION**

#### **Mergers, Divisions, Capital Increase and Capital Reduction**

The Company may effect a merger by way of absorption or by establishing a new entity.

An absorption merger occurs when one company absorbs another company, and the absorbed company shall be dissolved. A merger by way of establishing a new entity occurs when two or more companies merge to form a new company, and all merging parties shall be dissolved.

In the event of a merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date the merger resolution is made, and shall publish an announcement within thirty days either in a newspaper recognized by the stock exchange(s) where the Company's Shares are [REDACTED] or on the National Enterprise Credit Information Publicity System. Creditors may, within thirty days of receiving the notice or, if no notice is received, within forty-five days from the date of the announcement, request the Company to repay its debts or provide corresponding guarantees.

When the Company merges with a company in which it holds more than 90% of the shares, the merged company is not required to pass a resolution at its shareholders' meeting, provided that other shareholders shall be notified and have the right to request the Company to purchase their equity interests or shares at a reasonable price.

If the consideration paid for the merger does not exceed ten percent of the Company's net assets, approval by the Shareholders' meeting is not required, except otherwise stipulated in the Articles of Association.

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Where a merger is not subject to approval by the Shareholders' meeting in accordance with the preceding two paragraphs, it shall be approved by a resolution of the Board of Directors.

In a merger, the claims and debts of all merging parties shall be assumed by the surviving company or the newly established company.

In the event of a division, the Company's assets shall be divided accordingly.

In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date the division resolution is made, and shall publish an announcement within thirty days either in a newspaper recognized by the stock exchange(s) where the Company's Shares are [REDACTED] or on the National Enterprise Credit Information Publicity System.

Debts incurred prior to the division of the Company shall be jointly and severally assumed by the companies resulting from the division, except where a written agreement providing otherwise on debt settlement has been reached between the Company and its creditors prior to the division.

Where the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date the Shareholders' meeting passes the resolution to reduce the registered capital, and shall publish an announcement within thirty days either in a newspaper recognized by the stock exchange(s) where the Company's Shares are [REDACTED] or on the National Enterprise Credit Information Publicity System. Creditors shall have the right, within thirty days of receiving the notice or, if no notice is received, within forty-five days from the date of the announcement, to request the Company to repay its debts or provide corresponding guarantees.

In principle, a reduction of the Company's registered capital shall be carried out by reducing the capital contributions or Shares held by the Shareholders in proportion to their contributions or shareholding. However, upon approval by the Shareholders' meeting, such proportional reduction may be waived, and the Company may implement a targeted capital reduction.

The Company's registered capital after the reduction shall not be less than the statutory minimum amount.

If the Company still has losses after offsetting losses in accordance with Article 159 of the Articles of Association, it may reduce its registered capital to cover such losses. When the registered capital is reduced to cover losses, the Company shall neither distribute profits to Shareholders nor exempt Shareholders from their obligations to contribute capital or pay for their Shares.

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A reduction of registered capital made in accordance with the foregoing provisions shall not be subject to the provisions of the second paragraph of Article 186 of the Articles of Association, provided that the Company shall publish an announcement within thirty days from the date the Shareholders' meeting passes the resolution to reduce the registered capital, either in a newspaper recognized by the stock exchange(s) where the Company's Shares are [REDACTED] or on the National Enterprise Credit Information Publicity System.

After the Company reduces its registered capital in accordance with the preceding two paragraphs, it shall not distribute profits until the accumulated amount of the statutory reserve fund and discretionary reserve fund reaches fifty percent of the Company's registered capital.

If the registered capital is reduced in violation of laws, regulations, or the Articles of Association, the Shareholders shall return the funds received, and any reduction or waiver of Shareholders' capital contributions shall be reversed. Where such reduction causes losses to the Company, the Shareholders and the Directors or senior management responsible shall bear liability for compensation.

When the Company issues new shares to increase its registered capital, Shareholders shall not have preemptive subscription rights, unless otherwise stipulated in the Articles of Association or decided by a resolution of the Shareholders' meeting that Shareholders shall have such preemptive rights.

In the event of a merger or division resulting in changes to the registration particulars, the Company shall apply to the company registration authority for the change of registration in accordance with the law; in the event of dissolution, the Company shall apply for deregistration in accordance with the law; and in the event of establishing a new company apply for company registration in accordance with the law.

Where the Company increases or decreases its registered capital, it shall apply to the company registration authority for the change of registration in accordance with the law.

### **Dissolution and Liquidation**

The Company shall be dissolved for the following reasons:

- (i) the expiration of the business term stipulated in the Articles of Association or the occurrence of other dissolution causes specified in the Articles of Association;
- (ii) resolution of the Shareholders' meeting to dissolve the Company;
- (iii) dissolution required due to the Company's merger or division;
- (iv) revocation of the business license, order to close, or deregistration in accordance with the law;

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- (v) where the Company encountered severe operational difficulties which, if continued, would have caused substantial loss to the interests of the Shareholders and could not have been resolved by other means, Shareholders holding 10% or more of the voting rights petitioned the People's Court for dissolution, and the People's Court granted such dissolution.

Where the Company encounters any of the dissolution causes specified in the preceding paragraph, it shall, within ten days, make an announcement of such dissolution cause on the National Enterprise Credit Information Publicity System.

Where the Company is subject to the circumstances described in items (i) or (ii) above and has not yet distributed its assets to the Shareholders, it may continue its existence by amending the Articles of Association or by resolution of the Shareholders' meeting.

Any amendment to the Articles of Association or resolution of the Shareholders' meeting made in accordance with the preceding paragraph shall be passed by Shareholders holding more than two-thirds of the voting rights represented at the Shareholders' meeting.

Where the Company is dissolved due to any of the circumstances specified in items (i), (ii), (iv), or (v) above, it shall undergo liquidation. The Directors shall be responsible for the liquidation and shall establish a liquidation team to carry out the liquidation within fifteen days from the occurrence of the dissolution cause. The liquidation team shall consist of the Directors or other personnel appointed by resolution of the Shareholders' meeting. If the liquidation team is not established within the prescribed period or, having been established, fails to carry out the liquidation, the interested parties may apply to the People's Court to appoint relevant personnel to form a liquidation team to carry out the liquidation.

Where the persons responsible for liquidation 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.

Where the Company is dissolved due to the circumstance specified in item (iv) above, the authority that revoked the business license, ordered the closure, or made the deregistration, or the company registration authority, may apply to the People's Court to appoint relevant personnel to form a liquidation team to carry out the liquidation.

The liquidation team shall have the following authorities during the liquidation period:

- (i) liquidate the Company's assets and prepare a balance sheet and an inventory of assets separately;
- (ii) notify and make announcements to creditors;
- (iii) handle the Company's outstanding business related to the liquidation;

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- (iv) settle outstanding taxes and taxes arising during the liquidation process;
- (v) collect receivables and settle debts;
- (vi) distribute the Company's remaining assets after repayment of debts;
- (vii) represent the Company in civil litigation.

The liquidation team shall notify the creditor within ten days from the date of its establishment, and shall publish an announcement within sixty days either in a newspaper recognized by the stock exchange(s) where the Company's Shares are [REDACTED] or on the National Enterprise Credit Information Publicity System. Creditors shall, within thirty days of receiving the notice or, if no notice is received, within forty-five days from the date of the announcement, declare their claims to the liquidation team.

Creditors declaring claims shall specify the relevant details of the claims and provide supporting documentation. The liquidation team shall register the claims.

During the claims declaration period, the liquidation team shall not make any payments to creditors.

After liquidating the Company's assets and preparing the balance sheet and inventory of assets, the liquidation team shall formulate a liquidation plan and submit it to the Shareholders' meeting or the People's Court for confirmation.

After separately paying the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, settling outstanding taxes, and repaying the Company's debts, the remaining assets shall be distributed by the Company in proportion to the Shareholders' shareholding.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the Shareholders before the payments specified in the preceding paragraph are settled.

If, after liquidating the Company's assets and preparing the balance sheet and inventory of assets, the liquidation team discovers that the Company's assets are insufficient to repay its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

After the People's Court accepts the bankruptcy application, the liquidation team shall transfer the liquidation matters to the bankruptcy administrator appointed by the People's Court.

Upon completion of the liquidation, the liquidation team shall prepare a liquidation report, submit it to the Shareholders' meeting or the People's Court for confirmation, and file it with the company registration authority to apply for deregistration of the Company.

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If the Company has not incurred any debts during its existence, or has fully repaid all debts, it may, upon the warranty by all Shareholders, apply for deregistration of the Company through a simplified procedure in accordance with the regulations.

Where the Company applies for deregistration through simplified procedures, it shall publish an announcement on the National Enterprise Credit Information Publicity System for a period of not less than twenty days. If no objections are raised by the expiration of the announcement period, the Company may apply to the company registration authority for deregistration within twenty days.

Where the Company deregisters through simplified procedures, if any warranty given by Shareholders pursuant to the second paragraph of Article 198 of the Articles of Association is found to be untrue, such Shareholder shall bear joint and several liability for the Company's debts prior to deregistration.

Members of the liquidation team shall, in performing their liquidation duties, owe duties of loyalty and diligence.

Members of the liquidation team shall not abuse their authority to accept bribes or other illegal gains, nor shall they misappropriate the Company's assets.

If a member of the liquidation team neglects their duties and causes loss to the Company, he/she shall bear liability for compensation, and if losses are caused to creditors due to intentional misconduct or gross negligence, he/she shall bear liability for compensation.

Where the Company is lawfully declared bankrupt, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

### **Amendment of the Articles of Association**

The Company shall amend its Articles of Association under any of the following circumstances:

- (i) the provisions of the Articles of Association conflict with the amended provisions of the Company Law or other relevant laws and administrative regulations;
- (ii) changes have occurred in the Company's circumstances that are inconsistent with the provisions recorded in the Articles of Association;
- (iii) the Shareholders' Meeting resolves to amend the Articles of Association.

Where amendments to the Articles of Association approved by the Shareholders' meeting require approval from the competent authority, such approval shall be obtained; and where the amendments involve changes to the Company's registration, the relevant registration changes shall be handled in accordance with the law.

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The Board of Directors shall amend the Articles of Association in accordance with the resolution of the Shareholders’ meeting on the amendments and the approval opinions of the relevant competent authorities.

Amendments to the Articles of Association that constitute information required to be disclosed under laws, regulations, or the securities regulatory rules where the Company’s shares are [REDACTED] shall be announced in accordance with the relevant requirements.



## APPENDIX VI

## STATUTORY AND GENERAL INFORMATION

### A. FURTHER INFORMATION ABOUT OUR GROUP

#### 1. Establishment of our Company

Our Company was established in the PRC as a limited liability company on September 21, 2016 and was converted into a joint stock company with limited liability under the Company Law with effect from May 23, 2025. Our Company has established a principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong and [was] registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●], 2025. Ms. Chan Hiu Lam has been appointed as our authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was established in the PRC, our corporate structure and the 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 V – Summary of the Articles of Association” to this document.

#### 2. Changes in the share capital of our Company

As of the date of the establishment, our registered capital was RMB5,000,000. On May 23, 2025, our Company was converted into a joint stock company with limited liability under the PRC Company Law. Upon completion of such conversion, the registered capital of our Company was RMB30,000,000 divided into 30,000,000 shares with a nominal value of RMB1.00 each.

Pursuant to the resolution passed by the then Shareholders on June 6, 2025, each share of our Company with a nominal value of RMB1.00 will be subdivided into 10 Shares with a nominal value of RMB0.10 each on the [REDACTED].

Assuming the [REDACTED] is not exercised, upon completion of the [REDACTED] and conversion of Unlisted Shares into H Shares, the registered share capital of our Company will be increased to RMB[REDACTED] divided into [REDACTED] H Shares.

Save as mentioned in “History, Development and Corporate Structure – Major Corporate Developments of Our Group – Our Company – Series C Financing” and “– 4. Resolution of our Shareholders passed on June 6, 2025” below, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

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### 3. Restriction of share repurchase

For details of the restrictions on the share repurchase by our Company, see “Appendix V – Summary of the Articles of Association” to this document.

### 4. Resolutions of our Shareholders passed on June 6, 2025

At the extraordinary general meeting of our Company held on June 6, 2025, among other things, the following resolutions were passed by our Shareholders:

- (a) the subdivision of each share of our Company with a nominal value of RMB1.00 into 10 Shares with a nominal value of RMB0.10 each to be effective on the [REDACTED] was approved;
- (b) the issue of H Shares with a nominal value of RMB0.10 each, the number of which shall be no more than 25% of the total issued share capital of our Company upon completion of the [REDACTED], and the [REDACTED] of the H Shares on the Stock Exchange were approved;
- (c) the grant of the [REDACTED] of not more than 15% of the number of H Shares issued pursuant to the [REDACTED] was approved;
- (d) subject to the completion of the filing procedure with the CSRC, upon completion of the [REDACTED], the conversion of [REDACTED] Unlisted Shares in aggregate into H Shares on a one-for-one basis was approved;
- (e) subject to the completion of the [REDACTED], the Articles of Association were approved and adopted, which shall become effective on the [REDACTED], and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (f) our Board has been authorized to handle all relevant matters relating to, among other things, the [REDACTED], the issue of H Shares and the [REDACTED].

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### 5. Particulars of our subsidiaries

Set out below is certain information of our subsidiaries as of the Latest Practicable Date:

No.	Name of subsidiaries	Name of shareholder	Percentage of the equity interests held
1	Suzhou Chengtech	Our Company	100%
2	Chongqing Chengtech	Our Company	100%
3	Chengtech Zhizao	Our Company	100%
4	Guangzhou Chengchuang	Our Company	100%

### 6. Change in the registered capital of subsidiaries

There has been no alteration in the registered capital of any of our subsidiaries within the two years immediately preceding the date of this document.

## B. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document that are or may be material:

- (a) a capital contribution agreement dated May 17, 2024 entered into among Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂), Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)), Shenzhen Chengyan Venture Capital Investment Enterprise (Limited Partnership) (深圳承研創業投資企業(有限合夥)), Shenzhen Huacheng Venture Capital Investment Enterprise (Limited Partnership) (深圳華承創業投資企業(有限合夥)), Jiangsu SME Development Fund (Limited Partnership) (江蘇中小企業發展基金(有限合夥)), Shenzhen Greenpine Chuangzhi Venture Capital Partnership (Limited Partnership) (深圳松禾創智創業投資合夥企業(有限合夥)), Shenzhen Futian District Shanchuang SME Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創小微股權投資基金合夥企業(有限合夥)), Nantong Jiabin Phase II Investment Partnership (Limited Partnership) (南通嘉鑫二期股權投資合夥企業(有限合夥)), Chongqing Fuling District Greenpine Zhixun Private Equity Investment Fund Partnership (Limited Partnership) (重慶市涪陵區松禾智訊私募股權投資基金合夥企業(有限合夥)), Changsha High-tech Development Zone Hesheng Equity Investment Partnership

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(Limited Partnership) (長沙高新開發區和生股權投資合夥企業(有限合夥)), Tongling Yuanfu Enterprise Management Partnership (Limited Partnership) (銅陵垣涪企業管理合夥企業(有限合夥)), Founder Securities Investment Co., Ltd. (方正證券投資有限公司), Beijing Xinleineng Technology Co., Ltd. (北京新雷能科技股份有限公司), Gongqingcheng Lanyan Zizhu Investment Management Partnership L.P. (共青城藍焱紫竹投資管理合夥企業(有限合夥)), Shaanxi Xinhua Innovation Investment Fund Partnership (Limited Partnership) (陝西薪火創新投資基金合夥企業(有限合夥)), Shenzhen E-Shine Communications Technology Co., Ltd. (深圳翼尚通信技術有限公司), Mr. Cai Youliang (蔡友良), Mr. Wang Shengping (王聲平), Mr. Du Mu (杜牧), Mr. Zou Huajun (鄒華軍), Mr. Wang Bin (王彬), Mr. Wang Yang (汪洋), Mr. Wang Mu (王牧), Shenzhen Guoke Ruihua Phase III Equity Investment Fund Partnership (Limited Partnership) (深圳市國科瑞華三期股權投資基金合夥企業(有限合夥)) and Beijing Guoke Zhengdao Investment Center (Limited Partnership) (北京國科正道投資中心(有限合夥)) in respect of the capital contribution of RMB69,300,000 by Shenzhen Guoke Ruihua Phase III Equity Investment Fund Partnership (Limited Partnership) (深圳市國科瑞華三期股權投資基金合夥企業(有限合夥)) and RMB700,000 by Beijing Guoke Zhengdao Investment Center (Limited Partnership) (北京國科正道投資中心(有限合夥)), respectively;

- (b) an equity interest transfer agreement dated April 18, 2025 entered into between Changsha High-tech Development Zone Hesheng Equity Investment Partnership (Limited Partnership) (長沙高新開發區和生股權投資合夥企業(有限合夥)) and Beijing Guoke Ruihua Phase IV Equity Investment Fund Partnership (Limited Partnership) (北京國科瑞華四期股權投資基金合夥企業(有限合夥)) in respect of the transfer of the 1.765189% equity interest in our Company from Changsha High-tech Development Zone Hesheng Equity Investment Partnership (Limited Partnership) (長沙高新開發區和生股權投資合夥企業(有限合夥)) to Beijing Guoke Ruihua Phase IV Equity Investment Fund Partnership (Limited Partnership) (北京國科瑞華四期股權投資基金合夥企業(有限合夥)) at a consideration of RMB15,445,400;
- (c) an equity interest transfer agreement dated April 18, 2025 entered into between Changsha High-tech Development Zone Hesheng Equity Investment Partnership (Limited Partnership) (長沙高新開發區和生股權投資合夥企業(有限合夥)) and Shenzhen Baoshi Xinqiao Guoke Ruihua Private Equity Investment Fund Partnership (Limited Partnership) (深圳市寶實新橋國科瑞華私募股權投資基金合夥企業(有限合夥)) in respect of the transfer of the 1.765188% equity interest in our Company from Changsha High-tech Development Zone Hesheng Equity Investment Partnership (Limited Partnership) (長沙高新開發區和生股權投資合夥企業(有限合夥)) to Shenzhen Baoshi Xinqiao Guoke Ruihua Private Equity Investment Fund Partnership (Limited Partnership) (深圳市寶實新橋國科瑞華私募股權投資基金合夥企業(有限合夥)) at a consideration of RMB15,445,400;

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- (d) an equity interest transfer agreement dated April 18, 2025 entered into between Gongqingcheng Lanyan Zizhu Investment Management Partnership L.P. (共青城藍焱紫竹投資管理合夥企業(有限合夥)) and Beijing Guoke Ruihua Phase IV Equity Investment Fund Partnership (Limited Partnership) (北京國科瑞華四期股權投資基金合夥企業(有限合夥)) in respect of the transfer of the 0.866691% equity interest in our Company from Gongqingcheng Lanyan Zizhu Investment Management Partnership L.P. (共青城藍焱紫竹投資管理合夥企業(有限合夥)) to Beijing Guoke Ruihua Phase IV Equity Investment Fund Partnership (Limited Partnership) (北京國科瑞華四期股權投資基金合夥企業(有限合夥)) at a consideration of RMB7,583,546;
- (e) an equity interest transfer agreement dated April 18, 2025 entered into between Gongqingcheng Lanyan Zizhu Investment Management Partnership L.P. (共青城藍焱紫竹投資管理合夥企業(有限合夥)) and Shenzhen Baoshi Xinqiao Guoke Ruihua Private Equity Investment Fund Partnership (Limited Partnership) (深圳市寶實新橋國科瑞華私募股權投資基金合夥企業(有限合夥)) in respect of the transfer of the 0.866691% equity interest in our Company from Gongqingcheng Lanyan Zizhu Investment Management Partnership L.P. (共青城藍焱紫竹投資管理合夥企業(有限合夥)) to Shenzhen Baoshi Xinqiao Guoke Ruihua Private Equity Investment Fund Partnership (Limited Partnership) (深圳市寶實新橋國科瑞華私募股權投資基金合夥企業(有限合夥)) at a consideration of RMB7,583,546;
- (f) an equity interest transfer agreement dated April 18, 2025 entered into between Founder Securities Investment Co., Ltd. (方正證券投資有限公司) and Foshan Hegao Zhixing No. 31 Venture Capital Center (Limited Partnership) (佛山和高智行三十一號創業投資中心(有限合夥)) in respect of the transfer of the 3.243243% equity interest in our Company from Founder Securities Investment Co., Ltd. (方正證券投資有限公司) to Foshan Hegao Zhixing No. 31 Venture Capital Center (Limited Partnership) (佛山和高智行三十一號創業投資中心(有限合夥)) at a consideration of RMB28,378,378.22;
- (g) an equity interest transfer agreement dated April 18, 2025 entered into between Mr. Chen Chengwen (陳承文) and Foshan Hegao Zhixing No. 26 Venture Capital Center (Limited Partnership) (佛山和高智行二十六號創業投資中心(有限合夥)) in respect of the transfer of the 2.371429% equity interest in our Company from Mr. Chen Chengwen (陳承文) to Foshan Hegao Zhixing No. 26 Venture Capital Center (Limited Partnership) (佛山和高智行二十六號創業投資中心(有限合夥)) at a consideration of RMB20,750,000;

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- (h) an equity interest transfer agreement dated April 18, 2025 entered into between Mr. Chen Chengwen (陳承文) and Shenzhen Jiaying No. 1 Investment Partnership (Limited Partnership) (深圳市嘉星一號投資合夥企業(有限合夥)) in respect of the transfer of the 0.613897% equity interest in our Company from Mr. Chen Chengwen (陳承文) to Shenzhen Jiaying No. 1 Investment Partnership (Limited Partnership) (深圳市嘉星一號投資合夥企業(有限合夥)) at a consideration of RMB5,371,600;
- (i) an equity interest transfer agreement dated April 18, 2025 entered into between Tongling Yuanfu Enterprise Management Partnership (Limited Partnership) (銅陵垣涪企業管理合夥企業(有限合夥)) and Beijing Guoke Zhengdao Investment Center (Limited Partnership) (北京國科正道投資中心(有限合夥)) in respect of the transfer of the 0.053169% equity interest in our Company from Tongling Yuanfu Enterprise Management Partnership (Limited Partnership) (銅陵垣涪企業管理合夥企業(有限合夥)) to Beijing Guoke Zhengdao Investment Center (Limited Partnership) (北京國科正道投資中心(有限合夥)) at a consideration of RMB465,232;
- (j) an equity interest transfer agreement dated April 18, 2025 entered into between Tongling Yuanfu Enterprise Management Partnership (Limited Partnership) (銅陵垣涪企業管理合夥企業(有限合夥)) and Mr. Peng Cong (彭聰) in respect of the transfer of the 0.088045% equity interest in our Company from Tongling Yuanfu Enterprise Management Partnership (Limited Partnership) (銅陵垣涪企業管理合夥企業(有限合夥)) to Mr. Peng Cong (彭聰) at a consideration of RMB770,457;
- (k) an equity interest transfer agreement dated April 18, 2025 entered into between Mr. Chen Chengwen (陳承文) and Mr. Peng Cong (彭聰) in respect of the transfer of the 1.000000% equity interest in our Company from Mr. Chen Chengwen (陳承文) to Mr. Peng Cong (彭聰) at a consideration of RMB4,500,000;



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- (l) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Chongqing Fuling District Greenpine Zhixun Private Equity Investment Fund Partnership (Limited Partnership) (重慶市涪陵區松禾智訊私募股權投資基金合夥企業(有限合夥)), Shenzhen Greenpine Chuangzhi Venture Capital Partnership (Limited Partnership) (深圳松禾創智創業投資合夥企業(有限合夥)), Mr. Wang Yang (汪洋), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Chongqing Fuling District Greenpine Zhixun Private Equity Investment Fund Partnership (Limited Partnership) (重慶市涪陵區松禾智訊私募股權投資基金合夥企業(有限合夥)), Shenzhen Greenpine Chuangzhi Venture Capital Partnership (Limited Partnership) (深圳松禾創智創業投資合夥企業(有限合夥)) and Mr. Wang Yang (汪洋);
- (m) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Nantong Jiaxin Phase II Investment Partnership (Limited Partnership) (南通嘉鑫二期股權投資合夥企業(有限合夥)), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Nantong Jiaxin Phase II Investment Partnership (Limited Partnership) (南通嘉鑫二期股權投資合夥企業(有限合夥));
- (n) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Foshan Hygoal Zhixing No. 31 Venture Capital Center (Limited Partnership) (佛山和高智行三十一號創業投資中心(有限合夥)), Foshan Hygoal Zhixing No. 26 Venture Capital Center (Limited Partnership) (佛山和高智行二十六號創業投資中心(有限合夥)), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Foshan Hygoal Zhixing No. 31 Venture Capital Center (Limited Partnership) (佛山和高智行三十一號創業投資中心(有限合夥)) and Foshan Hygoal Zhixing No. 26 Venture Capital Center (Limited Partnership) (佛山和高智行二十六號創業投資中心(有限合夥));

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- (o) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Shenzhen Jiaxing No. 1 Investment Partnership (Limited Partnership) (深圳市嘉星一號投資合夥企業(有限合夥)), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Shenzhen Jiaxing No. 1 Investment Partnership (Limited Partnership) (深圳市嘉星一號投資合夥企業(有限合夥));
- (p) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Shenzhen Guoke Ruihua Phase III Equity Investment Fund Partnership (Limited Partnership) (深圳市國科瑞華三期股權投資基金合夥企業(有限合夥)), Beijing Guoke Zhengdao Investment Center (Limited Partnership) (北京國科正道投資中心(有限合夥)), Beijing Guoke Ruihua Phase IV Equity Investment Fund Partnership (Limited Partnership) (北京國科瑞華四期股權投資基金合夥企業(有限合夥)), Shenzhen Baoshi Xinqiao Guoke Ruihua Private Equity Investment Fund Partnership (Limited Partnership) (深圳市寶實新橋國科瑞華私募股權投資基金合夥企業(有限合夥)), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Shenzhen Guoke Ruihua Phase III Equity Investment Fund Partnership (Limited Partnership) (深圳市國科瑞華三期股權投資基金合夥企業(有限合夥)), Beijing Guoke Zhengdao Investment Center (Limited Partnership) (北京國科正道投資中心(有限合夥)), Beijing Guoke Ruihua Phase IV Equity Investment Fund Partnership (Limited Partnership) (北京國科瑞華四期股權投資基金合夥企業(有限合夥)) and Shenzhen Baoshi Xinqiao Guoke Ruihua Private Equity Investment Fund Partnership (Limited Partnership) (深圳市寶實新橋國科瑞華私募股權投資基金合夥企業(有限合夥));
- (q) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Mr. Peng Cong (彭聰), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Mr. Peng Cong (彭聰);



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- (r) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Beijing Xinleineng Technology Co., Ltd. (北京新雷能科技股份有限公司), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Beijing Xinleineng Technology Co., Ltd. (北京新雷能科技股份有限公司);
- (s) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Shenzhen Futian District Shanchuang SME Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創中小微股權投資基金合夥企業(有限合夥)), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Shenzhen Futian District Shanchuang SME Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創中小微股權投資基金合夥企業(有限合夥));
- (t) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Mr. Du Mu (杜牧), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Mr. Du Mu (杜牧);
- (u) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Jiangsu SME Development Fund (Limited Partnership) (江蘇中小企業發展基金(有限合夥)), Jiangsu Modern Service Development Venture Capital Fund (Limited Partnership) (江蘇省現代服務業發展創業投資基金(有限合夥)), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Jiangsu SME Development Fund (Limited Partnership) (江蘇中小企業發展基金(有限合夥)) and Jiangsu Modern Service Development Venture Capital Fund (Limited Partnership) (江蘇省現代服務業發展創業投資基金(有限合夥));

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- (v) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Mr. Wang Shengping (王聲平), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技股份有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Mr. Wang Shengping (王聲平);
- (w) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Mr. Wang Bin (王彬), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技股份有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Mr. Wang Bin (王彬);
- (x) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Mr. Wang Mu (王牧), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技股份有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Mr. Wang Mu (王牧);
- (y) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Mr. Zou Huajun (鄒華軍), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技股份有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Mr. Zou Huajun (鄒華軍);

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- (z) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Shaanxi Xinhua Innovation Investment Fund Partnership (Limited Partnership) (陝西薪火創新投資基金合夥企業(有限合夥)), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技股份有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技股份有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Shaanxi Xinhua Innovation Investment Fund Partnership (Limited Partnership) (陝西薪火創新投資基金合夥企業(有限合夥));
- (aa) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Mr. Cai Youliang (蔡友良), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技股份有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技股份有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Mr. Cai Youliang (蔡友良);
- (bb) the shareholders’ special rights termination agreement dated April 21, 2025 entered into among Shenzhen E-Shine Communications Technology Co., Ltd. (深圳翼尚通信技術有限公司), Shenzhen Cheng-Tech Co., Ltd. (深圳承泰科技股份有限公司), Suzhou Cheng-Tech Co., Ltd. (蘇州承泰科技股份有限公司), Chongqing Cheng-Tech Co., Ltd. (重慶承泰科技股份有限公司), Mr. Chen Chengwen (陳承文), Mr. Zhou Ke (周珂) and Shenzhen Chengtech Venture Capital Investment Enterprise (Limited Partnership) (深圳承泰創業投資企業(有限合夥)) in relation to the termination of special rights that were previously granted to Shenzhen E-Shine Communications Technology Co., Ltd. (深圳翼尚通信技術有限公司); and
- (cc) the [REDACTED].







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### 2. Our Intellectual Property Rights

#### (a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
1		53105467	42	Our Company	PRC	October 7, 2021	October 6, 2031
2		53118724	45	Our Company	PRC	October 7, 2021	October 6, 2031
3		53120364	37	Our Company	PRC	October 7, 2021	October 6, 2031
4		53103932	16	Our Company	PRC	October 7, 2021	October 6, 2031
5		53110671	22	Our Company	PRC	October 7, 2021	October 6, 2031
6		17352467	9	Our Company	PRC	September 7, 2016	September 6, 2026

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which, in the opinion of our Directors, may be material to our business:

No.	Trademark	Application Number	Class	Name of Applicant	Place of Application	Date of Application
1		306918229	9	Our Company	Hong Kong	June 3, 2025
2		306918238	9	Our Company	Hong Kong	June 3, 2025

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### (b) Patents

As of the Latest Practicable Date, our Group was the registered proprietor of the following patents which, in the opinion of our Directors, are or may be material to our business:

No.	Patent	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
1	A method for improving the measurement range and accuracy of radar and radar (一種提升雷達的測量範圍和測量精度的方法以及雷達)	201610104912.2	Our Company	PRC	February 25, 2016	February 25, 2036
2	A method and system for automatic calibration and installation angle of vehicle mounted millimeter wave radar (一種車載毫米波雷達自動校準安裝角度的方法和系統)	202310319747.2	Our Company	PRC	March 29, 2023	March 29, 2043
3	Method, system, equipment, and storage medium for velocity deblurring of millimeter wave radar (毫米波雷達的速度解模糊方法、系統、設備及存儲介質)	202310471918.3	Our Company	PRC	April 27, 2023	April 27, 2043
4	A signal processing method for multi wave mode that can increase the number of point cloud (一種可增加點雲數量的多發波模式的信號處理方法)	202311406580.X	Our Company	PRC	October 27, 2023	October 27, 2043
5	A Radar Point Cloud Prediction Method and System (一種雷達點雲預測方法及系統)	202410728722.2	Suzhou Chengtech	PRC	June 6, 2024	June 6, 2044

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No.	Patent	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
6	A FMCW radar waveform modulation method and device (一種FMCW雷達波形調製方法及裝置)	201611221423.1	Our Company	PRC	December 26, 2016	December 26, 2036
7	Vehicle radar calibration system and vehicle radar calibration method (車載雷達標定系統和車載雷達標定方法)	202011571224.X	Our Company	PRC	December 27, 2020	December 27, 2040
8	A method, device, equipment, and storage medium for improving radar measurement accuracy (一種雷達測量精度改善方法、裝置、設備及存儲介質)	202211202056.6	Our Company	PRC	September 29, 2022	September 29, 2042
9	A system and method for improving the angle measurement accuracy of vehicle mounted millimeter wave radar (一種應用於提升車載毫米波雷達測角精度的系統及方法)	202210924499.X	Our Company	PRC	August 2, 2022	August 2, 2042
10	A plastic electroplated waveguide antenna and its manufacturing method (一種塑料電鍍波導天線及其製作方法)	202310719127.8	Our Company	PRC	June 16, 2023	June 16, 2043

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No.	Patent	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
11	A system and method for validating millimeter wave radar algorithms in vehicles (一種用於車載毫米波雷達算法驗證系統和方法)	202310634926.5	Our Company	PRC	May 31, 2023	May 31, 2043
12	A method for angle measurement of vehicle mounted millimeter wave radar array (一種車載毫米波雷達的佈陣測角方法)	202311233925.6	Our Company	PRC	September 23, 2023	September 23, 2043
13	A self-driving speed estimation method, system, and platform suitable for multiple scenarios (一種適用於多場景的自車速度估測方法、系統及平台)	202311755974.6	Suzhou Chengtech	PRC	December 20, 2023	December 20, 2043
14	A phase calibration method and system for automotive millimeter wave radar array antenna (一種用於汽車毫米波雷達陣列天線的相位校準方法及系統)	202410838741.0	Suzhou Chengtech	PRC	June 26, 2024	June 26, 2044
15	A method and system for inter channel coherent accumulation processing based on automotive millimeter wave radar (一種基於汽車毫米波雷達的通道間相干積累處理方法及系統)	202410840891.5	Suzhou Chengtech	PRC	June 27, 2024	June 27, 2044

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### (c) *Copyrights*

As of the Latest Practicable Date, we were the registered proprietor of the following copyrights which, in the opinion of our Directors, are material to our business:

No.	Copyright	Registration Number	Name of Registered Proprietor	Place of Registration	Date of First Publication
1	RadarTools Radar debugging software (RadarTools雷達調試軟件)	2021SR0240593	Our Company	PRC	February 9, 2021
2	Static automated testing software (靜態自動化測試軟件)	2022SR0849876	Our Company	PRC	May 25, 2022

### (d) *Domain Name*

As of the Latest Practicable Date, we owned the following domain name which, in the opinion of our Directors, is material to our business:

No.	Domain Name	Registrant	Date of Registration	Expiry Date
1	chengtech.com	Our Company	February 21, 2013	February 21, 2027
2	cheng-tech.com	Our Company	June 29, 2022	June 29, 2027
3	chengtech.net	Our Company	June 15, 2015	June 15, 2027



## APPENDIX VI

## STATUTORY AND GENERAL INFORMATION

### C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### 1. Disclosure of interests

##### (a) *Interests and short positions of the Directors and chief executive of our Company in the share capital of our Company and its associated corporations*

Immediately following the completion of the [REDACTED], the Share Subdivision and conversion of Unlisted Shares into H Share (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED]), the interests or short positions of Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”), to be notified to our Company and the Stock Exchange once the H Shares are [REDACTED] will be as follows:

##### *Interest in Shares of our Company*

Director / Chief executive	Nature of interest	Number of Shares <sup>(1)</sup>	Approximately percentage of shareholding in the relevant type of Shares	Approximately percentage of shareholding in the total issued share capital
Mr. Chen	Beneficial owner	[REDACTED] H Shares (L)	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation <sup>(2)</sup>	[REDACTED] H Shares (L)	[REDACTED]%	[REDACTED]%
Mr. Zhou	Beneficial owner	[REDACTED] H Shares (L)	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation <sup>(3)</sup>	[REDACTED] H Shares (L)	[REDACTED]%	[REDACTED]%

*Notes:*

(1) The letter “L” denotes the person’s long position in our Shares.

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- (2) Mr. Chen is the general partner of Chengtech VC, Chengyan VC and Huacheng VC. By virtue of the SFO, Mr. Chen is deemed to be interested in the Shares in which each of Chengtech VC, Chengyan VC and Huacheng VC is interested.
- (3) Mr. Zhou holds 61% partnership interest in Chengtech VC. By virtue of the SFO, Mr. Zhou is deemed to be interested in the Shares in which Chengtech VC is interested.

### ***(b) Substantial Shareholders***

Save as disclosed in “Substantial Shareholders,” our Directors are not aware of any persons (other than our Directors and chief executive of our Company) who will, immediately following the completion of the [REDACTED], the Share Subdivision and conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED]), will have or be deemed or taken to have interests and/or short position in our Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any types of the issued voting shares of any member of our Group.

## **2. Particulars of Directors’ service agreements and appointment letters**

Each of our Directors [has] entered into a service agreement or letter of appointment with our Company. The principal particulars of these service agreements and letters of appointment comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service agreements and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors has or is proposed to have a service agreement with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

## **3. Directors’ remuneration**

For the years ended December 31, 2022, 2023 and 2024, the aggregate remuneration (including salaries, allowances and other benefits, discretionary bonuses, retirement, scheme contributions and share-based payment expense) paid or payable to our Directors were approximately RMB3.86 million, RMB13.19 million and RMB4.58 million, respectively. For details, please see note 8 of the Accountants’ Report set out in Appendix I to this document.

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## STATUTORY AND GENERAL INFORMATION

Under the arrangement currently in force, the aggregate remuneration (including salaries, allowances, benefits in kind and discretionary bonuses) of our Directors for the year ending December 31, 2025 is estimated to be no more than approximately HK\$4.64 million.

### 4. Agency fees or commissions received

Save as disclosed in “[REDACTED]” to this document, no commissions, discounts, agency fee, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

### 5. Disclaimers

- (a) save as disclosed in this section, none of our Directors or chief executive of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code once our H Shares have been [REDACTED] on the Stock Exchange;
- (b) within the two years immediately preceding the date of this document, none of our Directors nor any of the experts referred to under “– E. Other Information – 6. Qualifications and Consents of Experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have 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 nor any of the experts referred to under “– E. Other Information – 6. Qualifications and Consents of Experts” in this Appendix, 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) save as disclosed in this section, none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

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- (e) save as disclosed in “– C. Further information about Directors and Substantial Shareholders – 1. Disclosure of interests” above, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the [REDACTED] and conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and
- (f) so far as is known to our Directors as of the Latest Practicable Date, none of the Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in any of our top five suppliers and top five customers.

### D. OTHER INFORMATION

#### 1. Estate Duty

Our Directors have been advised that currently no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the PRC.

#### 2. Litigation

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, arbitration or administrative proceedings which could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us which may have a material and adverse impact on our business, financial condition or results of operations.

#### 3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of HK\$5.0 million for acting as the sponsor for the [REDACTED].

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares to be converted from Unlisted Shares and the H Shares to be issued pursuant to the [REDACTED].

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## STATUTORY AND GENERAL INFORMATION

### 4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

### 5. Promoters

Our Company does not have a promoter for the purpose of the Listing Rules.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters named above in connection with the [REDACTED] and the related transactions described in this document.

### 6. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualifications
Guotai Junan Capital Limited	Licensed corporation to conduct type 6 (advising on corporate finance) regulated activity defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Allbright Law Offices (Shenzhen)	Legal advisors to our Company as to PRC laws
China Insights Industry Consultancy Limited	Independent industry consultant

Each of the experts named above [has] given and [has] not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters, opinions, summaries of opinions and/or references to its name included herein in the form and context in which they respectively appear.

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### 7. Interests of experts in our Company

Except as disclosed in this document and save for its obligations under the [REDACTED], none of the persons named in “– 6. Qualifications and Consents of Experts” above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

### 8. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see “Appendix III – Taxation and Foreign Exchange.”

### 9. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

### 10. Miscellaneous

- (a) within the two years immediately preceding the date of this document:
  - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or for a consideration other than cash;
  - (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) save as disclosed in “[REDACTED]” in this document, no [REDACTED], discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
  - (iv) save as disclosed in “[REDACTED]” in this document, no [REDACTED] has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

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## STATUTORY AND GENERAL INFORMATION

- (b) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) there has been no material adverse change in the financial or [REDACTED] position or prospects of our Group since December 31, 2024 (being the date to which the latest audited consolidated financial statements of our Group were prepared);
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;
- (e) all necessary arrangements have been made to enable our H Shares to be admitted into [REDACTED] for clearing and settlement;
- (f) no company within our Group is presently [REDACTED] on any stock exchange or [REDACTED] on any [REDACTED] system;
- (g) our Company has no outstanding convertible debt securities or debentures;
- (h) there is no arrangement under which future dividends are waived or agreed to be waived; and
- (i) none of the equity and debt securities of our Company, if any, is [REDACTED] or [REDACTED] with in any other stock exchange nor is any [REDACTED] or permission to [REDACTED] being or proposed to be sought.

### 11. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English version shall prevail.

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## **APPENDIX VII      DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND DOCUMENTS ON DISPLAY**

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### **A.    DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “Appendix VI – Statutory and General Information – E. Other Information – 6. Qualifications and Consents of Experts” to this document; and
- (b) a copy of each of the material contracts referred to in “Appendix VI – Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts” to this document.

### **B.    DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and our Company ([www.chengtech.com](http://www.chengtech.com)) up to and including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from the Reporting Accountants, the text of which is set out in Appendix I to this document;
- (c) the report from the Reporting Accountants in respect of the [REDACTED] financial information, the text of which is set out in Appendix II to this document;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;
- (e) the legal opinion issued by Allbright Law Offices (Shenzhen), our PRC Legal Advisors, in respect of certain general corporate matters of our Group;
- (f) the written consents referred to in “Appendix VI – Statutory and General Information – E. Other Information – 6. Qualifications and Consents of Experts” to this document;
- (g) the material contracts referred to in “Appendix VI – Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts” to this document;



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**APPENDIX VII                      DOCUMENTS DELIVERED TO THE REGISTRAR OF  
COMPANIES AND DOCUMENTS ON DISPLAY**

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- (h) the service agreements and letters of appointment entered into between our Company and each of our Directors (as applicable) referred to in “Appendix VI – Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 2. Particulars of Directors’ service agreements and appointment letters” to this document;
- (i) the industry report issued by China Insights Consultancy; and
- (j) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translation.