Application Proof of

FS.COM Limited
深圳市飛速創新技術股份有限公司

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

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FS.COM Limited
深圳市飛速創新技術股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of Hong Kong [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of International [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**

CICC 中金公司　中信建投國際 CHINA SECURITIES INTERNATIONAL　CMS 招商證券國際

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The **[REDACTED]**, on behalf of the **[REDACTED]**, may, where considered appropriate and with the consent of our Company, reduce the number of Hong Kong **[REDACTED]** and/or the indicative **[REDACTED]** range below that is stated in this document (being HK$**[REDACTED]** per **[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**) at any time prior to the morning of the last day for lodging applications under the **[REDACTED]**. In such case, notices of the reduction in the number of **[REDACTED]** and/or the indicative **[REDACTED]** range will be published on the website of our Company at **https://www.fs.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the **[REDACTED]**. For further details, see "Structure of the **[REDACTED]**" and "How to Apply for **[REDACTED]**" in this document.

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[REDACTED]

IMPORTANT

[REDACTED]

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EXPECTED TIMETABLE

[**REDACTED**]

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This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**].

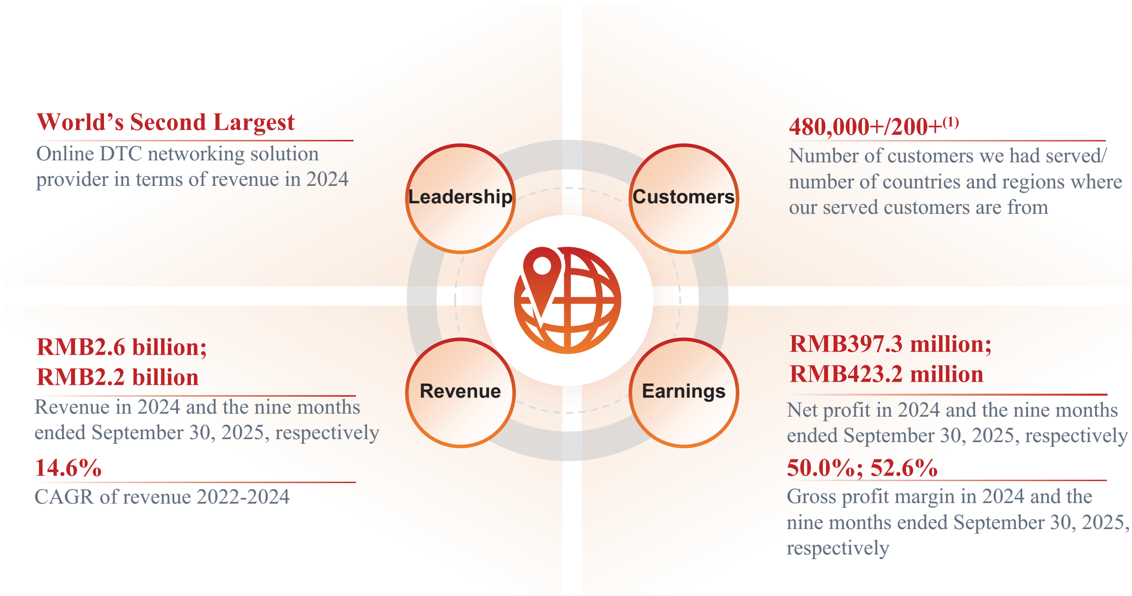
There are risks associated with any [**REDACTED**]. *Some of the particular risks in investing in the* [**REDACTED**] *are set out in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the* [**REDACTED**].

OVERVIEW

We were the world's second largest online DTC networking solution provider in terms of revenue in 2024 with a 6.9% market share, according to Frost & Sullivan. Our comprehensive networking solutions empower businesses globally to achieve efficient digital transformations. Through our online sales platform, *FS.com*, we deliver scalable, cost-effective and comprehensive one-stop networking solutions. Our solutions range includes high-performance networking equipment, scalable networking equipment operating system and cloud-based network management platform. We excel in diverse scenarios including high-performance computing, data centers, enterprise networks and telecommunications, meeting the demand for both enterprise-grade high-performance networking solutions and general networking solutions for worldwide customers through our platform-centric and online-enabled approach.

Over the decades, we have established ourselves as a globally renowned technology brand celebrated for our steadfast dedication to delivering outstanding value for our customers. Our customer-centric approach has fostered a global customer base spanning across various industries. As of the Latest Practicable Date, we had served more than 480,000 customers in over 200 countries and regions worldwide, covering approximately 60% of Fortune 500 companies from a wide spectrum of sectors including, among others, information technology, financial services, healthcare, education, automotive and electronics. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, approximately 74,000, 76,600, 82,500, 69,100 and 69,300 customers placed orders on our online sales platform, with an average revenue per customer of approximately RMB26,900, RMB28,900, RMB31,700, RMB28,300 and RMB31,400 in the same respective periods. We witnessed improving customer loyalty, with our net dollar retention rate reaching 94.4% and 102.3% in 2023 and 2024, respectively.

The diagram below illustrates our key operating metrics and financial performance:



(1) As of the Latest Practicable Date

OUR DTC BUSINESS MODEL

We have established a fully integrated DTC model that enables efficient global delivery of scenario-based solutions. Unlike conventional models that separate network architecture design, multi-supplier procurement and after-sales support across different parties, our DTC model integrates these functions into a unified, platform-based system, providing global customers with a fully integrated experience that combines solution design, product validation and one-stop procurement.

This fully integrated DTC model allows us to scale operations while preserving service quality across the following key dimensions:

- ***Intelligent Solutions Design***. Our sales platform employs *FS Agent* to analyze customer requirements in real time, proposing and automating solution design and product selection, reducing manual intervention and delivering scenario-based solutions that precisely match customers' operational scenarios.

- ***Service Scale***. Our fully integrated DTC model standardizes and automates key business processes from customer engagement to solution deployment, enabling efficient operational scaling and allowing us to support over 480,000 customers across over 200 countries and regions worldwide with a lean team of over 1,000 sales personnel and solution engineers as of the Latest Practicable Date.

- ***Procurement Efficiency***. Our platform offered over 120,000 SKUs as of the Latest Practicable Date, offering a seamless one-stop procurement process to meet the full spectrum of customer needs with flexible product configurations and custom parameters for diverse networking scenarios. This significantly reduces design and technical validation cycles and boosts deployment efficiency.

- ***Cost Efficiency***. Our online sales platform consolidates the procurement demands from our customers worldwide. By aggregating global demand and centralizing upstream sourcing, we achieve scale-based procurement advantages and offer competitive pricing.

- ***Quality Consistency***. We ensure that all solutions undergo rigorous testing and validation before deployment. In addition, our supply chain and quality control systems ensure cross-device compatibility and reliability.

- ***Delivery Certainty***. By leveraging advanced intelligent demand forecasting, coupled with our expansive global warehousing and digital supply chain systems, we ensure stable and predictable lead times. This capability allows us to meet customer expectations consistently, providing reliable delivery schedules that enhance operational planning and efficiency for our customers worldwide.

OUR NETWORKING SOLUTIONS

We offer comprehensive enterprise-grade networking solutions designed to comprehensively meet the demands of high-performance computing, data centers, enterprise networks and telecommunications, empowering global customers to design, operate and optimize networks with enhanced efficiency, agility and cost-effectiveness. Our solutions encompass pre-sales activities including sales consulting, technology support and solutions design as well as testing and validation, which together support and enable the delivery of fully integrated networking products to customers. Our solutions are built on a decoupled architecture that combines standardized networking hardware with scalable, cloud-based software capabilities. This enables advanced remote orchestration, intelligent resource provisioning and streamlined operational management, allowing customers to dynamically adapt network resources to evolving operational demands while maintaining enterprise-grade reliability.

Our Networking Products

As part of our networking solutions, we offer an extensive portfolio of proprietary networking equipment that supports a wide range of deployment scenarios and performance requirements. To address varying performance requirements, we offer high-performance networking solutions and general networking solutions. Our high-performance networking products cater to bandwidth-intensive environments, delivering high throughput, low latency and scalable architectures. Our general networking products feature secure and reliable connectivity as well as simplified deployment and maintenance for everyday needs. In addition to our high-performance and general networking products, we also offer other networking products such as fiber optic cassettes, chassis, wavelength division multiplexers and other ancillary products.

The following table sets forth a breakdown of our revenue by product category for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)									
							(unaudited)			
High-performance networking solutions	472,910	23.8	577,368	26.0	831,107	31.9	618,512	31.7	788,004	36.2
General networking solutions	1,290,865	64.9	1,388,641	62.8	1,497,508	57.3	1,125,942	57.6	1,139,408	52.4
Others[1]	224,469	11.3	246,842	11.2	283,178	10.8	209,247	10.7	247,306	11.4
Total	**1,988,244**	**100.0**	**2,212,851**	**100.0**	**2,611,793**	**100.0**	**1,953,701**	**100.0**	**2,174,718**	**100.0**

(1) Others mainly include fiber optic cassettes, chassis, wavelength division multiplexers and other ancillary products.

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)									
							(unaudited)			
United States	919,625	46.3	1,027,025	46.4	1,223,166	46.8	920,822	47.1	1,178,357	54.2
Europe[1]	664,707	33.4	767,381	34.7	898,048	34.4	674,979	34.5	617,744	28.4
Asia[2]	176,019	8.9	183,221	8.3	228,118	8.7	167,288	8.6	200,329	9.2
– China[3]	28,456	1.4	40,405	1.8	47,062	1.8	34,252	1.8	45,216	2.1
Americas (excluding the United States)[4]	124,640	6.3	123,219	5.6	143,927	5.5	105,088	5.4	97,882	4.5
Oceania[5]	81,939	4.1	91,658	4.1	95,845	3.7	68,516	3.5	67,629	3.1
Africa[6]	21,314	1.0	20,347	0.9	22,689	0.9	17,008	0.9	12,777	0.6
Total	**1,988,244**	**100.0**	**2,212,851**	**100.0**	**2,611,793**	**100.0**	**1,953,701**	**100.0**	**2,174,718**	**100.0**

Notes:

(1) Our revenue from Europe was mainly derived from Germany, the U.K. and France.

(2) Our revenue from Asia was mainly derived from Japan, Singapore, India and China.

(3) Our revenue from China was derived from Mainland China, Hong Kong, Macau Special Administrative Region and Taiwan, China.

(4) Our revenue from Americas (excluding the United States) mainly derived from Canada, Mexico and Puerto Rico.

(5) Our revenue from Oceania mainly derived from Australia and New Zealand.

(6) Our revenue from Africa mainly derived from South Africa, Kenya and Nigeria.

OUR STRENGTHS

We believe the following competitive advantages have contributed to our success and will help drive our growth in the future.

- A globally leading provider of networking solutions with dynamic platform ecosystem and robust networking effect.
- A go-to platform for networking solutions with glocalization strategy.
- Diverse products and solutions with flexibility to meet the differentiated needs of global customers.
- Platform-based full-stack technologies.
- Visionary management team and deep-rooted corporate culture for innovation.

See "Business — Our Strengths."

OUR STRATEGIES

We will continue to pursue the following strategies that will drive further growth.

- Driving technological upgrades and platform iterations.
- Enriching product portfolio.
- Expanding a prosperous global ecosystem.
- Strengthening global talents acquisition and team building.

See "Business — Our Strategies."

CUSTOMERS AND SUPPLIERS

Our Customers

As of the Latest Practicable Date, we had served more than 480,000 customers in over 200 countries and regions worldwide, covering approximately 60% of Fortune 500 companies from a wide spectrum of sectors including, among others, information technology, financial services, healthcare, education, automotive and electronics.

In 2022, 2023, 2024 and the nine months ended September 30, 2025, our revenue from the five largest customers was RMB95.2 million, RMB82.5 million, RMB164.5 million and RMB149.8 million, respectively, accounting for 4.8%, 3.8%, 6.3% and 6.9% of our total revenue in the same respective periods. In the same years or periods, our revenue from the single largest customer in each year or period during the Track Record Period amounted to RMB41.2 million, RMB26.0 million, RMB66.5 million and RMB46.0 million, accounting for 2.1%, 1.2%, 2.5% and 2.1% of our total revenue in the same respective periods.

See "Business — Our Customers."

Our Suppliers

We rely on contract manufacturers for our manufacturing needs. We have established deep collaborative partnerships with networking equipment manufacturers worldwide. As of the Latest Practicable Date, we had collaborated with over 200 telecommunication product suppliers and networking equipment manufacturers across the globe. Our robust supply chain integration capabilities have enabled us to rapidly respond to customer demands, shorten new product development cycles, and enhance production efficiency and delivery capabilities. During the Track Record Period, we primarily sourced networking products from suppliers based or headquartered in China with overseas factories in countries that enjoy relatively lower tariff rates such as Vietnam and Malaysia. This established procurement strategy secured generally lower tariff rates compared to sourcing directly from China. For example, pursuant to the latest policies in effect during this period, optical modules and high-speed cables and switches exported from Vietnam and Malaysia to the U.S. were subject to nil tariff rates, while copper systems were subject to rates ranging from 20% to 50% when exported from Vietnam. Furthermore, fiber optic cables exported from Vietnam were subject to a tariff rate of 20%. Since early 2025, we have gradually adjusted our procurement mix by reducing the proportion of China-based sourcing and increasing procurement from suppliers in other regions, such as Southeast Asia in response to the recent development of tariff policies. This shift has resulted in lower or nil tariff rates for affected items, effectively optimizing our cost of sales.

The purchases from our top five suppliers in each year or period during the Track Record Period was RMB625.0 million, RMB450.2 million, RMB507.9 million and RMB246.9 million, respectively, representing 50.3%, 50.7%, 47.3% and 36.3% of our total purchase in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. The purchases from our largest supplier in each year or period during the Track Record Period was RMB190.1 million, RMB141.9 million, RMB146.4 million and RMB61.4 million, respectively, representing 15.3%, 16.0%, 13.6% and 9.0% of our total purchase in the same respective periods.

See "Business — Our Suppliers."

COMPETITION

The networking solution industry is highly competitive, with established players and new entrants vying for market share in a rapidly evolving landscape. Our ability to maintain and grow our market position depends on competing effectively against other networking solution providers. The competitive landscape is shaped by multiple factors, including the performance of networking products, technology and customization capability applicable in new scenarios, products and service delivery efficiency and prompt after-sales services, brand awareness and recognition and end-to-end digital operation capability. Despite high barriers to entry, new market participants may emerge, introducing innovative or cost-effective solutions that challenge existing players. If we are unable to keep pace with such advancements, or fail to differentiate our solutions in terms of quality, performance or cost, we risk losing market share to competitors. See "Industry Overview." For risks associated with our competitiveness in the industry, see "Risk Factors — Risks Relating to Our Business and Industry — The industry in which we participate is increasingly competitive, and if we do not compete effectively, our business and results of operations could be adversely affected."

SUMMARY OF KEY FINANCIAL INFORMATION

The following tables summarize our consolidated financial results during the Track Record Period and should be read in conjunction with "Financial Information" of this document and the Accountants' Report set out in Appendix I to this document, together with the respective accompanying notes.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Years ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Revenue	1,988,244	2,212,851	2,611,793	1,953,701	2,174,718
Cost of sales	(1,085,386)	(1,120,379)	(1,305,484)	(958,042)	(1,031,899)
Gross profit	902,858	1,092,472	1,306,309	995,659	1,142,819
Other income	18,241	12,989	12,811	9,984	6,375
Impairment losses under expected credit loss model, net of reversal	272	(1,659)	(1,008)	(485)	(1,638)
Other gains and losses	42,704	38,682	(948)	8,746	49,761
Selling and distribution expenses	(270,490)	(338,941)	(487,665)	(353,373)	(390,154)
General and administrative expenses	(170,373)	(175,156)	(209,777)	(140,110)	(161,835)
Research and development expenses	(99,824)	(110,482)	(143,710)	(99,824)	(124,273)
Finance costs	(4,511)	(4,655)	(18,544)	(12,823)	(19,997)
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before tax	418,877	513,250	456,575	407,774	482,948
Income tax expense	(54,370)	(56,503)	(59,318)	(56,967)	(59,774)
Profit for the year/period	**364,507**	**456,747**	**397,257**	**350,807**	**423,174**
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	6,606	2,446	(247)	(1,507)	5,595
Total comprehensive income for the year/period	**371,113**	**459,193**	**397,010**	**349,300**	**428,769**

See "Financial Information — Consolidated Statements of Profit or Loss."

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS financial measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted by adding back (i) share-based payment expenses, (ii) professional fees, (iii) [**REDACTED**]; and (iv) finance cost of interest on redemption liabilities. The following table reconciles our adjusted net profit (non-IFRS measure) and presented in accordance with IFRS, which is profit for the year/period:

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
			(RMB in thousands)		
				(unaudited)	
Profit for the year/period	364,507	456,747	397,257	350,807	423,174
Add:					
– Share-based payment expenses[1]	10,595	6,373	5,745	4,291	14,401
– Professional fees[2]	12,983	6,615	4,292	4,206	–
– [**REDACTED**][3]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
– Finance cost of interest on redemption liabilities[4]	–	–	–	–	4,848
Adjusted net profit *(non-IFRS measure)*	**388,085**	**469,735**	**408,187**	**359,304**	**460,533**

Notes:

(1) Share-based payment expenses are non-cash in nature, and mainly represent the employee benefit expenses incurred in connection with our award to key employees.

(2) Professional fees represent professional service fees incurred in connection with the A Share Listing Application.

(3) [**REDACTED**].

(4) Finance cost of interest on redemption liabilities represents the non-cash interest expense recorded to reflect interest incurred on our conditional obligation to redeem equity securities issued in our pre-[**REDACTED**] investors. This redemption obligation was initially measured at fair value (representing the present value of the cash flows for settling the related obligations if these rights are exercised by the investors), and are subsequently measured at amortized costs. We will not incur such finance cost of interest on redemption liabilities upon [**REDACTED**] as the redemption liabilities will be reclassified to equity when the redemption rights lapse upon [**REDACTED**].

Our adjusted net profit (non-IFRS measure) increased by 21.0% from RMB388.1 million in 2022 to RMB469.7 million in 2023, and then decreased by 13.1% from RMB469.7 million in 2023 to RMB408.2 million in 2024, generally in line with the changes in our profit for the year. Our adjusted net profit (non-IFRS measure) increased by 28.2% from RMB359.3 million in the nine months ended September 30, 2024 to RMB460.5 million in the nine months ended September 30, 2025, primarily attributable to an increase in our profit for the period.

We recorded profit for the year/period of RMB364.5 million, RMB456.7 million, RMB397.3 million, RMB350.8 million and RMB423.2 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, primarily as a result of (i) the increase in our revenue and gross profit generated from the sales of our products and solutions, (ii) the increase in our operating expenses and (iii) the fluctuation of other gains and losses. See "Financial Information — Consolidated Statements of Profit or Loss."

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position included in Appendix I to this document.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Total current assets	1,712,283	1,888,923	2,015,571	2,213,269
Total non-current assets	441,532	830,493	1,534,828	1,508,351
Total assets	**2,153,815**	**2,719,416**	**3,550,399**	**3,721,620**
Total current liabilities	529,887	563,065	539,309	625,985
Total non-current liabilities	91,512	158,369	610,353	1,111,123
Total liabilities	**621,399**	**721,434**	**1,149,662**	**1,737,108**
Net current assets	**1,182,396**	**1,325,858**	**1,476,262**	**1,587,284**
Net assets	**1,532,416**	**1,997,982**	**2,400,737**	**1,984,512**
Capital and reserves				
Share capital	360,000	360,000	360,000	360,000
Reserves	1,172,416	1,637,982	2,040,737	1,624,512
Total equity	**1,532,416**	**1,997,982**	**2,400,737**	**1,984,512**

Our net current assets increased by 12.1% from RMB1,182.4 million as of December 31, 2022 to RMB1,325.9 million as of December 31, 2023, primarily due to an increase in bank balance and cash of RMB462.6 million, primarily offset by (i) a decrease in financial assets at FVTPL of RMB209.7 million and (ii) an increase in contract liabilities of RMB64.9 million. Our net current assets increased by 11.3% from RMB1,325.9 million as of December 31, 2023 to RMB1,476.3 million as of December 31, 2024, primarily due to (i) an increase in financial assets at FVTPL of RMB326.1 million and (ii) a decrease in contract liabilities of RMB68.8 million, partially offset by a decrease in bank balance and cash of RMB295.7 million. Our net current assets increased from RMB1,476.3 million as of December 31, 2024 to RMB1,587.3 million as of September 30, 2025, primarily due to (i) an increase in financial assets at FVTPL of RMB187.6 million; and (ii) an increase in bank balances and cash of RMB81.8 million, partially offset by (i) an increase in borrowings of RMB112.5 million; and (ii) a decrease in inventories of RMB87.4 million.

Our net assets increased by 30.4% from RMB1,532.1 million as of December 31, 2022 to RMB1,998.0 million as of December 31, 2023, primarily due to (i) the total comprehensive income of RMB459.2 million; and (ii) the recognition of share-based payment expenses of RMB6.4 million in 2023. Our net assets increased by 20.2% from RMB1,998.0 million as of December 31, 2023 to RMB2,400.7 million as of December 31, 2024, primarily due to (i) the total comprehensive income of RMB397.0 million; and (ii) the recognition of share-based payment expenses of RMB5.7 million in 2024. Our net assets decreased by 17.3% from RMB2,400.7 million as of December 31, 2024 to RMB1,984.5 million as of September 30, 2025, primarily due to (i) the recognition of redemption liabilities of RMB659.4 million; and (ii) dividends recognized as distribution of RMB200.0 million, partially offset by an increase in total comprehensive income of RMB428.8 million in the nine months ended September 30, 2025. For further details of our consolidated statements of changes in equity, see Accountants' Report in Appendix I to this document.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated:

	Years ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Net cash generated from operating activities	170,832	586,010	408,841	249,515	542,647
Net cash used in investing activities	(274,323)	(119,436)	(1,140,761)	(996,128)	(179,236)
Net cash (used in)/generated from financing activities	(27,041)	(7,284)	437,161	461,950	(289,126)

	Years ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Cash and cash equivalents at the beginning of year/period	497,939	367,576	829,082	829,082	533,026
Effect of foreign exchange rate changes	169	2,216	(1,297)	(1,975)	6,042
Cash and cash equivalents at the end of year/period	367,576	829,082	533,026	542,444	613,353

See "Financial Information — Liquidity and Capital Resources — Cash Flow."

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of/For the Year ended December 31,			As of/For the nine months ended September 30,
	2022	2023	2024	2025
Gross profit margin (%)[(1)]	45.4	49.4	50.0	52.6
Net profit margin (%)[(2)]	18.3	20.6	15.2	19.5
Adjusted net profit margin (non-IFRS measure)(%)[(4)]	19.5	21.2	15.6	21.2
Current ratio[(3)]	3.2	3.4	3.9	3.5
Debt ratio (%)[(5)]	(17.1)	(32.6)	6.7	35.0

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals profit for the year/period divided by revenue and multiplied by 100%.

(3) Current ratio equals current assets divided by current liabilities as of the same date.

(4) Adjusted net profit margin (non-IFRS measure) equals adjusted net profit (non-IFRS measure) divided by revenue multiplied by 100%. See "— Non-IFRS Financial Measure."

(5) Debt ratio equals net debt divided by total equity. Net debt equals bank borrowing plus lease liabilities plus redemption liabilities minus cash and cash equivalents and multiplied by 100%.

See "Financial Information — Key Financial Ratios".

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the stated range of the [**REDACTED**] between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**], fees and other estimated expenses in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised or HK$[**REDACTED**] if the [**REDACTED**] is exercised in full. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for R&D, which include developing our products and enhancing our full-stack technology platform.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for enhancing our delivery capabilities in major overseas markets.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for digitalizing our business platform for networking solutions and services.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]."

IMPACT OF COVID-19 ON OUR OPERATIONS

During the Track Record Period, the COVID-19 pandemic presented various operational challenges to the Group. For example, certain front line personnel were subject to regional quarantine restrictions, preventing on-site work. In response, we implemented a series of mitigation measures, including remote working arrangements and the distribution of personal protective equipment to employees, which resulted in additional operating costs.

Despite these challenges, our financial performance remained resilient. COVID-19 did not have any material disruption to our operations, nor did it have a material adverse impact on the Group's overall operations or financial results during the Track Record Period. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded revenue of RMB1,988.2 million, RMB2,212.9 million, RMB2,611.8 million, RMB1,953.7 million and RMB2,174.7 million, respectively.

DIVIDEND

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

As of December 31, 2022, 2023, 2024 and September 30, 2025, we paid dividends of RMB60.0 million, nil, nil and RMB200.0 million. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

RISK FACTORS

There are certain risks and uncertainties involved in our operations as set out in "Risk Factors." These risks can be categorized into (i) risks relating to our business and industry, (ii) risks relating to operations in the principal places of our business, and (iii) risks relating to the [**REDACTED**]. Some of the major risks that we face include:

- The industry in which we participate is increasingly competitive, and if we do not compete effectively, our business and results of operations could be adversely affected.

- Our business growth and prospects are affected by our ability to continuously innovate and iterate our networking solutions and technology platform.

- Our international presence exposes us to various risks and uncertainties.

- We have experienced significant growth during the Track Record Period. Our historical performance is not necessarily indicative of our future performance. We may not be able to implement our growth strategies or manage our growth effectively.

- Rising international political tensions, including changes in international trade policies and trade barriers, or the escalation of trade tensions, particularly between the U.S. and China, may have an adverse effect on our business operations.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Declaration of Dividend

Our cash dividend distribution plan for 2024 was reviewed and approved at the general meeting held on May 22, 2025, declaring a cash dividend of RMB5.56 (tax inclusive) per 10 Unlisted Shares to be paid to existing Shareholders. The distribution of this dividend was completed on May 29, 2025. The amount of dividend distributed was RMB200.0 million and the source of funding was our self-owned fund.

Regulatory Update

Since 2025, the U.S. government has announced certain tariffs and relevant new trade policies affecting various countries or regions as well as industries, thereby creating uncertainties for the economic development of various countries and global trade. As of April 10, 2025, the additional tariff rate on imports from China introduced by the U.S. government had increased to 145%. In response to the additional tariffs imposed by the U.S., China implemented a series of measures, including raising tariffs on imported goods of U.S. origin to as high as 125%. On May 12, 2025, the U.S. and China announced a mutual 90-day suspension and removal agreement. Specifically, the U.S. agreed to: (i) suspend for 90 days 24% of the tariffs on Chinese goods under its executive order of April 2, 2025, while retaining the remaining rate of 10%; and (ii) remove the additional tariffs introduced under the Executive Orders of April 8, 2025 and April 9, 2025. This resulted in a temporarily effective rate of 30% (including the 20% tariff imposed under the International Emergency Economic Powers Act ("**IEEPA**") in relation to the fentanyl emergency declared by the U.S. administration) on Chinese imports, and in addition to any preexisting tariffs (for example, sector-specific tariffs and tariffs under Section 301 of the Trade Act of 1974). Similarly, China agreed to: (i) suspend for 90 days 24% of the tariffs on U.S. goods announced on April 4, 2025, while retaining the remaining 10%; (ii) remove the additional tariffs imposed subsequently; and (iii) adopt necessary administrative measures to suspend or remove the non-tariff countermeasures taken against the U.S. since April 2, 2025. This left a temporary additional tariff rate of 10% on U.S. imports. On August 11, 2025, the abovementioned 90-day suspension was formally extended for an additional 90 days, with the new expiry date set as November 10, 2025, absent further agreement. During the additional 90-day suspension, the countries will continue to negotiate a broader, long-term deal.

In addition to additional tariffs imposed under IEEPA, the U.S. has imposed other sector-specific tariffs (for example, on automobiles and parts, steel and aluminum). Effective August 1, 2025, the U.S. also imposed a 50% tariff on imports of semi-finished copper products and intensive copper derivative goods under Section 232 of the Trade Expansion Act of 1962. The U.S. has also opened a number of investigations under Section 232 into certain other products, which may result in higher tariffs imposed on these goods and their derivative products. During the Track Record Period, the U.S. import tariffs are borne by FS U.S., our U.S. subsidiary responsible for sales and delivery of our networking solutions in the U.S. These items that are subject to the 50% tariff are classified as ancillary products which only accounted for a minimal amount of our total revenue during the Track Record Period. We have adopted flexible pricing strategies and gradually adjusted our procurement mix by reducing the proportion of China-based sourcing and increasing procurement from suppliers in other regions, such as Southeast Asia. This shift has reduced tariff burden for certain affected items, effectively optimizing our cost of sales. On October 30, 2025, the United States government announced a reduction in the tariff rate on fentanyl-related products from 20% to 10%, with immediate effect. Therefore, our Directors are of the view that the newly implemented tariffs have not resulted in any adverse material impact on our business operation and financial position.

The table below sets forth the range of applicable ad valorem U.S. tariff rates by major products during the Track Record Period and up to the Latest Practicable Date.

	From January 2022 to December 2024	January to March 2025(1)	April to June 2025(1)	As of September 30, 2025(1)
		%		
Optical modules and high-speed cables	7.5-31.2	7.5-51.2	27.5-176.2	27.5-61.2
Switches	0-27.9	0-47.9	20-172.9	20-97.9
Fiber optic cables	7.5-30.5	7.5-50.5	27.5-175.5	27.5-77.5
Optical transmission equipment	7.5-28.5	7.5-48.5	27.5-173.5	27.5-97.9
Optical fiber cabling management products	7.5-30.8	7.5-50.8	27.5-175.8	27.5-97.9
Copper system products	12.8-28.5	12.8-48.5	157.8-173.5	42.8-97.9
Others	0-42.6	0-62.6	20-187.6	20-100.3

(1) U.S. tariff policies and other trade policy measures had been rapidly evolving in the nine months ended September 30, 2025. See "Risk Factors — Risks relating to Our Business and Industry — Rising international political tensions, including changes in international trade policies and trade barriers, or the escalation of trade tensions, particularly between the U.S. and China, may have an adverse effect on our business operations."

(2) The range of U.S. tariff rates applicable to our major products during the Track Record Period and up to the Latest Practicable Date is primarily reflects differences in the inherent nature and technical characteristics of the products, which also contribute to the differentiated impact of U.S. tariff policy changes across our product portfolio.

Despite the rapidly evolving U.S. tariff policies, our sales in the U.S. have remained stable in the nine months ended September 30, 2025. The U.S. import tariffs are borne by FS U.S., our U.S. subsidiary responsible for sales and delivery of the networking solutions in the U.S. In light of the U.S. tariffs policies, we have adopted flexible pricing strategies. While a small number of U.S. customers inquired about our price adjustments and tariff response strategy, there was no material decline in our sales in U.S. as a result of the imposition of the U.S. tariffs. There was no order cancellation request, suspension of delivery or re-negotiation of material contractual terms from any customers that was material to our business operations because of the imposition of tariffs. In light of our adoption of flexible pricing strategies and gradual adjustment of our procurement mix by reducing the proportion of China-based sourcing and increasing procurement of supplies in other region, our Directors are of the view that the tariff development did not result in any material adverse impact on our business operation or financial conditions. Our monthly revenue generated from the U.S. was RMB67.1 million, RMB120.7 million, RMB142.0 million, RMB155.5 million, RMB119.8 million, RMB147.2 million, RMB139.8 million, RMB143.2 million and RMB143.1 million in January, February, March, April, May, June, July, August and September 2025, respectively.

The table below sets forth the revenue generated from the U.S. for the major products of (i) optical modules and high-speed cables, (ii) switches, and (iii) fiber optic cables, that are subject to applicable ad valorem U.S. tariff rates for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Optical modules and high-speed cables	417,934	485,605	591,475	443,562	587,559
Switches	206,306	196,307	242,676	180,787	202,210
Fiber optic cables	167,407	198,890	224,034	171,601	234,223
Others[(1)]	127,979	146,222	164,980	124,871	154,365

(1) Others include products of optical transmission equipment, optical fiber cabling management products, copper system products and others, which collectively accounted for a small extent of total revenue generated from the U.S. for the periods indicated.

Based on a comprehensive assessment of our business operations — including manufacturing, sales, delivery, research and development, and future planning — our Directors are of the view that the imposition of trade tariffs and recent developments in global trade relations have not had a material adverse impact on our financial position or results of operations. In addition, we have gradually adjusted our procurement mix by reducing the proportion of China-based sourcing and increasing procurement from suppliers in other regions, such as Southeast Asia with favorable trade conditions. This shift has resulted in lower or nil tariff rates for certain affected items, effectively optimizing our cost of sales. Furthermore, we did not receive any material order cancellations, delivery suspensions, or requests for renegotiation of key contractual terms from our customers as a result of the newly imposed tariffs.

The Joint Sponsors have (a) interviewed the Company to understand that the financial impact of trade tariffs imposed by the U.S. on the Company is minimal and the Company has implemented certain measures to mitigate the impact; and (b) reviewed the advanced draft of Company's board memorandum of the profit forecast for the year ending December 31, 2025 and working capital forecast for the period from January 1, 2025 to December 31, 2026, in particular section 5 regarding the "Impact of Tariffs", as well as the management accounts for 2025 Q3. The Joint Sponsors submit that nothing has come to their attention in the course of conducting the due diligence work that would lead them to cast doubts on the Company's view above.

Further, our overall operational and financial performance for the nine months ended September 30, 2025 remained broadly in line with that in 2022, 2023, 2024 and the nine months ended September 30, 2024. There were no material fluctuations in cost of sales, revenue or profitability attributable to the imposition of the tariffs. Our cost of sales increased by 7.7% from RMB958.0 million in the nine months ended September 30, 2024 to RMB1,031.9 million in the nine months ended September 30, 2025. Our revenue increased by 11.3% from RMB1,953.7 million in the nine months ended September 30, 2024, to RMB2,174.7 million in the nine months ended September 30, 2025. We maintained a stable gross profit margin, being 52.6% for the nine months ended September 30, 2025, as compared to 45.4%, 49.4%, 50.0% and 51.0% for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024, respectively. Further, we maintained a robust net profit margin, being 19.5% for the nine months ended September 30, 2025, as compared to 18.3%, 20.6%, 15.2% and 18.0% for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024, respectively.

We have adopted the following key measures to mitigate the geopolitical risks and minimize relevant costs.

- We have strategically restructured our supply chain for our sales in the U.S. and will continue to optimize it for efficiency and resilience. This includes relocating sourcing to regions with favorable trade conditions and dynamically adjusting our approach in response to evolving circumstances. We have also been actively contacting and assessing potential alternative overseas suppliers. As part of our continuing efforts to diversify our supply chain, for our sales in the U.S., our procurement from supply chain in China accounted for 33.4% of total procurement for our U.S. sales in the nine months ended September 30, 2025 (as compared to 75.3% in the year ended December 31, 2024). Such diversification enhances supply chain resilience and reduces exposure to tariff-related costs. While nearly all imports to the U.S. are subject to a baseline tariff of 10%, some products sourced from these alternative regions may benefit from preferential tariff conditions. While our existing contractual arrangements with suppliers remain unchanged, we have implemented enhanced compliance protocols for overseas suppliers. These include requiring origin commitments regarding product provenance, which support accurate tariff classification and facilitate eligibility for preferential treatment under applicable U.S. customs and trade regulations. Domestic suppliers generally offer a cost advantage. For example, in the nine months ended September 30, 2025, the average procurement cost from domestic suppliers was generally lower by a low double-digit percentage than that from overseas suppliers. There are no material differences in product quality between domestic and overseas suppliers, based on our ongoing quality assessments. Differences in gross profit margin between products sourced from domestic and overseas suppliers primarily reflect the combined effects of procurement costs and tariff arrangements. While domestic procurement prices are generally lower, certain overseas suppliers can achieve more favorable gross profit margins for exports to the U.S. market as a result of preferential tariff treatment based on country of origin. In comparing suppliers, we have found that while unit costs and lead times from some new regions may be slightly higher, these are offset by lower tariff exposure and improved supply chain resilience. There are no material differences in the key terms offered by domestic and overseas suppliers, including payment, delivery, and after-sales support. We have maintained strict quality control standards and implemented enhanced compliance protocols, including origin commitments for accurate tariff classification. The restructuring has required adjustments to our logistics arrangements, such as establishing new shipping routes and warehousing solutions, but our digital supply chain management system has enabled us to maintain timely delivery. Overall, these measures have allowed us to effectively manage our procurement and logistics costs, and as a result, we have been able to preserve stable profit margins. Importantly, there has been no material impact on product quality, and our ability to deliver to customers in a timely manner has been maintained.

- We have implemented a flexible pricing adjustment strategy to reasonably allocate incremental tariff costs between us and our customers, enabling us to remain competitive, retain and attract customers, while continuing to enhance overall commercial performance. Since March 2025, we have implemented a flexible pricing adjustment strategy in response to U.S. tariff increases, aimed at reasonably allocating incremental costs between us and our customers. Pricing decisions are based on a comprehensive assessment of tariff cost recovery and market acceptance, rather than a direct one-to-one pass-through of tariff rates. Tariffs are treated as variable costs, and adjustments are made to ensure product-level gross margins remain above predefined thresholds. We also evaluate price elasticity and competitive dynamics to balance profitability with customer retention. In practice, this strategy involves making tiered price adjustments in response to changes in U.S. tariff rates, with selective rollbacks where exemptions apply, in order to maintain competitiveness and customer retention. In response to escalating U.S. tariffs on China-origin products in early 2025, we implemented tiered price adjustments on our U.S. website, with partial rollbacks following updates to exemption lists. These measures have not resulted in any material decline in U.S. sales orders. This strategy is supported by a structured internal process: we actively monitor tariff developments and issue alerts, while our finance and operations teams assess cost impacts, price elasticity, and competitive benchmarks. A cross-functional task force then formulates pricing scenarios, which are reviewed and approved by senior management. Approved adjustments are implemented through our business systems and monitored for performance. The effectiveness of this flexible pricing adjustment strategy is reflected in our gross profit margin, which has remained relatively stable despite significant tariff increases. For the nine months ended September 30, 2025, our gross profit margin was 52.6%, as compared to 51.0% for the same period in 2024. Pricing decisions are made on the basis of a holistic assessment of tariff cost recovery and market response. We generally set minimum gross margin thresholds for each product category and treat tariffs as variable costs to ensure profitability. At the same time, demand elasticity and competitive dynamics are carefully analysed to balance cost recovery with customer retention and optimize overall performance.

- We have been and will continue actively monitoring and assessing tariff policies by tracking updates from relevant government authorities, and coordinating internal departments to formulate responsive strategies and mitigate associated risks.

- To proactively address potential exposure to geopolitical tensions and mitigate associated risks, we have engaged with experienced external customs professionals to monitor and interpret tariff and export policies. Specific candidates have been identified and retained to assist with timely policy tracking and compliance advisory. With their support, our internal teams actively monitor relevant tariff developments, issue timely alerts, and stay abreast of regulatory changes. In parallel, our internal control and legal departments will continue to collaborate and establish robust compliance frameworks and conduct ongoing assessments to ensure the effectiveness of policy implementation.

Based on the above, and in light of our timely implementation of flexible pricing adjustments in response to recent changes in tariff policies, as well as the absence of material fluctuations in our sales orders during the relevant period, it is our Directors' opinion that the imposition of trade tariffs and changes in global trade relations have not resulted in material and adverse impact on our results of operations and financial position.

There is still significant uncertainty about future trade policy changes and political tensions between the U.S. and China. The international tariff policies are rapidly involving. It is possible that additional trade policy measures, including new tariffs and import/export restrictions, may be implemented. We will closely monitor the relevant situation. See also "Risk Factors — Risks Relating to Our Business and Industry — Rising international political tensions, including changes in international trade policies and trade barriers, or the escalation of trade tensions, particularly between the U.S. and China, may have an adverse effect on our business operations."

No Material Adverse Change

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our business, financial condition and results of operations since September 30, 2025, which is the end date of the periods reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since September 30, 2025 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Xiang directly and indirectly controlled [61.16% voting rights of the Company, among which, (i) he was directly interested in 56.65% of the total issued share capital of our Company; and (ii) he controlled voting rights attached to the 3.19%, 0.74% and 0.58% issued share capital of our Company held by Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth, respectively, through acting as their respective general partner. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Xiang will, directly and indirectly through Yuxuan

Prudence, Yuxuan Progress and Yuxuan Growth, continue to control [**REDACTED**]% voting rights of our Company. Therefore, Mr. Xiang, Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth will remain as our Controlling Shareholders upon the [**REDACTED**]].

PRE-[REDACTED] INVESTMENT

As of the Latest Practicable Date, the Pre-[**REDACTED**] Investors hold [approximately 38.84% of our total issued share capital. Immediately following the completion of the [**REDACTED**], the Pre-[**REDACTED**] Investors will hold [**REDACTED**]% of our total issued share capital (assuming the [**REDACTED**] is not exercised) or approximately [**REDACTED**]% of our total issued share capital (assuming the [**REDACTED**] is exercised in full). All the special rights including information right, right of first refusal and tag-along rights, and divestment right etc. granted to Pre-[**REDACTED**] Investors were terminated as of the date of our first submission of the [**REDACTED**] to the Stock Exchange. The divestment right granted to Pre-[**REDACTED**] Investors shall resume to be exerciseable if the [**REDACTED**] does not take place under circumstances including the withdrawal of the [**REDACTED**], the rejection or return of the [**REDACTED**] by the Stock Exchange, and the lapse of the [**REDACTED**] without resubmission of the [**REDACTED**] within a prescribed time. Our Shares held by the Pre-[**REDACTED**] Investors are subject to a statutory lock-up period of 12 months after the date of [**REDACTED**]]. For details regarding the background of the Pre-[**REDACTED**] Investors, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

[REDACTED]

All statistics in the following table are based on the assumption that (i) the [**REDACTED**] has been completed and [**REDACTED**] new H Shares are [**REDACTED**] pursuant to the [**REDACTED**]; and (ii) the [**REDACTED**] is not exercised and our Company will have [**REDACTED**] Shares upon completion of the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED] per H Share	**Based on an [REDACTED] of HK$[REDACTED] per H Share**
Market capitalization of our Shares[1]	HK$[REDACTED]	HK$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets of the Group attributable to the owners of the Company as of September 30, 2025 per Share[2][3]	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately after completion of the [**REDACTED**].

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group as at September 30, 2025 per Share has been arrived on the basis of a total of [**REDACTED**] Shares, comprising 360,000,000 Shares in issue as at September 30, 2025, excluding [16,231,373] shares held by Yuxuan Growth, Yuxuan Progress and Yuxuan Prudence for Employee Incentive Scheme of the Group, which represent treasury shares as detailed in Note 35 to the Accountants' Report, and [[**REDACTED**] H Shares] to be issued, assuming that the [**REDACTED**] has been completed on September 30, 2025. It does not take into account (i) any shares which may be issued upon the exercise of the [**REDACTED**], (ii) any shares which may be vested upon [**REDACTED**] under the Employee Incentive Scheme of the Group or (iii) any shares which may be issued or repurchased by the Company pursuant to the Company's general mandates.

(3) [No adjustment has been made to reflect our any trading results or other transactions entered into] subsequent to September 30, 2025.

[REDACTED]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] will be approximately RMB[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and no exercise of the [**REDACTED**]), representing [**REDACTED**]% of the gross [**REDACTED**] (based on the mid-point of our indicative [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**]. During the Track Record Period, [we incurred [**REDACTED**] of RMB[**REDACTED**], of which approximately RMB[**REDACTED**] was charged to the consolidated statements of profit or loss]. We expect to incur additional [**REDACTED**] of approximately RMB[**REDACTED**], of which approximately RMB[**REDACTED**] is expected to be recognized in the consolidated statements of profit or loss and approximately RMB[**REDACTED**] is expected to be recognized as a deduction in equity directly upon the [**REDACTED**]. Our Directors do not expect such expenses to materially impact our results of operations in 2025. By nature, our [**REDACTED**] are composed of (i) [**REDACTED**] of approximately RMB[**REDACTED**], and (ii) [**REDACTED**] related expenses of approximately RMB[**REDACTED**], which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB[**REDACTED**] and other fees and expenses of approximately RMB[**REDACTED**].

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

"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this document
"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on May 23, 2025 with effect from the [**REDACTED**], and as amended from time to time, a summary of which is set out in Appendix IV to this document
"Board" or "Board of Directors"	the Board of directors of our Company
"business day(s)"	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

[**REDACTED**]

"China", "Mainland China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan, China
"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

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	FS.COM Limited (深圳市飛速創新技術股份有限公司), established under the name of Shenzhen Yuxuan Network Technology Co., Ltd. (深圳市宇軒網絡技術有限公司) in the PRC on April 9, 2009
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Xiang, Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth

[**REDACTED**]

"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to a super typhoon or other natural disaster of a substantial scale seriously affecting the working public's ability to resume work or bringing safety concern for a prolonged period

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	the report prepared by Frost & Sullivan
"FS Germany"	FS.COM GmbH, a company incorporated under the laws of the Germany on May 11, 2017, one of our subsidiaries
"FS HK"	FS.COM HK LIMITED, a company incorporated under the laws of Hong Kong on November 8, 2016, one of our subsidiaries
"FS International Trade"	Shenzhen Feisu Innovation International Trade Co., Ltd. (深圳市飛速創新國際貿易有限公司), a company incorporated under the laws of the PRC on July 17, 2024, one of our subsidiaries
"FS Singapore"	FS TECH PTE. LTD., a company incorporated under the laws of Singapore on June 4, 2018, one of our subsidiaries
"FS U.S."	FS.COM INC, a company incorporated under the laws of the U.S. on April 30, 2018, one of our subsidiaries
"FS Wuhan"	Wuhan FS.COM Technology Co., Ltd. (武漢宇軒飛速通信技術有限公司), a limited liability company incorporated under the laws of the PRC on October 15, 2018, one of our subsidiaries

[**REDACTED**]

"Group," "our Group," "we" or "us"	our Company and our subsidiaries from time to time
"H Share(s)"	ordinary shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"HK$" or "HK dollars"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"IFRS"	IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the IFRIC Interpretations issued by the IFRS Interpretations Committee
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors"	the joint sponsors named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]" of this document
"Latest Practicable Date"	[December 3], 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Macau"	the Macau Special Administrative Region of the PRC

"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Xiang"	Mr. Xiang Wei (向偉), our founder, executive Director, chairperson of the Board, general manager and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles of PRC
"PRC Legal Advisor"	Zhong Lun Law Firm, the PRC legal advisors of our Company
"Pre-[**REDACTED**] Investments"	the investments made by the Pre-[**REDACTED**] Investors, the principal terms of which are summarized in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document
"Pre-[**REDACTED**] Investors"	the investor(s) who participated in our Pre-[**REDACTED**] Investments, details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document

[**REDACTED**]

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"QIB" or "Qualified Institutional Buyer"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the US Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the US Securities Act
"SAC"	the Securities Association of China (中國證券業協會)
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Securities Law"	the Securities Law of the People's Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares prior to the [**REDACTED**] and H Shares upon the [**REDACTED**]
"Shareholders(s)"	holder(s) of the Share(s)

[**REDACTED**]

"State Council"	the State Council of the People's Republic of China (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025
"Transfer Pricing Advisor"	KPMG Advisory (China) Limited Beijing Branch, the transfer pricing advisor of our Company
"UK", "U.K." or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland

[**REDACTED**]

"Unlisted Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"US Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US", "U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"Yuxuan Growth"	Shenzhen Yuxuan Growth Technology Partnership (Limited Partnership) (深圳宇軒成長科技合夥企業(有限合夥)), one of our employee incentive platforms and Controlling Shareholders

"Yuxuan Progress"	Shenzhen Yuxuan Progress Technology Partnership (Limited Partnership) (深圳宇軒進取科技合夥企業(有限合夥)), one of our employee incentive platforms and Controlling Shareholders
"Yuxuan Prudence"	Shenzhen Yuxuan Prudence Technology Partnership (Limited Partnership) (深圳宇軒穩健科技合夥企業(有限合夥)), one of our employee incentive platforms and Controlling Shareholders
"%"	per cent

In this document, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

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

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

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

"AI"	artificial intelligence, simulation of human intelligence by machines
"average revenue per customer"	equals the revenue derived from certain customers of a certain period divided by the number of those certain customers in that period
"CAGR"	compound annual growth rate, representing the year-over-year growth rate of a value over a specified period of time taking into account the effects of compounding and calculated by subtracting one from the result of dividing the ending value by its beginning value raised to the power of one divided by the period length
"customer relationship management" or "CRM"	a strategy for managing an organization's relationships and interactions with customers and potential customers, including automatic analysis of sales and marketing strategies, and customer services, as well as implementation procedures
"DTC"	direct-to-customer
"G"	Gigabits
"general networking solutions"	networking solutions supporting data transfer rates below 100G
"high-performance networking solutions"	networking solutions supporting data transfer rates of 100G and above
"large language model"	without formal definition and normally referring to a language model trained on large quantities of text data with billion-level or above parameters for general purposes, as opposed to models trained for accomplishing specific tasks
"M"	Megabits

"net dollar retention rate"	equals the revenue of a certain period from certain customers that contributed to our revenue for both the certain and the previous period divided by the revenue from those customers in the previous period and multiplied by 100%
"networking solutions"	an industry-standard term, as advised by Frost & Sullivan, which broadly refers to a networking company's integrated offerings tailored to meet customers' specific networking needs across diverse scenarios, and avoids strict distinguishments between products/services or hardware/software
"R&D"	research and development
"RDMA"	remote direct memory access
"RoCE"	RDMA over converged ethernet, a network protocol which allows RDMA over an Ethernet network
"SKU(s)"	stock keeping units, being the smallest unit of inventory available for sale
"SDN"	software-defined networking
"T"	Terabits
"WLAN"	Wireless Local Area Network

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.

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;

- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and

- various business opportunities that we may pursue.

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our H Shares could decline, and you may lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.*

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" in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to operations in the principal places of our business; and (iii) risks relating to the [**REDACTED**]. Additional risks and uncertainties that are presently not known to us or that we currently deem immaterial could also have a material adverse effect on our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The industry in which we participate is increasingly competitive, and if we do not compete effectively, our business and results of operations could be adversely affected.

The industry in which we operate is rapidly evolving and increasingly competitive, driven by technological innovations and shifting customer needs. We primarily compete with other domestic and international companies offering networking solutions. If we fail to compete effectively with players who have longer operating history than us, or if we do not have or in the future gain more financial resources, better operation management capabilities, more sophisticated technological capabilities, broader customer base and stronger customer relationships than our competitors, we may not be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or customer demand than our competitors. We may also face competition from new entrants from time to time who may offer lower prices or new technologies, products and/or solutions, which could further intensify the level of competition in the future. Such increases in competition could lead to lower sales, price reductions, reduced margins or loss of market share. To address these competitive pressures, we may be required to incur more expenses in R&D, sales and marketing, recruiting and retaining top R&D talents to maintain our competitiveness. We cannot assure you that we will always succeed in competing with other market players. If we fail to compete effectively, we may not be able to retain or expand our market share, which would have a material adverse effect on our business, results of operations and financial condition.

Our business growth and prospects are affected by our ability to continuously innovate and iterate our networking solutions and technology platform.

The industry in which we operate is characterized by constant changes and innovations and we expect it to continue to evolve rapidly. Our success depends significantly on our ability to innovate and adapt to the rapidly changing technology landscape and market dynamics. Such changes in our industry may include, for example, (i) potential technological breakthroughs or advancements which drive industrial improvement in quality, performance and reliability of networking solutions; and (ii) improvement in the manufacturing process that reduces manufacturing costs of relevant networking equipment. If we fail to anticipate or respond to these changes, our networking equipment and solutions may become obsolete or less competitive, leading to a loss of customers and market share. In addition, our business growth relies on our ability to retain existing customers, attract new customers and increase sales to both new and existing customers, which depends essentially on our ability to provide advanced solutions that meet customers' evolving needs at competitive prices and our continuous improvement and enhancement of the functionality, performance, reliability, design, security and adaptability of our networking solutions and technology platform. However, we may experience difficulties in these efforts due to their costly and time-consuming nature, which in turn could delay or prevent the development, enhancement, introduction or implementation of any new networking solutions.

Specifically, in order to enhance our networking solutions and improve our technological capabilities in the future, we may need additional resources to support such technological development through capital expenditures or procurement of third-party services. However, we may not always be able to identify such resources at acceptable prices and in a timely manner, or at all. If we are unable to do so, our technological development plans could be impeded, which would negatively impact our business operations and prospects.

Moreover, our ability to innovate is closely tied to our R&D efforts. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses amounted to RMB99.8 million, RMB110.5 million, RMB143.7 million, RMB99.8 million and RMB124.3 million, respectively, accounting for 5.0%, 5.0%, 5.5%, 5.1% and 5.7% of our total revenue in the same respective periods. However, there is no assurance that our R&D efforts will yield successful outcomes or that we will be able to commercialize new technologies effectively. Any failure in our R&D initiatives could result in wasted resources and missed market opportunities, adversely affecting our business and financial performance. Even if we achieve our goals for R&D investment, our short-term cash flow and liquidity may be adversely affected. While we intend to explore alternative arrangements to reduce the capital intensity of any future expansion, there is no assurance this will be successful.

Our international presence exposes us to various risks and uncertainties.

We derive almost all of our revenue overseas. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our overseas revenue amounted to RMB1,974.1 million, RMB2,193.0 million, RMB2,593.3 million, RMB1,940.5 million and RMB2,156.1 million, respectively, representing 99.3%, 99.1%, 99.3%, 99.3% and 99.1% of our total revenue in the same respective periods. Accordingly, we have faced and will continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions, any of which could negatively affect our financial performance. The various risks and uncertainties that we may face include but are not limited to:

- challenges in localizing, adapting and complying with the varying and evolving standards for networking equipment and solutions in the countries and regions where we operate and may seek to enter in the future;

- general economic conditions and political instability in international markets and the unexpected changes thereof;

- compliance challenges related to the complexity of conflicting and changing territorial and trans-jurisdictional laws and regulations, including those on privacy and data protection, employment, tax and telecommunications, and obtaining the necessary licenses, permits and approvals;

- changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;

- changes in international trade policies and regulations including those in relation to economic sanctions, export controls and import restrictions, as well in trade barriers such as imposition of tariffs;

- changes in geopolitical situations especially those in jurisdictions where we do business;

- fluctuations in between the value of RMB and foreign currencies, which may make our solutions more expensive in other countries or may impact our results of operations when our revenue are translated into RMB; and

- difficulties in staffing and managing foreign operations, particularly in hiring and training qualified sales and service personnel.

If we fail to efficiently avoid or mitigate these risks, our ability to expand in international markets will be impaired, or our international business may not be able to achieve or sustain profitability, which could have a material adverse effect on our business, financial condition and prospects.

Rising international political tensions, including changes in international trade policies and trade barriers, or the escalation of trade tensions, particularly between the U.S. and China, may have an adverse effect on our business operations.

Relationships between countries and regions could affect levels of trade, investments, technological exchanges and other cross-border economic activities, which would have a material adverse effect on global economic conditions and the stability of global markets. Significant political, trade or regulatory developments in the jurisdictions in which we operate are difficult to predict and may have a material adverse effect on us. There have been changes in international trade policies and rising political tensions. The escalating political discord between the U.S. and other nations has exacerbated these tensions. Actions taken by the U.S. and other countries might restrict our ability to transact or otherwise do business with entities within or outside of China. Should tensions escalate further between the U.S. or other countries and China and if we were unable to conduct our business as it is currently conducted as a result of such regulatory changes, our business, results of operations and financial condition would be materially and adversely affected.

Furthermore, our business may also be significantly impacted by the imposition of tariffs by the U.S. and any resulting retaliatory tariffs in the countries in which we operate. During the course of February and April 2025, President Trump implemented tariffs on several major trading partners, including Canada, China, the European Union and Mexico, with a baseline of 10% tariffs on almost all countries and an additional individualized reciprocal higher tariff on the countries with which the United States has the largest trade deficits. On April 2, 2025, President Trump signed an Executive Order imposing reciprocal tariffs of 34% on Chinese imports, with further increases of said reciprocal tariffs under Executive Orders of April 8, 2025 and April 9, 2025 to 125%, effective April 10, 2025. In response, China announced reciprocal tariffs of 34% on U.S. goods on April 4, 2025, which subsequently increased to 125%, effective April 12, 2025. On May 12, 2025, the U.S. and China announced a mutual 90-day suspension and removal agreement, which removed or suspended part of the tariffs imposed by both countries, leaving a U.S. effective rate of 30% and a China rate of 10% (in addition to any pre-existing tariffs). On August 11, 2025, the suspension was formally extended for an additional 90 days, with the new expiry date set as November 10, 2025.

There is significant uncertainty around whether the evolution of tariffs and trade restrictions may have adverse effect on our business operations. There is no assurance that our efforts to mitigate the geopolitical risks and minimize relevant costs will yield to success. Evolution of tariffs may lead to increased cost of sales including procurement costs and custom duties, reduced pricing flexibility and pressure on profit margins. Depending on the scope, duration and geographic coverage of any potential new tariff measures, any significant changes in global trade policies may pose challenges to our long-term planning and international growth initiatives. There is also significant uncertainty around whether the evolution of tariffs and trade restrictions, U.S.-China political tensions, and changes to other U.S.-China trade policies may have a significant impact on our customers' businesses which may in turn adversely affect demands for our products and business.

Historically, tariffs have led to increased trade and political tensions, between not only the U.S. and China, but also between the U.S. and other countries in the international community. For example, in 2025, the U.S. administration has implemented several rounds of tariffs on several major trading partners, including Canada, China, the European Union and Mexico. The dynamic and evolving U.S. tariff policies have increased global trade tensions and uncertainty, which may reduce trade volume, investments, or other economic activities between major international economies. There is a risk that other countries may implement retaliatory tariffs on U.S. goods and that the U.S. may respond with additional tariffs or other trade measures including import/export controls. There is also uncertainty as to whether more countries will be able to successfully reach trade deals with the U.S. that would reduce tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global markets, which in turn could adversely impact our business and results of operations.

In addition, the U.S. may impose further import/export controls, sanctions, trade embargoes and other heightened regulatory requirements on China and Chinese companies for alleged activities both inside and outside of China. These have raised concerns that there may be increasing regulatory challenges or enhanced restrictions against China and Chinese technology companies. If we, our business partners or other parties that have collaborative relationships with us or our affiliates become targeted or are currently being targeted under sanctions or import/export control restrictions, this may result in significant interruption in our business, regulatory investigations and reputational harm to us. Media reports on alleged violations of applicable import/export controls, economic and trade sanctions, or data security and privacy laws, or on uses of the applications, technologies, systems or innovations that we develop for purposes which could be perceived as inappropriate or controversial, by us, our business partners or our users, even on matters not involving us, could nevertheless damage our reputation and lead to regulatory investigations, fines and penalties against us. Such fines and penalties may be significant, and if we were publicly named or investigated by any regulator on the basis of suspected or alleged violations of import/export control or economic and trade sanctions or data security and privacy laws and rules, even in situations where the potential amount or fine involved may be relatively small, our business could be severely interrupted and our reputation could be significantly harmed.

We have experienced significant growth during the Track Record Period. Our historical performance is not necessarily indicative of our future performance. We may not be able to implement our growth strategies or manage our growth effectively.

We have experienced significant growth during the Track Record Period. In 2022, 2023 and 2024, we recorded revenue of RMB1,988.2 million, RMB2,212.9 million and RMB2,611.8 million, respectively, representing a CAGR of 14.6% from 2022 to 2024. In the nine months ended September 30, 2024 and 2025, we recorded revenue of RMB1,953.7 million and RMB2,174.7 million, respectively. Despite the rapid evolvement and growth of our business during the Track Record Period, our historical growth rate is not necessarily indicative of our future performance. We cannot assure you that we will be able to achieve similar results or grow at the same rate as we did in the past. Our ability to grow and implement our future plans are subject to a wide range of factors, including, among others, appropriate allocation of capital investments in implementing various plans and adequate human resources. We may also be unable to realize our future plans in accordance with the expected timetable, or at all, due to other risks and uncertainties which include, among others, intensifying competition, our ability to retain key employees, our financial stability, and our business relationships with customers, suppliers and partners. The implementation of our future plans may also be hindered by other factors beyond our control, such as general market conditions and the domestic and international economic and political environment. If we fail to implement our growth strategies or manage our growth effectively, our ability to capture new business opportunities and maintain our competitive edge may be hindered, and hence our business, financial conditions, results of operations and prospects may be materially and adversely affected.

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

Since we operate in overseas countries and regions and certain bank balances and trade and other receivables are denominated in currencies other than the reporting currency of our Group, being RMB, we may be exposed to foreign exchange risks. During the Track Record Period, the major types of foreign currency transacted in our purchases are RMB and U.S. dollar, and the major types of foreign currency transacted in our sales are U.S. dollar, Canandian dollar and Euro. Any significant fluctuations in the exchange rates between foreign currencies and RMB may materially and adversely affect our results of operations. In addition, potential changes in U.S. monetary policy, may lead to a stronger U.S. dollar. This could further amplify exchange rate volatility, create capital outflow pressures in other markets including China, and affect investor sentiment or funding costs for Chinese companies operating internationally.

We had net foreign exchange gains of RMB28.4 million and RMB25.8 million in 2022 and 2023, respectively, and net foreign exchange losses of RMB9.6 million in 2024. We had net foreign exchange gains of RMB2.3 million in the nine months ended September 30, 2024 and incurred net foreign exchange gains of RMB40.3 million in the nine months ended September 30, 2025. Fluctuations in exchange rates between the RMB and other currencies may be affected by, among other things, changes in political and economic conditions and developments. Although we seek to manage our currency risks to minimize any negative effects caused by exchange rate fluctuations, there can be no assurance that we will be able to do so successfully and we currently do not undertake foreign exchange hedging. We cannot predict the impact of future exchange rate fluctuations on our results of operations, and we cannot assure you that we will not incur any net exchange loss in the future. For further details on foreign currency risk exposures and related sensitivity test, see Note 41(b) to the Accountants' Report in Appendix I to this document.

We rely on third parties to manufacture our networking equipment. Such arrangements may reduce our control over the quality, development and deployment of our networking solutions, which could in turn harm our reputation.

We rely on contract manufacturers for our manufacturing needs. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, we had engaged approximately 155, 151, 163 and 182 contract manufacturers, respectively. We may either conduct independent research and development for certain products such as structured cabling products or collaborate with contract manufacturers for the entire research and development process. While these arrangements may lower our operating costs, they also reduce our direct control over production and distribution. We may experience operational difficulties with our contract manufacturers, including insufficient production capacity, failure to meet production deadlines and quality control standards as well as delays in delivery of products. During the Track Record Period, there have been isolated instances of order delays or cancellations attributable to the contract manufacturers. Although such incidents have been infrequent, limited and immaterial during the Track Record Period, there is no assurance that similar issues will not arise in the future. Furthermore, we cannot guarantee that we will always be able to renew contracts with our contract manufacturers on favorable terms, or at all. It may take significant time and resources to identify substitute contract manufacturers that can meet our production capacity and quality standards.

Our contract manufacturers may also experience disruptions in their operations due to various factors beyond their control, including equipment breakdowns, labor strikes or shortages, raw material shortages, natural disasters, health epidemics or other similar problems. Any failure of our contract manufacturers to perform their responsibilities or to be in compliance with all applicable laws and regulations may have a material negative impact on our business operations. If we fail to timely replace the contract manufacturers with qualified substitutes, we may incur additional costs or experience substantial delays in delivering our networking solutions to our customers.

If our networking solutions contain serious errors, defects, security vulnerabilities or bugs, or if there is any significant failure in our networking solutions, our business, financial condition and results of operations could be adversely affected.

Quality control is critical to our business. Our reputation and capability to attract and retain customers, to a large extent, depend on the quality of our product and service offerings. Our customers have high expectations towards the quality, stability, reliability and performance of our networking solutions, which are directly related to the successful construction and stable operation of their networking infrastructure. The quality of our networking solutions depends on the effectiveness of our quality control measures. Although we have established strict internal quality control standards which we implement through quality assurance measures at different stages of our operational processes, we may not be able to completely eliminate the possibility of errors, defects, security vulnerabilities or bugs resulting from internal and/or third-party incidents beyond our control that are difficult to detect and correct. We cannot assure you that our stringent monitoring and quality control systems will always be effective in preventing deviations from our quality standards. Any significant quality control issues could result in customer dissatisfaction, loss of business and damage to our reputation. Moreover, we may incur significant costs to rectify these issues, including debugging, system restoration and providing customer support.

In addition, any significant failure in our networking solutions may disrupt our customers' operations, leading to potential claims for damages and financial losses. Customers may seek compensation for business interruptions or other adverse impacts resulting from such failures. Such claims can be costly and time-consuming to resolve, diverting our management's attention from other business activities regardless of the outcomes. If we are unable to maintain the quality and reliability of our networking solutions, our business, financial condition and results of operations could be materially and adversely affected.

We may be subject to product liability claims or negative publicity if our networking solutions contain or are perceived to contain defects, which may damage our reputation and adversely affect our business, financial condition and results of operations.

Although we have not been subject to product liability claims during the Track Record Period, we may be subject to such claims in the future if our networking solutions contain or are perceived to contain significant defects. Our networking equipment and solutions may contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct in a timely and cost-effective manner or at all, particularly when first introduced or when new versions or enhancements are released. Some errors or defects may only be discovered after they have been deployed by our customers. Given that customers use our networking solutions in processes that are critical to their businesses, any error, defect, security vulnerability or software issue in our networking solutions could result in their losses. As a result, these issues could expose us to claims against us by our customers or other parties and we may incur costs relating to product recall, repair or replacement. Any material product liability claim, or litigation could have a material and adverse effect on our business, financial condition and results of operations. Even unsuccessful claims could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation, and we could lose market shares as a result. In addition, our customers may share information about their negative experiences publicly, which could damage our reputation and result in a loss of future sales. Any of the foregoing could result in revenue loss, significant expenditures of capital and delay or loss in market acceptance, leading to an adverse effect on our business, financial condition and results of operations. Although there has been no material customer complaint during the Track Record Period, there is no assurance as to whether such incidents would arise in the future.

Any failure to offer quality after-sales services and technical support may harm relationships with our customers and thus materially and adversely affect our business and results of operations.

Our business depends on our ability to satisfy our customers, not only with respect to our networking solutions but also the after-sales support provided to them. As we continue to expand our operations with a growing customer base, we need to be able to continue to provide efficient after-sales services and technical support to our customers at scale. In view of the increased demand for such after-sales services, we may face increased costs and we cannot guarantee that we will be able to recruit or retain sufficient qualified personnel with relevant background, expertise and experience. As a result, we may be unable to respond quickly enough to accommodate the increases in demand for after-sales services and technical support from customers. If our customers are not satisfied with the deployment and ongoing after-sales services performed by us, we could lose our customers, miss opportunities to expand our business, and suffer reduced margins on our revenue. In addition, negative publicity related to our after-sales services, regardless of its accuracy, may damage our business and results of operations.

Failure to manage our inventory effectively may have a material and adverse effect on our business, financial condition and results of operations.

Our inventories primarily consisted of finished goods, goods in transit and consumables for our networking solutions. As of December 31, 2022, 2023, 2024 and September 30, 2025, we had inventories net of provision of RMB659.1 million, RMB606.1 million, RMB572.3 million and RMB484.8 million, respectively. Our inventory turnover days were 159.7 days, 206.1 days, 164.7 days and 138.3 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. See "Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Inventories." Inventory levels in excess of customer demand may result in inventory write-downs, expiration of products or an increase in inventory holding costs and a potential negative effect on our liquidity. Our inventory level is subject to various factors which are beyond our control. Any failure to forecast consumer demand or any unexpected event affecting our sales could result in heightened risk of inventory obsolescence, decline in inventory value or inventory write-downs. There can be no assurance that we will be able to maintain optimal inventory level, and any such failure may have a material adverse effect on our business, financial condition and results of operations.

Our financial assets at FVTPL are subject to uncertainties in accounting estimates. Fluctuations in the changes in fair value of these financial assets would affect our financial results.

We have invested in, and intend to invest in structured deposits and other financial investments. We recorded financial assets at FVTPL of RMB390.0 million, RMB180.3 million, RMB506.4 million and RMB694.0 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. These financial assets at FVTPL mainly included structured deposits issued by commercial banks. The fair value changes in our financial assets at FVTPL may negatively affect our financial performance. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Any change in the estimates and assumptions may lead to a change in the fair value of the financial assets, which in turn could negatively affect our financial conditions and results.

The changes in the carrying amount of redemption liabilities may adversely affect our financial condition and results of operations.

Our financial instruments issued to investors were primarily related to redemption rights granted to certain investor of our Series Angel, Series pre-A, Series A, Series B and Series C financing. The redemption right previously held by certain investor became non-exercisable upon the first submission of the [**REDACTED**], but may resume under certain conditions. The redemption obligation by the Company became effective on May 27, 2025, and will be terminated upon [**REDACTED**]. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs. We had redemption liabilities of nil, nil, nil and RMB664.2 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. Any significant fluctuations in the changes in the carrying amount of financial instruments issued to investors due to changes in the amortized cost may materially affect our financial condition and results of operations.

We are subject to risks relating to warehouse and logistics management.

As of the Latest Practicable Date, apart from the delivery center in China, we have six localized overseas delivery centers in the U.S., Germany, Australia, Singapore, the U.K. and Japan. See "Business — Logistics, Inventory Management and Manufacturing — Logistics and Inventory Management." Before delivery of products to our customers, we store them in our delivery centers. In the event of the occurrence of any accidents in our delivery centers which are beyond our control, causing damages to our products or our delivery centers, our ability to supply products to our customers could be adversely affected. The occurrence of any of such accidents could also require us to make significant capital expenditures. Lost sales or increased costs that we may incur due to such disruption of operations and delay in delivery may not be recoverable under our existing insurance policies, and prolonged business disruptions could result in a loss of our customers.

We engage third-party logistics service providers for the delivery of our products from our nearest delivery centers to locations specified by our customers. Since we do not have direct control over these logistics service providers, we cannot guarantee their quality of services or ensure that our products will always be delivered within the required time limit. There may also be improper handling of products by the logistics service providers. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labor strikes or other factors, we may lose customers and orders, and our reputation may be tarnished.

In addition, disputes with or terminations of our contractual relationships with third-party logistics service providers could result in delayed delivery of products or increased costs. We may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. In the event of any breakdown in our relationships with our preferred logistics service providers, we may suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations.

We are exposed to credit risk for trade receivables.

Our trade receivables are amounts due for goods sold in our ordinary course of business. Our trade receivables amounted to RMB103.0 million, RMB122.6 million, RMB154.6 million and RMB218.4 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. Our trade receivables turnover days in 2022, 2023, 2024 and the nine months ended September 30, 2025 were 17.8 days, 18.6 days, 19.4 days and 23.2 days, respectively. Various factors beyond our control, such as economic downturns, adverse operating conditions or financial situations of our customers, long payment cycles of customers, may hinder or prevent us from collecting our trade receivables in a timely manner or at all. Failure to effectively manage the credit risk associated with our trade receivables and collect payments in a timely manner would have material and adverse effects on our business, financial condition, results of operations, prospects and cash flows.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain of our customers (individual or collectively, the "**Relevant Customer(s)**") settled their payments with us through the accounts of third parties designated by these Relevant Customers (the "**Third-party Payment Arrangements**"). In 2022, 2023, 2024 and the nine months ended September 30, 2025, the number of Relevant Customers (originating from over 100 countries and regions) amounted to 2,157, 1,307, 1,231 and 895, respectively, and the aggregate amount of payment from designated third parties to our Group was RMB32.0 million, RMB79.7 million, RMB91.7 million and RMB42.0 million, respectively, representing approximately 1.6%, 3.6%, 3.5% and 1.9% of the total payments received from all customers in the same respective periods. In 2022, 2023, 2024 and the nine months ended September 30, 2025, the average transaction amount under the Third-Party Payment Arrangements was RMB5,512.6, RMB20,053.1, RMB19,776.8 and RMB12,334.5, respectively.

We were subject to various risks relating to such Third-party Payment Arrangements during the Track Record Period, including: (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us; (ii) potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors; and (iii) possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us to demand return of the relevant payment or for violation or non-compliance of laws and regulations, we may have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may be adversely affected as a result.

Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights or defend against third-party allegations of infringement may be costly and ineffective.

We consider our patents, copyrights, trademarks, domain names, trade secrets and other intellectual properties critical to our success. We rely on a combination of patent, trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the unauthorized use of our intellectual properties to protect our intellectual property rights. However, these legal protections and agreements may not effectively prevent disclosure of confidential intellectual property and we cannot assure you that our efforts to protect our intellectual property rights will be adequate. Intellectual property protection may not be sufficient in the countries and regions we operate, and we cannot guarantee that we have entered into necessary agreements with all parties that have access to our proprietary information. Breach of such agreements may also result in lengthy and costly litigation with inadequate remedies available. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

As of the Latest Practicable Date, we had 256 registered patents in China and 91 overseas registered patents. However, we cannot assure you that any of our intellectual property rights or the registrations thereof will not be challenged, invalidated or circumvented, or that our intellectual property will be sufficient to provide us with competitive advantages. We may also not be able to obtain all necessary patent and trademark applications from all of the jurisdictions that we operate our business in. Failure to do so may subject us to litigation, and there is no guarantee that we will prevail, and we may be forced to discard our proprietary information and technology that we have dedicated time and effort into. Because of the rapid pace of technological change, we cannot assure you that all of our proprietary technologies and similar intellectual property rights can be patented in a timely or cost-effective manner, or at all. Any failure to adequately protect our intellectual property may lead to disclosure of our trade secrets, claims of ownership of our proprietary information by third parties and costly litigation. It could harm our competitive position and could have a material adverse effect on our business, financial condition and results of operations.

Policing unauthorized use of our intellectual properties is difficult and costly. The steps we take may be inadequate to prevent the misappropriation of our intellectual properties. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigations could be costly, time-consuming and distracting to our management, and could result in a diversion of significant resources and narrowing or invalidation of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defences, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe the counterclaimant's own intellectual property. We can provide no assurance that we will prevail in such litigations.

There can be no assurance that our ways and means of protecting our intellectual property rights, including business decisions about when to file patent applications and trademark applications, will be adequate to protect our business or that our competitors will not independently develop similar technology. If we fail to protect and enforce our intellectual property rights adequately, our competitors might gain access to our technology and our business, operating results and financial condition could be adversely affected.

We may be involved in legal and other disputes from time to time arising from allegations relating to our infringement of intellectual property rights of third parties, which, if determined adversely to us, could cause us to pay significant damages.

It is critical that we operate our business without infringing upon the intellectual property rights of third parties, including patents, copyrights, trade secrets and trademarks. However, we cannot be certain that our operations or any aspects of our business do not, or will not, infringe upon or otherwise violate patents, copyrights, trademarks, know-how, trade secrets or other intellectual property rights held by other parties, whether such claims are valid or otherwise. Any claims against us, with or without merit, could be time-consuming and costly to defend or litigate, divert our management's attention and resources or result in the loss of goodwill associated with our brand. The validity and scope of intellectual property claims involve complex legal and factual questions and analysis and, therefore, entail significant risks and uncertainties. If we are found to have violated the intellectual property rights of any third party, we may be subject to liabilities for our infringement activities, which could result in a judgment, fine or settlement involving a payment of a material sum of money, prohibitions from using such intellectual property, or requirements for incurring licensing fees or developing alternatives of our own. Such significant monetary liabilities and/or restrictions or prohibitions from using the intellectual property at question may materially disrupt our business, financial condition and results of operations.

Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our networking solutions until resolution of such litigation, or could require us to indemnify them against infringement claims in certain instances. In the event that we have to indemnify our customers or other third parties for their losses suffered or incurred as a result of intellectual property infringement claims against us, large indemnity payments could be imposed on us that may harm our business, results of operations and financial condition. In addition, any dispute with customers with respect to such indemnification obligations could adversely affect our relationships with them and our prospective customers, and harm our business and results of operations.

We may be involved in disputes arising from our operations, and the resulting claims, litigations, regulatory actions and administrative proceedings against us may harm our reputation and have a material and adverse effect on our business, financial condition and results of operations.

While we are currently not a party to any material legal or administrative proceedings, we may become a party to various litigations, legal disputes or claims arising in the performance of our contractual obligations and in the ordinary course of our business from time to time. Any ongoing litigations, legal disputes or claims, regardless of merit, may distract our management's attention and consume our time and other resources. Furthermore, any litigations, legal disputes or claims which are initially not of material importance may escalate due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. In the event that any verdict or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business. In addition, negative publicity arising from litigations, legal disputes or claims may damage our reputation and adversely affect our brand image. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

On February 21, 2020, Corning, Inc. ("**Corning**") filed a complaint with the USITC for infringement of several of its patents by FS U.S. and several other companies. These patents generally relate to fiber optic technology commonly used in data centers. The subject of the infringement charge against FS U.S. was the FHX product line of high-density fiber optic equipment (which FS U.S. ceased to offer in the U.S. upon receipt of Corning's complaint). Corning requested the USITC to initiate a Section 337 investigation and to issue a general or limited exclusion order, along with cease-and-desist orders. On August 3, 2021, the USITC issued a final determination finding infringement of Corning's patents as well as a general exclusion order prohibiting the importation of high-density fiber optic equipment and components at issue in the subject proceeding. The USITC also issued cease and desist orders directed against FS U.S. and four other respondents. The FHX product line was the sole product line impacted by these orders. On November 29, 2021, FS U.S. filed a notice of appeal with the U.S. Court of Appeals for the Federal Circuit challenging the USITC's final determination. On April 20, 2023, the Federal Circuit issued its decision and affirmed the USITC's determination.

In addition, on September 27, 2021, FS U.S. filed an ex parte re-examination request with the United States Patent and Trademark Office ("**USPTO**") challenging the validity of U.S. Patent No. 9,020,320 (the "**320 Patent**"), which was one of the patents asserted by Corning in the Section 337 investigation. The re-examination request was eventually denied by the USPTO. As of the date of this document, Corning has not filed any further patent infringement claim against FS U.S.

As advised by K&L Gates, our U.S. Legal Advisor, the risk exposure to us arising from the intellectual property dispute between FS U.S. and Corning is limited primarily because (i) the infringement finding and resulting exclusion order issued by the USITC relates solely to the FHX product line, which we ceased offering in the U.S. immediately upon receipt of the complaint, and no other product lines are affected; (ii) as of the date of this Document, Corning has not initiated any further patent infringement action against FS U.S.. Based on the foregoing, we are of the view that the infringement claim would not materially and adversely impact our business operations and financial performance.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties may materially and adversely affect our business.

We are exposed to risks of fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners in the course of our business operations. Such misconduct could include fraud, corruption, bribery, collusion or other violations of applicable laws, including anti-corruption and anti-bribery laws, which could subject us to liabilities, fines and other penalties imposed by government authorities, as well as significant reputational damage. There can be no assurance that our controls and policies in place to monitor and prevent such misconduct would be effective at all times in identifying or mitigating all potential risks. Instances of misconduct may still occur, and any undetected or unresolved incidents could lead to adverse consequences, such as financial losses, legal liabilities or disruptions to our operations.

Furthermore, any publicized instances of fraudulent or illegal activities associated with our employees or business partners could harm our reputation, reducing customer and partner trust in our business. If such misconduct involves our employees, we could also face liabilities to third parties and penalties imposed by authorities. As such, any failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners could materially and adversely affect our business, results of operations and financial condition.

If we fail to obtain or maintain the requisite licenses, permits or approvals applicable to our business in any jurisdictions where we operate, we may become subject to significant penalties and other regulatory proceedings or actions.

We are required to obtain and maintain various approvals, licenses and permits for our business in China and other jurisdictions where we operate our business. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to the operation of our existing business. If the PRC government or any government of any other jurisdictions in which we operate (i) considers that we historically operated, or are operating without proper or adequate approvals, licenses or permits, (ii) promulgates new laws and regulations that require additional approvals or licenses or impose additional restrictions on the operation of any part of our business, or (iii) considers that we have not duly renewed these licenses in a timely manner, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government or any government of any other jurisdictions in which we operate may have a material adverse effect on our business and results of operations.

Our growth is reliant on our sales and marketing strategies. Ineffective marketing may harm our ability to increase our customer base, and spending on ineffective marketing may adversely affect our financial results.

Our ability to expand our customer base and gain wider market exposure partially depend on the effectiveness of our marketing efforts. We have conducted various branding and marketing activities, but these activities may not be successful or yield increased revenue. To the extent that these marketing activities lead to increased revenue, the additional revenue generated could nevertheless be insufficient to offset the increased expenses we incur. There is also no assurance that any increase in our marketing expenditures will lead to our anticipated results, which, if unsuccessful, may even result in financial loss and our business may be significantly harmed. We cannot assure you that our efforts in sales and marketing activities will always be effective, or that we are able to cost-effectively manage our marketing and advertising expenses. If we fail to maintain and enhance our market share, our pricing power may decline as compared to that of our competitors and we may lose existing or prospective customers, which could materially and adversely affect our business, financial condition and results of operations.

Our success largely depends on senior management, as well as our experienced and capable employees.

Our future success depends upon the continued service of our senior management and other experienced and capable employees. We depend upon the ability and experience of a number of our senior management who have significant experience with our operations, the rapidly changing networking solutions industry and the selected markets in which we offer our solutions. The loss of the services of one or a combination of our senior management or key employees could have a material adverse effect on our results of operations.

To maintain and grow our business, we will need to identify, hire, develop, motivate and retain highly skilled employees, which requires significant time, expense, and attention. In addition, from time to time, there may be changes in our management team that may be disruptive to our business. If our management team members, including any new hires that we make, fail to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed. Further, competition for highly skilled personnel is intense. We may need to invest significant amounts of expense and other efforts to attract and retain new employees. If we are not able to recruit and retain employees effectively, our ability to achieve our strategic objectives will be adversely affected, and our business and growth prospects will be harmed.

Our business is subject to complex and evolving laws and regulations regarding data privacy and cybersecurity. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our solutions and could subject us to significant legal, financial and operational consequences.

A significant challenge to online business is the secure storage of confidential information and its secure transmission over public networks. In recent years, privacy and data protection has become an increasing regulatory focus of government authorities across the world. Maintaining complete security for the storage and transmission of confidential information in our systems is essential to maintaining our operating efficiency and customer confidence as well as complying with the applicable laws and standards. We have adopted security policies and measures to protect our proprietary data and customer information. However, advances in technology, the expertise of hackers, improper use or sharing of data, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such confidential or private information we hold as a result of our customers' visits to and use of our online sales platform. Such individuals or entities obtaining our customers' confidential or private information may further engage in various other illegal activities using such information. In addition, we have limited control or influence over the security policies or measures adopted by business partners, including strategic partners or third-party providers of online payment services through which some of our customers may choose to make payment for purchases. The third-party couriers we use may also violate their confidentiality obligations and disclose or use information about our customers illegally.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit our growth.

To the extent necessary for our business, we collect, store and handle personal data for the stated purpose authorized by our customers. As such, we are subject to a variety of PRC laws and other obligations relating to the security and privacy of data, including, among others, (i) PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), or the PIPL, (ii) PRC Data Security Law (《中華人民共和國數據安全法》), or the Data Security Law, (iii) PRC Cybersecurity Law (《中華人民共和國網絡安全法》), or the Cybersecurity

Law, and (iv) the Measures for Cybersecurity Review (《網絡安全審查辦法》). See "Regulation Overview — Laws and Regulations of the PRC — Laws and Regulations Related to Cybersecurity, Personal Information Protection and Data Security."

As the regulations regarding data privacy and cybersecurity in China have developed substantially recently and may be subject to change, we may become subject to new laws and regulations applying to data security and privacy. On September 24, 2024, the State Council released the Cyber Data Security Administration Regulations (《網絡數據安全管理條例》) (the "**Cyber Data Regulations**"), which requires data processors who carry out cyber data processing activities that affect or may affect national security to conduct cybersecurity reviews. However, there had been no clarifications from the authorities as of the Latest Practicable Date as to the standards for determining such activities that "affect or may affect national security." As of the Latest Practicable Date, we had not been involved in any formal investigations on cybersecurity review initiated by the Cyberspace Administration of China (the "**CAC**") on such basis and are not required to go through cybersecurity review by the CAC. However, if we are not able to comply with the cybersecurity and network data security requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, among other sanctions. These enforcement measures could materially and adversely affect our business and results of operations.

In addition, we may also become subject to laws and regulations affecting data protection, data privacy or information security in other jurisdictions where we operate. In the U.S., privacy and data security are regulated by federal and state laws, regulations and common law principles. These laws address both the protection of consumer data and broader privacy interests in personal communications and activities. Organizations must navigate both data protection regulations and invasion of privacy requirements to maintain compliance in the evolving U.S. privacy landscape. See "Regulatory Overview — Laws and Regulations of the U.S. — Data Privacy, Data Protection and Use of Information." In Germany and other applicable EU countries, the General Data Protection Regulation must be observed. If relevant principles are not met, data subjects can assert their rights and sue for damages. There may also be a threat of proceedings by the supervisory authorities. See "Regulatory Overview — Laws and Regulations of Germany — GDPR principles." In Singapore, the Personal Data Protection Act 2012 of Singapore establishes the regime for the protection of personal data and seeks to ensure that organizations comply with a baseline standard of protection for personal data of individuals. See "Regulatory Overview — Laws and Regulations of Singapore — Personal Data Protection Act 2012 of Singapore."

The interpretation and application of data security and privacy laws are subject to change from time to time as they are generally complex and evolving. Existing or newly introduced laws and regulations, or their interpretation, application or enforcement, could have the potential to significantly affect the value of our data and require us to change our data security and privacy practices and other business activities. Complying with new data laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. Any failure to closely monitor the relevant regulatory development could subject us to potential liabilities, further materially and adversely affecting our business, financial condition and results of operations.

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

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties.

According to the relevant PRC laws and regulations, we are required to make full contributions to social insurance and housing provident funds for our employees. During the Track Record Period, we made social insurance and housing provident funds contributions for all employees at no less than the statutory minimum thresholds as stipulated under applicable PRC laws and regulations. During the Track Record Period, certain PRC operating entities in our Group did not make full contributions to the social insurance and housing provident funds for our employees. According to applicable PRC laws and regulations and as advised by our PRC Legal Advisor, if we fail to make full contributions of social insurance within the prescribed period, we may be required by the relevant regulatory authorities to make up the shortfall prior to a stipulated deadline and may be liable to a late payment penalty computed from the due date at the daily rate of 0.05% of the shortfall. Moreover, we may be liable to a fine of one to three times the shortfall in the event that we fail to make such payments within the prescribed period. Pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident funds as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limits, an application may be made to the PRC courts for compulsory enforcement. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaint, reports or class actions from our employees. As of the Latest Practicable Date, we had not received any notices or penalties from the social insurance authorities and the housing provident fund authorities requiring us to make any additional social insurance and housing provident fund contributions. As advised by our PRC Legal Advisor, based on their interview with the competent authorities, assuming that there is no material change to current PRC laws and regulations and the practice in policy implementation and inspection of local governments, the likelihood that we will be required to make additional contributions, overdue payments or be fined in relation to the aforementioned issues is remote.

Moreover, labor regulations are subject to change, and new laws or amendments to existing laws can impose additional compliance requirements on our business. Adapting to these changes may require significant resources and could impact our operational efficiency. Ensuring fair and compliant labor practices is crucial to maintaining employee satisfaction and avoiding labor disputes. The Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) came into force as of September 1, 2025. It further clarifies the considerations to confirm the existence of a labor relationship, renewal of the labor contract, the non-competition clause, the invalidity of the promise that there is no need to pay social insurance premiums, among other issues. The relevant provision emphasizes that the agreement to avoid paying social insurance premiums is invalid. As advised by our PRC Legal Advisor, we do not have such promise or agreement to or with our employees. We cannot assure you that our employment practices do not and will not violate labor-related laws and regulations, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

Our rights to use our leased properties may be defective and could be challenged by property owners or other third parties, which may negatively affect our ability to operate our business and incur relocation costs.

As of the Latest Practicable Date, we leased five properties in China relating to our business operations in total with an aggregate gross floor area of approximately 3,415.4 square meters and eight properties in the U.S., Germany, Australia, Singapore, Japan and the U.K. relating to our business operations in total with an aggregate gross floor area of approximately 20,186.6 square meters, which have been mainly used as offices and warehouses. Any dispute or claim in relation to the titles of the properties that we occupy or any litigation involving allegations of illegal or unauthorized use of these properties could expose us to potential fines or render us unable to continue to use such properties.

Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties shall be filed with the relevant real estate administration bureaus in China. As of the Latest Practicable Date, one lease agreement for our leased property in China had yet to be registered. As advised by our PRC Legal Advisor, the lack of registration does not affect the validity and enforceability of such lease agreement under PRC law, or result in us being required to vacate the relevant leased property. However, we may be ordered by relevant competent authorities to complete the filing within a designated time limit, and a fine of up to RMB10,000 may be imposed for failure to do so within the time limit. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreement. Based on the foregoing, our PRC Legal Advisor is of the view that the non-registration of such lease agreement would not have any material adverse impact on our business operations. However, we cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our costs in the future.

Although our leased properties are primarily used as offices and warehouses purposes and we consider that they are highly replaceable, any forced relocation due to lease disputes can result in significant costs, including moving expenses, lease termination fees and potential business interruptions. Handling related disputes and relocation matters may divert the attention of our management, leading to project delivery delays or impacting our critical research and development work. If we are unable to manage the risks associated with our leased properties effectively, our business and financial performance could be materially and adversely affected.

If we are unable to develop, maintain and enhance our brand and reputation in a cost-effective manner, our growth strategies may be hindered and our business may be adversely affected.

We believe that maintaining and enhancing our brand is of significant importance to the success of our business. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. We believe that our brand name and reputation are important assets that differentiate us from our competitors. Developing, maintaining and enhancing our brand and reputation in a cost-effective manner is essential to attracting and retaining customers, building trust and differentiating ourselves from competitors. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. Our brand and reputation may be harmed and will be susceptible to factors, for instance, (i) issues that arise with our services and networking solutions; (ii) negative statements made by former and existing customers, competitors, service providers and others; (iii) involvement in disputes and legal proceedings; (iv) regulatory enquiries or enforcement actions taken against us or our employees; and (v) negative publicity about our brand, Directors, Supervisors or employees. We cannot guarantee that such negative events will not happen in the future. If these events happen and we fail to recover from destruction to our brand and reputation successfully, we may experience a significant decline in demand for our solutions, decrease in investor confidence and reduction of the value of our brand, each of which may ultimately result in a material adverse effect on our business and prospects.

Any failure to maintain the satisfactory performance of our technology systems and resulting interruptions in the availability of our services could adversely affect our business, results of operations and prospects.

The satisfactory performance, reliability and availability of our online sales platform are critical to our success. We have developed a platform that enables us to deliver services with simplicity, convenience, speed and reliability. However, our platform or infrastructure may not function properly at all times. We may be unable to monitor and ensure high-quality maintenance and upgrade of our platform and technology infrastructure, and our customers may experience service outages and delays in accessing and using our online sales platform as we seek to source additional capacity. In addition, we may experience surges in online traffic and orders as we scale, which can put additional demand on our platform. Any disruption to our platform could adversely affect our business and results of operations.

In addition, our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload. Our technology infrastructure may also be vulnerable to damages or interruptions caused by telecommunication failures, power losses, human errors, fires, floods, earthquakes and other natural disasters, or other accidents. Despite any precautionary measures we will take, the occurrence of unanticipated problems that affect our technology infrastructure could result in interruptions in the availability or performance of our service. As we cannot be certain that we will be able to address or respond to any vulnerabilities in our technology infrastructure in a timely manner, or at all, any of the aforementioned risks may cause interruptions to our operations, affect the ability of customers to use our platform and reduce their satisfaction, harm our revenue and profitability, and require us to allocate significant capital and other resources to alleviate problems caused thereby.

The unavailability of any preferential tax treatment and government subsidies, as well as unfavorable changes in application tax policy, could adversely affect our business, results of operations, financial condition and prospects.

During the Track Record Period, we received government grants of RMB11.9 million, RMB7.5 million, RMB5.6 million, RMB4.5 million and RMB1.5 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. In addition, the Company and a number of its subsidiaries enjoy various types of preferential tax treatment according to the prevailing tax-related laws and regulations in the relevant jurisdictions. We cannot assure you that we will continue to receive government grants, which are non-recurring in nature, at the same level or at all, or that we will continue to enjoy the current preferential tax treatments. The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatments, or require us to repay part or all of the government grants we previously received at any time, which could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations, financial condition and prospects. Moreover, changes in tax policies, such as increased tax rates, new tax regulations or the elimination of tax incentives, can impact our profitability and cash flow. If we are unable to manage the impact of tax policy changes and the unavailability of preferential treatments effectively, our business, financial condition and results of operations could be materially and adversely affected.

The successful operation of our business depends upon the performance, reliability and security of the internet infrastructure in China and other countries and regions in which we operate.

Our business depends on the performance and reliability of the internet infrastructure in China. Instability or disruption of the internet infrastructure may directly impair our ability to deliver customer services, respond to customer needs and maintain operational continuity. Almost all access to the internet in China is maintained through state-owned telecommunication operators under the regulatory supervision of the Ministry of Industry and Information Technology. In addition, the national networks in China are connected to the internet through state-owned international gateways, which are the only channels through which a domestic user can connect to the internet outside of China. As such, we may not have access to alternative networks in the event of disruptions, failures or other problems with China's internet infrastructure, which may not always support the demand associated with continued growth in internet usage.

Moreover, we rely on major telecommunications companies in China to provide us with data communications capacity through their local telecommunications networks. We exercise little control over them, which increases our vulnerability to problems with the services they provide. We may have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. Web traffic in China and the rest of the world has experienced significant growth during the past few years. In particular, we have deployed a combination sales mode including customer self-service online ordering through our self-operated online sales platform. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China or other countries we operate in can support the demands associated with the continued growth in internet usage. If we cannot maintain and increase our capacity to deliver our services and solutions, we may not be able to continue to provide reliable services and solutions to our customers and adapt to the increasing demand from our customers, which could adversely impact our business and profitability.

In addition, our telecommunications service providers possess significant bargaining power and may change their service terms or other policies during the course of our cooperation. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, some users may be prevented from accessing the internet and thus cause the growth of internet users to decelerate. Such deceleration may in turn adversely affect our ability to continue to expand our customer base.

Furthermore, the quality of internet infrastructure varies across different regions, and any deficiencies can impact our service delivery and operational efficiency. Ensuring robust and reliable Internet connectivity is essential to maintaining high standards of service and meeting customer expectations. If we cannot rely on a reliable and secure internet infrastructure for our day-to-day operations, our business and results of operations could be materially and adversely affected.

Increasing focus with respect to environmental, social and corporate governance matters may impose additional costs on us or expose us to additional risks.

Relevant regulatory authorities and public advocacy groups have been increasingly focused on environmental, social and corporate governance ("**ESG**") related issues in recent years, making our business more sensitive to ESG-related issues and changes in governmental policies and laws and regulations associated with environmental protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds and other influential investors have also been increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and relevant regulatory authorities on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of the ESG practices of the target companies. Any ESG concern or issue could also increase our regulatory compliance costs.

If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and relevant regulatory authorities or are perceived to have not responded appropriately to the growing concern for ESG-related issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition and the price of our H Shares could be materially and adversely affected. Furthermore, to promote environmental responsibility and reduce our environmental footprint, we have established certain environmental targets and plans that are aligned with our overall business strategy and objectives. See "Business — Environmental, Social and Governance." Failure to achieve or potential modification or discontinuation of certain or all such ESG targets and/or plans may also adversely affect our corporate image, which could in turn result in adverse impacts on our business, financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective.

Our risk management and internal controls depend on effective implementation by our employees. Despite our efforts in providing internal training in this regard, there can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected.

We are exposed to risks and uncertainties associated with strategic transactions or acquisitions.

As we continue to scale our operations around the globe, we may enter into strategic transactions, including joint ventures or equity or debt investments, with various third parties to further our business purpose from time to time. Strategic transactions could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions. To the extent strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing businesses. Future acquisitions and the subsequent integration of new assets, technologies and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing businesses, which in turn could adversely affect our business. Acquired assets, technologies or businesses may not generate the financial or operating results we expect. In addition, acquisitions could result in the use of substantial amounts of cash, dilutive issuances of equity securities, incurrence of debt, incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business.

Our insurance coverage is limited and may not be sufficient to cover all of our potential losses.

We face various risks in connection with our business and we maintain various insurance policies to safeguard against risks and unexpected events. See "Business — Insurance." However, we do not maintain business interruption insurance or key-man insurance or any insurance covering liabilities resulting from misconducts or illegal activities committed by our employees, platform users or business partners. There can be no assurance that our insurance coverage is sufficient to cover all potential risks that may arise from our business operations, or to compensate us for all our actual losses that may incur from business activities on a timely basis, or at all. If we incur losses that are not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. Furthermore, we may not be able to obtain coverage at current levels, and the premium on our insurance coverage may increase significantly in the future, which may also adversely affect our business, financial condition and results of operations.

Any occurrence of force majeure events, such as natural disasters, public health, adverse weather conditions or public security hazards may severely disrupt our business and operation.

Our business is subject to general economic and social conditions in countries and regions where we operate. Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts pose significant risks to the regions, including the cities where we conduct our operations. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, financial condition, results of operations and prospects. Additionally, acts of war and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our distribution channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in global or regional political and economic policies could have an adverse effect on our business, financial condition, results of operations and subsequently challenge our competitive position.

Our business, financial condition, results of operations and prospects could be affected by economic, political and legal developments in the market where we operate. The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. There have been concerns over the Russia-Ukraine war, as well as unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. In addition, the Red Sea crisis, which began on October 19, 2023, disrupted international maritime trade and the global supply chain. With the Suez Canal of the Red Sea being a critical conduit for approximately 30% of the world's container traffic, the crisis has since been causing surges in shipping costs. The Red Sea crisis persisted as of the Latest Practicable Date. It is unclear whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. In particular, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation could affect the business and economic environment, the growth of the new energy equipment industry and ultimately, the profitability of our business. Governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, foreign exchange and other aspects of the economy, as well as government's measures or policies in regulating particular industries or companies may affect our business and results of operations. For example, the government may implement various measures to encourage economic growth and guide the allocation of resources, including the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises. We cannot guarantee the extent to which our business operations will be able to benefit from such measures or whether such measures may have negative effect on us. Furthermore, the speed of global or regional economic growth may vary from year to year, and such growth may be uneven, both geographically and among various industry sectors. If the business environment in the markets where we operate changes, our business may be materially and adversely affected.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued 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, which had become effective on March 31, 2023 together with several follow-up supporting guidelines (the "**Trial Measures**"). The Trial Measures are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC and (ii) companies incorporated overseas with substantial operations in the PRC. The Trial Measures lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. For details, see "Regulatory Overview — Laws and Regulations of the PRC — Laws and Regulations Related to Overseas Listing." The Trial Measures, or any pertinent rules or regulations promulgated in the future, has and will subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements will significantly limit or completely hinder our future financing activities.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors, our Supervisors and our senior management.

We are a company incorporated under the laws of the PRC and many of our assets are located in China. Most of our Directors, Supervisors and senior management reside within China. As a result, it may be difficult and time-consuming to effect service of process upon us, or our Directors, Supervisors or senior management who reside in China. In addition, China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. You may experience difficulties in enforcing judgments due to lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

In July 2008, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned

(《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 "**2008 Arrangement**"). Under the 2008 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. In January 2019, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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**"). Effective as of January 29, 2024, this mechanism seeks to establish a mechanism with greater clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between the PRC court and Hong Kong court. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of the 2008 Arrangement, which was made before the effective date of the New Arrangement.

Any uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

We are subject to certain uncertainties embedded in the legal systems of some geographic markets where we operate. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject the enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in some of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of the intelligent equipment and affect our business, financial condition and results of operations.

Our foreign exchange transactions, our ability to pay dividends and other obligations are subject to regulatory requirements over foreign currency conversion.

Currently, the conversion of RMB into foreign currency needs to comply with the relevant laws and regulations, and exchange and remittance of foreign currencies are subject to relevant foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, we will have sufficient foreign currency to meet our demand for foreign currency. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at financial institutions within the PRC that have the license to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE or its local branch except for foreign exchange capital, foreign debts and repatriated funds raised through overseas listing. If we fail to obtain approval from the SAFE to exchange the RMB into any foreign currencies for any purposes, our capital expenditure plans, businesses, results of operations and financial condition may be adversely affected. The PRC government may also at its discretion restrict access to foreign currencies for current account transactions under certain circumstances in the future. If there are changes in the policies regarding the payment of dividends in foreign currencies or other changes in foreign exchange policies resulting in insufficient foreign exchange, we may not be able to pay dividends in foreign currencies to the holders of the H Shares and even our business may be materially and adversely affected.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

Under EIT Law and the Implementation Rules 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》), enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax ("**EIT**") at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("**Circular**

82") specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

Although our offshore subsidiaries have substantive business operations in the countries or regions where they located, as our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The EIT on our subsidiaries' global income could significantly increase our tax burden and affect our cash flows and profitability.

We could be subject to changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and one of our subsidiaries in the PRC have been qualified as high-tech enterprises or engaged in policy-encouraged businesses. Accordingly, they were entitled to a preferential income tax rate of 15% during the Track Record Period. See Note 10 to the Accountants' Report in Appendix I to this document. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax laws and regulations in the PRC may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in the PRC and tax penalties or fines could affect our businesses, financial condition and results of operations.

In addition, some of the jurisdictions in which we operate have rules on transfer pricing that require intra-group transactions to be conducted on arm's length terms. See "Business – Intra-Group Transactions." While we believe that we have complied with these rules, there can be no assurance that tax authorities in these jurisdictions will not challenge our transfer pricing arrangements, which could result in additional taxes, interests or penalties imposed on us. Such challenges could have a material adverse effect on our financial condition, results of operations and prospects.

We also operate in countries and regions overseas and are subject to various taxes. As such, our Group's tax position may be subject to review by the relevant government authorities and changes in law. Due to the fact that the tax environment varies across different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to invest more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes payable is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

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

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor's 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 non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《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 PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the 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》) (Guo Shui Han [2011] No. 348) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉 讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from 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》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《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》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be 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.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and there can be no assurance that an active market would develop, and the price and trading volume of our H Shares may be volatile.

Prior to this [**REDACTED**], there has been no public market for our H Shares. The [**REDACTED**] for our [**REDACTED**] was the result of negotiations among us and [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and the [**REDACTED**] may differ significantly from the market price for our H Shares following this [**REDACTED**].

[**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the 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 not decline following the [**REDACTED**]. In addition, the trading price and trading volume of the H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as regulatory developments affecting the relevant markets, industries and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors.

The price and trading volume of our H Shares may be volatile, which could materially and adversely affect the market price of our H Shares.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

Future sales or perceived sales of a substantial number of our H Shares in the public market following the [REDACTED] could materially and adversely affect the price of our H Shares and our ability to raise additional capital in the future.

Prior to the [**REDACTED**], there has not been a public market for our H Shares. Future sales or perceived sales by our existing Shareholders of our H Shares after the [**REDACTED**] could result in a significant decrease in the prevailing market price of our H Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

We cannot assure you that we will declare and distribute any dividend in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. For more details on our dividend policy, see "Financial Information — Dividends and Dividend Policy."

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to our Shareholders after the creditors' claims. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, limitations on our ability to acquire or license intellectual property rights or declaring dividends, or other operating restrictions.

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

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

Certain facts, forecasts and other statistics contained in this document are derived from a third-party report and publicly available official sources.

This document, particularly the sections headed "Industry Overview" and "Business," contains information and statistics relating to the industry in which we operate. Such information and statistics were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We believe that the sources of this information are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], any of their respective directors and advisers, or any other persons or parties involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us or the [REDACTED].

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong when making your [**REDACTED**] decision regarding our H Shares. Subsequent to the date of this document but prior to the completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of any such press articles or other media coverage, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us in any such press articles or media coverage. Accordingly, prospective investors are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

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 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.

In preparation for the [**REDACTED**], we have applied to the Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules:

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

We have entered into and are expected to continue with one transaction after the [**REDACTED**], which will constitute our non-exempt continuing connected transaction under Chapter 14A of Listing Rules upon [**REDACTED**]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the announcement in respect of the transactions under Chapter 14A of the Listing Rules. See "Connected Transaction."

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong, which normally means that at least two executive directors must be ordinarily resident in Hong Kong. Given that (i) our core business operations are principally located, managed and conducted out of Hong Kong; (ii) our Company's head office is situated in the PRC, our executive Directors and senior management team principally reside in the PRC and will continue to be based in the PRC after the [**REDACTED**]; and (iii) the management and operation of our Company have mainly been under the supervision of the executive Directors and senior management of our Company, who are principally responsible for the overall management, corporate strategy, planning, business development and control of our Company's business, we consider that it would be more practical for our executive Directors and senior management to remain ordinarily resident out of Hong Kong. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under 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 strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

1. **Authorized representatives**: we have appointed Mr. Xiang Wei (向偉) and Mr. Zeng Di (曾諦) as the authorized representatives ("**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange. Although Mr. Xiang Wei and Mr. Zeng Di reside in the PRC, they possess valid travel documents and are able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the

Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See "Directors, Supervisors and Senior Management" for more information about Mr. Xiang Wei and Mr. Zeng Di.

2. **Directors**: to facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details (such as mobile phone numbers, office phone numbers and email addresses) of each of our Directors. In the event that any Director expects to travel or otherwise be out of the office, he or she will provide the phone number, and fax numbers (where applicable) of the place of his/her accommodation to the Authorized Representatives. Accordingly, the Authorized Representatives have means for contacting all directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after being requested to do so by the Stock Exchange.

3. **Compliance advisor**: we have appointed Rainbow Capital (HK) Limited as our compliance advisor ("**Compliance Advisor**") in compliance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as an additional channel of communication of our Company with the Stock Exchange during the period from the [**REDACTED**] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [**REDACTED**]. The Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as the principal channel of communication with the Stock Exchange when the Authorized Representatives are not available.

4. **Joint company secretary**: we have appointed Ms. Sham Ying Man (岑影文) ("**Ms. Sham**"), who is a Hong Kong resident, as one of our joint company secretaries. Ms. Sham will maintain constant contact with our Directors and senior management team members through various means.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that our Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules.

According to Rule 3.28 of the Listing Rules, our Company must appoint an individual, who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience," the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles they played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

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

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Zeng Di (曾諦) ("**Mr. Zeng**") as one of the joint company secretaries of our Company. Mr. Zeng has been responsible for financial management of our Group since December 2019 and has served as our executive Director and the Board secretary since October 2020, through which Mr. Zeng has gained a thorough understanding of the management and business operation of our Group. Mr. Zeng has been actively involved in the proposed [**REDACTED**] since its inception. As Mr. Zeng has substantial experience in handling financial management matters relating to our Company, and is familiar with our Company's business operations, the Board believes that the appointment of Mr. Zeng as our company secretary would be beneficial for our Company. See "Directors, Supervisors and Senior Management" for further biographical details of Mr. Zeng. However, Mr. Zeng personally does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, our Company has appointed Ms. Sham, a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The

Chartered Governance Institute in the U.K., who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Mr. Zeng for an initial period of three years from the [**REDACTED**] to enable Mr. Zeng to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. See "Directors, Supervisors and Senior Management" for further biographical details of Ms. Sham which satisfy the requirements under Note 1(a) to Rule 3.28 of the Listing Rules.

The following arrangements have been, or will be, put in place to assist Mr. Zeng in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

(a) Mr. Zeng will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules, which will be organized by our Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time;

(b) Ms. Sham will assist Mr. Zeng to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company;

(c) Ms. Sham will communicate regularly with Mr. Zeng on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. Sham will work closely with and provide assistance for Mr. Zeng in the discharge of his duties as a company secretary, including organizing our Company's Board meetings and general meetings; and

(d) Upon expiry of Mr. Zeng's initial term of appointment as the joint company secretary of our Company, we will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Mr. Zeng's appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. Sham ceases to provide assistance to Mr. Zeng or there are material breaches of the Listing Rules by our Company. Before the expiry of the initial three-year period, the qualification of Mr. Zeng will be re-evaluated to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Listing Rules can be satisfied.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Xiang Wei (向偉)	Room 604, Building 23 Jindi Haijing Garden Xinzhou Road Futian District Shenzhen Guandong Province PRC	Chinese
Mr. Zeng Di (曾諦)	Room 03, 9/F, Unit 19 Contemporary International Garden 112 Guanggu Avenue East Lake Hi-Tech Development Zone Wuhan Hubei Province PRC	Chinese
Non-Executive Directors		
Mr. Peng Chao (彭超)	Room 11C, Building 2 Rongchao Qiaoxiang Noyuan 10 Xiangshan West Street Nanshan District Shenzhen Guangdong Province PRC	Chinese
Mr. Zhao Pan (趙潘)	No. 9, Baifuting Group Baifu Village Huochangping Town Shaodong Hunan Province PRC	Chinese

Independent non-executive Directors

Mr. Ran Long (冉龍)	12-16-4, Sixth Block Luneng Xingcheng 778 Shangpin Road Longta Street Yubei District Chongqing PRC	Chinese
Mr. Guo Fei (郭飛)	1-243-7, Zhengyuan Road Hongshan District Wuhan Hubei Province PRC	Chinese
Ms. Wang Jing (王婧)	18A, 49 Conduit Road Mid-levels Central and Western Hong Kong	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Zhang Denghui (張登輝)	Room 101, Unit 1, Building 1 Zonggang Xi'an No. 97 Fangcao Road Hanyang District Wuhan Hubei Province PRC	Chinese
Ms. Duan Ting (段婷)	Room 02, 4/F, Building 2 Aoyuan Lingyu 3 Jinshan Avenue Huicheng District Huizhou City Guangdong Province PRC	Chinese
Ms. Zhu Yue (祝玥)	Room 1902, Building 73 No. 519 Guanshan Avenue Hongshan District Wuhan Hubei Province PRC	Chinese

For more information on our Directors and Supervisors, see "Directors, Supervisors and Senior Management" of this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors, [REDACTED]	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	China Securities (International) Corporate Finance Company Limited 18/F, Two Exchange Square Central Hong Kong
	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square Central Hong Kong

[REDACTED]

[REDACTED]

Reporting Accountants and Independent Auditor	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditors* 35/F, One Pacific Place 88 Queensway Hong Kong
Legal Advisors to our Company	*As to Hong Kong and U.S. laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC law:* **Zhong Lun Law Firm** 57/58/59/F, Tower A Ping An Finance Centre 5033 Yitian Road Futian District Shenzhen PRC
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Slaughter and May** 47/F Jardine House One Connaught Place Central, Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34/F Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing PRC

Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504, Wheelock Square 1717 Nanjing West Road Shanghai PRC
Transfer Pricing Advisor	**KPMG Advisory (China) Limited Beijing Branch** KPMG Tower, 8th Floor Oriental Plaza, E2 1 East Chang An Avenue Dongcheng District, Beijing PRC
Independent Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F One Taikoo Place 979 King's Road Hong Kong
Compliance Advisor	**Rainbow Capital (HK) Limited** Office No. 710, 7/F Wing On House No. 71 Des Voeux Road Central Central Hong Kong

[**REDACTED**]

Head Office and Principal Place of Business in the PRC	1903-1904, Block C China Resources Land Building Da Chong Community, Yuehai Street Nanshan District Shenzhen Guangdong Province PRC
Principal Place of Business in Hong Kong	Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**https://www.fs.com/** *(Information on this website does not form part of this document)*
Joint Company Secretaries	Mr. Zeng Di 1903-1904, Block C China Resources Land Building Da Chong Community, Yuehai Street Nanshan District Shenzhen Guangdong Province PRC
	Ms. Sham Ying Man *(Associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the U.K.)* Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Mr. Xiang Wei 1903-1904, Block C China Resources Land Building Da Chong Community, Yuehai Street Nanshan District Shenzhen Guangdong Province PRC

	Mr. Zeng Di 1903-1904, Block C China Resources Land Building Da Chong Community, Yuehai Street Nanshan District Shenzhen Guangdong Province PRC
Audit Committee	Dr. Guo Fei *(Chairperson)* Mr. Zhao Pan Ms. Wang Jing
Remuneration Committee	Ms. Wang Jing *(Chairperson)* Dr. Guo Fei Mr. Zeng Di
Nomination Committee	Mr. Ran Long *(Chairperson)* Mr. Xiang Wei Ms. Wang Jing
Strategy Committee	Mr. Xiang Wei *(Chairperson)* Dr. Guo Fei Mr. Ran Long

[**REDACTED**]

Principal Bank(s)	**China Merchants Bank Co., Ltd.** **Shenzhen Binhe Shidai Branch** 106/204, Commercial Podium Jingji Binhe Shidai Building Binhe Avenue Futian District Shenzhen Guangdong Province PRC
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The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by any of the* [**REDACTED**]*, any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**] *(other than Frost & Sullivan), and no representation is given as to its accuracy. For discussion of risks related to the Group's industry, see "Risk Factors — Risks Relating to Our Business and Industry" in this document.*

GLOBAL NETWORKING SOLUTIONS MARKET

Introduction of Networking Solutions Market

Network infrastructure is one of the three core infrastructures that build the digital world, alongside computing power infrastructure and storage infrastructure. The core function of network infrastructure is to establish stable, efficient, and secure connectivity channels to enable interconnection among various devices, systems, and users. It encompasses high-speed data transmission, reliable network coverage, flexible bandwidth management, and comprehensive security protection mechanisms. A robust network infrastructure is a key enabler for digital transformation and intelligent upgrading, supporting the application and development of emerging technologies such as artificial intelligence, cloud computing, big data, and the Internet of Things.

Networking solutions refer to a suite of hardware and software that designed to meet the needs of enterprises in building, using, and managing network infrastructure. These solutions aim to help businesses achieve efficient, secure, and reliable network connectivity and communication.

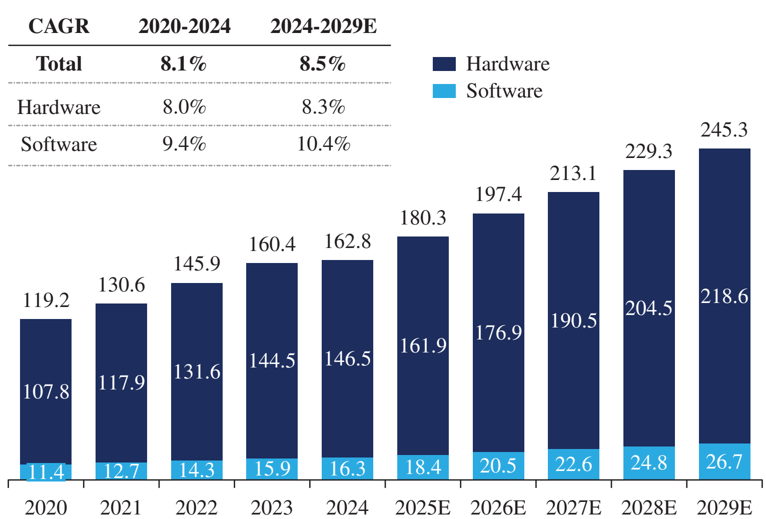
Networking hardware refers to various hardware devices and supporting services used for building, maintaining, and expanding computer networks, enabling interconnection and data exchange between devices within the network. Hardware forms the foundation of network communication, responsible for functions such as data transmission, routing, and security. The main categories of hardware include, but are not limited to: routers, switches, WLAN, optical modules and high-speed cables, cables, and security devices.

Networking software refers to programs that support network communication and management, including operating systems, protocol stacks, and application software.

Total Revenue of Global Networking Solution Market

The global networking solution market size grew from USD119.2 billion in 2020 to USD162.8 billion in 2024, with a compound annual growth rate of 8.1% between 2020 and 2024. It is projected that the global networking solution market size will continue to expand, and the total market revenue will reach USD245.3 billion by 2029, with a compound annual growth rate of 8.5% between 2024 and 2029.

Total revenue of global networking solution market, USD Billion, 2020-2029E

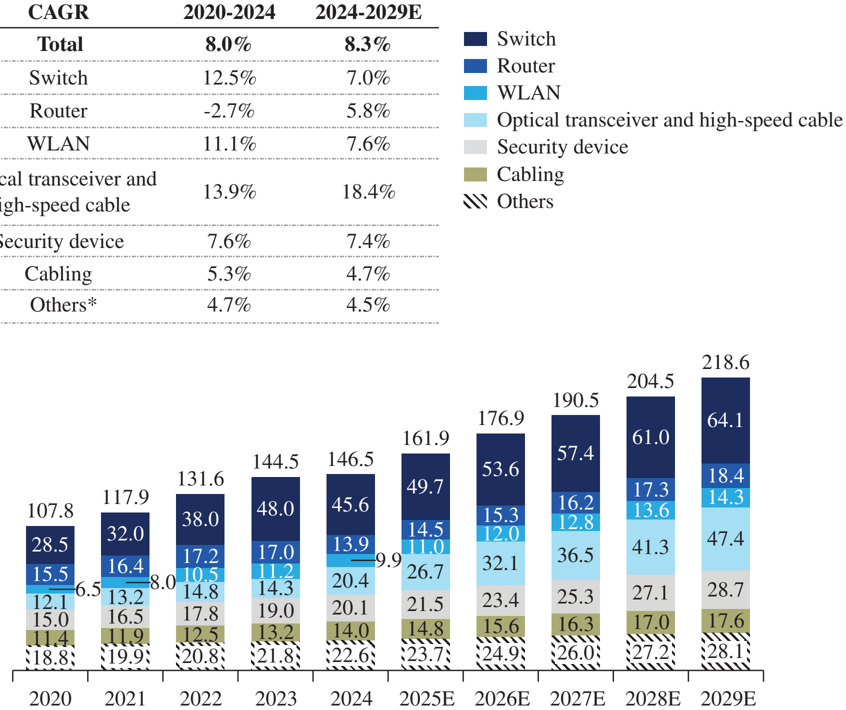


Source: IDC, Frost & Sullivan

Networking hardware products can be categorized into switches, routers, WLAN (wireless local area networks), optical transceiver and high-speed cables, cabling and others. Switches, routers and WLAN are the main types of network equipment. Benefiting from the increased spending on enterprise network infrastructure, the global markets for switches, routers and WLAN are all expected to achieve stable growth within the forecast period, with CAGRs (compound annual growth rates) from 2024 to 2029 reaching 7.0%, 5.8% and 7.6%, respectively. Optical transceiver and high-speed cables will be the fastest-growing product segment in terms of market size during the forecast period, with a projected CAGR of 18.4%.

Total revenue of global networking hardware market, by Product
USD Billion, 2020-2029E

CAGR	2020-2024	2024-2029E
Total	**8.0%**	**8.3%**
Switch	12.5%	7.0%
Router	-2.7%	5.8%
WLAN	11.1%	7.6%
Optical transceiver and high-speed cable	13.9%	18.4%
Security device	7.6%	7.4%
Cabling	5.3%	4.7%
Others*	4.7%	4.5%



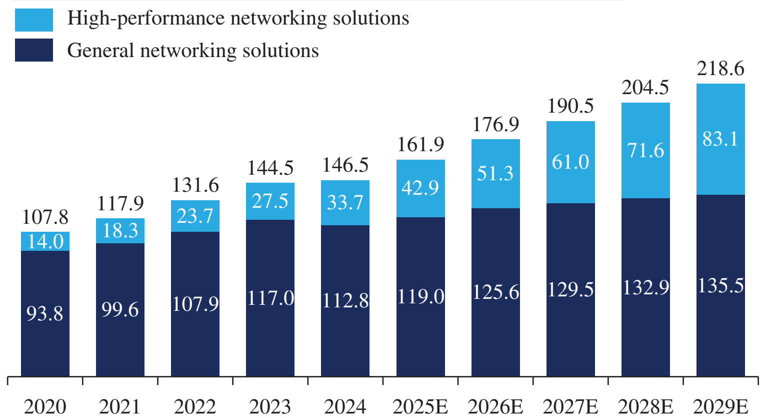
Note: Others include network testing and maintenance tools, power management equipment, server cabinets and other accessories

Source: IDC, Yole, Dell'Oro Group, Frost & Sullivan

As demands for faster network transmission grow, enterprise customers increasingly need high-performance networking solution supporting transmission speeds above 100G. The global high-performance networking hardware market (speeds of 100G and above) rose from USD14.0 billion in 2020 to USD33.7 billion in 2024, a CAGR of 24.6% from 2020 to 2024. Future growth is projected to push the market's total revenue to USD83.1 billion by 2029, with a CAGR of 19.8% from 2024 to 2029.

Total revenue of global networking hardware solution market, by Performance USD Billion, 2020-2029E

CAGR	2020-2024	2024-2029E
Total	**8.0%**	**8.3%**
High-performance networking solutions	24.6%	19.8%
General networking solutions	4.7%	3.7%



Source: IDC, Frost & Sullivan

GLOBAL ONLINE NETWORKING SOLUTIONS MARKET

Challenges Faced by Traditional Networking Solution Business Models

In the traditional networking solution business model, networking solution providers primarily serve large key customers directly through customized projects, such as telecommunications operators and major cloud service providers. They also serve a broader range of other customer types, like small and medium-sized enterprises (SMEs) in vertical industries, through an offline distribution model. Currently, the traditional business model is adopted by the global giants in the networking solution market to achieve a balance between ensuring service quality and maintaining market coverage. However, despite its long-standing existence, the traditional business model is facing a series of challenges due to the rapid evolution of global enterprise digital transformation and the dynamic changes in market demand. These challenges mainly include:

– **Geographical limitation:** Although traditional vendors have established a large offline distribution network, the geographical coverage of offline distribution networks is still limited, making it difficult to fully cover enterprise customers with networking solution procurement needs globally.

- **Limited product variety:** Under the traditional distribution model, the types of network products that local distributors can offer are often relatively limited, making it difficult for enterprise customers to purchase network products that best match their needs.

- **Difficult decision making in product selection:** The product selection decision-making process for offline purchases mainly relies on the information provided by offline sales personnel. Customers have relatively limited channels to obtain product information, making it difficult for them to fully understand key product information such as performance, parameters, and user reviews. This results in difficulty in making informed purchasing decisions. In particular, as much technical knowledge is required in selecting network products, information asymmetry can exacerbate the difficulties customers face in product selection.

- **High procurement costs:** The traditional offline model involves multiple intermediary links (such as distributors, agents, and retailers), leading to high costs in the industrial chain circulation and, consequently, higher final sales prices. At the same time, due to the relatively limited product range, customers struggle to source products that both meet their requirements and offer cost-performance balance.

- **Long procurement and delivery cycles:** For customized projects for large customers, the process involves multiple stages, including requirement communication, solution design, quotation approval, contract signing, equipment procurement, logistics distribution, and on-site installation and commissioning, which takes a considerable amount of time. For product sales through distribution channels, enterprises often need to spend a significant amount of time evaluating and purchasing products from multiple distributors to meet their entire procurement needs. Moreover, offline product allocation and other links often lead to longer delivery cycles.

Development Opportunities for Online Networking Solutions

To address the challenges faced by traditional offline business models, the business model of providing networking solution through online platforms has emerged. Online networking solutions refer to the sale of network products and the provision of related services via online platforms. Leveraging its advantages of convenience, efficiency, cost-effectiveness, and information transparency, the online business model effectively overcomes the shortcomings of the traditional offline model in terms of product variety richness, decision-making difficulty in product selection, procurement cost, and procurement and delivery efficiency, better meeting enterprise customers' purchasing needs for networking solution.

The advantages of online networking solution include:

– **Wider market coverage and higher accessibility:** The online model breaks geographical limitations, enabling network products to reach a broader customer base. Both large enterprises and small or medium enterprises can conveniently make purchases online without being restricted by location or dealer coverage.

– **Richer product selection and more convenient product selection process:** Online platforms can showcase a more comprehensive product range and more detailed product information, including specifications, user reviews, and case studies. This helps customers gain a more in-depth understanding of product performance and make more precise selections based on their needs.

– **Faster response and more efficient transaction process:** Online platforms can provide 24/7 round-the-clock service, allowing customers to place orders at any time without waiting for working hours. In addition, the improvement of online payment and logistics systems has significantly shortened the transaction and delivery cycles.

– **Lower procurement costs and higher price transparency:** Online sales typically reduce intermediary links and operating costs, making product prices more competitive. Meanwhile, online platforms usually clearly display product prices and configurations, facilitating customer comparison and selection and enhancing price transparency.

– **More convenient after-sales service and technical support:** Online platforms can offer various after-sales service methods, such as online consultation, technical document download, and remote technical support. This makes it easier for customers to resolve issues encountered during use, which enhances customer satisfaction.

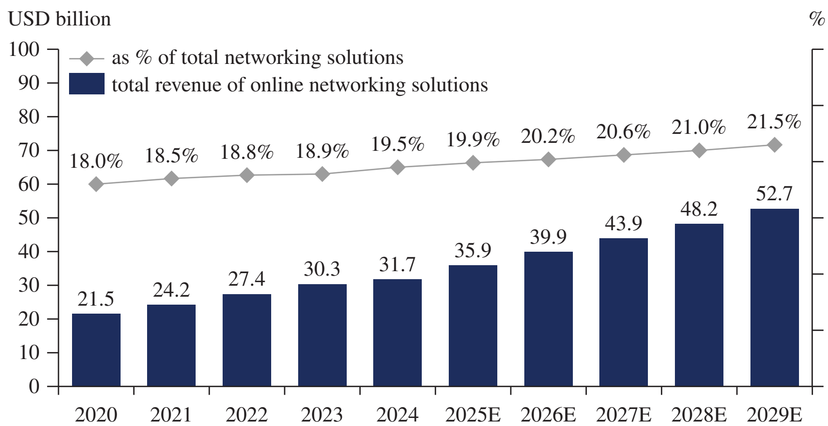
Total revenue of global online networking solution market

The global online networking solution market size grew from USD21.5 billion in 2020 to USD31.7 billion in 2024, with a CAGR of 10.2% during 2020-2024. It is expected that the global online networking solution market size will continue to expand, and the total market revenue will reach USD52.7 billion by 2029, with a CAGR of 10.7% from 2024 to 2029.

The global online networking solution market penetration rate (global online networking solution market revenue divided by global networking solution market revenue) increased from 18.0% in 2020 to 19.5% in 2024 and is projected to further rise to 21.5% by 2029 during the forecast period.

Total revenue of global online networking solution market
USD Billion, 2020-2029E

CAGR	2020-2024	2024-2029E
Total	10.2%	10.7%



Source: IDC, Frost & Sullivan

Competitive Landscape of Global Online Networking Solutions Market

The global online networking solution market has two main types of participants: online DTC networking solution providers and third-party online platforms. Online DTC networking solution providers focus on selling and delivering their own-branded network products and services. Third-party online platforms aggregate diverse networking products, mainly selling those from different vendors, and sometimes deliver product related professional services.

GLOBAL ONLINE DTC NETWORKING SOLUTIONS MARKET

Development Opportunities of Online DTC Networking Solutions Market

Although online networking solution have addressed several challenges of traditional offline models, during the digital and intelligent transformation of enterprise network infrastructure, enterprise customers still face significant pain points:

– **Difficulty in obtaining in-depth expertise and customized products/solutions for specific needs:** When transforming to integration with AI, enterprises need highly customized network infrastructure that precisely accommodates AI workloads — such as model training, inference, and data analysis — in terms of bandwidth, latency, and security. However, third-party online platforms, despite offering diverse products and competitive prices, often lack the expertise for customization and consultation.

- **Difficulty in achieving end-to-end deep integration and unified management:** Building complex network infrastructure requires integrating devices, software, computing, and storage resources from various vendors and managing/monitoring them uniformly. Third-party online platforms, selling multi-vendor products, struggle with deep integration and unified management. Different vendors use different management interfaces, protocols, and APIs, increasing operational complexity and costs. Also, compatibility among components is crucial. Although platforms test compatibility, they can't cover all combinations and scenarios, risking performance bottlenecks and system failures.

- **Difficulty in ensuring high-quality service delivery:** Digital and AI transformation need more than hardware purchasing; they require professional consulting, designing, deployment, optimization, and after-sales services closely tied to specific products and technologies. Some third-party online platforms offer product-related services, but with diverse product sources, it's hard to have professional service teams for all products and ensure consistent service quality.

- **Difficulty in timely access to emerging network technology products:** With the fast development of cutting-edge networking related technologies such as AI, SDN, and data center, enterprises need to adopt these technologies promptly to boost networking infrastructure efficiency. Yet, third-party online platforms rely on brand vendors' R&D and product launch timelines and lack R&D capabilities, making it hard to quickly meet enterprises' demand for new AI-related technologies.

An online DTC networking solution refers to the direct reach of end customers and the realization of product sales and service delivery through the online platform operated by the networking solution provider itself. Compared with third-party online platforms, online DTC networking solutions have the following unique advantages:

- **In-depth product expertise & high customization:** Focusing on the sales and delivery of their own brand products, online DTC networking solution providers have a deep understanding and expertise in their own products, including technical architecture, functionality, best practices, etc. They can offer customized solutions based on the specific needs and scenarios of enterprise customers in their AI transformation, including hardware selection, software configuration, and network architecture design, to ensure that the network infrastructure can optimally support AI workloads.

- **End-to-end solutions & unified management:** Typically, online DTC networking solution providers offer comprehensive solutions that cover network equipment, software, and related services. Since all components come from the same provider, it is easier to achieve deep integration and coordinated operation. Enterprises can centrally monitor, configure, and manage the entire network infrastructure through a unified management platform, thereby reducing operational complexity and improving efficiency. Moreover, DTC networking solution providers conduct comprehensive compatibility testing of their own branded products to ensure seamless collaboration among different components.

– **Direct and comprehensive service support:** Online DTC networking solution providers offer services that are closely integrated with specific products and technologies directly to customers, including pre-sales consultation, solution design, deployment implementation, after-sales support, and technical training.

– **Faster innovation & new-tech integration:** Usually equipped with their own R&D teams, online DTC networking solution providers can more rapidly integrate the latest network technologies into their products. They can flexibly adjust their product roadmaps in accordance with the business development trends and customer needs, and more quickly launch new products and solutions that meet the requirements of business and networking transformation.

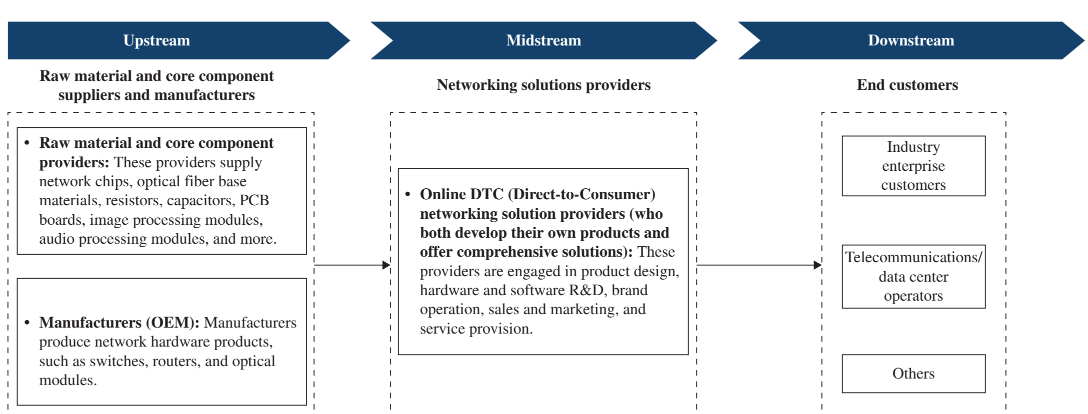
Industry Value Chain of Global Online DTC Networking Solutions Market

The upstream of the online DTC networking solutions market consists of raw material and core component suppliers and manufacturers. The former offers key materials and components, such as network chips, optical fiber base materials, resistors, capacitors, and PCB boards. The latter produces network hardware like switches, routers, and optical modules.

Online DTC networking solution providers are located in the midstream. They upgrade hardware products to solutions by independently developing hardware, integrating software design, and handling product design, software development, brand management, sales, marketing, and service support.

The downstream features a diverse group of end customers, covering industry enterprises (e.g., finance and internet technology) and infrastructure service providers like telecoms and data centers.

Industry Value Chain of Global Online DTC Networking Solutions Market



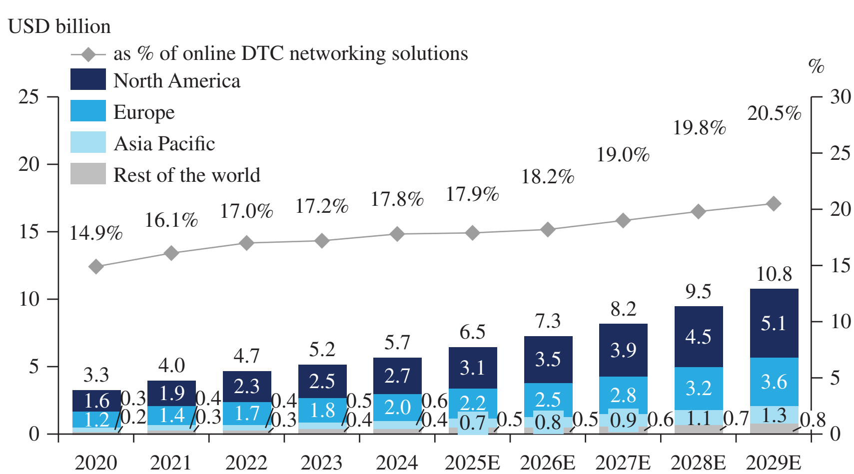
Total Revenue of Global Online DTC Networking Solution Market

The global online DTC networking solution market size grew from USD3.3 billion in 2020 to USD5.7 billion in 2024, with a CAGR of 15.0% during 2020-2024. It is expected that the global online DTC networking solution market size will continue to expand, and the total market revenue will reach USD10.8 billion by 2029, with a CAGR of 14.0% from 2024 to 2029.

The global online DTC networking solution market penetration rate (the global online DTC networking solution market revenue divided by the global online networking solution market revenue) grew from 14.9% in 2020 to 17.8% in 2024, and is projected to further increase to 20.5% by 2029.

Total revenue of global online DTC networking solution market, by Region USD Billion, 2020-2029E

CAGR	2020-2024	2024-2029E
Total	**15.0%**	**14.0%**
North America	14.6%	13.6%
Europe	14.0%	13.1%
Asia Pacific	18.9%	17.8%
RoW	18.2%	16.3%



Source: IDC, Frost & Sullivan

Key Drivers of Global Online DTC Networking Solutions Market

Global digital transformation: The global industrial digital transformation is an inevitable trend that is accelerating. Global digital spending is projected to grow from USD1.4 trillion in 2020 to USD2.4 trillion in 2024, with a compound annual growth rate (CAGR) of 14.4%. This growth is expected to further accelerate at a CAGR of 15.8%, reaching USD5.0 trillion by 2029. Digital transformation relies on the construction of digital infrastructure, and the ongoing global digital transformation will continue to drive capital expenditures on digital infrastructure, thereby fueling the rapid growth of global online DTC networking solution market.

Growing AI-related networking demands from data centers and enterprise on-premise digital infrastructure: Benefiting from advancements in large-language model technology and the rapid adoption of generative AI applications, the global AI market is experiencing accelerated growth. AI workloads involve massive data transmission and processing, leading to a sharp increase in demand for high-bandwidth networks. Additionally, AI applications place higher demands on low latency, intelligent network traffic management, network scalability, and intelligent network operations, pushing data centers and enterprise on-premise digital infrastructure to adopt faster, lower-latency, and more intelligent network devices and architectures. In data centers, data center network architectures are undergoing rapid transformations. Innovations such as Spine-Leaf architecture, software defined network (SDN), network function virtualization (NFV), and data center interconnect (DCI) are driving the demand for more innovative, higher-performance, and more intelligent networking solutions. By 2030, global data center capacity is expected to grow to 299 gigawatts, a net increase of 244 gigawatts from 2023, with a CAGR of 28.6%. The growth in data center capital expenditures will be a key factor driving the expansion of global online DTC networking solution market. Meanwhile, in the enterprise sector, integrating AI large language model capabilities into business processes and leveraging AI large language models to empower business development has become an inevitable trend for enterprises. Considering factors such as reasoning accuracy in vertical knowledge domains, model performance and response speed, customization and flexibility, and data security and privacy protection, more and more enterprises choose to deploy AI large language models on their on-premise digital infrastructure. This drives the evolution of enterprises' on-premise network infrastructure toward higher network bandwidth, more intelligent network management, and stronger network security, thereby increasing enterprise spending on AI-related network solutions.

Key Trends of Global Online DTC Networking Solutions Market

High-performance networking products are emerging as new growth driver: With the widespread adoption of artificial intelligence applications and the explosive growth of data volumes, demands for network bandwidth, speed, and stability are continuously increasing. Traditional networking solutions are no longer sufficient to meet the requirements of emerging application scenarios. As a result, high-performance networking products, such as high-speed Ethernet switches and optical modules, are becoming significant new growth points in the online DTC networking solutions market.

The significance of a platform-based product portfolio is growing: Leading market participants are focusing on building platform-based product matrices, offering customers a range of networking products and services that can be integrated and work together seamlessly. A platform-based product matrix can provide customers with more comprehensive and flexible networking solutions, simplify procurement and management processes, and make it easier for customers to develop usage habits and dependencies on specific brands, thereby further enhancing customer loyalty.

Product and service delivery capabilities are a key decisive factor with the increasing prevalence of enterprise AI applications: The increasing prevalence of enterprise AI applications has further complicated network infrastructure. Therefore, traditional business models by only providing products can no longer meet the growing complexity and flexibility requirements of network architectures. Online DTC networking solution providers, with their exceptional software development and system integration capabilities, have emerged as critical partners for enterprise digital transformation. By offering real-time cloud network management and optimization, full lifecycle service support, and ecosystem platform-driven innovation, online DTC networking solution providers not only address the pain points of traditional network architectures but also build future-ready network infrastructures for enterprises through the flexibility of software-defined solutions and the stability of ecosystem integration.

Competitive Landscape of Global Online DTC Networking Solutions Market

The global online DTC networking solutions market is relatively fragmented. By vendor type, it includes platform-centric and mixed-business-model participants. The former sells products only via online DTC platforms, while the latter uses online DTC platforms, offline channels, and/or online dealer channels.

In 2024, the top three participants held a combined 22.0% market share. In 2024, the Company ranked second in the global online DTC networking solutions market with a 6.9% share. It's the largest platform-based company in this market. Also, the Company ranked first in the high-performance networking solutions (100G and above) market.

Ranking of Top Online DTC Networking Solution Providers/Platforms, in terms of revenue

Ranking	Company	Revenue (USD Million, 2024)	Market Share (%, 2024)	Product Focus	Business Model
1	Company A	650	12.1%	Focusing on general solutions	Mix (distribution + direct sales)
2	The Company	370	6.9%	Combination of high-performance and general solutions, with increasing revenue contribution from high-performance solutions	Direct sales only (platform-based)
3	Company B	160	3.0%	Combination of high-performance and general solutions, with increasing revenue contribution from high-performance solutions	Mix (distribution + direct sales)

Notes: Company A: A U.S. company founded in 2003, headquartered in New York and listed on the New York Stock Exchange, which mainly focuses on providing network devices and solutions.

Company B: A U.S. company founded in 2015, headquartered in Texas and listed on the New York Stock Exchange, whose core business is to integrate enterprise hardware solutions (servers, switches, routers) with software-defined platforms and end-to-end IT services.

Key Success Factors and Entry Barriers of Global Online DTC Networking Solutions Market

Technology and customized product solutions: Technology and customized product solutions are key success factors for online DTC network solution vendors. To meet customers' ever-growing network needs, vendors must invest in R&D to launch innovative and differentiated products. Additionally, as customers increasingly demand higher network performance, stability, and intelligence, the need for integrated and customized solutions is becoming more prominent. For example, in networking solution design, rail transit systems prioritize security and compliance, data centers focus on energy efficiency optimization, and high-performance computing (HPC) demands high bandwidth and ultra-low latency. This demonstrates that customized networking solutions are essential across diverse scenarios. However, new market entrants often lack the ability to provide customized solutions for specific scenarios.

End-to-end digital operation capability: End-to-end digital operation capabilities involve delivering a smooth online shopping experience, precise order management and delivery, personalized customer interactions, and robust online support. These capabilities are data-driven and continuously optimized. Leading vendors have already built these capabilities and enjoy a first-mover advantage, while market newcomers often struggle to establish them quickly.

Brand awareness and recognition: High-profile brands with good reputations can quickly gain customer trust and simplify purchase decisions. For technical networking solutions, customers prefer familiar/trusted brands. Strong brand awareness also brings higher natural traffic, conversion rates, less advertising dependency, and easier word-of-mouth promotion, attracting new customers.

Supply chain management efficiency: Efficient supply chain management can greatly cut operational costs like procurement, warehousing, and logistics, enabling online DTC vendors to offer more competitive product prices. In the networking solutions market, fast response to customer needs and timely product delivery are crucial for maintaining customer relationships and seizing market chances.

Localized service teams: Though the DTC model mainly uses online channels for sales and services, for complex networking solutions, localized delivery teams are still key. For solutions needing on-site installation/configuration, local teams can provide final-mile delivery and initial setup, ensuring smooth equipment operation and improving customers' overall purchase experience and satisfaction.

SOURCE AND RELIABILITY OF INFORMATION

We engaged an independent market research consultant, Frost & Sullivan, to conduct an analysis of, and to prepare an industry report on, the industries where we operate with a commission fee of RMB650,000. Founded in 1961, Frost & Sullivan is an independent global consulting firm that conducts industry research and prepares industry reports on a wide range of industries, among other services. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report with its consent.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the collected data and information, and cross-check each respondent's information and expressions against those of others: (i) detailed primary research, which involved discussing the status of the industry with leading industry participants and industry experts; and (ii) secondary research, which involved reviewing published sources including reports of market participants, independent research reports and data based on Frost & Sullivan's own research database.

Frost & Sullivan adopted the following primary assumptions while making projections for preparing the Frost & Sullivan Report: (i) global economy is likely to maintain steady growth in the next decade; (ii) global social, economic and political environment is likely to remain stable in the forecast period; and (iii) market drivers like surging demand for air conditioners, accelerated urbanization and rising living standards, favorable policies and growing requirements for product performance, among others.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

LAWS AND REGULATIONS OF THE PRC

Our business has been and will continue to be governed by the relevant PRC laws and regulations. The PRC government authorities promulgate and enforce the relevant PRC laws and regulations, including national and regional laws and regulations. This section contains a summary of the major regulatory and legal requirements that are currently relevant to the Company's business. As the relevant PRC laws and regulations are still evolving, it is difficult for us to predict the impact of such changes on our business and the additional compliance costs.

Laws and Regulations Related to Overseas Listing

Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Enterprises

On February 17, 2023, upon the approval of the State Council, the China Securities Regulatory Commission (the "**CSRC**") issued the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Administrative Measures**") and five supporting guidelines, which came into effect on March 31, 2023. The Trial Administrative Measures comprehensively reforms the regulatory system for overseas offering and listing of PRC domestic enterprises' securities, either directly or indirectly, into a filing-based system.

Pursuant to the Trial Administrative Measures, (i) a PRC domestic enterprise that directly or indirectly issues securities or lists and trades its securities overseas shall file with the CSRC and submit relevant materials; if the domestic enterprise fails to complete the filing procedures or its filing materials contain false records, misleading statements or material omissions, it may be subject to administrative penalties such as order to rectify, warnings and fines, and the controlling shareholders or actual controllers that organize or instruct the aforementioned violations, or enable the aforementioned violations by concealing relevant matters, as well as the person directly in charge and other directly liable persons may also be subject to administrative penalties such as warnings and fines; (ii) the direct offering and listing of shares overseas by a domestic enterprise refers to the offering and listing of shares overseas by a joint stock company with limited liability incorporated in China; and (iii) a domestic joint stock limited company shall submit a report to the CSRC within three working days after submitting its overseas listing application. The CSRC will order to make corrections and issue a warning, and impose a fine of not less than RMB1 million and not more than RMB10 million for domestic enterprises in China that fail to complete the filing procedures in accordance with the Trial Administrative Measures.

In addition, overseas offering and listing of domestic companies must comply with the PRC laws, administrative regulations and relevant provisions on foreign investment, state-owned assets management, industry supervision and overseas investment. Overseas listing and offering activities shall not disrupt the domestic market order, harm national interests and social public interests, or harm the legitimate rights and interests of domestic investors. A domestic company that intends to offer and list its securities in overseas markets shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law (《中華人民共和國公司法》), the PRC Accounting Law (《中華人民 共和國會計法》) and other applicable laws, administrative regulations and relevant provisions of the PRC; (ii) abide by national confidentiality laws and regulations and take necessary measures to implement the confidentiality responsibility. It is strictly forbidden to divulge any state secret or the work secrets of state authorities. The overseas offering and listing of the domestic enterprise shall comply with applicable laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provision of personal information and important data. In addition, the Trial Administrative Measures also provide that no overseas offering and listing shall be made under any of the following circumstances, among others: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic enterprise intending to make the securities offering and listing, or its controlling shareholders and actual controllers, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic enterprise intending to make the securities offering and listing 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 (v) there are material ownership disputes over equity held by the domestic company's controlling shareholders or by other shareholders that are controlled by the controlling shareholders or actual controllers.

Furthermore, in the event of the occurrence of any of the following material events after the issuer's overseas offering and listing, the issuer shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant events: (i) change in controlling rights; (ii) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (iii) changing listing status or changing the listing board; (iv) voluntary or compulsory termination of listing. If any material change in the principal business and operation of the issuer after its overseas offering and listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within three working days after the occurrence of the relevant change to provide an explanation of the relevant situation.

To enhance confidentiality and archive management for domestic enterprises' overseas offerings and listings, the CSRC, the Ministry of Finance of the People's Republic of China (the "**MOF**"), the National Administration of State Secrets Protection, and the National Archives Administration revised relevant regulations. The updated Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings (CSRC, National Administration of State Secrets Protection, National Archives Administration Announcement [2009] No. 29) (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》(中國證監會、國家保密局、國家檔案局

公告[2009]29號)) were replaced with the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises (CSRC, National Administration of State Secrets Protection, National Archives Administration Announcement [2023] No. 44) (《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》(中國證監會、國家保密局、國家檔案局公告[2023]44號)) (the "**Provisions on Confidentiality**") on March 31, 2023. The Provisions on Confidentiality now cover domestic joint stock companies directly offering and listing overseas and domestic operating entities of entities indirectly offering and listing overseas. They outline procedural requirements and specify enterprises' confidentiality responsibilities and accounting archives administration, in alignment with the Overseas Listing Trial Measures. Pursuant to the Provisions on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities firms, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing entities, documents and information involving state secrets and the working secrets of state organs, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Where a domestic enterprise provides accounting archives or copies thereof to relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall perform the corresponding procedures in accordance with the relevant national regulations.

Regulations Related to H-share Full Circulation

"Full circulation" means listing and circulating on the Stock Exchange of the domestic unlisted shares of a domestic H-share company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued 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》) (the "**Guidelines for the Full Circulation**"), which was amended on August 10, 2023. The Guidelines for the Full Circulation allow certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to the Guidelines for the Full Circulation, 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, and the corresponding H-share listed company may be entrusted to file with the CSRC. Domestic companies limited by shares that have not been listed may file with the CSRC for the full circulation at the time of their initial public offering and listing overseas. Besides, according to the Trial Administrative Measures, where the shareholders of unlisted shares in China apply for the conversion of the domestic unlisted shares held by them into overseas listed shares and have such shares listed and traded on an overseas exchange, they shall entrust the domestic enterprise to file with the CSRC, subject to the relevant regulations of the CSRC.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited (CSDC) and the Shenzhen Stock Exchange jointly announced 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**"). The H-share "full circulation" businesses, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, are subject to the Measures for Implementation.

In September 2024, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited also promulgated the Guide of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the Program for "Full Circulation" of H-shares (中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》) (the "**Guide to the Program**") to specify the relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

According to the Measures for Implementation of H-share "Full Circulation" Business and the Guide to the Program, shareholders who apply for H Share Full Circulation ("**Participating Shareholders**") shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares, i.e., CSDC as the nominal holder, deposits the relevant securities held by Participating Shareholders at China Securities Depository and Clearing (Hong Kong) Limited ("**CSDC (Hong Kong)**"), and CSDC (Hong Kong) will then deposit the securities at [**REDACTED**] in its own name, and exercise the rights to the securities issuer through [**REDACTED**], while [**REDACTED**] Nominees as the ultimate nominal shareholder is listed on the register of shareholders of H-share listed companies. According to the Guide to the Program for "Full Circulation" of H-shares, H-share listed companies shall be authorized by Participating Shareholders to designate the only domestic securities company ("**Domestic Securities Company**") to participate in the transaction of converted H shares. The specific procedure is as follows:

Participating Shareholders submit trading orders of the converted H Shares through the Domestic Securities Company, which transmits the orders to the Hong Kong Securities Company designated by the Domestic Securities Company through Shenzhen Securities Communications Co., Ltd.; and the Hong Kong Securities Company conducts corresponding securities transactions in the Hong Kong market in accordance with the aforementioned trading orders and the rules of the Hong Kong Stock Exchange.

According to the Guide to the Program for "Full Circulation" of H-shares, upon the completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Participating Shareholders, will all be conducted separately.

Regulations and Policies Related to the Network Communication Equipment and E-Commerce Industries

Regulations and Industry Development Policies on Network Communication Equipment

On November 7, 2018, the National Bureau of Statistics of the People's Republic of China (the "**NBS**") issued the Classification of Strategic Emerging Industries (2018) (《戰略性新興產業分類(2018)》), which lists "C3921 Communication System Equipment Manufacturing" as a strategic emerging industry, among which "Ethernet switches" and "Optical transmission network equipment" are listed as key products and services.

On October 22, 2019, the Ministry of Industry and Information Technology of the People's Republic of China (the "**MIIT**") issued the Guiding Opinions of the MIIT on Accelerating the Cultivation of New Models and New Business Forms of Shared Manufacturing and Promoting the High-Quality Development of the Manufacturing Industry (《工業和信息化部關於加快培育共享製造新模式新業態促進製造業高質量發展的指導意見》), which aims to promote the construction of new infrastructure, strengthen the construction of new infrastructure such as 5G, artificial intelligence, industrial Internet, and Internet of Things, expand the coverage of high-speed, large-capacity, and low-latency networks, and encourage manufacturing enterprises to achieve interconnection between people, machines, and things through intranet transformation and upgrading, so as to provide information network support for shared manufacturing.

On April 7, 2020, the National Development and Reform Commission (the "**NDRC**") and the Office of the Central Cyberspace Affairs Commission (the "**OCCAC**") jointly issued the Implementation Plan for Promoting the Actions of "Migrating to Cloud, Using Digital Tools and Enabling Intelligence" and Fostering the Development of New Economy (《關於推進「上雲用數賦智」行動培育新經濟發展實施方案》). The plan aims to vigorously foster new business models in the digital economy, comprehensively advance corporate digital transformation, and establish data supply chains. By diverting the flow of material, talent, technology, and capital with data flow, it seeks to create a digital ecosystem that bridges upstream/downstream industrial chains and cross-industry integration. This initiative will develop a typical paradigm spanning digitalized equipment — digitalized production lines — digitalized workshops — digitalized factories — digitalized enterprises — digitalized industrial chains — digitalized ecosystem. To build digitally empowered enterprises, the plan expands on existing efforts such as enterprise cloud migration and accelerates the digital transformation of business operations including R&D and design, manufacturing and processing, operation and management, sales and services.

In addition, on November 30, 2021, the NDRC, the OCCAC, the MIIT and the National Energy Administration jointly issued the Implementation Plan for Promoting the Green and High-quality Development of New Infrastructure such as Data Centers and 5G Networks in line with the Requirements of Carbon Peaking and Carbon Neutrality Goals (《貫徹落實碳達峰碳中和目標要求推動數據中心和5G等新型基礎設施綠色高質量發展實施方案》), which stipulates that by 2025, data centers and 5G networks will essentially establish a green, intensive, and integrated operation model; on the basis of the green and high-quality development of data centers and 5G networks, it will fully support the digital transformation and upgrading of all industries, especially traditional energy-intensive sectors to bolster the overall carbon peaking goal, and lay a solid foundation for carbon neutrality.

On December 12, 2021, the State Council issued the "14th Five-Year" Plan for Digital Economy Development (《「十四五」數字經濟發展規劃》), which aims to orderly promote the expansion of the backbone network, coordinately advance the construction of gigabit fiber network and 5G network infrastructure, boost the 5G commercial deployment and large-scale application, proactively deploy the sixth-generation mobile communication (6G) network technology reserves, increase support for 6G technology R&D, and actively participate in the promotion of 6G international standardization.

Regulations and Industry Development Policies on E-commerce

On August 31, 2018, the Standing Committee of the National People's Congress (the "**SCNPC**") issued the E-Commerce Law of the People's Republic of China (《中華人民共和國電子商務法》), pursuant to which, the State encourages the development of new forms of e-commerce and the creation of new models of commerce, promotes the R&D and application of e-commerce technology, facilitates e-commerce credibility building, and fosters a market environment favorable for e-commerce innovation and development, ensuring that e-commerce plays an important role in promoting high-quality development, meeting the people's ever-growing needs for a better life, and developing an open economy. The law came into effect on January 1, 2019, requiring that e-commerce operators engaging in cross-border e-commerce shall comply with the laws, administrative regulations, and other relevant state provisions on the supervision and administration of import and export.

On October 9, 2021, the MOFCOM, the OCCAC and the NDRC jointly issued the 14th Five-Year Plan for E-Commerce Development (《「十四五」電子商務發展規劃》. The plan encourages interconnectivity and collaborative innovation between e-commerce platforms and industrial internet platforms, promotes the "Migrating to Cloud, Using Digital Tools and Enabling Intelligence" of traditional manufacturing enterprises, and fosters new smart manufacturing models driven by e-commerce. It advocates for the globalized operation of e-commerce platform enterprises, urging improvements in global e-commerce infrastructure such as warehousing, logistics, payment and data. The plan supports RMB settlement for cross-border e-commerce and other new trade formats. In addition, it calls for accelerating the deployment of overseas warehouses in key markets, refining global service networks, addressing shortcomings in cross-border logistics (e.g., air cargo capacity), and strengthening rapid response capabilities and emergency support mechanisms.

On May 17, 2022, the General Office of the State Council promulgated the Opinions of the General Office of the State Council on Promoting the Stabilization and Quality Enhancement of Foreign Trade (《國務院辦公廳關於推動外貿保穩提質的意見》), which aims to promote the accelerated development, quality enhancement and efficiency improvement of cross-border e-commerce; expedite the strengthening of foreign trade enterprises' capacity to cope with exchange rate risks; and continuously optimize the RMB settlement environment for cross-border trade.

Regulations Related to Overseas Investment

The Measures for the Administration of Overseas Investment (《境外投資管理辦法》) was promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014. As defined by the Measures for the Administration of Overseas Investment, "overseas investment" refers to the acts of an enterprise legally incorporated in the PRC to own a non-financial enterprise or obtain the ownership, control, or right of business management in an existing non-financial enterprise outside of China by formation, mergers and acquisitions, or other means. Overseas investment involving any sensitive country or region or any sensitive industry shall be subject to the approval of competent authorities. Overseas investment under other circumstances shall be subject to filing administration. Local enterprises shall be filed with the provincial commercial administration authorities where they are located. The qualified enterprises will be put into record and granted with Overseas Investment Certificate for Enterprises by the relevant provincial commercial administration authorities.

The Administrative Measures for Overseas Investments by Enterprises (《企業境外投資管理辦法》) (the "**Measures**") were promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. As defined by the Measures, "overseas investment" refers to the acts of a Chinese domestic enterprise to directly or through its controlled overseas enterprise obtain overseas ownership, control, business management rights, and other related rights and interests by means of investing in assets, interests or providing financing or guarantees. Overseas investment is subject to certain procedures, including approval and filing of overseas investment projects, reporting of relevant materials, and cooperation in supervision and inspection. In January 31, 2018, the NDRC promulgated the Catalog of Sensitive Industries for Overseas Investments (2018 Edition) (《境外投資敏感行業目錄(2018年版)), which came into effect on March 1, 2018, setting out the existing sensitive industries in detail.

Laws and Regulations Related to Import and Export Control

Foreign Trade

Pursuant to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**"), which was promulgated by the SCNPC on May 12, 1994, and last amended on December 30, 2022, commencing on December 30, 2022, it is no longer necessary to go through the formalities of filing and registration as foreign trade operators. The PRC government allows the free import and export of goods and technology, except as otherwise provided by laws and administrative regulations. Before December 30, 2022, according to the Foreign Trade Law before revision, any foreign trade operator that is engaged in the import and export of goods or technology shall apply to the foreign trade department of the State Council or its entrusted institution for filing and registration, unless it is otherwise provided for by any law, administrative regulation or the requirement of the foreign trade department of the State Council. Where any foreign trade operator fails to go through the filing and registration procedures as required, the Customs shall not go through the formalities of declaration, inspection and release of the imported or exported goods.

According to the Regulations of the PRC on Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) (the "**Regulations on Administration of Import and Export of Goods**") (promulgated by the State Council on December 10, 2001 and became effective on January 1, 2002 and amended on 10 March, 2024 and came into effect on May 1, 2024), any trade activity involving the import of goods into, or export of goods out of, the customs territory of the People's Republic of China must comply with the Regulations on Administration of Import and Export of Goods. The PRC implements a unified system for the administration of goods import and export, and permits the free import and export of goods, while safeguarding fair and orderly trade in accordance with the law. No entity or individual may impose or maintain prohibitive or restrictive measures against import and export of goods, except for goods of which the import or export is explicitly prohibited or restricted by laws or administrative regulations.

Customs Laws

Pursuant to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, which took effect on the same date, the Customs of the PRC is the state's entry and exit customs supervision and administration authority. In accordance with relevant laws and administrative regulations, the Customs is responsible for supervision of inbound and outbound means of transport, goods, luggage, postal items and other articles, collection of duties and other taxes and fees, investigation of smuggling, preparation of customs statistics and handling other customs operations.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》), which was promulgated by the General Administration of Customs of the PRC on November 19, 2021 and effective as of January 1, 2022, customs declaration entities refer to the consignees, consignors, and customs declaration enterprises of imported and exported goods that are filed with the Customs. Consignees, consignors of imported or exported goods and customs declaration enterprises that apply for filing shall obtain the qualification of market players.

Laws and Regulations Related to Product Quality and Tort Liability

Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on February 22, 1993 and revised and taking effect respectively on July 8, 2000, August 27, 2009, and December 29, 2018, the department for supervision over product quality under the State Council shall be responsible for supervision over product quality throughout the country. Manufacturers and sellers shall establish their internal systems for product quality control, and strictly implement the quality control standards in each job. The relevant departments under the State Council shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities. Local departments for market supervision at or above the county level shall be in charge of supervision over product quality within their respective administrative regions. The relevant departments in the local people's governments at or above the county level shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities.

Tort Liability

According to the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**") promulgated by the National People's Congress on May 28, 2020, which came into effect on January 1, 2021, if a defect is found in a product after it has been put into circulation, the manufacturer and the seller shall take remedial measures in a timely manner including, inter alia, withdrawal from sale, alerts and recalls. Where damage is caused due to product defects or the manufacturer or seller fails to take timely remedial measures, the infringed party may claim compensation from the manufacturer or the seller. If the product is defective due to the fault of the seller, the manufacturer has the right to claim compensation from the seller after making compensation. Where a manufacturer or seller, with knowledge of a product's defect, continues to manufacture or distribute the said product, or fails to take timely remedial measures, thereby causing death or severe health damage to others, the infringed party shall have the right to claim compensatory damages and may additionally seek corresponding punitive damages.

Laws and Regulations Related to Cybersecurity, Personal Information Protection and Data Security

Regulations Related to Cybersecurity

The PRC government has enacted laws and regulations related to internet information security and protection of personal information from any misuse or unauthorized disclosure. From the perspective of national security, the Decision on Maintaining Internet Security (《關於維護互聯網安全的決定》) promulgated by the SCNPC on December 28, 2000, and revised on August 27, 2009, provides that the following activities, among others will be subject to criminal liabilities in accordance with the laws if constituting a crime : (i) gaining improper entry into any of the computer information networks relating to state affairs, national defensive affairs, or cutting-edge science and technology; (ii) spreading rumor, slander or publishing or disseminating other harmful information via the internet for the purpose of inciting subversion of the state political power or overthrowing the socialist system, or inciting secession of the country or undermining the unity of the country; (iii) stealing or divulging state secrets, intelligence or military secrets via the internet; (iv) making false advertising of goods and services via the internet; or (v) infringing the intellectual property rights of others via the internet. The Ministry of Public Security of the PRC (the "**MPS**") promulgated the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》) on December 16, 1997, as amended by the State Council on January 8, 2011, which prohibits using the internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content. If internet information service providers violate these measures, the competent authorities can revoke their operating licenses and shut down their websites.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which became effective on June 1, 2017, pursuant to which, network operators, including internet information service providers, shall take technical measures and other necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, effectively respond to cybersecurity incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. The Cybersecurity Law emphasizes that any individual and organization must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and the social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cybersecurity Law has also specified the liabilities related to personal information protection. Any violation of the provisions and requirements under the Cybersecurity Law may subject an internet service provider to warnings, confiscation of illegal gains, fines, revocation of business licenses, closedown of websites or even criminal liabilities.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") and 13 other ministries published the Revised Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Revised Measures for Cybersecurity Review**"), which became effective on February 15, 2022, and superseded the Measures for Cybersecurity Review promulgated on April 13, 2020. The Revised Measures for Cybersecurity Review, which stipulates that operators of critical information infrastructure purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall conduct cybersecurity review. In addition, pursuant to Article 7 of the Revised Measures for Cybersecurity Review, any network platform operator with data on more than 1 million users must go through a cybersecurity review by the cybersecurity review office before listing in a foreign country.

On July 30, 2021, the State Council promulgated the Regulations for Safe Protection of Critical Information Infrastructure (關鍵信息基礎設施安全保護條例) (the "**Safe Protection Regulations**") which took effect on 1 September 2021. Pursuant to the Safe Protection Regulations, critical information infrastructure refers to important network infrastructure and information system in public telecommunications, information services, energy sources, transportation and other critical industries and domains, in which any destruction or data leakage will have a severe impact on national security, the nation's welfare, the people's living and public interests. The Safe Protection Regulations provide specific requirements for the responsibilities and obligations of the critical information infrastructure operator (the "**CIIO**"): (1) the CIIO shall establish and improve the cyber security protection system and responsibility system, and ensure the input of manpower, financial and material resources; (2) the CIIO shall set up a special security management department, and review the security background of the person in charge of the special security management department and the personnel in key positions; (3) the CIIO shall guarantee the operation funds of the special security management department, allocate corresponding personnel, and have the personnel of the special security management department participate in the decision-making relating to cyber security and informatization; and (4) the CIIO shall give priority to the purchase of safe and reliable network products and services; network products and services procured that may affect national security shall be subject to the security review in accordance with the national provisions on network security. The Safe Protection Regulation clarifies the measures for dealing with the failure of critical information infrastructure operators to perform their responsibilities for security protection, such as imposing fines.

On September 24, 2024, the State Council promulgated the Cyber Data Security Administration Regulations (《網絡數據安全管理條例》) (the "**Cyber Data Regulations**"), which will come into effect on January 1, 2025. The Cyber Data Regulations further clarifies the cybersecurity responsibilities of cyber data processors, requiring that data processing activities be conducted on the basis of the classified cybersecurity protection system. At the same time, the Cyber Data Regulations stipulates that data processing activities by cyber data processors that affect or may affect national security shall be subject to a national security review. While the Cyber Data Regulations does not further specify the detailed contents of cybersecurity reviews, it clearly provides that data processing activities which have or may have an impact on national security must undergo national security review in accordance with relevant laws and regulations — namely, a cybersecurity review should be conducted pursuant to the Revised Cybersecurity Review Measures (《網安審查辦法》). As for the impacts on national security, Article 10 of the Revised Cybersecurity Review Measures provides that these include: (1) the risk of critical information infrastructure being illegally controlled, interfered with, or damaged as a result of the use of the products or services; (2) the harm caused by the disruption of the supply of the product or service to the business continuity of critical information infrastructure; (3) the security, openness, transparency and diversity of sources of the product or service, the reliability of supply channels, and risks of supply disruption due to political, diplomatic, trade and other factors; (4) compliance with PRC laws, administrative regulations and departmental rules by the provider of the product or service; (5) the risk of core data, important data or a large amount of personal information being stolen, leaked, damaged, illegally used, or illegally transmitted overseas; (6) the risk that critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, and maliciously used by foreign governments for a listing, as well as network information security risks; and (7) other factors that may endanger the security of critical information infrastructure, cybersecurity and data security.

According to the requirements under the Revised Cybersecurity Review Measures and the Cyber Data Regulations, the Company is not required to proactively file for a cybersecurity review in connection with this [**REDACTED**] in Hong Kong. The relevant basis is: (i) Article 7 of the Revised Cybersecurity Review Measures provides that a network platform operator holding personal information of more than one million users must file for a cybersecurity review with the Cybersecurity Review Office before listing abroad. The Company's [**REDACTED**] in Hong Kong does not fall within the scope of a "foreign listing" and therefore does not require a proactive filing for a cybersecurity review. In addition, on April 1, 2025, the

Company consulted by phone with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (the Cybersecurity Review Office is established under the Cyberspace Administration of China, with specific work entrusted to China Cybersecurity Review, Certification and Market Regulation Big Data Center) regarding whether the Company's proposed [**REDACTED**] in Hong Kong would trigger a cybersecurity review. According to their response, the Company is not required to proactively file for a cybersecurity review in connection with its proposed [**REDACTED**] in Hong Kong. (ii) According to the requirements under the Articles 2 and 5 of the Revised Cybersecurity Review Measures, a CIIO procuring network products and services shall assess the potential national security risks that may arise after such products and services are put into use. According to the requirements under the Safe Protection Regulations, the competent departments and regulatory and administrative departments of key industries and sectors are responsible for organizing the identification of critical information infrastructure within their respective industries and sectors in accordance with the identification rules. They must promptly notify the operators of the identification results and report them to the Ministry of Public Security under the State Council. As of the Latest Practicable Date, the Company had not received any notification identifying it as a CIIO. Therefore, the Company is currently not classified as a CIIO and is not required to proactively file for a cybersecurity review. (iii) Pursuant to the requirements under the Article 2 of the revised Cybersecurity Review Measures, network platform operators that carry out data processing activities which affect or may affect national security shall undergo a cybersecurity review in accordance with these Measures. According to the requirements under the Article 16 of the revised Cybersecurity Review Measures, if any member unit of the cybersecurity review working mechanism believes that certain network products and services or data processing activities affect or may affect national security, the Cybersecurity Review Office shall report to the Office of the Central Cyberspace Affairs Commission for approval in accordance with the procedures, after which a review shall be conducted as prescribed. As the revised Cybersecurity Review Measures do not further define what constitutes "affecting or potentially affecting national security," the Company may refer to the definition of national security under the National Security Law of the People's Republic of China and the seven key national security risk factors listed in Article 10 of the revised Cybersecurity Review Measures, which should be a key focus in assessing cybersecurity risks. Accordingly, the Company may consider the following five aspects to determine whether it is engaged in any activities that could pose national security risks: (1) whether comprehensive procedures for data collection, storage, and protection have been implemented; (2) whether any data leakage in violation of data protection and privacy laws and regulations have occurred, resulting in a materially adverse impact on operations; (3) whether any significant investigations, inquiries or sanctions have been imposed by the CAC, the CSRC or any other relevant governmental departments in connection with cybersecurity or data privacy or any cybersecurity review; (4) whether any department has indicated designation as a CIIO; (5) whether, following the completion of the [**REDACTED**], there will be any control by a foreign government. In light of the Company's current management of its data processing activities, the absence of designation as a CIIO by the competent departments and the fact that no regulatory authority has determined that its data processing activities affect or may affect national security, the Company is not required to file for a cybersecurity review on the grounds of such activities.

Regulations Related to Personal Information Protection and Data Security

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which came into effect on September 1, 2021. The Data Security Law provides for the establishment of a data classification and hierarchical protection system. A classified and graded data protection has been implemented in accordance with the extent to which data plays an important role 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 data is tampered with, destroyed, leaked, or illegally obtained or used. The protection of "important data" determined by competent government departments shall be strengthened, and the state shall implement export control over data of controlled items that are relevant to safeguarding national security and interests and fulfilling international obligations. In addition, the Data Security Law stipulates that the processor of important data shall specify the person in charge of data security and the management institution and specify the responsibility for data security protection, and the relevant processor shall regularly carry out risk assessment of its data processing activities and report to the relevant competent authorities. Submit an assessment report. Violation of the Data Security Law may result in relevant units or individuals being subject to corrections, warnings, fines, business suspension, revocation of relevant business permits or business licenses, or even criminal prosecution.

On December 8, 2022, the MIIT issued the Measures for Data Security Administration in the Industry and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the "**Measures for Data Security Administration**"), which came into effect on January 1, 2023. Pursuant to the Measures for Data Security Administration, data processors in the industrial and information technology sectors shall bear primary responsibility for the security of their data processing activities. They must implement hierarchical protection measures for different categories of data. Where multiple levels of data are processed simultaneously and it is difficult to apply differentiated protection, the highest level of protection required among the data categories shall be applied to ensure that data remains under effective protection and is lawfully utilized. The Measures for Data Security Administration also impose a number of obligations on data processors in the industrial and information technology sectors, including, among others, the implementation of data security systems, data collection, data storage, data usage, data transmission, data provision, data disclosure, data destruction and emergency response.

The Civil Code stipulates that the personal information of natural persons is protected by law. Any organization or individual seeking to obtain another person's personal information must do so lawfully and ensure the security of such information. It is prohibited to illegally collect, use, process or transmit personal information, or to unlawfully trade, provide or disclose it. Personal information of natural persons refers to any information, recorded electronically or otherwise, that can identify a specific natural person either alone or in combination with other data. This includes, among others, the individual's name, date of birth, identification number and biometric information. The processing of personal information must follow the principles of lawfulness, legitimacy and necessity. It must not be excessive and must meet the following conditions: (i) consent has been obtained from the individual or their guardian, unless otherwise provided by laws or administrative regulations; (ii) the rules governing such processing have been made public; (iii) the purpose, method and scope of the processing have been clearly stated; and (iv) the processing does not contravene laws, administrative regulations or the terms agreed upon by both parties.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which came into effect on November 1, 2021. The Personal Information Protection Law stipulates that personal information processors must have a legitimate basis when processing personal information, including: (i) the individual's consent has been obtained; (ii) it is necessary for the conclusion or performance of a contract to which the individual is a party, or necessary for the implementation of human resources management in accordance with lawfully formulated labor rules and regulations and legally concluded collective contracts; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect a natural person's life, health and property safety under emergency circumstances; (v) the personal information that has been made public is processed within a reasonable scope in accordance with this law; (vi) processing personal information that the individual has voluntarily made public or that has otherwise been lawfully disclosed, within a reasonable scope, in accordance with the provisions of the Personal Information Protection Law; or (vii) other circumstances as provided by laws and administrative regulations. No organization or individual may illegally collect, use, process or transmit others' personal information, nor illegally trade, provide or disclose others' personal information. Personal information processing activities that endanger national security or public interests are strictly prohibited. Any personal information processor that violates the provisions and requirements of the Personal Information Protection Law may be subject to penalties including orders to rectify, warnings, fines, suspension of relevant business or revocation of business licenses, and in serious cases, may bear criminal liability.

The Cyber Data Regulations reiterate and further clarify the requirements for the protection of personal information and important data. They require data processors to handle personal information lawfully and in compliance with regulations, conduct regular risk assessments on the processing of important data and submit assessment reports to the relevant departments, thereby ensuring the security of personal information and important data. The Cyber Data Regulations also set forth corresponding requirements for cross-border transfers of personal information and important data, as well as data processing activities conducted by network platform service providers.

On July 7, 2022, the CAC promulgated the Measures for Security Assessment for Cross-border Data Transfer (《數據出境安全評估辦法》), which became effective on September 1, 2022. These measures specify the provisions and procedures for conducting cross-border data security assessments for the export of important data and personal information that are collected and generated within the territory of China. On 22 February 2023, the CAC promulgated the Measures on Standard Contracts for the Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》), which came into effect on 1 June

2023. These measures specify that personal information processors may conduct cross-border transfers of personal information through the signing of standard contracts, provided certain conditions are met, and require that the signed standard contracts be filed with the provincial-level CAC where the data processor is located. On 22 March 2024, the CAC promulgated the Regulations on Promoting and Regulating Cross-border Data Flows ("**Promotion Regulations**"), which further adjusted the applicable scope, exemption conditions and procedures for data cross-broader security assessments and the standard contract filing mechanism of personal information. At this point, China's regulatory regime for cross-border data transfers has largely taken shape. According to the aforementioned measures and regulations, data processors providing data to overseas must apply for a security assessment of cross-border data transfers with the national cyberspace department via the provincial-level CAC where they are located, if any of the following conditions are met: (1) CIIOs provide personal information or important data to overseas; (2) data processors other than CIIOs provide important data to overseas, or have cumulatively provided personal information of over one million individuals (excluding sensitive personal information) or sensitive personal information of over 10,000 individuals since January 1 of that year, unless they fall within one of the exemption scenarios set out in Articles 3 to 6 of the Promotion Regulations.

According to the Amendment (IX) to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) promulgated by the SCNPC on August 29, 2015 and effective from November 1, 2015, if network service providers fail to comply with the requirements of laws and administrative regulations on information network security management obligations, and refuse to make corrections after being ordered to take corrective measures, they will be subject to criminal punishment. Pursuant to the Notice on Punishing Criminal Activities Infringing upon Citizens' Personal Information in Accordance with the Law (《關於依法懲處侵害公民個人信息犯罪活動的通知》) promulgated by the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on April 23, 2013 and Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues concerning the Application of Law in Handling Criminal Cases of Infringement on Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) promulgated on May 8, 2017 and effective from June 1, 2017, the following acts may constitute the crime of infringing upon citizens' personal information: (i) providing citizens' personal information to specific persons in violation of relevant regulations of the state, and publishing citizens' personal information through information networks or other channels; (ii) providing legally collected citizens' personal information to others without the consent of the individuals whose data is being collected, except when the information has been processed to prevent the identification of specific individuals and cannot be restored; (iii) collecting citizens' personal information in violation of applicable rules and regulations in the course of performing duties and providing services; or (iv) obtaining citizens' personal information through purchase, receipt, exchange or other methods in violation of applicable rules and regulations. According to the Interpretation on Certain Issues concerning the Application of Law in Handling Criminal Cases of Illegal Utilization of Information Network and Aid for Criminal Cases of Information Network (《關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的解釋》) promulgated by the Supreme People's Court and the Supreme People's Procuratorate on October 21, 2019 and which became effective on November 1, 2019, in case of refusing to perform information network security management obligations and resulting in the leakage of user information, it shall be determined as "causing serious consequences" under the Criminal Law of the PRC (《中華人民共和國刑法》) when coupled with any of the following circumstances,: (i) causing the leakage of more than 500 pieces of whereabouts information, communication content, credit information, and property information; (ii) causing the leakage of more than 5,000 pieces of user information that may affect personal and property safety, such as accommodation information, communication records, health and physiological information and transaction information; (iii) resulting in the leakage of more than 50,000 pieces of user information other than those specified in (i) and (ii); (iv) although the quantity does not meet the standards specified in (i), (ii) and (iii), but the total amount converted according to the corresponding proportion meets the relevant quantitative standards; (v) causing serious consequences such as death, serious injury, mental disorder or kidnapping of others; (vi) causing heavy economic losses; (vii) seriously disrupting social order; or (viii) causing other serious consequences.

Laws and Regulations Related to Intellectual Property

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) (promulgated by the SCNPC on August 23, 1982 and amended respectively on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, and came into effect on November 1, 2019) and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) (promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and came into effect on May 1, 2014), the Trademark Office of the administrative authority for industry and commerce under the State Council shall be responsible for the registration and administration of trademarks throughout the country. A registered trademark is valid for 10 years from the date of approval of registration. If a registered trademark needs extended usage upon the expiration of the validity period, the trademark registrant shall go through the renewal formalities as required within 12 months before the expiration of the period; if it is unable to complete the renewal within this period, a grace period of six months may be granted. Each renewal of registration shall be valid for ten years. Where an applicant for trademark registration files an application for trademark registration in China within six months of filing the first application for registering the same trademark for the same goods in a foreign country, the applicant may have priority in accordance with any agreement concluded by and between the PRC and the foreign country concerned, or with the international treaty to which both countries are parties, or on the basis of the principle of reciprocity. In the event that an applicant uses a trademark for the first time on goods displayed at an international exhibition organized or reorganized by the Chinese Government, the applicant may be entitled to priority provided that it files an application to register the trademark within six months from the date of the exhibition. The trademark registrant may, by concluding a trademark licensing contract, authorize other persons to use the registered trademark. The licensor shall supervise the quality of the goods on which the licensee uses the licensor's registered trademark, and the licensee shall guarantee the quality of the goods on which the registered trademark is used. The party authorized to use others' registered trademark shall indicate the name of the licensee and the place of origin on the goods that bear the registered trademark. When granting others to use the registered trademarks, the licensor shall file the licence of the trademarks with the Trademark Office for record, which shall announce the same. Without putting the licensing of the trademark on record, the trademark shall not be effective against bona fide third party.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) (promulgated by the SCNPC on March 12, 1984 and amended respectively on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020 and came into effect on June 1, 2021) and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (promulgated by the State Council on June 15, 2001, amended respectively on December 28, 2002, January 9, 2010, and December 11, 2023 and came into effect on January 20, 2024), the patent administration department under the State Council is responsible for the patent work throughout the country. It receives and examines patent applications and grants patent rights in accordance with law. The Patent Law of the PRC and its Implementation Rules stipulate three types of patents, namely "invention", "utility model" and "design". Any invention or utility model for which patent right may be granted must possess novelty, inventiveness and practical applicability. Any design for which patent right may be granted shall not be a prior design, nor has any entity or individual filed before the date of filing with the patent administration department under the State Council an application relating to the identical design disclosed in patent documents announced after the date of filing. The duration of patent right for inventions shall be twenty years, the duration of patent right for utility models shall be ten years, the duration of patent right for design shall be fifteen years, from the date of filing.

Copyright and Software Registration

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) (promulgated by the SCNPC on September 7, 1990, as amended respectively on October 27, 2001, February 26, 2010 and November 11, 2020, and came into effect on June 1, 2021), Chinese citizens, legal entities or unincorporated organizations shall, in accordance with this law, enjoy the copyright in their works, whether published or not. The term "works" includes written works; oral works; musical, dramatic, Chinese folk art, dance and acrobatic artistic works; fine art and architectural works; photographic works; audio-visual works; graphic works such as engineering designs, product designs, maps and schematic diagrams, and model works; computer software; and other intellectual outputs that characterize works.

Pursuant to the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》), as promulgated by the State Council on August 2, 2002, implemented on September 15, 2002, and most recently amended on January 30, 2013 and implemented on March 1, 2013, the copyright holder shall enjoy various personal and property rights, including the right of publication, authorship, reproduction and information network dissemination.

The Computer Software Protection Regulations (《計算機軟件保護條例》), which was promulgated by the State Council on June 4, 1991 and respectively amended in 2001, 2011 and 2013, was formulated for the purposes of protecting the rights and interests of copyright owners of computer software, regulating the relationship of interests generated in the development, dissemination and use of computer software, encouraging the development and application of computer software, and promoting the development of software industry and the informatization of national economy. According to the Computer Software Protection Regulations, Chinese citizens, legal entities or other organizations are entitled to the copyright in the software which they have developed, whether published or not. A software copyright owner may register with the software registration institution recognized by the copyright administration department of the State Council. A registration certificate issued by the software registration institution is a preliminary proof of the registered items.

The Measures for the Registration of Computer Software Copyrights (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 was incorporated in and amended by the Computer Software Protection Regulations, which was amended by the State Council on January 30, 2013 and became effective on March 1, 2013. The National Copyright Administration is mainly responsible for the registration and management of national software copyright, and the China Copyright Protection Center is recognized as the software registration agency.

Domain Name

Pursuant to the Measures for the Administration of Internet Domain Names promulgated (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017 and became effective on 1 November 2017, the MIIT supervises and administers domain name services across the country. Domain name registration shall be handled by domain name service agencies established in accordance with relevant regulations. After successful registration, the applicant becomes the domain name holder.

Trade Secrets

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC in September 1993, as amended on November 4, 2017 and April 23, 2019 respectively, the term "trade secrets" refers to business information including technical and business information that is unknown to the public, has business value, and is maintained as a secret by its legal owners or holders.

Under the Anti-Unfair Competition Law of the PRC, business persons are prohibited from infringing others' trade secrets by: (i) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (ii) disclosing, using or permitting others to use the trade secrets obtained illegally under item above; (iii) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (iv) instigate, induce or assist others to violate confidentiality obligation or to violate a rights holder's requirements on keeping confidentiality of commercial secrets, so as to disclose, use or allow others to use the commercial secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose a fine on the infringing parties.

Laws and Regulations Related to Property Leasing

Pursuant to the Law of the People's Republic of China on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and last amended on August 26, 2019 and effective on January 1, 2020, in the lease of a house, the leaser and the lessee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the lease contract with the department of housing administration for the record. Pursuant to the Administrative Measures on Commodity Housing Leasing (《商品房屋租賃管理辦法》), issued by Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010 and became effective on February 1, 2011, the leaser and the lessee that failed to register shall be ordered to rectify within a stipulated period limit by the construction (real estate) department and may be imposed a fine where rectification is not made within the stipulated period. In accordance with the Civil Code, the lessee may, with consent of the lessor, sub-let the leased item to a third party. The leasing contract between the lessee and the lessor shall continue to be valid if the lessee sub-lets the leased item. In the event that the lessee sub-lets the leased item without consent of the lessor, the lessor may terminate the lease contract. In addition, any change of ownership to the lease item does not affect the validity of the lease contract.

Laws and Regulations Related to Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), last amended on April 24, 2014 and became effective on January 1, 2015, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Environmental Protection is authorized to issue national standards for environmental quality and emissions, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards 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.

Pursuant to the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》) (the "**Construction Environmental Protection Rules**"), promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, and other relevant environmental laws and regulations, construction entities shall prepare or fill in assessment report, assessment form, or registration form on the environmental impact of projects to relevant environmental protection administrative authority before the commencement of any construction project for approval or recording. Construction entities may entrust a technical institution to conduct an environmental impact assessment of its construction projects and prepare the assessment reports and assessment forms on the environmental impact of construction projects. If the construction entities have the technical capability of environmental impact assessment, it may carry out the above activities by itself.

Pursuant to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002 and amended on July 2, 2016 and December 29, 2018 respectively, for any construction projects have an impact on the environment, the construction entity is required to prepare either a report, or a form, or a registration form on such environmental impact depending on the seriousness of the impact that may be exerted on the environment.

Pursuant to the Construction Environmental Protection Rules, after the completion of a construction project for which the environmental impact report or the environmental impact form has been prepared, the construction entity shall, in accordance with the standards and procedures established by the competent department of environmental protection administration under the State Council, conduct acceptance checks of the environmental protection facilities and prepare an acceptance report, and announce the acceptance inspection report according to law except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the State. For a construction project for which an environmental impact statement or environmental impact form should be prepared, where its environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use.

The Interim Measures for Environmental Protection Acceptance upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) was promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017. The Measures stipulates the procedures and standards for the construction entity to make independent environmental protection acceptance upon the completion of construction projects.

Laws and Regulations Related to Work Safety

Under relevant construction safety laws and regulations, including the Work Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Work Safety Law**") which was promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021 and became effective on September 1, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide the employees with protective equipment that meets the national or industrial standards.

Pursuant to the Work Safety Law, and the Measures for the Supervision and Administration of "Three Simultaneities" for Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》) promulgated by the State Administration of Work Safety (now has been adjusted to the Ministry of Emergency Management) on April 2, 2015 and implemented on May 1, 2015, production and operation entities are responsible for the construction of the safety facilities of construction projects. The safety facilities of a construction project must be designed, constructed and put into production and use simultaneously with the main part of the project. Investment in safety facilities shall be brought into the budgetary estimate of the whole construction project.

Laws and Regulations Related to Fire Prevention

Fire Protection Design Review and Final Acceptance

According to the Interim Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban Rural Development on April 1, 2020, latest amended on August 21, 2023 and effective on October 30, 2023, the fire protection design review system applies to special construction projects including theaters, reading rooms in public libraries, commercial indoor gyms and recreation centers, outpatient buildings in hospitals, and teaching buildings, libraries and canteens in universities, production and processing workshops in labor-intensive enterprises, temples and churches with a total gross floor area of more than 2,500 square meters. For a completed special construction project that should go through the completion acceptance procedures, the construction entity shall apply to the competent department of fire protection design review and acceptance for fire protection completion acceptance. If the project fails to go through the procedures or fails to pass the fire protection design review, it shall not be put into use. For the classified management of other construction projects, a filing and random inspection system should be implemented. Any other construction project that fails to pass the random inspection conducted in accordance with the law shall be stopped from use.

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and last amended on April 29, 2021, for a construction project subject to fire protection acceptance according to law, the construction project shall not put it into use without fire protection acceptance or failing to pass the fire protection acceptance. Any other construction project which fails to pass the spot check in accordance with the law shall be stopped from use. The competent department of housing and urban-rural development and the fire rescue agency may order suspension of construction or use or suspension of operation or business and impose a fine ranging from RMB30,000 to RMB300,000 in the following situations: where such construction work failed to undergo legally required fire protection design examination or failed to pass such examination, and the construction has been commenced illegally; where such construction work failed to undergo legally required fire protection acceptance inspection or failed to pass fire protection acceptance inspection, and the place was put into use illegally; and where any other construction project fails to pass the spot check in accordance with the law, the project was not stopped from use.

Laws and Regulations Related to Foreign Exchange

Pursuant to the Foreign Currency Administration Rules of the PRC (《中華人民共和國外匯管理條例》), as most recently amended in 2008, and various regulations issued by SAFE and other relevant PRC government authorities, RMB is freely convertible to the extent of current account items, such as trade related receipts and payments, interest and dividends. Capital account items, such as direct equity investments, loans and repatriation of investment, unless expressly exempted by laws and regulations, still require prior approval from SAFE or its provincial branch for conversion of RMB into a foreign currency, and remittance of the foreign currency outside of the PRC.

Pursuant to the provisions of the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54) issued on December 26, 2014, where a joint stock limited company incorporated in the PRC (the "**Domestic Company**") issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a "special account for overseas listing of Domestic Company" at a local bank to handle the exchange, remittance and transfer of funds for the business concerned. 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.

Meantime, where a domestic shareholder of a Domestic Company listed overseas intends to increase or decrease their shares of such overseas listed companies according to relevant regulations upon the overseas listing of the Domestic Company, the domestic shareholder shall register with the SAFE office in the place of domicile of such domestic shareholder for overseas holdings within 20 working days before such increase or decrease of shares, and present its overseas shareholding registration certificate to open a "special account of domestic shareholders for overseas holding" at a local bank to handle the exchange, remittance and transfer of funds for the business concerned. A domestic shareholder's income raised from reduction or transfer of overseas shares of a Domestic Company or raised from the shares delisted from overseas stock exchange on the capital account may be deposited at the shareholder's overseas account or remitted to the domestic account for offshore shareholding. Where the domestic shareholder chooses to remit the income to its domestic account, the domestic shareholders may, by presenting the overseas shareholding registration certificate, complete the transfer or settlement procedures with the bank.

Laws and Regulations Related to Labor Security, Social Insurance and Housing Provident Fund

In accordance with the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, latest amended and became effective on December 29, 2018, and Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012 and became effective on July 1, 2013, and the Implementation Regulation for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and became effective on September 18, 2008, the employer shall sign a labor contract in writing with the workers. The wage paid to a worker by an employer shall not be lower than the local minimum wage standard. The employer is required to establish occupational safety and health mechanism, and strictly abide by national standards, and provide employees with relevant education. Employees must work in a safe and sanitary environment. The Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) came into force as of September 1, 2025. It further clarifies the considerations to confirm the existence of a labor relationship, renewal of the labor contract, the non-competition clause, the invalidity of the promise that there is no need to pay social insurance premiums, among other issues.

As required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and other laws, regulation and rules, the employer is required to pay social insurance premiums for employees, including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance. Relevant premiums shall be paid to local administrative authorities. Where the employer fails to pay social insurance premiums in full and on time, the social insurance premium collection agency shall order it to pay or made up within a time limit, and charge late payment fees at the daily rate of 0.05% from the date of the default of payment, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed by relevant administrative authorities. According to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and amended and implemented on March 24, 2002 and March 24, 2019, respectively, the housing provident fund paid and deposited both by staff and workers themselves and by the employer for their staff and workers shall be owned by the staff and workers. An employer shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and, upon verification by the housing provident fund management center, open special housing provident fund accounts with a commissioned bank. Where an employer fails to undertake payment and deposit registration of housing provident fund or fails to open housing provident fund accounts for its staff and workers, the housing provident fund management center shall order it to do so within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 and not more than RMB50,000 shall be imposed. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Laws and Regulations Related to Tax

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (the "**Enterprise Income Tax Law**") came into effect on January 1, 2008, last amended and implemented on December 29, 2018, a uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income is obtained outside the PRC but have an actual connection with the set-up institutions or sites. An enterprise may benefit from a preferential tax rate of 15% if it qualifies as a "High and New Technology Enterprise" strongly supported by the state. Pursuant to the Administrative Measures on the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》) (the "**Recognition Measures**"), as amended in January 2016, the provincial counterparts of the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部), the Ministry of Finance and the State Administration of Taxation make joint determination on whether an enterprise is qualified as a "High and New Technology Enterprise" under the EIT Law. In making such determination, these government agencies consider, among other factors, ownership of core technology, whether the key technology supporting the core products or services falls within the scope of the High and New Technology Strongly Supported by the State, the ratios of research and development personnel to total personnel, the ratio of research and development expenditures to sales revenues in the period, the ratio of revenues attributed to high and new technology products or services to total revenues in the period. A "High and New Technology Enterprise" certificate is effective for a period of three years.

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》) last amended and became effective on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulation of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated on December 25, 1993, amended on October 28, 2011 and became effective on November 1, 2011, all entities or individuals in the PRC engaging in the sale of goods, provision of processing services, repairs and replacement services and the importation of goods are required to pay value-added tax (the "**VAT**"). The payable tax amount shall be calculated by deducting input tax for the current period from output tax for the current period. The rate of VAT is usually 17%, and in certain circumstances is 11% or 6%, subject to the situation involved.

In accordance with Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) came into effect on May 1, 2018, for taxpayers engaging in taxable sales or import of goods, the previously applicable VAT rates of 17% and 11% are adjusted to 16% and 10%, respectively.

According to Announcement on Policies for Deepening the VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) (Announcement No. 39 of 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, became effective on April 1, 2019), for general VAT payers engaging in taxable sales or import of goods, the previously applicable VAT rates of 16% and 10% are adjusted to 13% and 9%, respectively.

Taxation on Dividends

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) lastly amended by the SCPNC on August 31, 2018 and came to effective on January 1, 2019 and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) lastly amended by the State Council on December 18, 2018 and came to effective on January 1, 2019 (the "**Individual Income Tax Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《關於個人所得稅若干政策問題的通知》) issued by the MOF and SAT on May 13, 1994 and effective from the same date, the income gained by foreign individuals from dividends and bonuses of foreign-invested enterprises are exempted from individual income tax for the time being.

Pursuant to the Individual Income Tax Law, the enterprise income tax rate is 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends and bonus received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise but its PRC-sourced income has no real connection with such establishment or premise. Pursuant to the applicable tax regulations, the aforementioned income tax payable by non-resident enterprises shall be levied by way of withholding at source, with the payer acting as the withholding agent and deducting the tax from the payments due to the non-resident enterprise.

The Circular of the SAT on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《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 on November 6, 2008, further clarified that a PRC-resident enterprise must withhold and remit enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《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 and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends 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 entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement**"), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese resident enterprise to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese resident enterprise. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the Chinese resident enterprise. The Fifth Protocol to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on 6 December 2019, introduced criteria for eligibility for treaty benefits. Notwithstanding other provisions of the Arrangement, if the relevant income is reasonably considered, having regard to all relevant facts and circumstances, to be obtained through an arrangement or transaction one of the principal purposes of which is to obtain, directly or indirectly, a benefit under the Arrangement, such benefit shall not be granted. However, this shall not apply if it is established that granting such benefit under the specific circumstances would be consistent with the object and purpose of the Arrangement. The implementation of the dividend article of the tax treaty must also comply with relevant Chinese tax laws and regulations, including the Notice of the State Taxation Administration on Issues Related to the Implementation of Dividend Clauses under Tax Treaties (《國家稅務總局關於執行稅收協議股息條款有關問題的通知》).

LAWS AND REGULATIONS OF THE U.S.

Business Entity Registration

In the U.S., company registration or formation does not occur at the federal level. Instead, businesses are registered or formed under state law. For example, under Delaware or California laws a business could register or form as a corporation, partnership, limited liability company, or a limited liability partnership. In the U.S., a business/legal entity is registered or formed by submitting articles of incorporation or a certificate of organization, or an equivalent filing, to the Secretary of State, or an equivalent regulatory body, in the state in which such business entity's registration is desired. In addition, if this entity conducts or intends to conduct business, or has a business location, in other state(s), it may be required to register to do business or qualify to do business by filing as a foreign corporation in such state(s). For instance, a corporation incorporated or formed in Delaware but conducting business in California, leasing property there, and/or employing California employees, would be required to register as a foreign corporation in California and pay certain fees and taxes associated with its business activities in California. A U.S. entity registered as a foreign corporation in a particular state must also maintain good standing by fulfilling all state corporate law requirements (which includes annual filings) established by each jurisdiction and its Secretary of State or equivalent regulatory body. In some instances, the entity must also register to do business or procure a license to do business in specific counties or localities where its business is conducted.

Intellectual Property

Intellectual property ("**IP**") in the United States is subject to both state and federal laws. The categories of IP protected by U.S. law include patents, trademarks, copyrights, mask works, and trade secrets. Each category is regulated by distinct legal authorities and has distinct subject matter, scope of protection, and enforcement considerations.

U.S. patents are regulated by the United States Patent and Trademark Office ("**USPTO**") under the federal Patent Act of 1952 (the "**Patent Act**"), codified as amended in Title 35 of the United States Code, with significant amendments introduced by the Leahy-Smith America Invents Act ("**AIA**") in 2011. Patents are exclusively regulated by federal law. The USPTO grants utility patents, design patents, and plant patents. Patent rights include the exclusive rights to make, use, sell, offer for sale, and import, the subject matter in the claims of the utility patents, design patents, or plant patents. Patent rights are secured through the successful prosecution of patent applications, and the U.S. follows a first-inventor-to-file system.

Trademarks are protected under the Lanham Act at the federal level. Additionally, trademarks receive protections from common law and state laws. The USPTO regulates federal trademark applications and registrations. Trademarks can include any word, name, symbol, or device, or any combination thereof, or other non-traditional trademarks such as a sound, used in commerce by the owner or a licensee to provide goods or services. Trademarks identify and distinguish the owner's goods or services from those manufactured or sold by others and indicate the source of the goods or services. Federal trademark applications can be filed on either a use basis or, if the applicant has a bona fide intention to use the mark in commerce, on an intent to use basis. Trademark rights are secured through use in commerce. Federal registration provides significant benefits, including the presumptions of nationwide exclusive rights in the registered trademark for the goods and/or services in the registration, the validity of the trademark, and the registrant's ownership of the trademark. However, a federal registration is not required to enforce rights in a trademark.

Copyrights are exclusively regulated by the U.S. Copyright Office under federal law, specifically, the Copyright Act (Title 17 of the United States Code). Copyright rights arise automatically upon fixation of an original work of authorship in any tangible medium of expression. Registration is not required for copyright protection, but registration is required to enforce a copyright and also provides advantages for enforcement. A copyright owner has the exclusive right to reproduce a work, prepare derivatives of a work, distribute copies of a work, perform a work and, in the case of sound recordings, publicly perform the work by digital audio transmission.

Mask works are exclusively regulated by the Copyright Office under federal law, specifically, the Semiconductor Chip Protection Act of 1984. A mask work is a series of related images, however fixed or encoded, having or representing the predetermined, three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product; and in which series the relation of the images to one another is that each image has the pattern of the surface of one form of the semiconductor chip product. Mask work rights include the exclusive right to make copies of the mask work and import or distribute chips based on the mask work, with specific exceptions for reverse engineering.

Trade secrets are protected under the Economic Espionage Act and the Defend Trade Secrets Act at the federal level, as well as state laws. A trade secret is information that derives its independent economic value, actual or potential, from not being generally known, and the owner of the information has taken reasonable measures to keep such information secret. Enforcement involves actions against misappropriation.

Data Privacy, Data Protection and Use of Information

In the U.S., privacy and data security are regulated by federal and state laws, regulations, and common law principles. These laws address both the protection of consumer data and broader privacy interests in personal communications and activities. At the federal level, statutes such as the Federal Trade Commission Act ("**FTC Act**"), the Gramm-Leach-Bliley Act ("**GLBA**"), the Children's Online Privacy Protection Act ("**COPPA**"), and the CAN-SPAM Act of 2003 impose obligations across consumer protection, financial services, children's privacy, and commercial email communications. The FTC Act, in particular, prohibits unfair or deceptive practices, with the Federal Trade Commission serving as the primary federal enforcement authority. Meanwhile, GLBA requires financial institutions to safeguard nonpublic personal information, COPPA restricts online data collection from children under the age of 13, and CAN-SPAM sets forth rules for commercial email communications.

Alongside these federal measures, numerous state laws create distinct requirements on a state-by-state basis. California's Consumer Privacy Act ("**CCPA**") is one example, offering comprehensive consumer data rights, while recent legislation in Virginia, Colorado, Connecticut, Delaware, Iowa, Nebraska, New Hampshire, New Jersey, Utah, Montana, Oregon, Texas, and a growing number of other states similarly governs data collection, use, and breach notification. Beyond these dedicated data protection statutes, many states separately enforce invasion of privacy laws grounded in tort principles or standalone statutes, such as the California Invasion of Privacy Act, Illinois Eavesdropping Act, and Florida Security of Communications Act. These laws typically regulate the recording or monitoring of communications and uphold personal privacy rights, imposing civil or criminal liability for violations. Consequently, organizations must navigate both data protection regulations and invasion of privacy requirements to maintain compliance in the evolving U.S. privacy landscape.

Labor and Employment

Labor and employment laws in the United States arise from federal, state, and local laws. Federal laws apply to all covered employers nationwide, while state and local laws address issues that may not be covered by federal law or provide additional protections. The overarching legal framework includes, among others, Title VII of the Civil Rights Act ("**Title VII**"), the Americans with Disabilities Act ("**ADA**"), the Age Discrimination in Employment Act ("**ADEA**"), the Fair Labor Standards Act ("**FLSA**"), the Family and Medical Leave Act ("**FMLA**"), the Occupational Safety and Health Act ("**OSHA**"), the National Labor Relations Act ("**NLRA**"), the Genetic Information Nondiscrimination Act ("**GINA**"), and the Equal Pay Act ("**EPA**"), together with relevant state and local laws.

Employment discrimination laws, such as Title VII, ADA, GINA, EPA, and ADEA, prohibit various forms of discrimination based on protected characteristics including race, sex (including sexual orientation), age, religion, color, national origin, retaliation, genetic information, and disability, among others. FLSA governs federal wage and hour standards, including minimum wage and overtime pay. FMLA provides eligible employees with unpaid, job-protected leave for certain family and medical reasons. Employee privacy rights in the workplace are primarily regulated by state laws, with federal laws creating additional protections. OSHA regulates safety and health in the workplace. The NLRA governs employer relations with unions. State right-to-work laws create, on a state-by-state basis, a right for employees to work without being required to join or pay dues to a union. Harassment and retaliation are also prohibited under various federal and state anti-discrimination laws. Some states also have laws governing restrictive covenant agreements. With respect to the foregoing, state and local laws may impose additional requirements on a state-by-state basis.

International Trade (Import/Export, Tariffs and Anti-Dumping Laws)

US companies engaged in international trade may be subject to a patchwork of laws and regulations controlling the import and export of commodities and services, including customs laws, export licensing controls, and sanctions restrictions. These controls are complex and frequently overlap, affecting the same transactions.

In the United States, the primary export control regime is the Export Administration Regulations ("**EAR**"), which is administered and enforced by the Department of Commerce's Bureau of Industry and Security ("**BIS**"). The EAR may impose licensing requirements for the export, reexport, and in-country transfer of certain commercial and dual-use commodities, software, and technology (each an "**item**" and collectively, the "**items**"), as well as "deemed" exports and reexports involving the release of controlled technology and software source code to foreign nationals. Specific authorization may be required depending upon the classification of the item, its end destination and end use, as well as identity of the user. The EAR imposes heightened licensing controls on various technology items including semiconductors and telecommunications items, and their components. In addition to the EAR, there are U.S. export regimes with exclusive jurisdiction over narrower categories of products, such as the International Traffic in Arms Regulations ("**ITAR**"), which is administered and enforced by the State Department's Directorate of Defense Trade Controls and regulates exports and other transactions involving defense articles and defense services, and controls over commercial nuclear equipment and technology controlled under regulations administered by the Nuclear Regulatory Commission and the Department of Energy.

The United States also enforces economic sanctions, which cover a broad array of activities with nexus to the United States or involving U.S. persons anywhere globally (including in some cases foreign entities owned or controlled by U.S. persons). U.S. sanctions are primarily administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"). These sanctions measures restrict or prohibit U.S. person transactions with certain embargoed countries and regions (currently, Cuba, Iran, North Korea, Syria, and the Crimea, Donetsk, and Luhansk regions of Ukraine) as well as restricted and prohibited parties, in particular persons designated on the OFAC-administered Specially Designated Nationals and Blocked Persons List ("**SDN List**"). Certain countries, such as Belarus, Russia, and Venezuela, are subject to substantial restrictions that fall short of an outright embargo but that restrict U.S. person transactions with broad economic sectors as well as designated persons and companies.

Significant penalties can result from engaging in transactions in violation of export control or sanctions laws, and there can be additional negative consequences, such as designation of involved persons on restricted party lists, revocation of licenses, and blocking of property. To the extent transactions may be restricted, specific licenses may be sought from the relevant government authorities. General licenses may also be available for narrow categories of transactions permitted under U.S. law.

Finally, U.S. Customs and Border Protection ("**CBP**") enforces a broad array of customs laws and restrictions. President Trump during both of his administrations has vigorously used authority under several laws to substantially increase tariffs on imports, most notably "reciprocal" tariffs that were announced on April 2, 2025. China has been a primary target of tariff measures. Tariffs have also been imposed on steel, aluminum, and automotive items, and an investigation is underway pursuant to Section 232 of the Trade Expansion Act of 1962 into imports of semiconductors that may result in further tariffs. Additional duties may be imposed under antidumping and countervailing duty laws, as well as Sections 201 and 301 of the Trade Act of 1974 and Section 232 of the Trade Expansion Act of 1962. Aside from payment of duties, parties are required to declare imports accurately, including valuation, classification under the Harmonized Tariff Schedule of the United States, and declaration of the correct country of origin. Violations of U.S. customs laws can result in significant penalties and/or well as seizure of goods.

As of the Latest Practicable Date, the U.S. has exempted certain products from the reciprocal tariffs, including "semiconductors," which has been clarified to apply to certain electronic items including transceivers, telecommunications cables and switches.

On May 12, 2025, the U.S. and China reached a temporary agreement to remove or pause some of the tariffs imposed since April 2. For a period of 90 days, the U.S. and China lowered their respective rates to 30% and 10%, respectively, in addition to other preexisting or new tariffs (e.g., automobiles, steel, copper, etc.) and antidumping/countervailing duties and normal customs duties. After further negotiations, China also reportedly agreed to implement measures to end its restrictions on rare earth minerals and other exports of sensitive goods during the 90-day pause. The suspension period has been extended for another 90 days to November 10, 2025.

Anti-Money Laundering

U.S. companies may be subject to specific regulations issued by the Financial Crimes Enforcement Network ("**FinCEN**"). A company operating under the laws of the U.S. may also be subject to the Bank Secrecy Act ("**BSA**"), which encompasses Anti-Money Laundering ("**AML**") regulations.

All U.S. companies are subject to certain BSA requirements. Those requirements include the filing of a Report of Foreign Bank and Financial Accounts if the person has a financial interest in or signature authority over a foreign financial account, and the filing of a Report of International Transportation of Currency or Monetary Instruments if physically transporting, mailing, or shipping (or causing such) of currency or monetary instruments aggregating in excess of $10,000 at one time out of or into the U.S.

In addition, each company or other person that, in the course of a trade or business in which the business is engaged, receives currency in excess of $10,000 in a single transaction (or two or more related transactions), must file reports of such transaction or transactions with the Internal Revenue Service and FinCEN. These reports apply to cash transactions and, in some cases, transactions made with cashier's checks, money orders and similar instruments, and the reports generally must include the tax identity number of the person from whom the funds are received and of the person on behalf of which the transaction is conducted.

U.S. companies that are "financial institutions" as defined in FinCEN regulation may be required to develop and maintain a written AML program that is reasonably designed to prevent the company from being used to facilitate money laundering and the financing of terrorist activities, and otherwise to comply with FinCEN regulations specific to that form of financial institution. Covered financial institutions include, among many other businesses, money services businesses ("**MSBs**"). One form of MSB is a provider of money transmission services, or money transmitter, which means the acceptance of currency, funds or other value from one person and the transmission of such to another location or person by any means, including, without limitation, through informal value transfer systems such as hawala. FinCEN regulations specific to MSBs are in 31 C.F.R. §§ 1010.100-1060.800; and 1022.100-1022.600.

Entities qualifying as MSBs must register with FinCEN and adhere to various AML obligations, including recordkeeping and reporting, and they are subject to periodic examination for compliance with applicable BSA and AML requirements. In addition, state-by-state requirements to obtain licenses to offer money transmission services may be applicable. Each relevant state has unique requirements to obtain such licenses. Many financial institutions are required to establish and maintain procedures reasonably designed to verify the identities of the beneficial owners of their legal entity customers, though MSBs are not subject to this requirement at this time.

PROP 65

Businesses operating in California are subject to the California state law, Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "**Proposition 65**" or "**Prop 65**"). Prop 65 is a right-to-know law that requires responsible parties (e.g., manufacturers and employers) to warn California residents before exposing them to chemicals listed under Prop 65 as being known to the state to cause cancer and/or reproductive toxicity. The law covers potential exposures in California workplaces, exposures resulting from use of or contact with consumer products, and exposures from discharges of listed chemicals into air, drinking water sources, or land in California. Prop 65 can be enforced by state or local officials; however, the vast majority of enforcement is undertaken by private plaintiffs. Companies that manufacture, import, distribute, or sell products in California, whether through physical or online stores, or have any physical presence in the state of California, are subject to Prop 65 regulations.

LAWS AND REGULATIONS OF GERMANY

Statutory Law

Below is an overview of the laws and regulations materially relevant to our business in Germany. It does not claim to provide a complete and comprehensive presentation of all relevant legal regulations.

Purchase Law

The sale of goods constitutes a sales contract (§ 433 et seq. of the German Civil Code — "*Bürgerliches Gesetzbuch*" (hereinafter also referred as: "BGB")).

In Germany, sales law is largely governed by the German Civil Code, § 433 ff. BGB. If the sales contract is concluded between two merchants, the sales law is complemented and partially modified by the provisions of the German Commercial Code ("*Handelsgesetzbuch*" — hereinafter also referred as: "HGB"), §§ 373 et seq. HGB. If the sale is made with a consumer (sale of consumer goods), additional consumer protection standards apply (§§ 474 et seq. BGB).

With regard to sales to consumers, the sales law provisions of the German Civil Code (BGB) apply. The BGB implements various EU sales law directives. Purchase law has undergone far-reaching changes as of 2022 through the implementation of the Goods Directive (2019/771/EU) and the Digital Content Directive (2019/770/EU) (implemented in particular in Sections 327 et seq. and Sections 475a et seq. of the German Civil Code for digital products).

According to the German Civil Code (BGB), the seller is obliged to hand over the item to the buyer and to procure ownership of it — free of material defects and defects of title, § 433 Para. 1 BGB. The buyer is therefore entitled to a fulfillment claim for the handover and transfer of ownership of a defect-free item. If the item is defective at the time of the transfer of risk (§ 446, § 447, § 475 para. 2, 3 BGB), i.e. usually at the time of handover, this gives rise to warranty rights for the buyer.

The item is free of material defects if it fulfils the so-called subjective requirements, the objective requirements and the assembly requirements in the following sense at the time of transfer of risk. The item fulfils the subjective requirements if it has the agreed quality, is suitable for the use stipulated in the contract and is handed over with the agreed accessories and the agreed instructions, including assembly and installation instructions. This condition includes the type, quantity, quality, functionality, compatibility, interoperability and other characteristics of the item for which the parties have agreed requirements. Unless otherwise effectively agreed, the item meets the objective requirements if it is suitable for normal use, has a quality that is customary for items of the same type and that the buyer can expect, taking into account the type of item and the public statements made by the seller, in particular in advertising or on the label, corresponds to the quality of a sample or specimen that the seller has made available to the buyer before the conclusion of the contract, and is handed over with the accessories, including packaging, assembly or installation instructions and other instructions that the buyer can expect to receive. This usual condition includes the quantity, quality and other characteristics of the item, including its durability, functionality, compatibility and safety. If assembly is to be carried out, the item meets the assembly requirements if the assembly has been carried out properly or has been carried out improperly, but this is neither due to improper assembly by the seller nor to a defect in the instructions provided by the seller. If the seller delivers an item other than the contractually owed item, this is equivalent to a material defect, § 434 BGB.

The burden of proof that the goods were defective at the time of the transfer of risk generally falls to the buyer, § 363 BGB. However, if the goods are sold to a consumer, the burden of proof is reversed: if a defect appears within one year, it is presumed in favor of the buyer that the goods were already defective at the time of transfer of risk. In this case, it is up to the seller to rebut this presumption, § 477 BGB.

If the item is defective, the buyer is entitled to request subsequent fulfillment (at his discretion, new delivery or rectification), to withdraw from the contract, to reduce the purchase price or to demand compensation for damages or expenses, § 437 et seq. BGB. However, the buyer has to give the seller the opportunity for subsequent fulfillment and set a grace period for this purpose before the buyer can demand compensation or withdraw from the purchase contract. This grants the vendor a second opportunity. As part of the subsequent fulfillment, the buyer must also bear the necessary expenses (e.g. transport costs).

Warranty claims for movable goods generally expire within two years, beginning with the handover of the purchased item, § 438 Para. 1 No. 3 BGB.

In addition to these warranty rights, the manufacturer or seller may grant the buyer guarantee rights (guarantee), § 443 (1) BGB. If such a guarantee of durability is given, it is assumed by law that a defect occurring during the guarantee period constitutes the guarantee rights.

Contract Law

In Germany, the principle of freedom of contract ("*Vertragsfreiheit*") is considered an essential principle of private autonomy, which encompasses both the freedom to enter into contracts as well as the freedom to determine their content. This principle is restricted by a number of statutory provisions, in particular those contained in the German Civil Code (BGB), from which individual contractual agreements may not deviate. However, even if an individual contractual provision is invalid or unenforceable, this does not affect the validity of the rest of the contract itself and means that statutory law applies.

If contractual provisions are used as general terms and conditions, they must be measured against the strict provisions of § 305 et seq. of the German Civil Code (BGB). If a general term and condition is invalid, this also does not affect the validity of the other general terms and conditions and results in the application of statutory law.

Consumer Law, Distance Selling Law and E-Commerce Law — Additional Regulations for the Sale of Consumer Goods

In the case of sales to a consumer, the sales law is stricter in favor of the buyer in some points, § 474, § 475d, § 475e, §§ 476, 477 BGB. This applies both to purchases of goods (Section 241a (1) BGB) and to sales contracts that also include the provision of a service (Section 474 BGB).

Special Provisions for the Sale of Digital Products

The law contains further special provisions for consumer contracts for digital products. These include the provision of payable digital content or digital services (Sections 327 ff., Section 475a, Section 475b, Section 475c, Section 475e BGB). Digital content includes computer programs, music files, video files, audio files, digital games, electronic books and other electronic publications.

Special Provisions for E-Commerce

With regard to the applicable e-commerce law, several regulations are relevant in Germany. In particular, the German Telemedia Act (TMG), the Telecommunication Act (TKG), the Unfair Competition Act (UWG) and the provisions of the German Civil Code (BGB) which concern digital or electronic means of contracting are of importance.

Among other things, the TMG contains regulations on the obligation to provide an imprint containing mandatory business information, such as address and further information obligations. The obligation to maintain an imprint also applies to foreign companies, insofar as the obligations can be fulfilled under foreign law.

Civil law also contains special provisions for e-commerce. The provisions of Sections 312-312k BGB implement, among other things, the European Consumer Rights Directive (2011/83/EU) and the European E-Commerce Directive (2000/31/EC) and contain several special provisions for the conclusion of consumer contracts in the e-commerce sector. This is intended to standardize a certain level of consumer protection. In particular, the regulation of distance contracts (Section 312c BGB) is relevant, for which Sections 312d-312f BGB supplement consumer protection with special obligations and provide for a separate right of withdrawal (Section 312g, Sections 355 et seq. BGB). The provisions of the third chapter under Sections 312i-312j of the German Civil Code (BGB) include regulations on electronic commerce.

The extensive information obligations for online shop operators have also been further strengthened. Now, operators of online marketplaces must disclose the criteria for product rankings, for example in search results. If the price of products is determined by an algorithm on a customer-specific basis ("personalised pricing"), this must also be disclosed. Finally, the legislator has also taken care of the cancelation policy ("*Widerrufsbelehrung*") for distance contracts. In the future, it will be obligatory to provide a telephone number as well as an e-mail address for distance contracts. The cancelation policy must also mention communication channels that the company otherwise provides, such as WhatsApp support. In addition, the Price Indication Ordinance ("*Preisangabenverordnung*") has been reformed. Besides to a fundamental restructuring, material changes are intended to increase the transparency of price quotations for customers. In future, the basic price must be indicated in the unit of quantity and must appear in an unambiguous, clearly recognisable and legible manner. In order to facilitate the classification of price reductions, the "previous price" must be indicated in future whenever a price reduction is announced. The previous price is the lowest price applied by the trader within the last 30 days before the price reduction.

The sections of the BGB apply to foreign companies for contracts with consumers who have their habitual residence in Germany, if the offer of the platform or web shop is directed at customers in Germany. The platform operator can limit this by clearly identifying to which customers in which countries he addresses his platform or the web shops therein respectively.

Product Safety and Product Liability

In addition, there are other obligations that primarily apply to the manufacturer of a product. These arise from product safety regulations and product liability regulations, in particular under the Product Liability Act and under tort law.

A manufacturer within the meaning of the law is anyone who has manufactured the end product, a raw material or a partial product. A manufacturer is also deemed to be anyone who claims to be a manufacturer by affixing his name, trade mark or other distinctive sign. Furthermore, anyone who imports or brings a product into the area of application of the Agreement on the European Economic Area for the purpose of sale, rental, hire-purchase or any other form of distribution with a commercial purpose within the scope of their business activity is deemed to be a manufacturer. Depending on the specific circumstances of the individual case, suppliers may also be considered manufacturers in exceptional cases.

Product compliance

As a general rule it can be stated that each product, which is put into the German market must be designed, manufactured and being provided with appropriate user information (manuals, warning messages as well as safety signs and labels) in a way that any hazardous situation in course of the product use will be avoided. This rule is reflected by rules and regulations within the Law on Product Safety and the Product Liability Law in Germany. Furthermore, a product may be subject to further legal requirements imposing formal requirements on the economic operators (manufacturers, importer and distributors) such as a specific certification or documentation of the product quality. Before entering the German market a proper product compliance organization must be managed to ensure the fulfillment of the aforementioned requirements. In detail the legal framework on which the product compliance shall apply consists for the scope of products in question mainly of:

Law on product safety

The Law on Product Safety of Germany consists of a framework of general rules such as the Law on Product Safety ("*Produktsicherheitsgesetz — ProdSG*"), as well as the 14 German product safety regulations, depending on the specific nature of the product ("*Produktsicherheitsverordnungen*"), the Law on Market Surveillance ("*Marktüberwachungsgesetz — MüG*") as well as European Regulation on Market Surveillance

EU 2019/2020, specific regulations dealing with specific products mainly based on EU law and general rules applicable to any kind of products. Products that do not comply with the Law on Product Safety cannot be distributed in Germany nor the EU. These rules and regulations do apply automatically when the product enters the German market. All these rules and regulations are compulsory and cannot be excluded nor modified by a contractual agreement.

For the products in question (considering optoelectronic devices as well as telecommunications equipment and others), among others, the following selection of rules and regulations shall be observed:

- Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety, updated by the General Product Safety Regulation (GPSR) 2023/988 which will apply to all products placed on the EU market from 13 December 2024 (with a transitional period)

- Regulation (EU) 2017/1369 of the European Parliament and of the Council of 4 July 2017 setting a framework for energy labeling and repealing Directive 2010/30/EU

- European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste

- Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment

- Directive 2014/35/EU of the European Parliament and of the Council of 26 February 2014 on the harmonisation of the laws of the Member States relating to the making available on the market of electrical equipment designed for use within certain voltage limits

- Directive 2014/53/EU of the European Parliament and of the Council of 16 April 2014 on the harmonisation of the laws of the Member States relating to the making available on the market of radio equipment and repealing Directive 1999/5/EC

- Directive 2014/30/EU of the European Parliament and of the Council of 26 February 2014 on the harmonisation of the laws of the Member States relating to electromagnetic compatibility

- Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)

- Directive 2006/66/EC of the European Parliament and of the Council of 6 September 2006 on batteries and accumulators and waste batteries and accumulators and repealing Directive 91/157/EEC

- Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of eco-design requirements for energy-related products

The rules of market surveillance (European Regulation (EU) 2019/1020 as well as the MüG) have founded a legal framework to further develop and strengthen the market surveillance authorities.

Briefly summarized, those aforementioned regulations, amongst others, provide for requirements regarding product properties (such as restrictions on substances), product labeling (such as the product itself as well as the manufacturer/importer identification domiciled in the European Economic Area, applicable markings and moreover proper instruction and information to users (e.g. such as warnings)).

Product Liability

In Germany, either the seller or the producer, or both jointly, can be held liable if the product is defective. The harmed person may assert claims arising from product liability, producer liability, and warranty for defects. The rules for liability are to be found in the German Product Liability Law ("*Produkthaftungsgesetz — ProdHaftG*") and the German Civil Code as well as in special laws.

Pursuant to the BGB, if a product does not meet the quality or the quantity which has been agreed and may be expected or if the product does not fit the conventional or agreed application scenario, the buyer has the aforementioned warranty rights. In some circumstances, recourse may be taken against the producer provided recourse from seller to producer is admissible which is also regulated by the so-called entrepreneur's recourse according to § 445a BGB (*Rückgriff des Verkäufers*). In addition, in the event that a guarantee is granted, the guarantee statement must now be drafted in a simple and comprehensible manner and made available to the buyer on a durable medium, e.g. in paper form or by e-mail, or pdf file, at the latest by the time of delivery of the purchased item. In the future, a guarantee which traders or manufacturers may grant to the buyer must have certain mandatory contents (i.e. indication that recourse to the statutory rights in respect of defects is free of charge and that these rights are not limited by the guarantee, the name and address of the guarantor, procedure for claiming under the guarantee, i.e. the trader must describe how the consumer obtains his guarantee benefit, exact designation of the object of purchase for which the guarantee is granted, the duration and territorial scope of the guarantee.

In the event a product has caused damage to persons or items (other than the defective product), the producer is strictly liable pursuant to the German Product Liability Law ("*Produkthaftungsgesetz*", "*ProdHaftG*"). Liability under the ProdHaftG can neither be restricted nor excluded in advance. In principle, the individual who suffered damage must (only) prove the fault, the damage, and the causal link between fault and damage, as liability under the ProdHaftG is a so-called strict liability, meaning regardless of fault.

The ProdHaftG applies, if the harmed party has its habitual residence in Germany and the defective product was placed on the German market or if the defective product was bought in Germany arid was placed on the German market or if the harm arose in Germany and the defective product was placed on the German market. It is sufficient that the producer could reasonably foresee that a product might he placed on the German market by another market participant, e.g. one of its customers, to be liable under the ProdHaftG. Thus, it is not necessary that the defective product was imported to Germany by the producer. Comparable regulations also apply in the other Member States of the EU.

Additionally, producers as well as under certain circumstances sellers, can also be held liable pursuant to tort law under the BGB if the product is defective. In this respect, the manufacturer has the obligation to properly design and produce a product, to instruct on its use and to monitor it (see also below). The liability under German tort law is in principle unlimited and there is a liability for all damages caused by the defective product. According to case law, the producer is also obliged to observe the market (*Pflicht zur Produktbeobachtung*). This constitutes a producer's duty of investigation and reaction since product safety and compliance first and foremost lies in the producer's hand.

GDPR principles

The GDPR provides various principles that also run through the national regulations and must therefore always be observed. If these principles/requirements are not met and unlawful processing takes place, data subjects can assert their rights under the GDPR and sue for damages. There may also be a threat of proceedings by the supervisory authorities.

Some of the most relevant principles of the GDPR are regulated in Art. 5. Any personal data must always be processed on a legal basis (Art. 5 I (a) GDPR), in a transparent manner (Art. 5 I (a), Art. 13 GDPR) and with the usage of such data limited to a specific, explicit purpose (Art. 5 I (b) GDPR). The personal data that is stored must be kept to a minimum (Art. 5 I (c) GDPR) and up-to-date (Art. 5 I (d) GDPR), and must be deleted as soon as it is no longer needed for the specified purpose (Art. 5 I (e) GDPR). The processing of personal data with/between several parties must be regulated by corresponding data processing agreements like a data processing agreement (Art. 28 GDPR) or a joint controller agreement (Art. 26 GDPR). This also applies for data processing between group companies and affiliates.

The transfer of personal data outside the EU/EEA must meet special requirements. There must either be an adequacy decision by the EU Commission for the country in which the recipient is located or additional guarantees in accordance with Art. 46 GDPR. This also applies for data transfers between group companies and affiliates. If data of European citizens will be stored on the servers in Hong Kong, appropriate guarantees (Art. 46 GDPR) must be in place.

Legal consequences of violations of the GDPR

Any person who has suffered material or non-material damage as a result of an infringement of this Regulation shall have the right to obtain compensation from the controller or processor for the damage suffered. The data subjects may therefore bring an action for damages before the civil courts. In May 2023, the European Court of Justice ruled that no materiality threshold is to be observed and thus also allows for "trivial cases". In addition to legal action in the civil courts, administrative proceedings can also be brought before the supervisory authorities. These can either carry out an inspection of the company on their own initiative or because someone, e.g. a data subject, has issued a notification. Infringements of the provisions of the GDPR can lead to fines of up to 20,000,000 EUR or up to 4% if the total worldwide annual turnover of the preceding financial year, whichever is higher. Strictly adhering to the GDPR is therefore important for any company operating within it's framework.

Each supervisory authority has the corrective powers to impose a temporary or definitive limitation including a ban on processing. In this case, the data processing that is not lawful in the opinion of the supervisory authority must be stopped accordingly. Depending on the circumstances, this can cause the entire operation of a company to come to a standstill.

EU Trade Defense Law

Goods imported into the EU can become subject to anti-dumping and anti-subsidy measures. The EU's anti-dumping and anti-subsidies laws protect its domestic industries from imports that have a competitive advantage due to unfair trading practices. The jurisdiction to investigate and to impose measures lies with the European Commission and affects imports into all 27 member states of the European Union. General protective measures (safeguards) which do not address unfair trade practices are available to the European Commission, too, and are not addressed in the following.

An anti-dumping duty may be imposed on any dumped product whose release for free circulation in the EU causes injury to the EU industry. A product is to be considered as being dumped if its export price to the EU is less than a comparable price for a like product, in the ordinary course of trade, as established for the exporting country (Article 1 para. 1 and 2 Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the EU). In the event that it is not appropriate to use domestic prices and costs in the exporting country due to the existence in that country of significant distortions, the normal value for the determination of dumping shall be constructed on the basis of costs of production and sale reflecting undistorted prices or benchmarks. The European Commission on 10 April 2024 published a report "on significant distortions in the economy of the People's Republic of China for the purposes of trade defense investigations" (European Commission staff working document SWD(2024) 91 final). The report examines the core features that give the Chinese economy its current shape and structure, covers various factors of production in a horizontal approach, and examines a number of sectors including steel, aluminum, chemicals, ceramics, telecommunications, semiconductors, railway equipment, environmental goods and new energy vehicles. The sectors were selected on the basis of a number of criteria, such as their frequent occurrence in the European Commission's trade defense investigation practice or for their particular economic or strategic importance.

The European Commission can impose a countervailing duty to offset any subsidy granted, directly or indirectly, for the manufacture, production, export or transport of any product whose release for free circulation in the EU causes injury to the EU industry. It does not matter whether these products are directly imported from the country of origin or are exported to the EU from an intermediate country (Article 1 Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the EU).

If the European Commission comes to the conclusion that products are dumped or subsidized it can decide on provisional measures — typically duties on imports of the product — and can furthermore make the measures definitive for a maximum of five years (subject to extension after a review procedure). The EU member states, represented in the trade defense committee, must be consulted by the European Commission and can block the adoption of the most important decisions by qualified majority. Measure adopted by the European Commission can be challenged before the European Court of Justice. However, the European Court of Justice accepts the very broad discretion granted to the European Commission in the anti-dumping and anti-subsidies regulations.

Finally, the EU may protect its industry via so called "Safeguards". The safeguard procedure is slightly different from anti-dumping and anti-subsidy measures, and the decision to apply safeguards always has to be weighed very carefully. So far, safeguards have only been used sparingly by the EU. For Safeguards, the EU must show that the increase in imports is:

- sharp;
- due to unforeseen developments;
- causing (or threatening) serious injury to domestic industry (a higher level of injury than the material injury required for anti-dumping and anti-subsidy);
- and that safeguards are in the interest of the EU (a requirement beyond WTO obligations).

LAWS AND REGULATIONS OF SINGAPORE

Telecommunications Act 1999 of Singapore ("TA")

The TA and the regulations promulgated thereunder regulate the operation and provision of telecommunication systems and services in Singapore, and for the matters therewith. The regulatory authority that administers the TA is the Infocomm Media Development Authority of Singapore ("**IMDA**").

Under the Telecommunications (Dealers) Regulations ("**Dealers Regulations**"), which are promulgated under the TA, a person who manufactures, imports for sale, lets for hire, sells, or offers or possesses for sale any equipment which is capable of being used for the purpose of telecommunication (referred to as a "**dealer**") requires a licence in order to carry on such activities.

Under Regulation 3 of the Dealers Regulations (which are promulgated under TA), a person who manufactures, imports, lets for hire, sells, or offers or possesses for sale any telecommunication equipment registered for sale under Regulation 20(6) of the Dealers Regulations or telecommunication equipment set out in the First Schedule of the Dealers Regulations ("**Telecommunication Equipment**") shall be deemed to have been granted a dealer's class licence for that purpose ("**Dealer's Class Licence**"). FS Singapore holds such a Dealer's Class Licence.

A holder of a Dealer's Class Licence who is carrying on any business or trade as a dealer (i.e. a person who manufactures, imports for sale, lets for hire, sells, or offers or possesses for sale any equipment which is capable of being used for the purpose of telecommunication) shall, in turn, register with the IMDA each of the premises under his control or occupation where he manufactures, imports, lets for hire, sells or offers or possesses for sale any telecommunication equipment. A Dealer's Class Licence shall remain valid unless it is canceled in accordance with the terms of the TA or the Dealers Regulations.

In addition, under Regulation 20 of the TDR, subject to certain exceptions, it shall be a condition of the Dealer's Class Licence that the licensee shall not sell (a) any type of telecommunication equipment to be used for connection to any telecommunication system or equipment belonging to a telecommunication system licensee; or (b) any type of radio-communication equipment to be used in Singapore, unless the type of equipment has been approved for sale by way of registration with IMDA.

A holder of a Dealer's Class Licence who fails to (among other things) register with the IMDA each of the premises under his control or occupation where he manufactures, imports, lets for hire, sells or offers or possesses for sale any telecommunication equipment is guilty of an offense and, in addition to the forfeiture of any article seized, is liable on conviction to a fine not exceeding SGD10,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offense, to a further fine not exceeding SGD1,000 for every day or part of a day during which the offense continues after conviction.

Regulation of Imports and Exports Act 1995 of Singapore

The Regulation of Imports and Exports Act 1995 of Singapore ("**RIEA**") and the regulations promulgated thereunder govern imports and exports in Singapore. The RIEA is administered by the Director-General of Customs of Singapore appointed under the Customs Act 1960 of Singapore.

Under the Regulation of Imports and Exports Regulations ("**RIER**"), promulgated under the RIEA, save as otherwise provided therein, no goods shall be imported into Singapore, exported out of Singapore, or transhipped in Singapore, except in accordance with a permit granted by the Director-General of Customs.

An application for permit to import, export or tranship any goods is required to be made to the Director-General of Customs by (a) the importer, exporter, shipping agent, air cargo agent, freight forwarder or common carrier, as the case may be, or (b) a declarant, who have registered with the Singapore Customs.

Except where otherwise provided, any person guilty of an offense under the RIER shall be liable: (a) on the first conviction, to a fine not exceeding S$100,000 or 3 times the value of the goods in respect of which the offense was committed, whichever is the greater, or to imprisonment for a term not exceeding 2 years or to both; and (b) on the second or subsequent conviction to a fine not exceeding S$200,000 or 4 times the value of the goods in respect of which the offense was committed, whichever is the greater, or to imprisonment for a term not exceeding 3 years or to both.

Workplace Safety and Health Act 2006 of Singapore

The Workplace Safety and Health Act 2006 of Singapore ("**WSHA**") regulates the safety, health and welfare of persons at work in workplaces. The WSHA is administered by the Ministry of Manpower of Singapore ("**MOM**").

The WSHA provides, among other things, that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of the employer's employees at work.

These measures include, among other things:

(a) providing and maintaining a work environment which is safe, without risk to health, and adequate as regards to the facilities and arrangements for the employee's welfare at work;

(b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees;

(c) ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organization, processing, storage, transport, working or use of things in their workplace or near their workplace or under the control of the employer;

(d) developing and implementing procedures for dealing with emergencies that may arise while employees are at work; and

(e) ensuring that the employees have adequate instruction, information, training and supervision as is necessary for them to perform their work.

The Workplace Safety and Health (General Provisions) Regulations, which are promulgated under the WSHA, also impose more specific duties on employees in relation to the safety and health of employees in the workplace.

Subject to the provisions of the WSHA, any person who is in breach of its duty under the WSHA shall be guilty of an offense and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S$500,000, and if the contravention continues after the conviction, shall be guilty of a further offense and shall be liable to a fine not exceeding S$5,000 for every day or part thereof during which the offense continues after conviction.

For repeat offenders, where a person has on at least one previous occasion been convicted of an offense under the WSHA that causes the death of any person and is subsequently convicted of the same offense that causes the death of another person, the court may, punish the person, in the case of a body corporate, with a fine not exceeding S$1 million and, in the case of a continuing offense, with a further fine not exceeding S$5,000 for every day or part thereof during which the offense continues after conviction.

Compliance with the Code of Practice on Chief Executives' and Board of Directors' Workplace Safety and Health Duties may be used as a mitigating factor for the Court's consideration in the event of the commission of an offense under the WSHA.

Under the WSHA, the Commissioner of Work, Safety and Health ("**WSH Commissioner**"), who is appointed by the Minister of Manpower of Singapore pursuant to the WSHA, may serve a remedial order or a stop-work order in respect of a workplace if the WSH Commissioner is satisfied that:

(a) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of the persons at work;

(b) any person has contravened any duty imposed by the WSHA; or

(c) any person has done any act, or has refrained from doing any act which, in the opinion of the WSH Commissioner, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

The stop-work order must, among other things, direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the WSH Commissioner have been taken to his satisfaction to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The remedial order must, among other things, direct the person served with the order to take such measures, to the satisfaction of the WSH Commissioner, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

Under the Workplace Safety and Health (Risk Management) Regulations, which are promulgated under the WSHA, the employer in a workplace is required to, among other things, conduct a risk assessment in relation to the safety and health risks posed to any person who may be affected by his undertaking in the workplace, take all reasonably practicable steps to eliminate or minimize foreseeable risks, implement measures/safety procedures to address the risks, and to inform workers of the same, maintain records of such risk assessments and measures/safety procedures for a period of not less than three (3) years, and submit such records to the WSH Commissioner from time to time when required.

Under the Workplace Safety and Health (Registration of Factories) Regulations 2008 ("**WSH Factories Regulations**"), which are promulgated under the WSHA, among other things, any person who desires to occupy or use any premises as a factory (other than those falling within the classes of factories described in Parts I, II and III of the First Schedule) is required to give notification to the Commissioner before commencement of operation. If the factory falls within the classes of factories described in Parts I, II and III of the First Schedule, then the premises would have to be registered with the WSH Factories. For this purpose, "factory" is defined in the WSH Factories Regulations to mean any premises:

(a) within which persons are employed in any of the following processes: (i) the handling, sorting, packing, storing, altering, repairing, construction, processing or manufacturing of any goods or product; (ii) the handling, sorting, storing, processing, manufacturing or use of any hazardous substances; (iii) the repair, construction or manufacturing of any vessel or vehicle; (iv) any building operation or work of engineering construction; or (v) the operation or maintenance of any facility or system related to the provision of any public utility; and

(b) which is specified in the Fourth Schedule. One of the premises listed in the Fourth Schedule of the WSH Factories Regulations is any premises where mechanical power is used in connection with the sorting, packing, handling or storing of articles. The term "mechanical power" is defined to mean any energy derived from steam, water, wind, electricity, compressed air or gas, or the combustion of fuel or explosive, which is used to drive or work any machinery.

Where the requirement applies, operating a factory without notifying or registering is an offense, and the person in default may be subject to a fine not exceeding S$5,000.

Work Injury Compensation Act 2019 of Singapore

The Work Injury Compensation Act 2019 of Singapore ("**WICA**") regulates (among other things) the payment of compensation to employees for injury suffered arising out of and in the course of their employment as well as providers of insurance for liability under the WICA. The WICA is administered by the MOM.

The WICA applies to all employees who have entered into or works under a contract of service with an employer (save for the classes of individuals not covered under the Third Schedule of the WICA), in respect of injury suffered by them arising out of and in the course of their employment and sets out, among other things, the amount of compensation that they are entitled to and the method(s) of calculating such compensation.

Under the WICA, subject to the provisions therein, where personal injury is caused to an employee by an accident arising out of and in the course of employment, the employer of the employee shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation will be computed in accordance with a fixed formula as set out in the WICA, subject to maximum and minimum limits.

Further, the WICA provides, among other things, that where any person (referred to as the principal) in the course of or for the purpose of the principal's trade or business contracts with any other person (referred to as the employer) for the execution by the employer of the whole or any part of any work, or for the supply of labor to carry out any work, undertaken by the principal, the Commissioner for Labor, who is appointed by the Minister of Manpower of Singapore under the EA, may direct the principal to fulfill the obligations of the employer under the WICA in relation to any employee of the employer employed in the execution of the work. In such event, the principal will, subject to the provisions of the WICA, be liable to pay the employee any compensation payable under the WICA as if that employee had been immediately employed by the principal.

Under the WICA, read with the Work Injury Compensation (Insurance) Regulations 2020 ("**WIC Insurance Regulations**"), employers are required to maintain work injury compensation insurance for all employees, excluding certain prescribed classes of employees, in accordance with the requirements under the WICA. The excluded classes of employees include employees who are employed otherwise than by way of manual labor, and employees whose salary (within the meaning of the EA) received from the employer exceeds S$2,600 a month.

Employment Act 1968 of Singapore

The Employment Act 1968 of Singapore ("**EA**") is Singapore's main labor law and, among other things, provides for the basic terms and conditions of employment, and the rights and responsibilities of employers as well as employees who are covered under the EA. The EA is administered by the MOM.

The term "employee" is defined in the EA to mean a person who has entered into or works under a contract of service with an employer and includes, among other things, a workman, but does not include certain specified categories of employees including, among other things, any seafarer or domestic worker.

The EA regulates certain aspects of the contract of service or employment, including the termination, dismissal, right to join, participate in or organized trade unions, change of employer, the transfer of employment, public holiday and sick leave entitlements, minimum days of annual leave, payment of salary and allowable deductions. Section 8 of the EA provides that every term of a contract of service which provides a condition of service which is less favorable to an employee than any of the conditions of service prescribed by the EA is illegal and void to the extent that it is so less favorable. In addition, a contravention of any of the provisions may also be an offense, the penalties for which depend on the particular provision that is contravened.

Part 4 of the EA, in particular, sets out conditions of service that are applicable only to: (a) workmen who receive salaries not exceeding S$4,500 a month (or such other amount prescribed by the Minister for Manpower); and (b) employees (other than workmen or a person employed in a managerial or an executive position) who receive salaries not exceeding S$2,600 a month (or such other amount prescribed by the Minister for Manpower). Under the EA, a "workman" is defined under the EA to mean, among other things: (i) any person, skilled or unskilled, who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labor, including any artisan or apprentice, but excluding any seafarer or domestic worker; (ii) any person employed partly for manual labor and partly for the purpose of supervising in person any workman in and throughout the performance of his work; and (iii) certain persons specified in the First Schedule to the EA, including construction workers, machine operators and lorry and van drivers.

Part 4 of the EA regulates, among other things, working hours, overtime, rest days, payment of retrenchment benefit, priority of retirement benefit, annual wage supplements and other conditions of work or service in relation to employees covered under Part 4.

Generally, in terms of working hours: (a) an employee must not be required to work more than 6 consecutive hours without a period of leisure, or more than 8 hours in one day or more than 44 hours in one week, subject to certain exceptions; (b) an employee must not under any circumstances work for more than 12 hours in any one day except in specified circumstances, such as in the case of accident, actual or threatened, or work the performance of which is essential to the life of the community, or work essential for defense or security, or urgent work to be done to machinery or plant, or an interruption of work which it was impossible to foresee; and (c) an employee must not be permitted to work overtime for more than 72 hours a month.

Under the EA, the Commissioner for Labor may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by written order exempt an employee or any class of employees from the overtime limits subject to such conditions as the Commissioner thinks fit.

Any employer who employs any person as an employee who is covered under Part 4 of the EA and fails to comply with Part 4 of the EA shall be guilty of an offense and shall be liable on conviction to a fine not exceeding S$5,000, and for a second or subsequent offense to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Employment of Foreign Manpower Act 1990 of Singapore

The Employment of Foreign Manpower Act 1990 of Singapore ("EFMA") regulates the employment of foreign manpower in Singapore. The EFMA is administered by the MOM.

Section 5(1) of the EFMA provides that no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him in accordance with the conditions of the foreign employee's work pass.

Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offense and shall:

(a) be liable on conviction to a fine of at least not less than S$5,000 and not more than S$30,000 or to imprisonment for a term not exceeding 12 months or to both; and

(b) on a second or subsequent conviction:

    (i) in the case of an individual, be punished with a fine of not less than S$10,000 and not more than S$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or

    (ii) in any other case, be punished with a fine not less than S$20,000 and not more than S$60,000.

In addition, under Section 25(1) of the EFMA, where any employer (a) makes, or causes to be made to the Controller of Work Passes ("**Controller**"), an application for a work pass on the basis of the employer's foreign employee entitlement; and (b) commits, or causes or permits to be committed, any act or omission which facilitates, or which results in, the inflation of the employer's foreign employee entitlement, the Controller may impose on the employer a financial penalty of an amount, not exceeding S$20,000, as the Controller may determine.

There are several categories of work passes that may be granted by the Controller, including the following:

(a) Employers can apply for a 'Work Permit' to employ semi-skilled or unskilled foreign workers. Employers can apply for a 'S Pass' to employ foreign mid-level skilled workers, if the minimum qualifying salary is met. For new applications from 1 September 2023, the minimum qualifying salary for all sectors except financial services is S$3,150 (with the qualifying salary increasing progressively with age from age 23, up to S$4,650 at age 45 and above) and for financial services, S$3,650 (with the qualifying salary increasing progressively with age from age 23, up to S$5,650 at age 45 and above). For applications from 1 September 2025, the MOM has indicated that this is to be raised to at least S$3,300 and S$3,800 respectively, with the final values to be announced closer to the implementation date. MOM regulates (among other things) the number of foreign workers that a company may employ with a Work Permit or a S Pass in Singapore through a sector-based quota system.

(b) Employers can apply for an 'Employment Pass' to employ foreign professionals if the minimum qualifying salary is met. The minimum qualifying salary for an Employment Pass is at least S$5,000 for all sectors except financial services (with the qualifying salary increasing progressively with age from age 23, up to S$10,500 at age 45 and above) and at least S$5,500 for the financial services sector (with the qualifying salary increasing progressively with age from age 23, up to S$11,500 at age 45 and above). From 1 January 2025, the minimum Employment Pass qualifying salary for new applications will be revised to at least S$5,600, and at least S$6,200 for the financial services sector. The employment of Employment Pass holders is not subject to a quota system.

The Fair Consideration Framework sets out requirements for all employers in Singapore to consider the workforce in Singapore fairly for job opportunities. According to the MOM, save for employers that are exempted from the advertising requirement, employers submitting Employment Pass and S Pass applications must first advertise on MyCareersFuture, an online government-initiated job portal and consider all candidates fairly. The MOM sets out certain advertising requirements, which includes the duration and accuracy of the advertisement. Failure to comply with the MOM's advertising requirements may lead to the MOM rejecting Employment Pass and S Pass applications and potential work pass application debarments.

Further, unless exempted, the Complementarity Assessment Framework ("**COMPASS**") will apply to new Employment Pass applications from 1 September 2023, in addition to renewal Employment Pass applications from 1 September 2024 onwards. The COMPASS is a new points-based framework that considers both individual and firm-related attributes to holistically evaluate an Employment Pass applicant's complementarity to Singapore's workforce. The foundational criteria considered includes the candidate's salary and qualifications, as well as the diversity and support for local employment in the candidate's firm, while the bonus criteria considered includes skills bonus and strategic economic priorities bonus. Candidates will require a minimum of 40 points to pass the COMPASS.

In addition to the EFMA, an employer of foreign workers is also required to comply with the provisions in the EA, the Immigration Act 1959 of Singapore ("**Immigration Act**") and the regulations issued pursuant to the Immigration Act.

Central Provident Fund Act 1953 of Singapore

The Central Provident Fund Act 1953 of Singapore ("**CPF Act**") provides for a mandatory social security savings scheme, known as the Central Provident Fund ("**Fund**"), that is funded by contributions from employers and employees. The CPF Act is administered by the Central Provident Fund Board.

Under the CPF Act, every employer of an employee who is a Singapore citizen or permanent resident and employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, unless owners of the vessel have been exempted), shall pay to the Fund monthly in respect of such employee contributions at the appropriate rates set out in the First Schedule of the CPF Act. CPF contributions are not applicable for foreigners who hold Work Permits, S Passes or Employment Passes.

Under the CPF Act, notwithstanding the provisions of any written law or any contract to the contrary, an employer who has made such contribution to the Fund of an employee is allowed to recover from the monthly wages of that employee the amount shown in the First Schedule of the CPF Act as so recoverable from the employee.

Where the amount of the contributions which an employer is liable to pay under the CPF Act in respect of any month is not paid within such period as may be prescribed, the employer shall be liable to pay interest on the amount for every day the amount remains unpaid commencing from the first day of the month succeeding the month in respect of which the amount is payable and the interest is to be calculated at the rate of 1.5% per month or the sum of S$5, whichever is the greater.

Where any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPF Act and fails to pay the contributions to the Fund within such time as may be prescribed, the employer shall be guilty of an offense and shall be liable on conviction to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding seven years or to both.

Any person convicted of an offense under the CPF Act for which no penalty is provided, subject to exceptions, shall be liable on conviction (a) to a fine not exceeding S$5,000 or to imprisonment for a term not exceeding six months or to both; and (b) if that person is a repeat offender in relation to the same offense, to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Companies Act and Constitution

The Companies Act 1967 of Singapore generally governs, among other things, matters relating to the status, power and capacity of a company, shares and share capital of a company (including issuances of new ordinary shares and preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders' rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution.

In addition, members of a company are subject to, and bound by the provisions of the Constitution. The Constitution contains, among other things, provisions relating to some of the matters in the foregoing paragraph, transfers of shares as well as sets out the rights and privileges attached to the different classes of shares of the company (if applicable).

Singapore Taxation

The discussion in this section is not intended to be and does not constitute legal or tax advice. It is based on the current tax laws and practice in Singapore and is subject to changes in such laws, or in the interpretation thereof. Such changes may be retrospective. No assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws and practice will not occur on a retrospective basis.

Corporate Tax

Corporate taxpayers (whether Singapore tax resident or non-Singapore tax resident) are generally subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore (unless specified conditions for exemption are satisfied). Foreign income in the form of dividends, branch profits and service fee income received or deemed to be received in Singapore by a Singapore tax resident corporate taxpayer may however be exempt from Singapore tax if specified conditions are met.

Section 43(1) of the Income Tax Act 1947 of Singapore ("**ITA**") provides, among other things, that the prevailing corporate income tax rate is 17%. Section 43(6B) of the ITA provides, among other things, that there is partial tax exemption for normal chargeable income of up to S$200,000 as follows:

(a) for every dollar of the first S$10,000 of chargeable income, only 25% is chargeable with tax; and

(b) for every dollar of the next S$190,000 of chargeable income, only 50% is chargeable with tax.

New companies will also, subject to certain conditions and exceptions, be eligible for an exemption of three-quarters of up to the first S$100,000, and one-half of up to the next S$100,000, of their normal chargeable income for each of the company's first three years of assessment.

Dividend Distributions and Withholding Tax

All Singapore tax resident companies are under the one-tier corporate taxation system of Singapore ("**One-Tier System**"). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt (one-tier) dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Singapore currently does not impose withholding tax on dividends paid to resident or non-resident shareholders. Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective home countries or countries of residence and the applicability of any double taxation agreement which the relevant tax jurisdiction may have with Singapore.

Goods and Services Tax

The Goods and Services Tax Act 1993 of Singapore governs goods and services tax ("**GST**"), which is a consumption tax that is levied on the import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore. GST on the import of goods into Singapore is collected by the Singapore Customs while GST on local supplies of goods and services is collected by GST-registered persons.

The prevailing rate of GST is 9%. Certain supplies are exempt from GST. Broadly, these include the provision of certain financial services, and the sale and lease of residential properties. The provision of international services and the export of goods are generally zero-rated (i.e. subject to GST at a rate of 0%).

Stamp Duty

There is no stamp duty payable on the subscription and issuance of shares.

Where shares evidenced in certificate form are acquired in Singapore and where a company maintains a share registry in Singapore, stamp duty is payable on the instrument of transfer of such shares at the rate of 0.2% of the consideration for, or the net asset value of, such shares, whichever is higher. The purchaser has an obligation to pay stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty is payable if the instrument of transfer which is executed outside Singapore, is subsequently received in Singapore.

Personal Data Protection Act 2012 of Singapore

The Personal Data Protection Act 2012 of Singapore ("**PDPA**") establishes the Singapore regime for the protection of personal data (i.e. data, whether true or not, about an individual who can be identified from that data or other information accessible to the relevant organization) and seeks to ensure that organisations comply with a baseline standard of protection for personal data of individuals. The PDPA currently imposes ten data protection obligations on organisations collecting, using or disclosing personal data of individuals, namely, the accountability obligation, the notification obligation, the consent obligation, the purpose limitation obligation, the accuracy obligation, the protection obligation, the retention limitation obligation, the transfer limitation obligation, the access and correction obligation, and the data breach notification obligation. Non-compliance may lead to financial penalties, or civil or criminal liability. The Personal Data Protection Commission also has broad powers to direct the organisations to comply with the provisions of the PDPA.

OVERVIEW

Our history can be traced back to April 2009 when our Company was founded by Mr. Xiang under the name of Shenzhen Yuxuan Network Technology Co., Ltd. (深圳市宇軒網絡技術有限公司). In October 2020, our Company was converted into a joint stock company with limited liability and was renamed as FS.COM Limited (深圳市飛速創新技術股份有限公司). Over the years of development, we have become a globally leading provider of enterprise-grade networking solutions. According to Frost & Sullivan, we were the world's second largest online DTC networking solution provider in terms of revenue in 2024.

OUR BUSINESS MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestone
2009	Our Company was founded by Mr. Xiang.
2011	We launched our online sales platform.
2015	Our flagship brand "FS" was launched and our online sales platform was officially renamed as *FS.com*.
2016	FS HK was incorporated signifying our glocalized operation and delivery.
	We officially launched our product standard system.
2017	We established our delivery center in Germany to expand our glocalized delivery.
	FS Germany was incorporated.
2018	In line with our global market strategy, FS U.S. and FS Singapore were incorporated to enhance our global layout.
	We established our delivery center in Australia and UK to further expand our glocalized delivery.
2019	Our Global R&D Center was established.
2020	Our revenue for the year of 2020 exceeded RMB1 billion.
2022	We established our delivery center in Japan to further expand our glocalized delivery.

Year	Milestone
2023	We were recognized as a "National Specialized and Sophisticated Little Giant" Enterprise (國家級專精特新"小巨人"企業) by the Ministry of Industry and Information Technology of the PRC.
2024	Our Global Operation Center was established.
2025	We had served more than 480,000 customers, and we offered over 120,000 SKUs under our proprietary brand.

OUR MAJOR SUBSIDIARIES

Our business operations have been carried out by our Company and our global network of subsidiaries. The table below sets forth the details of our major subsidiaries as of the Latest Practicable Date:

Name	Place of incorporation	Date of incorporation	Principal business activities
FS HK	Hong Kong	November 8, 2016	International trade of our networking solutions
FS Germany.	Germany	May 11, 2017	Sales and delivery of our networking solutions
FS U.S.	U.S.	April 30, 2018	Sales and delivery of our networking solutions
FS Singapore	Singapore	June 4, 2018	Sales and delivery of our networking solutions
FS Wuhan	PRC	October 15, 2018	R&D and testing of our networking solutions

CORPORATE DEVELOPMENT

Incorporation and Early Shareholding Changes of our Company

On April 9, 2009, our Company was incorporated as a limited liability company in the PRC by Mr. Xiang under the name of Shenzhen Yuxuan Network Technology Co., Ltd. (深圳市宇軒網絡技術有限公司) with a registered share capital of RMB100,000. Upon incorporation, our Company was wholly owned by Mr. Xiang.

On May 8, 2012, the registered share capital of our Company was increased from RMB100,000 to RMB1,000,000 with the newly increased registered share capital subscribed by Mr. Xiang at par value.

Pre-[REDACTED] Investments

From November 2015 to March 2025, we have conducted several rounds of Pre-[**REDACTED**] Investments. See "— Pre-[**REDACTED**] Investments" in this section for details of the Pre-[**REDACTED**] Investments.

Employee Incentive Scheme

In August 2018, our then Shareholders approved an employee incentive scheme and resolved to issue RMB73,323 of new registered share capital, representing 5% of the then total registered share capital of the Company, to Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth, the employee incentive platforms of the Company, at a total consideration of RMB45,768,421.

On December 19, 2019, Yuxuan Growth transferred approximately RMB10,900 of registered share capital, representing approximately 0.71% of the then total registered share capital of the Company to Yuxuan Prudence, and approximately RMB3,964 of registered share capital, representing approximately 0.26% of the then total registered share capital of the Company to Yuxuan Progress at nominal consideration.

Joint Stock Conversion

On October 21, 2020, our Company was converted into a joint stock company with limited liability and was renamed as FS.COM Limited (深圳市飛速創新技術股份有限公司) with our registered share capital increased from RMB1,547,402 to RMB60,000,000. Our then Shareholders' respective shareholding percentages remain unchanged immediately before and after the joint stock conversion.

Capitalization Issue

On December 23, 2021, our then Shareholder resolved to conduct capitalization of the capital reserve of the Company (the "**Capitalization Issue**"), pursuant to which, the registered share capital of our Company was increased from RMB63,057,325 to RMB360,000,000, and a total of 296,942,675 Shares were issued to the then Shareholders in proportion to their respective then shareholding in the Company. Our then Shareholders' respective shareholding percentages remain unchanged immediately before and after the Capitalization Issue.

CAPITALIZATION

The table below summarizes the shareholding structure of our Company as of the Latest Practicable Date and immediately prior to the completion of the [**REDACTED**].

Name of Shareholder	Number of Unlisted Shares held	Approximate percentage of shareholding
		(%)
Controlling Shareholders		
Mr. Xiang	203,928,528	56.65
Yuxuan Prudence	11,489,819	3.19
Yuxuan Progress	2,650,548	0.74
Yuxuan Growth	2,091,006	0.58
Subtotal	***220,159,901***	***61.16***
Fupeng Investors		
Gongqingcheng Fupeng Hongxiang No. 3 Venture Capital Partnership (Limited Partnership) (共青城福鵬宏祥叁號創業投資合夥企業(有限合夥)) ("**Fupeng No. 3**")	39,405,738	10.95
Ningbo Meishan Bonded Port Area Fupeng Hongxiang No.8 Equity Investment Management Centre (Limited Partnership) (寧波梅山保税港區福鵬宏祥捌號股權投資管理中心(有限合夥)) ("**Fupeng No. 8**")	17,514,646	4.87
Subtotal	***56,920,384***	***15.82***
Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司) ("**Haitong Investment**")	16,069,116	4.46
Mr. Yang Jie (楊杰)	15,850,897	4.40
SCGC Investors		
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) ("**SCGC**")	3,272,725	0.91
Shenzhen Hongtu No. 1 Private Equity Investment Fund Partnership (Limited Partnership) (深圳市紅土一號私募股權投資基金合夥企業(有限合夥)) ("**Hongtu No. 1**")	8,181,818	2.27
Shenzhen Nanshan Hongtu Equity Investment Fund Partnership (Limited Partnership) (深圳市南山紅土股權投資基金合夥企業(有限合夥)) ("**Nanshan Hongtu**")	2,181,820	0.61
Subtotal	***13,636,363***	***3.79***

Name of Shareholder	Number of Unlisted Shares held	Approximate percentage of shareholding
		(%)
Chaoyue Future and Mr. Peng Chao		
Shenzhen Chaoyue Future Venture Capital Partnership (Limited Partnership) (深圳市超越未來創業投資合夥企業(有限合夥)) ("**Chaoyue Future**")	6,860,832	1.91
Shenzhen Chaoyue No. 1 Investment Partnership (Limited Partnership) (深圳超越一號投資合夥企業(有限合夥)) ("**Chaoyue No. 1**")	1,636,362	0.45
Mr. Peng Chao (彭超)	508,680	0.14
Subtotal	***9,005,874***	***2.50***
H&S Investors		
Guosen (Zhuhai) Energy Industry Private Equity Fund Partnership Enterprise (Limited Partnership) (國信弘盛(珠海)能源產業基金(有限合夥)) ("**Zhuhai H&S**")	3,478,800	0.97
Xiamen Guosen Lianfa Intelligent Technology Industry Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (廈門弘盛聯發智能技術產業股權投資基金合夥企業(有限合夥)) ("**Xiamen H&S**")	1,739,509	0.48
Subtotal	***5,218,309***	***1.45***
Hainan Orcas Private Equity Investment Fund Partnership (limited Partnership) (海南小虎鯨私募股權投資基金合夥企業(有限合夥)) ("**Orcas Investment**")	4,548,848	1.26
Xiamen Taiya Phase I Venture Capital Partnership (Limited Partnership) (廈門泰亞一期創業投資合夥企業(有限合夥)) ("**Taiya Investment**")	3,892,093	1.08
Zhuhai Lafang Excellence No. 7 Investment Fund (Limited Partnership) (珠海拉芳卓越七號投資基金(有限合夥)) ("**Lafang No. 7**")	3,083,880	0.86
Jieyang Herun Investment Investment Co., Ltd. (揭陽市和潤投資有限公司) ("**Herun Investment**")	3,083,880	0.86
Mingcheng Investors		
Jinggangshan Mingcheng Ruiying Equity Investment Partnership (Limited Partnership) (井岡山明誠瑞鷹股權投資合夥企業(有限合夥)) ("**Mingcheng Ruiying**")	1,090,910	0.30

Name of Shareholder	Number of Unlisted Shares held	Approximate percentage of shareholding
		(%)
Jinggangshan Mingcheng Feisu Equity Investment Partnership (Limited Partnership) (井岡山明誠飛速股權投資合夥企業(有限合夥)) ("**Mingcheng Feisu**")	1,090,910	0.30
Subtotal	***2,181,820***	***0.60***
Xuzhou Yongzheng Investment Partnership (Limited Partnership) (徐州永正投資合夥企業(有限合夥)) ("**Yongzheng Investment**")	1,785,335	0.50
Shenzhen Chiyu Enterprise Management Partnership (Limited Partnership) (深圳市馳裕企業管理合夥企業(有限合夥)) ("**Shenzhen Chiyu**")	1,739,069	0.48
Ms. Gong Cuihua (宮翠華)	1,542,048	0.43
Mr. Chen Shaofeng (陳少豐)	649,272	0.18
Shenzhen Sailvan Network Technology Co., Ltd. (深圳市賽維網絡科技有限公司) ("**Sailvan Network**")	632,911	0.18
Total	**360,000,000**	**100.00**

MATERIAL ACQUISITIONS, DISPOSALS AND MERGERS

We have not conducted any acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date that we consider to be material to us.

PRE-[REDACTED] INVESTMENTS

Details of the Pre-[**REDACTED**] Investments are summarized below.

Name of Pre-[REDACTED] Investor	Investment method	Date of contract	Date of settlement	Amount of registered share capital/number of Shares subscribed/ acquired	Consideration(1)	Cost per Share paid	Discount to the [REDACTED](5)
					(RMB in millions)	(RMB)	(%)
Angel Investment							
Fupeng No. 3	Subscribe for new registered share capital	November 6, 2015	November 9, 2015	RMB178,010	34.00	0.86(2)(3)	[REDACTED]

Name of Pre-[REDACTED] Investor	Investment method	Date of contract	Date of settlement	Amount of registered share capital/number of Shares subscribed/ acquired	Consideration[1]	Cost per Share paid	Discount to the [REDACTED][5]
					(RMB in millions)	*(RMB)*	*(%)*
Series Pre-A Investment							
Fupeng No. 8	Subscribe for new registered share capital	October 7, 2016	October 26, 2016	RMB79,120	45.00	2.57[2][3]	[REDACTED]
Taiya Investment . .	Subscribe for new registered share capital	October 7, 2016	October 26, 2016	RMB17,582	10.00	2.57[2][3]	[REDACTED]
Mr. Yang Jie[7] . . .	Transfer from Mr. Xiang	June 28, 2017	November 13, 2020	RMB76,483	48.00	2.84[2][3][4]	[REDACTED]
Series A Investment							
Lafang No. 7	Subscribe for new registered share capital	September 1, 2017	October 17, 2017	RMB13,931	10.87	3.52[2][3]	[REDACTED]
Herun Investment . .	Subscribe for new registered share capital	September 1, 2017	October 23, 2017	RMB13,931	10.87	3.52[2][3]	[REDACTED]
Ms. Gong Cuihua (宮翠華)	Subscribe for new registered share capital	September 1, 2017	December 15, 2017	RMB6,966	5.44	3.52[2][3]	[REDACTED]
Mr. Chen Shaofeng (陳少豐)	Transfer from Yihua Capital[6]	July 10, 2019	July 11, 2019	RMB2,933	4.00	6.16[2][3][4]	[REDACTED]
Yongzheng Investment[7] . . .	Transfer from Yihua Capital[6]	July 10, 2019	July 11, 2019	RMB8,065	11.00	6.16[2][3][4]	[REDACTED]
Series B Investment							
Zhuhai H&S.	Subscribe for new registered share capital	July 18, 2019	August 9, 2019	RMB15,715	30.00	8.62[2][3]	[REDACTED]
Xiamen H&S	Subscribe for new registered share capital	July 19, 2019	August 9, 2019	RMB7,858	15.00	8.62[2][3]	[REDACTED]
Haitong Investment .	Transfer from Yihua Capital[6]	December 11, 2019	December 27, 2019	RMB72,590	123.20	7.67[2][3][4]	[REDACTED]
Mr. Peng Chao (彭超)	Transfer from Mr. Xiang	March 24, 2020	February 27, 2020[12]	RMB2,298	4.50	8.85[2][3][4]	[REDACTED]
Shenzhen Chiyu . . .	Transfer from Wanfeng Investment[8]	September 23, 2020	September 25, 2020	RMB7,856	18.00	10.35[2][3][4]	[REDACTED]

Name of Pre-[REDACTED] Investor	Investment method	Date of contract	Date of settlement	Amount of registered share capital/number of Shares subscribed/ acquired	Consideration(1)	Cost per Share paid	Discount to the [REDACTED](5)
					(RMB in millions)	*(RMB)*	*(%)*
Series C Investment							
SCGC	Subscribe for new Shares	November 19, 2021	November 29, 2021	573,248 Shares	60.00	18.33(3)	[REDACTED]
Hongtu No. 1	Subscribe for new Shares	November 19, 2021	November 26, 2021	1,433,121 Shares	150.00	18.33(3)	[REDACTED]
Nanshan Hongtu	Subscribe for new Shares	November 19, 2021	November 26, 2021	382,166 Shares	40.00	18.33(3)	[REDACTED]
Mingcheng Ruiying	Subscribe for new Shares	November 19, 2021	November 29, 2021	191,083 Shares	20.00	18.33(3)	[REDACTED]
Mingcheng Feisu	Subscribe for new Shares	November 19, 2021	November 29, 2021	191,083 Shares	20.00	18.33(3)	[REDACTED]
Chaoyue No. 1(13)	Subscribe for new Shares	November 19, 2021	December 8, 2021	286,624 Shares	30.00	18.33(3)	[REDACTED]
Chaoyue Future	Transfer from Grandway Chuangfu(9)	December 20, 2023	December 20, 2023	5,798,073 Shares	64.42	11.11(4)	[REDACTED]
	Transfer from Grandway Investment(10)	July 9, 2024	July 12, 2024	1,062,759 Shares	13.00	12.23(4)	[REDACTED]
Orcas Investment	Transfer from Mingcheng Phase I(11)	October 16, 2024	October 18, 2024	2,531,646 Shares	40.00	15.80(4)	[REDACTED]
	Transfer from Mingcheng Phase I(11)	November 29, 2024	December 4, 2024	937,202 Shares	14.81	15.80(4)	[REDACTED]
	Transfer from Mr. Yang Jie	March 1, 2025	March 7, 2025	1,080,000 Shares	16.20	15.00(4)	[REDACTED]
Sailvan Network	Transfer from Mingcheng Phase I(11)	October 16, 2024	October 21, 2024	632,911 Shares	10.00	15.80(4)	[REDACTED]

Notes:

(1) The consideration was determined after arm's length negotiations between the parties with reference to the timing of the investments and the prospect of our business.

(2) For purpose of joint stock conversion, our registered share capital was increased from RMB1,547,402 to RMB60,000,000, representing an increase of approximately 38.7747 times. See "— Corporate Development — Joint Stock Conversion" in this section for details. Given the registered share capital of the Company increased without introduction of any new Shareholder or any investment funds, for purpose of presenting the

cost per Share paid on a comparable basis especially on a consistent basis with the current registered share capital of the Company, the cost per Share paid is calculated by dividing the total consideration by 38.7747 times of the total amount of registered share capital subscribed or acquired.

(3) For purpose of the Capitalization Issue, our registered share capital was increased from RMB63,057,325 to RMB360,000,000, representing an increase of approximately 5.7091 times. See "— Corporate Development — Capitalization Issue." Given the registered share capital of the Company increased without introduction of any new Shareholder or any investment funds, for purpose of presenting the cost per Share paid on a comparable basis especially on a consistent basis with the current registered share capital of the Company, the cost per Share paid is calculated by dividing the total consideration by 5.7091 times of the total amount of registered share capital or total number of Shares subscribed or acquired.

(4) To the best knowledge of the Company, the consideration for such transfer of registered share capital/Shares was determined among Shareholders after arm's lengths negotiations taking into consideration our then valuation, business and prospects, as well as timing of the transaction. Our Company was not involved in such negotiation.

(5) The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share.

(6) On September 1, 2017, Yihua Capital Management Co., Ltd. (宜華資本管理有限公司) ("**Yihua Capital**") entered into a share subscription agreement with, among others, the Company to subscribe RMB83,588 of new registered share capital of the Company at a total consideration of RMB65.22 million. The consideration was determined after arm's length negotiations between the parties with reference to the timing of the investments and the prospect of our business. Such subscription was completed on September 28, 2017. Yihua Capital ceased to be a Shareholder of the Company since December 2019 following the completion of transfer of its equity interests in the Company to the shareholders of the Company including Mr. Chen Shaofeng, Yongzheng Investment and Haitong Investment.

(7) Such Pre-[**REDACTED**] Investors subscribed or acquired our registered share capital through their nominees by proxy for administrative convenience purpose. The shareholding proxy arrangements have been terminated and the relevant Shares were directly held by such Pre-[**REDACTED**] Investors as of the Latest Practicable Date.

(8) On July 10, 2019, Wanfeng Jinyuan Investment Co., Ltd. (萬豐錦源投資有限公司) ("**Wanfeng Investment**") entered into a share subscription agreement with, among others, the Company to subscribe RMB15,712 of new registered share capital of the Company at a total consideration of RMB29.99 million. The consideration was determined after arm's length negotiations between the parties with reference to the timing of the investments and the prospect of our business. Such subscription was completed on August 21, 2019. Wanfeng Investment ceased to be a Shareholder of the Company since September 2020 following the completion of transfer of its equity interests in the Company to the shareholders of the Company including Shenzhen Chiyu, Shenzhen Grandway Investment Partnership (Limited Partnership) (深圳市嘉遠投資合夥企業(有限合夥)) ("**Grandway Investment**") and Hangzhou Mingcheng Zhihui Phase I Equity Investment Partnership (Limited Partnership) (杭州明誠致慧一期股權投資合夥企業(有限合夥)) ("**Mingcheng Phase I**").

(9) On July 19, 2019, Shenzhen Grandway Capital Management Co., Ltd. (深圳市嘉遠資本管理有限公司) ("**Grandway Capital**") entered into a share subscription agreement with, among others, the Company to subscribe RMB26,192 of new registered share capital of the Company at a total consideration of RMB50.00 million. The consideration was determined after arm's length negotiations between the parties with reference to the timing of the investments and the prospect of our business. Such subscription was completed on August 21, 2019. In November 2021, Grandway Capital transferred all its equity interests in the Company to the Shenzhen Grandway Chuangfu Investment Partnership (Limited Partnership) (深圳市嘉遠創富投資合夥企業(有限合夥)) ("**Grandway Chuangfu**"). Following the completion of the transfer of all its equity interests in the Company to Chaoyue Future in June 2024, Grandway Chuangfu ceased to be a shareholder of the Company.

(10) Following the completion of the transfer of all its equity interests in the Company to Chaoyue Future in July 2024, Grandway Investment ceased to be a shareholder of the Company.

(11) On March 9, 2020, Mingcheng Phase I entered into a share subscription agreement with, among others, the Company to subscribe RMB15,474 of new registered share capital of the Company at a total consideration of RMB31.00 million. The consideration was determined after arm's length negotiations between the parties with reference to the timing of the investments and the prospect of our business. Such subscription was settled on March 16, 2020. Following the completion of the transfer of all its equity interests in the Company to Orcas Investment and Sailvan Network in December 2024, Mingcheng Phase I ceased to be a shareholder of the Company.

(12) In February 2020, Mr. Peng Chao and Mr. Xiang reached a consensus that Mr. Peng Chao would acquire, and Mr. Xiang would dispose RMB2,298 share capital of the Company at the consideration of RMB4.5 million. Such consideration was settled on February 27, 2020. Affected by the outbreak of COVID-19 pandemic in early 2020, Mr. Peng Chao and Mr. Xiang were not able to execute the contract documenting such consensus in February 2020. Such written contract was ultimately executed and dated March 24, 2020 instead.

(13) On May 21, 2025, the general partner of Chaoyue No.1 was changed from Grandway Capital, being the general partner of Chaoyue No. 1 at the time of subscription for our Shares, to Hainan Chaoyue Venture Capital Co., Ltd. (海南超越創業投資有限公司), which is controlled and owned as to 56% by Mr. Peng Chao.

At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors' investments in our Company, and that the Pre-[**REDACTED**] Investors' investments in our Company demonstrated their confidence in our Group's operations and served as an endorsement of our Group's performance, strengths and prospects.

Use of Proceeds from the Pre-[REDACTED] Investments

As of the Latest Practicable Date, all net proceeds from the Pre-[**REDACTED**] Investments had been utilized for our general operation and business development.

Lock-up Period

Pursuant to the applicable PRC law, the Shares held by our Pre-[**REDACTED**] Investors are subject to a lock-up period of 12 months after the [**REDACTED**].

Special Rights of Our Pre-[REDACTED] Investors

In connection with the Pre-[**REDACTED**] investments, our Pre-[**REDACTED**] Investors were granted certain special rights. In anticipation of the [**REDACTED**], pursuant to the agreement dated May 27, 2025 entered into, among others, the Company, the Controlling Shareholder, and the Shareholders (the "**2025 Shareholders' Agreement**"), all such special rights including information right, right of first refusal and tag-along rights, and divestment right, etc. granted to our Pre-[**REDACTED**] Investors were terminated as of the date of our first submission of the [**REDACTED**] to the Stock Exchange.

Pursuant to the 2025 Shareholders' Agreement, if the [**REDACTED**] does not take place under circumstances including withdrawal of the [**REDACTED**], the rejection or return of the [**REDACTED**] by the Stock Exchange, and the lapse of the [**REDACTED**] without resubmission of the [**REDACTED**] within a prescribed time, the divestment right as previously granted to Pre-[**REDACTED**] Investors (which were then borne by the Controlling

Shareholder) shall be resumed to be exerciseable and borne by our Company. See Notes 33 and 44 to the Accountants' Report in Appendix I to this document for details. Considering the Company had no obligation to repurchase the Shares from January 1, 2022 to May 27, 2025, no redemption liability was recorded for the three years ended December 31, 2024. The redemption liability recorded for the nine months ended September 30, 2025 is RMB664.2 million.

As confirmed by the Company: 1) there are no other side arrangements between the Company and the Pre-[**REDACTED**] investors or between the Company and Mr. Xiang regarding divestment rights granted to the Pre-[**REDACTED**] Investors; and 2) the Company did not provide any guarantee on the divestment rights as previously granted by Mr. Xiang to the Pre-[**REDACTED**] Investors during the Track Record Period. As confirmed by the Controlling Shareholders, there are no other side agreements between the Controlling Shareholders and the Pre-[**REDACTED**] Investments regarding the divestment rights granted to the Pre-[**REDACTED**] Investors.

Compliance with the Guide for New Listing Applicants

On the basis that the consideration for the Pre-[**REDACTED**] Investments was settled more than 120 days before the [**REDACTED**] and all special right have been terminated, the Joint Sponsors confirmed that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Information regarding Our Pre-[REDACTED] Investors

Set out below is a description of our Pre-[**REDACTED**] Investors. To the best of our knowledge, save as disclosed below, each of the Pre-[**REDACTED**] Investors is independent from each other.

Fupeng No. 3 and Fupeng No. 8

Fupeng No. 3 is a limited partnership established under the laws of the PRC. The general partner of Fupeng No. 3 is Shenzhen Jiwang Enterprise Management Partnership Enterprise (Limited Partnership) (深圳市吉旺企業管理合夥企業(有限合夥), the "**Shenzhen Jiwang**"), whose general partner is Shenzhen Fupeng Asset Management Co., Ltd. (深圳市福鵬資產管理有限公司) ("**Fupeng Asset**"). The largest limited partner of Shenzhen Jiwang is Mr. Yang Jie holding approximately 99.92% partnership interests therein. Fupeng Asset is wholly owned by Mr. Chen Baogan (陳寶淦), an Independent Third Party. The largest limited partner of Fupeng No. 3 is Mr. Yuan Ruping (袁汝平), an Independent Third Party, holding 15.36% partnership interests therein. Each of the other 19 limited partners of Fupeng No. 3 holds less than 12% of the partnership interest in Fupeng No. 3 and is an Independent Third Party.

Fupeng No. 8 is a limited partnership established under the laws of the PRC and managed by its general partner, Fupeng Asset. Mr. Lin Shiyi (林詩奕) and Mr. He Hongzhou (何宏洲), each an Independent Third Party, are limited partner of Fupeng No. 8 and hold 88.87% and 11.11% partnership interests therein, respectively.

Haitong Investment

Haitong Investment is a limited liability company incorporated under the laws of the PRC, which is wholly owned by Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601211) and the Main Board of the Stock Exchange (stock code: 02611).

Chaoyue Future, Chaoyue No. 1 and Mr. Peng Chao (彭超)

Chaoyue Future and Chaoyue No. 1 are limited partnerships established under the laws of the PRC. The general partner of Chaoyue Future and Chaoyue No. 1 are Hainan Chaoyue Venture Capital Co., Ltd. (海南超越創業投資有限公司) which is owned as to 56% by Mr. Peng Chao, our non-executive Director, with the remaining shareholding held by four Independent Third Parties, each holding less than 20% equity interests therein. The largest limited partner of Chaoyue Future is Changdu Kaifeng Investment Management Co., Ltd. (昌都市凱豐投資管理有限公司) holding approximately 33.3% partnership interests therein which is owned as to 50% by Mr. Wu Xing (吳星), an Independent Third Party. None of the other shareholders of Changdu Kaifeng Investment Management Co., Ltd. holds more than 20% equity interests therein. Mr. Peng Chao is also a limited partner of Chaoyue Future holding approximately 3.3% partnership interest therein. Except for Changdu Kaifeng Investment Management Co., Ltd., each of the other 12 limited partners of Chaoyue Future holds less than one third of the partnership interest in Chaoyue Future. Except for Mr. Peng Chao, each of the other 12 limited partners of Chaoyue Future is an Independent Third Party. Each of the limited partners of Chaoyue No.1 holds less than one third of the partnership interest in Chaoyue No.1 and is an Independent Third Party.

Mr. Peng Chao is an individual Pre-[**REDACTED**] Investor who from time to time participates in various investment opportunities with a primary focus in China and a non-executive Director of our Company. See "Directors, Supervisors and Senior Management" in this document for biographic details of Mr. Peng Chao.

Taiya Investment

Taiya Investment is a limited partnership established under the laws of the PRC. The general partner of Taiya Investment is Xiamen Taiya Dingfu Investment Management Co., Ltd. (廈門泰亞鼎富投資管理有限公司), which is owned by Mr. Lin Shiyi (林詩奕), Mr. Qin Wei (秦偉) and Ms. Huang Xiaorong (黃小蓉), each an Independent Third Party, as to 50%, 30% and 20%, respectively. Taiya Investment has only one limited partner, Mr. Lin Songbai (林松柏), an Independent Third Party who holds approximately 99.5% of the partnership interest therein.

Zhuhai H&S and Xiamen H&S

Zhuhai H&S and Xiamen H&S are limited partnerships established under the laws of the PRC. The general partner of both Zhuhai H&S and Xiamen H&S is Guosen H&S Private Equity Fund Management Co., Ltd. (國信弘盛私募基金管理有限公司), which is a wholly owned subsidiary of Shenzhen Guosen Securities Co., Ltd. (國信證券股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 002736). The largest limited partner of Zhuhai H&S holding approximately 33.3% partnership interests therein is Hubei Culture Tourism Capital Co., Ltd. (湖北文旅資本控股有限公司), a wholly-owned subsidiary of Hubei Culture & Tourism Group Co., Ltd. (湖北文化旅遊集團有限公司), which is in turn owned as to 72.4% by the State-owned Assets Supervision and Administration Commission of the People's Government of Hubei Province (湖北省人民政府國有資產監督管理委員會). The largest limited partner of Xiamen H&S holding approximately 33.3% partnership interests therein is United Nations Development Group Co., Ltd. (聯發集團有限公司) which is owned as to 95% by Xiamen C&D Inc. (廈門建發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600153). Except for Hubei Culture Tourism Capital Holding Co., Ltd. and United Nations Development Group Co., Ltd., each of the other 2 limited partners of Zhuhai H&S and 4 limited partners of Xiamen H&S holds less than one third of the partnership interest in Zhuhai H&S and/or Xiamen H&S and is an Independent Third Party.

Lafang No. 7

Lafang No. 7 is a limited partnership established under the laws of the PRC. The general partner of Lafang No. 7 is Shenzhen Lafang Investment Management Co,. Ltd. (深圳市拉芳投資管理有限公司), which is owned by Mr. Wu Guiqian (吳桂謙) and Ms. Zheng Qingying (鄭清英), each an Independent Third Party, as to 70% and 30%, respectively. The largest limited partner of Lafang No. 7 holding approximately 85.75% partnership interests therein is Zhuhai Hengqin Mingchen Venture Capital Fund (Limited Partnership) (珠海橫琴銘晨創業投資基金(有限合夥)) whose general partner is Shenzhen Shenghaoyuan Investment Management Co., Ltd. (深圳盛浩源投資管理有限公司), a company owned by Mr. Tan Qing (談清) and Mr. Wu Guangting (吳光廷), each an Independent Third Party, as to 70% and 30%, respectively. The other limited partners of Lafang No. 7 are Mr. Wu Binhua (吳濱華), Ms. Zheng Yingqing (鄭清英), each an Independent Third Party, holding 7.09% and 7.09% partnership interests therein, respectively.

Herun Investment

Herun Investment is a limited liability company incorporated under the laws of the PRC, which is owned by Mr. Chen Jianwu (陳劍武) and Mr. Chen Junhong (陳俊宏), each an Independent Third Party, as to 70% and 30%, respectively. Mr. Chen Jianwu is an individual investor who from time to time engages in equity investment business.

Yongzheng Investment

Yongzheng Investment is a limited partnership established under the laws of the PRC, the general partner of which is Mr. Cai Dujie (蔡杜傑), an Independent Third Party. Yongzheng Investment has three limited partners, namely Mr. Chen Zhiwei (陳智偉), Mr. Huang Junchao (黃俊潮) and Mr. Li Xinbiao (李信標), who are Independent Third Parties holding 50%, 27.27% and 4.55% partnership interests therein. Mr. Cai Dujie, Mr. Chen Zhiwei, Mr. Huang Junchao and Mr. Li Xinbiao are individual investors who from time to time engage in equity investment business.

Shenzhen Chiyu

Shenzhen Chiyu is a limited partnership established under the laws of the PRC, the general partner of which is Mr. Huang Xiaoyan (黃小雁), an Independent Third Party. The largest limited partner of Shenzhen Chiyu is Ms. Peng Xiumei (彭綉梅), an Independent Third Party, holding 25.21% partnership interests therein. Each of the other 7 limited partners of Shenzhen Chiyu holds less than 21% of the partnership interest therein and is an Independent Third Party. Mr. Huang Xiaoyan is a private equity investment fund manager and the legal representative and general manager of Shenzhen Tainzhihui Investment Management Co., Ltd. (深圳市天之卉投資管理有限公司).

SCGC, Hongtu No. 1 and Nanshan Hongtu

SCGC is a limited liability company incorporated in the PRC, the largest shareholder of which is State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government (深圳市國有資產監督管理委員會) holding 28.20% equity interest therein. None of the other shareholders of SCGC holds more than 25% equity interest therein.

Hongtu No. 1 is a limited partnership established under the laws of the PRC, the general partner of which is SGCG Hongtu Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (深創投紅土私募股權投資基金管理(深圳)有限公司), a wholly-owned subsidiary of SCGC. The largest limited partner of Hongtu No. 1 is Shenzhen Guiding Fund Investment Co., Ltd. (深圳市引導基金投資有限公司), a company wholly owned by the Finance Bureau of Shenzhen (深圳市財政局), holding 22.15% partnership interests therein. Each of the other 29 limited partners of Hongtu No. 1 holds less than one third of the partnership interest in Hongtu No. 1 and is an Independent Third Party.

Nanshan Hongtu is a limited partnership established under the laws of the PRC, the general partner of which is Shenzhen Nanshan Hongtu Equity Investment Fund Management Co., Ltd. (深圳市南山紅土股權投資基金管理有限公司), a wholly-owned subsidiary of SGCG Hongtu Private Equity Investment Fund Management (Shenzhen) Co., Ltd. Shenzhen Hongtu Venture Capital Co., Ltd. (深圳市南山紅土創業投資有限公司), a wholly owned subsidiary of SCGC, and Shenzhen Guiding Fund Investment Co., Ltd., as limited partners of Nanshan Hongtu, hold 40% and 35% of partnership interest therein, respectively. Except for Shenzhen Hongtu Venture Capital Co., Ltd. and Shenzhen Guiding Fund Investment Co., Ltd., each of the other 4 limited partners of Nanshan Hongtu holds less than one third of the partnership interest in Nanshan Hongtu and is an Independent Third Party.

Mingcheng Feisu and Mingcheng Ruiying

Mingcheng Feisu and Mingcheng Ruiying are limited partnerships established under the laws of the PRC. The general partner of Mingcheng Feisu and Mingcheng Ruiying is Mingcheng Zhihui (Hangzhou) Equity Investment Co., Ltd. (明誠致慧(杭州)股權投資有限公司), which is owned as to 68% by Mr. Hu Huayong (胡華勇), an Independent Third Party. The largest limited partner of Mingcheng Feisu holding approximately 59.86% partnership interests therein is Mr. Wu Fucai (吳福財), an Independent Third Party. The largest limited partner of Mingcheng Ruiying holding approximately 52.03% partnership interests therein is Shenzhen Huanyi Investment Partnership Enterprise (Limited Partnership) (深圳桓翊投資合夥企業(有限合夥)), the general partner of which is Shenzhen Qianhai Zhaohuan Capital Co., Ltd. (深圳前海肇桓資本有限公司), a company ultimately controlled by Mr. Zhang Xiangdong (張向東), an Independent Third Party. Except for Mr. Wu Fucai and Shenzhen Huanyi Investment Partnership (Limited Partnership), each of the other 4 limited partners of Mingcheng Feisu and 4 limited partners of Mingcheng Ruiying holds less than one third of the partnership interest in Mingcheng Feisu and/or Mingcheng Ruiying and is an Independent Third Party.

Orcas Investment

Orcas Investment is a limited partnership established under the laws of the PRC whose general partner is Hainan Orcas Private Equity Investment Fund Management Co., Ltd. (海南奧卡斯私募股權投資基金管理股份有限公司), a company owned as to 85.5% by Mr. HO CHUN YU (賀振宇), an Independent Third Party. The largest limited partner of Orcas Investment is Hainan Free Trade Port Construction Investment Fund Co., Ltd. (海南自由貿易港建設投資基金有限公司) holding 23.78% partnership interests therein. Each of the other 15 limited partners of Orcas Investment holds less than 20% of the partnership interest in Orcas Investment and is an Independent Third Party.

Sailvan Network

Sailvan Network is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Sailvan Times Technology Co., Ltd. (賽維時代科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301381).

Mr. Yang Jie (楊杰)

Mr. Yang Jie is an individual investor who from time to time participates in various investment opportunities with a primary focus in China. Mr. Yang Jie is the largest limited partner of Shenzhen Jiwang holding approximately 99.92% partnership interests therein. Shenzhen Jiwang is the general partner of Fupeng No. 3, one of our Shareholders.

Ms. Gong Cuihua (宮翠華)

Ms. Gong Cuihua is an individual investor who from time to time engages in investment business.

Mr. Chen Shaofeng (陳少豐)

Mr. Chen Shaofeng is an individual investor who from time to time engages in equity investment related business.

PUBLIC FLOAT

Pursuant to Rule 19A.13A of the Listing Rules, assuming that the [**REDACTED**] is not exercised, (i) based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low end of the indicative [**REDACTED**] range), our expected market capitalization upon the [**REDACTED**] is HK$[**REDACTED**], and the minimum prescribed public float percentage applicable to our Shares is [**REDACTED**]%; (ii) based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range), our expected market capitalization upon the [**REDACTED**] is HK$[**REDACTED**], and the minimum prescribed public float percentage applicable to our Shares is [**REDACTED**]%; and (iii) based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the top end of the indicative [**REDACTED**] range), our expected market capitalization upon the [**REDACTED**] is HK$[**REDACTED**], and the minimum prescribed public float percentage applicable to our Shares is [**REDACTED**]%.

Upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and the [**REDACTED**], an aggregate of [**REDACTED**] H Shares held by (i) Mr. Xiang, Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth, our Controlling Shareholders, (ii) Fupeng No. 3 and Fupeng No. 8, our substantial shareholders, (iii) Mr. Peng Chao, our non-executive Director, and (iv) Chaoyue Future and Chaoyue No. 1, entities ultimately controlled by Mr. Peng Chao, will not be counted towards the public float.

Except as stated above, all the [**REDACTED**] H Shares held by other Shareholders and the [**REDACTED**] H Shares to be issued under the [**REDACTED**] will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules, representing [**REDACTED**]% of total issued Shares. Accordingly, at the time of [**REDACTED**], we will maintain a sufficient public float as required under Rule 19A.13A(1) of the Listing Rules.

FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of Listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

It is expected that immediately following completion of the [**REDACTED**], a market capitalization of not less than HK$600 million of the H Shares listed on the Stock Exchange will not be subject to such disposal restrictions at the time of the [**REDACTED**]. Accordingly, our Company will be able to satisfy the requirements under Rule 19A.13C of the Listing Rules.

PRC LEGAL ADVISOR'S CONFIRMATION

As advised by our PRC Legal Advisor, the abovementioned equity transfers involving our Shares, increase in share capital and conversion from a limited liability company to a joint stock company with limited liability have been properly and legally completed in all material respects and all requisite regulatory approvals have been obtained in accordance with the applicable PRC laws and regulations in all material respects.

EMPLOYEE INCENTIVE PLATFORMS

In order to further enhance our corporate governance structure, attract and retain management talents and employees, incentivize our employees to promote our sustainable development and balance our long-term and short-term goals, we adopted employee incentive schemes to award the partnership interests in our Employee Incentive Platforms to the scheme participants.

See "Statutory and General Information — 5. Employee Incentive Schemes" in Appendix V to this document for details of our employee incentive schemes and employee incentive platforms.

PREVIOUS A SHARE LISTING ATTEMPT

To explore the opportunity of establishing a capital market platform in the A-share market, our Company submitted the A share listing application to the CSRC on June 21, 2022 (the "**A Share Listing Application**"). In November 2023, considering overall capital markets condition and as a company with global layout, the [**REDACTED**] on the Stock Exchange would provide the Company with an international platform to gain access to foreign capital and to promote the Group to overseas investors, the Company discussed with professional parties to explore the possibility of switching to the Listing on the Stock Exchange and had some preliminary discussions with certain Shareholders. After thorough discussions with the then Directors (including, among others, the non-executive Directors nominated by Shareholders and independent Directors), on March 22, 2024, the Directors unanimously approved to withdraw the A Share Listing Application. According to our application to withdraw the A Share Listing Application, the Shenzhen Stock Exchange terminated its vetting process on May 11, 2024.

On March 21, 2023 and September 4, 2023, we received certain comments (the "**SSE Commments**") from relevant regulatory authorities in respect of our A Share Listing Application mainly regarding our industry and business, IT system, and financial information etc. Considering (i) the Company and relevant parties have submitted responses on June 7, 2023 and February 2, 2024, in response to the SSE Comments, revised draft listing documents and other documents to the relevant regulatory authorities and no further follow-up comments were received by the Company or relevant parties with respects to the matters mentioned in the SSE Comments from the relevant authorities; and (ii) there were no outstanding comments from the Shenzhen Stock Exchange at the time of lodging the withdrawal application of the A Share Listing Application, the Company is of the view that the SSE Comments had been satisfactorily addressed in all material respects.

The Shenzhen Stock Exchange conducted a two-week on-site supervision from March 11, 2024 to March 24, 2024. On January 10, 2025, Shenzhen Stock Exchange issued a regulatory letter (the "**Regulatory Letter**") to our Company and Mr. Xiang, which was mainly regarding certain deficiencies in our Company's internal control system, including (i) the accuracy of certain information displayed in the front-end sales platform (the "**Front-End Display Deficiency**"). The Company assigned different product IDs to the different specifications (e.g. compatibility, colour etc.) of one type of product. The back-end financial systems recorded the sales volume per product ID to ensure accuracy. On the other hand, the front-end sales platform displays the aggregated sales volume of multiple product IDs for the same type of product, to give potential customers a consistent impression and a full picture of the aggregated sales volume for any single type of product; (ii) system operation logs retaining deficiency (the "**Operating Log Retaining Deficiency**"). During an operation log system upgrade in April 2023 for server mitigation, unforeseen technical issues during the upgrade resulted in loss of one-month operation logs. The Company initiated such system upgrade due to the large volume of operation logs data and anticipated shortage of storage space on the original server; and (iii) lack of internal management systems for reverse settlement and reverse audit (the "**Reverse Settlement/Audit Deficiency**"). To ensure accuracy of data in the Company's financial system, responsible financial staff may remove data with errors, or those data the auditor of the Company required to adjust, and input the correct data in the Company's financial system. Such actions were labelled as reverse settlement by the financial system of the Company. No disciplinary actions or penalties were taken by the Shenzhen Stock Exchange in respect of the Regulatory Letter and no response was required for the Regulatory Letter. To the best of our knowledge and as confirmed by our PRC Legal Advisor, there are no outstanding matters, ongoing investigations or disciplinary actions by the Shenzhen Stock Exchange, the CSRC or other competent authorities against our Company, our subsidiaries, Directors, shareholders and the sponsor, auditor, PRC counsel as well as the asset appraisal institution engaged by the

Company for the A Share Listing Application in respect of the Regulatory Letters and the A Share Listing Application. The Company has rectified the issues identified in the Regulatory Letter and had enhanced its internal control mechanisms by (i) establishing a real-time synchronization and update mechanism to align the information display approach across front-end and back-end systems, relevant information was presented/recorded per product ID in front-end and back-end systems, rather than on an aggregated basis; (ii) rectifying the technical issues which resulted in the loss of operation logs. There has been no reoccurrence of any loss of operation logs up to the Latest Practicable Date; and (iii) establishing corresponding internal control measures which require that any reverse settlement must be pre-approved and followed by a written record setting out the details of the reverse settlement. In addition, we have taken into consideration of such comments and also enhanced our internal control system in preparing for the [**REDACTED**]. The Directors are of the view that, considering (i) the nature of the three issues identified in the Regulatory Letter; (ii) the three issues identified in the Regulatory Letter have been rectified; (iii) no administrative penalty has been taken by the Shenzhen Stock Exchange, the CSRC or other competent authorities, and to the best of our knowledge and as confirmed by our PRC Legal Advisor, there are no outstanding matters, ongoing investigations or disciplinary actions by the Shenzhen Stock Exchange, the CSRC or other competent authorities against our Company, our subsidiaries, Directors, shareholders and the sponsor, auditor, PRC counsel, asset appraisal institution engaged by the Company for the A Share Listing Application, the issues identified in the Regulatory Letter do not have any material adverse impact on our Group.

To the best of our Directors' knowledge and belief, considering (i) the nature of the issues identified in the Regulatory Letter which do not relate to any fraudulent conduct of the Company; (ii) the Regulatory Letter did not make any findings of fact suggesting acts of dishonesty or actions in bad faith by our Company, (iii) it was not an intentional breach of the duty of good faith and trustworthiness for the issues identified in the Regulatory Letter, whose nature does not involve any suggestion of bad faiths, (iv) our Company has enhanced our internal control systems and the internal control deficiencies identified in the Regulatory Letter have been rectified, and (v) save for being addressed in the Regulatory Letter, the Company was not involved in any administrative penalty, convicted, charged, summoned, penalised or named in any regulatory letter over any offences, violations or breach of laws or regulations with respect to the A Share Listing Application, our Directors have confirmed that they are not aware of any material matters or findings relating to the A Share Listing Application or the Regulatory Letter which have been brought to their attention that might materially and adversely affect our suitability for the [**REDACTED**] or should be brought to the attention of the Stock Exchange and/or the prospective investors in the [**REDACTED**]. See "Directors, Supervisors and Senior Management — Directors' and Supervisors' Interest and Confirmation."

In respect of the A Share Listing Application, the Joint Sponsors have conducted the following due diligence:

(i) obtaining and reviewing the A Share Listing Application documents and the subsequent replies to the comments of the Shenzhen Stock Exchange;

(ii) conducting interviews with the management of the Company and key professional parties involved in the A Share Listing Application to understand, among others, the background of and reason for the withdrawal of the A Share Listing Application; and

(iii) interviewing the professional parties involved in the A Share Listing Application process, which confirmed that the Company and Mr. Xiang were fully cooperative throughout.

In respect of the Regulatory Letter, the Joint Sponsors have conducted the following due diligence:

(i) conducting interviews with the management of the Company and key professional parties involved in the A Share Listing Application to understand, among others, the background and their view on the Regulatory Letter;

(ii) consulting the Company's PRC Legal Advisors, which have confirmed that the Regulatory Letter does not constitute any administrative penalty or sanction under PRC laws, and does not affect the qualification of Mr. Xiang acting as a director under applicable PRC laws; and

(iii) interviewing the professional parties involved in the A Share Listing Application process, and noted that none of them disclosed any concerns regarding Mr. Xiang's integrity.

In respect of the Front-End Display Deficiency, the Joint Sponsors have conducted the following due diligence:

(i) conducting interviews with the management of the Company to understand, among others, the background and their view on the Front-End Display Deficiency;

(ii) reviewing the internal control report prepared by an independent internal control consultant engaged by the Company, which confirms, among others, that the issue relating to the display of product sales or customer comment-related data has been rectified; and

(iii) reviewing the report on the Company's information technology system prepared by an independent information technology consultant engaged by the Company, which has found no material discrepancies between the back-end data of the Company financial system and the front-end data of the Company's sales platform.

In respect of the Operating Log Retaining Deficiency, the Joint Sponsors have conducted the following due diligence:

(i) conducting interviews with the management of the Company to understand, among others, the background and their view on the Operating Log Retaining Deficiency; and

(ii) reviewing the internal control report prepared by an independent internal control consultant engaged by the Company, which confirms, among others, that appropriate policies on operation system logs retention have been put in place for six months and there have been no adverse findings.

In respect of the Reverse Settlement/Audit Deficiency, the Joint Sponsors have conducted the following due diligence:

(i) conducting interviews with the management of the Company to understand, among others, the background and their view on the Reverse Settlement/Audit Deficiency; and

(ii) reviewing the internal control report prepared by an independent internal control consultant engaged by the Company, as well as a list of transactions relating to the Company's internal reverse settlement requests and approval status in 2024 and 2025, which confirms, among others, that enhanced approval procedures and documentary record requirements relating to reverse settlements and audit procedures have been implemented.

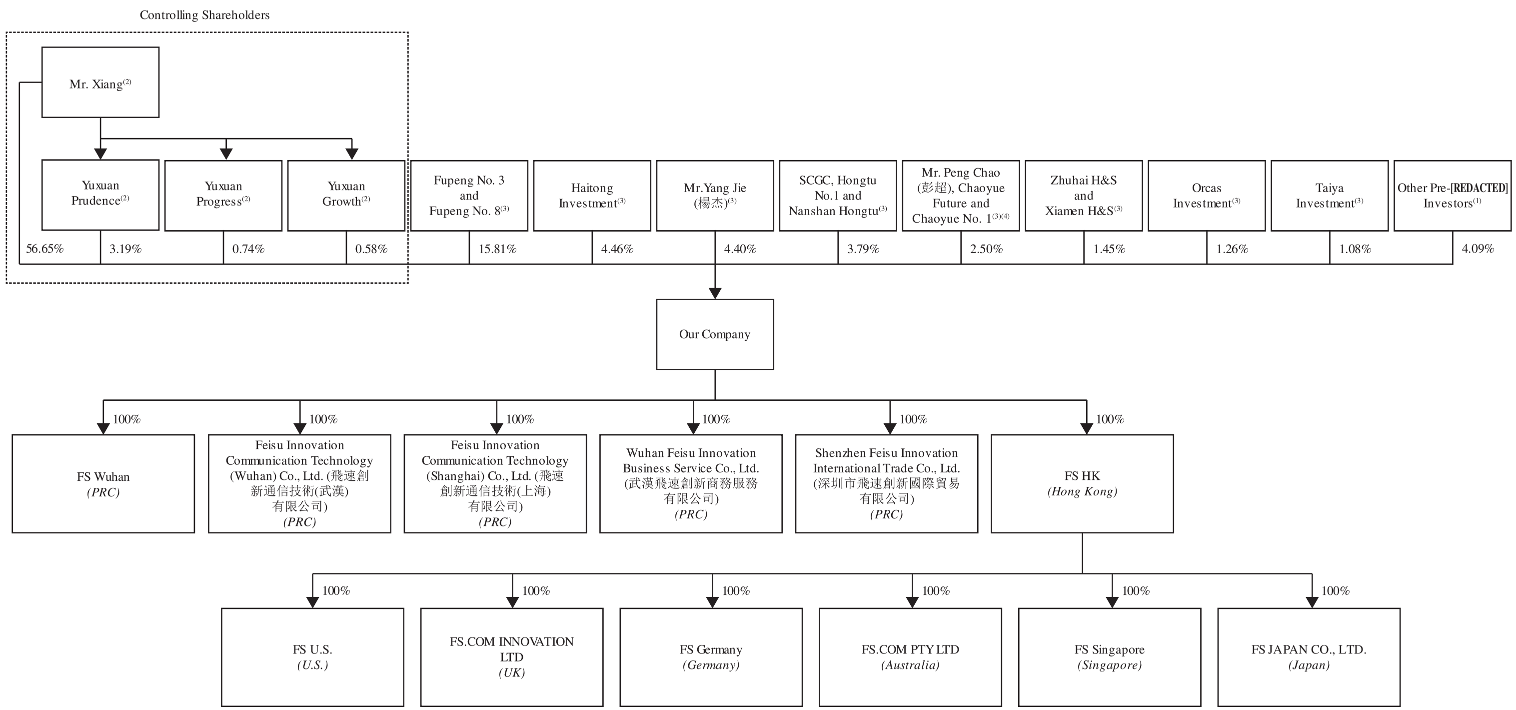
Based on the above due diligence, the Joint Sponsors are not aware of any material internal control deficiencies or other material matters relating to the A Share Listing Application and the Regulatory Letter that would have any material adverse impact on the Group or would affect the Company's suitability for [**REDACTED**] and there is nothing else in connection with the A Share Listing Application and the Regulatory Letters that should be brought to attention of the Stock Exchange.

Based on the due enquiries, review of relevant documents, and independent due diligence conducted by the Joint Sponsors as detailed above, nothing has come to the attention of the Joint Sponsors that would lead them to believe there is any matter that may affect Mr. Xiang's suitability under Rules 3.08 and 3.09 of the Listing Rules in relation to the Regulatory Letter.

CORPORATE STRUCTURE

Corporate structure immediately before completion of the [REDACTED]

The following chart sets forth our shareholding structure as of the Latest Practicable Date and immediately before completion of the [**REDACTED**]:



Notes:

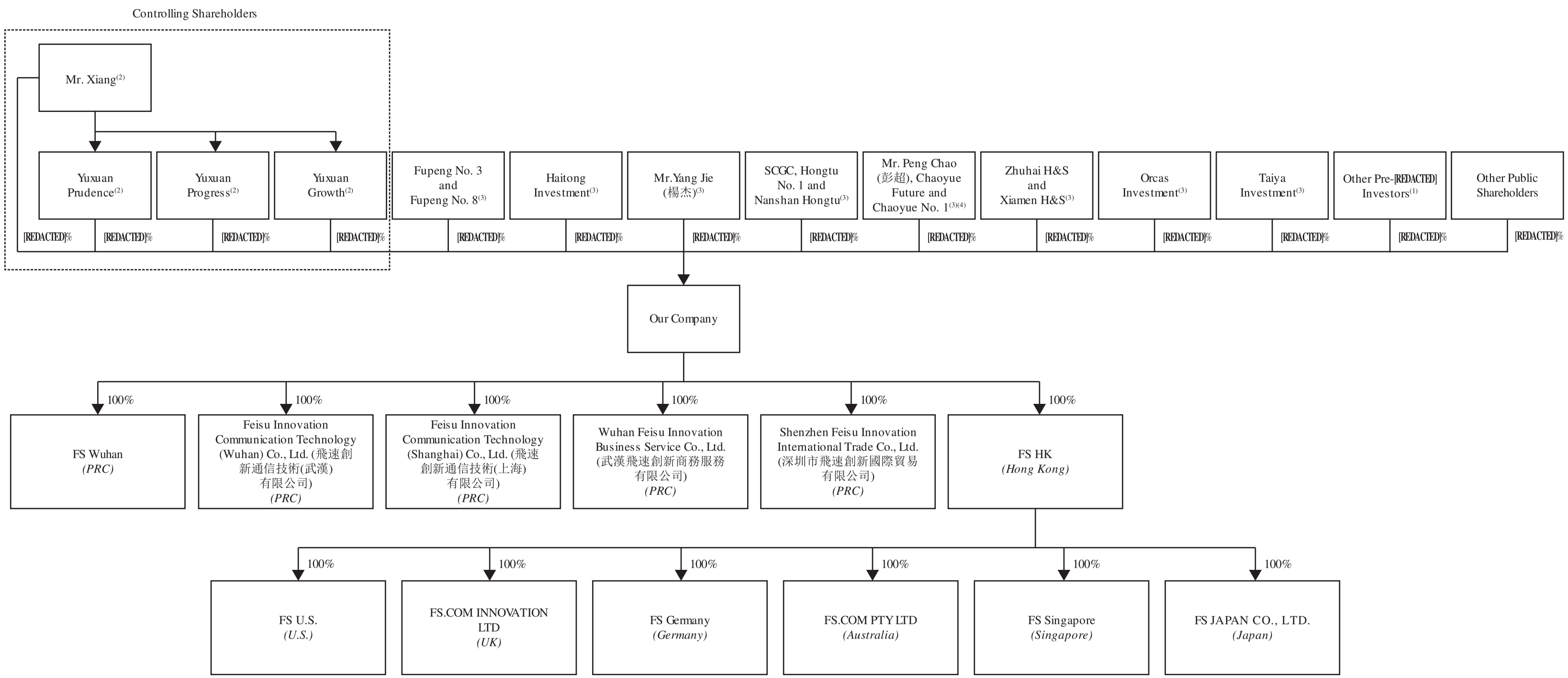
(1) Refers to 9 Pre-[**REDACTED**] Investors of the Company, including Lafang No. 7, Herun Investment, Mingcheng Ruiying, Mingcheng Feisu, Yongzheng Investment, Shenzhen Chiyu, Ms. Gong Cuihua, Mr. Chen Shaofeng and Sailvan Network. See "— Capitalization" and "— Pre-[**REDACTED**] Investments."

(2) Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth are employee incentive platforms of our Company, which are controlled and managed by their general partner, Mr. Xiang. See "— Employee Incentive Platforms" and "Appendix V — Statutory and General Information — 5. Employee Incentive Schemes."

(3) See "— Pre-[**REDACTED**] Investments — Information regarding Our Pre-[**REDACTED**] Investors."

Corporate structure immediately following completion of the [REDACTED]

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



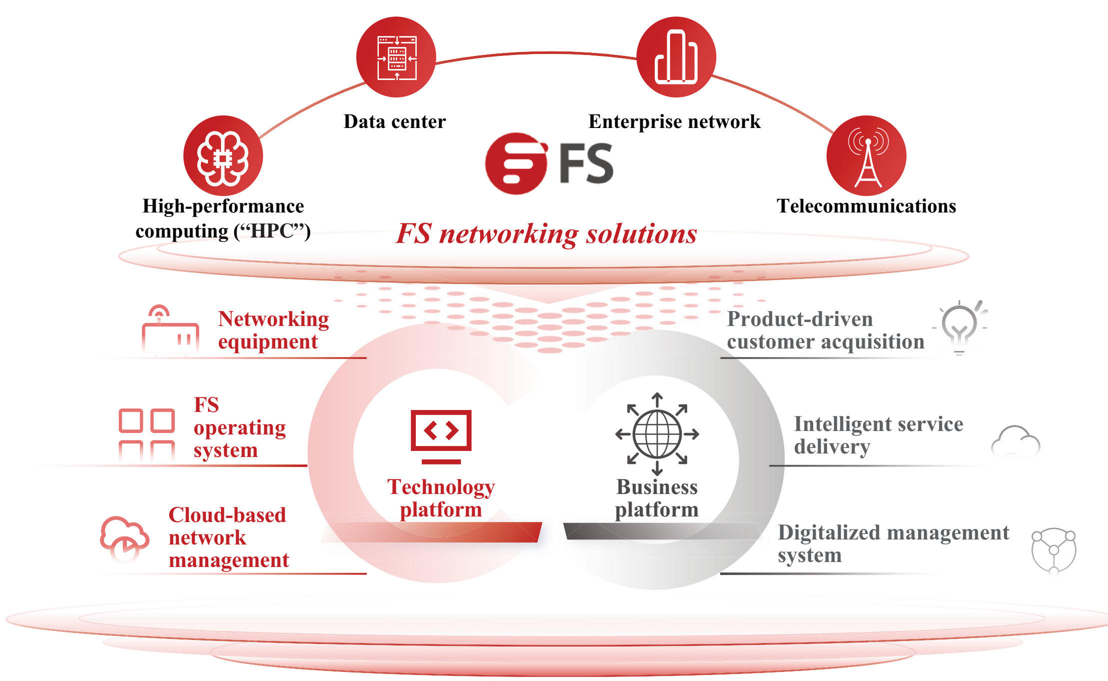
Notes:

(1) to (3) See notes in "— Corporate Structure — Corporate structure immediately before completion of the [**REDACTED**]."

OVERVIEW

We were the world's second largest online DTC networking solution provider in terms of revenue in 2024 with a 6.9% market share, according to Frost & Sullivan. Our comprehensive networking solutions empower businesses globally to achieve efficient digital transformations. Through our online sales platform, *FS.com*, we deliver scalable, cost-effective and comprehensive one-stop networking solutions. Our solutions range includes high-performance networking equipment, scalable networking equipment operating system and cloud-based network management platform. We excel in diverse scenarios including high-performance computing, data centers, enterprise networks and telecommunications, meeting the demand for both enterprise-grade high-performance networking solutions and general networking solutions for worldwide customers through our platform-centric and online-enabled approach.

Over the decades, we have established ourselves as a globally renowned technology brand celebrated for our steadfast dedication to delivering outstanding value for our customers. Our customer-centric approach has fostered a global customer base spanning across various industries. As of the Latest Practicable Date, we had served more than 480,000 customers in over 200 countries and regions worldwide, covering approximately 60% of Fortune 500 companies from a wide spectrum of sectors including, among others, information technology, financial services, healthcare, education, automotive and electronics. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, approximately 74,000, 76,600, 82,500, 69,100 and 69,300 customers placed orders on our online sales platform, with an average revenue per customer of approximately RMB26,900, RMB28,900, RMB31,700, RMB28,300 and RMB31,400 in the same respective periods. We witnessed improving customer loyalty, with our net dollar retention rate reaching 94.4% and 102.3% in 2023 and 2024, respectively.



We have established an industry-leading technology platform which sets new standards in global networking solutions. It boosts the efficiency of our one-stop networking solutions and drives continuous product and service innovation. It has enabled us to create a versatile and comprehensive proprietary product portfolio.

- ***Comprehensive portfolio of networking equipment.*** As of the Latest Practicable Date, we offered over 120,000 SKUs under our proprietary brand, covering optical modules and high-speed cables, fiber optic cables, switches, optical transmission equipment, optical fiber cabling management products and copper system products. As of the Latest Practicable Date, we had the most diversified portfolio of proprietary brand networking equipment SKUs among all online DTC networking solution providers in the world, according to Frost & Sullivan. Our extensive portfolio of networking equipment meets the full spectrum of customer needs with flexible product configurations and custom parameters for diverse networking scenarios. This significantly reduces design and technical validation cycles and boosts deployment efficiency. Furthermore, our unified procurement system across multiple product categories effectively reduces the procurement costs for our customers.

- ***Networking equipment operating system.*** Our networking equipment operating system, *FS OS*, deployed on our networking equipment is the backbone of our networking solutions. It delivers compatibility, reliability and scalability for our multi-speed networking solutions while providing robust network security. This powerful combination simplifies deployment and reduces operating costs for our customers.

- ***Cloud-based network management platform.*** Our cloud-based network management platform integrates seamlessly with our networking equipment operating system. This powerful duo enables SDN and allows our customers to configure, deploy and manage networking equipment intelligently and efficiently. By streamlining operational and maintenance tasks, our platform significantly enhances network efficiency, reduces network disruptions and accelerates the transition to intelligent networks.

On the other hand, we have developed a product-driven business platform that transforms the way we acquire, manage and create value for customers. With this platform, we have expanded our international reach, enhanced our global brand influence and optimized our cross-border operational efficiency.

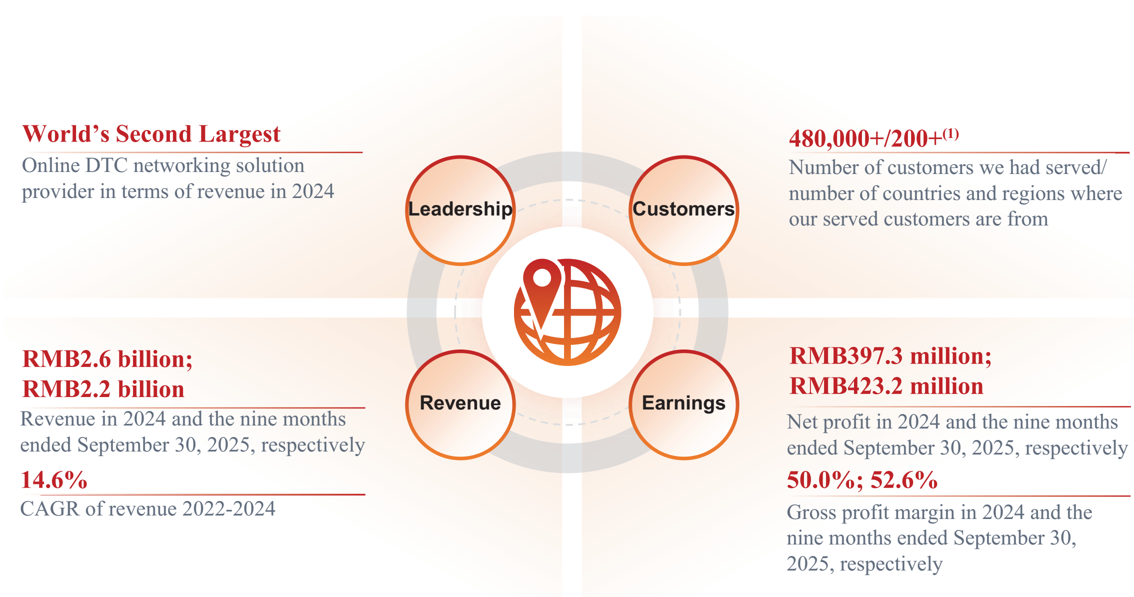
- ***Product-driven customer acquisition.*** With a comprehensive product portfolio fulfilling customers' needs under diverse scenarios, our online sales platform, *FS.com*, has enabled us to reach global customers efficiently. Our platform offers a seamless one-stop procurement and delivery process from solution design to testing and validation, deployment and installation and after-sales technical support, ensuring swift and smooth operations. Our customers have demonstrated their continued trust in our products. In each of 2022, 2023, 2024 and the nine months ended September 30, 2025, customers purchasing three or more enterprise-grade networking products and solutions accounted for over 80% of our total revenue, with an average revenue per such customer of approximately RMB61,700, RMB63,500, RMB75,600 and RMB84,100, respectively.

- ***Intelligent service delivery.*** Our *FS Agent* is fully integrated into our online sales platform. It allows our customers to have access to personalized online customer service support such as recommendations for networking solutions and relevant equipment, technical consultations and troubleshooting support at any time. Meanwhile, we have achieved intelligent and efficient logistics through our global delivery centers. Coupled with *FS Agent*, we have significantly improved our service efficiency and customer satisfaction.

- ***Digitalized management system.*** We have developed an end-to-end digitalized management system comprising a wide spectrum of functions including order management, supply chain management, warehouse management and customer relationship management. By applying digitalized management tools to our core operating processes such as research and development, precision marketing and supply chain optimization, we are able to enhance our operational efficiency.

Capitalizing on our well-established global ecosystem and platform-based service capabilities, we have achieved significant growth in our business and profitability during the Track Record Period. We derived almost all of our revenue overseas during the Track Record Period. Our revenue increased from RMB1,988.2 million in 2022 to RMB2,611.8 million in 2024, representing a CAGR of 14.6%. Our revenue increased from RMB1,953.7 million in the nine months ended September 30, 2024 to RMB2,174.7 million in the nine months ended September 30, 2025. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our gross profit margin was 45.4%, 49.4%, 50.0%, 51.0% and 52.6%, respectively, and our profit for the year/period amounted to RMB364.5 million, RMB456.7 million, RMB397.3 million, RMB350.8 million and RMB423.2 million, respectively, during the same periods.

The diagram below illustrates our key operating metrics and financial performance:



(1) As of the Latest Practicable Date

Our Market Opportunities

In recent years, AI has surged as a thrust for technological advancement and global economic growth. Network infrastructure plays a vital role in integrating AI into business operations, and it is an essential element for enterprises undergoing digital and intelligent transformation. The increasing penetration and rising popularity of AI applications across various industries will further drive the demand for localized network services by enterprises. In 2024, 29.0% of global enterprise network infrastructure adopted localized network deployment. In particular, only approximately 10% of small-and-medium sized network infrastructure adopted localized network deployment, and it is expected to grow to approximately 20% by 2029, according to Frost & Sullivan.

According to Frost & Sullivan, the market for enterprise-grade networking solutions is expected to experience significant growth in the AI era. The market size is projected to grow from USD162.8 billion in 2024 to USD245.3 billion by 2029, representing a CAGR of 8.5%. As the industry evolves, enterprises face increasingly diverse requirements for their localized network infrastructure. This heightens the demand for SDN capabilities. Consequently, global enterprises commonly encounter the following challenges during the digital and intelligent transformation of their network infrastructure:

- ***Inadequacy of traditional service models in meeting the business needs of global enterprises.*** Global enterprises generally require digital and intelligent transformation of their network infrastructure. According to Frost & Sullivan, in 2024, more than 90% of such enterprises were small-and-medium sized networks with fewer than 1,000 network deployment locations to manage. Under traditional approach, solution providers deploy such networks primarily through multiple third-party service intermediaries. The limitations for such approach are twofold, including relatively high service costs charged by third-party intermediaries and operational inefficiencies that fail to timely address the demands from global enterprises for their network transformation.

- ***Insufficient compatibility in intelligent network deployment.*** During the course of intelligent transformation and upgrade of network infrastructure, enterprises would typically refrain from replacing all or a majority of the existing networking equipment at once in order to maintain network availability and stability. This necessitates robust compatibility between the operating systems of the new equipment and cloud-based network management platforms on one hand, and the old network infrastructure on the other hand. Nonetheless, conventional networking equipment providers often fail to offer such flexibility or cross-device or cross-system compatibility, resulting in enterprises having to carry out a full-scale infrastructure replacement or look for third-party customization, which may compromise the reliability and timeline of the transformation and upgrade.

- ***Inefficient delivery.*** Network infrastructure used by an enterprise typically involves a wide variety of equipment, devices and components. Considering the diversity and complexity of these networking equipment and devices, an enterprise generally procures from multiple sources and with various vendors. Given the substantial differences in equipment specifications and standards across suppliers, it would often result in a lack of synergy and coordination among them, leading to a delay in completing the deployment of the network infrastructure.

- ***Low cost-effectiveness.*** Network upgrades and transformation by enterprises are cyclical in nature, which precludes them from making bulk purchases for networking equipment. Instead, enterprises often carry out frequent and small-scale procurements and therefore seldom enjoy price advantages. In addition, the high market concentration among traditional networking equipment providers constrains their ability to adapt flexibly to specific requirements through product innovation or cost optimization, resulting in persistently high costs for deploying and upgrading network infrastructure.

Our Differentiated Customer Value Proposition

Our networking solutions effectively address the challenges faced by global enterprises when upgrading their network infrastructure. The core value propositions we offer to our customers around the globe include:

- ***Intelligent professional services.*** We offer end-to-end networking solutions covering the entire product lifecycle, ranging from planning and design of networking solutions, testing and validation, to ongoing network management and operation. Guided by our customer-centric philosophy, we have established a global 24/5 professional service team who promptly addresses the diverse needs of our customers through our intelligent online sales platform. In the nine months ended September 30, 2025, we handled an average of approximately 3,700 customer enquiries expressing interests in our networking solutions on a daily basis, garnering widespread recognition from our global customer base.

- ***Strong compatibility and openness.*** Leveraging the advanced virtualization layer technology, our operating system mitigates compatibility issues among networking equipment from different manufacturers, thereby supporting cross-device and cross-system networks with varied specifications. Our cloud-based network management platform adopts an open network architecture that ensures uniform control over mainstream networking equipment. With an intuitive, easy-to-use interface, it facilitates fast and efficient automatic network deployment and management.

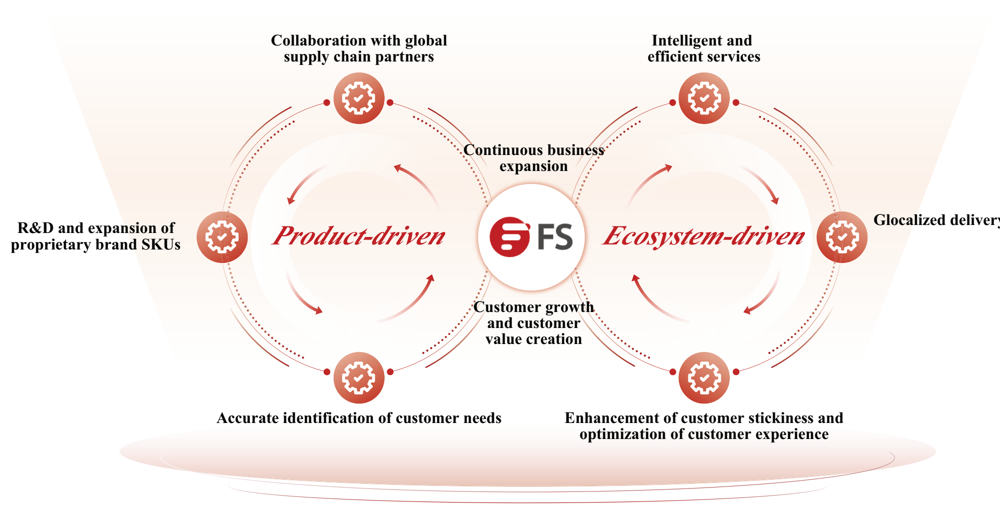
- ***One-stop procurement platform.*** According to Frost & Sullivan, we had the most diversified portfolio of proprietary brand networking equipment SKUs among all online DTC networking solution providers in the world as of the Latest Practicable

Date. Our high-quality networking equipment adheres to uniform standards and is compatible with a wide range of product categories used in an enterprise's network. Further, we render intelligent services which enable automated designs of tailored networking solution based on individual customer needs, and generation of the corresponding procurement list. Together with its seamless integration with our backend ordering and warehousing systems, we are able to greatly enhance our customers' procurement efficiency. In particular, our global service network further ensures reliable delivery, with most orders delivered within five days from the date of order.

- ***Synergy along the industrial value chain.*** Our online sales platform consolidates the procurement demands from our customers worldwide. Capitalizing on our intelligent data analytics capabilities, we generate forecasts of procurement demands of our customers around the globe on a rolling basis based on sales orders and customer enquiries on our online sales platform. Through the consolidation of global supply chain resources, we enable efficient alignment of evolving customer demands with scalable production, thereby driving synergistic effect throughout the industrial value chain.

Our Growth Flywheel

Our growth is driven by our high-quality products and dynamic ecosystem. Leveraging our operational efficiency empowered by our online sales platform, diversified portfolio of proprietary brand SKUs and delivery capabilities, we have successfully attracted global customers and cultivated our distinguished brand over the years. It further fostered our collaboration with global supply chain partners to achieve economies of scale. As our business grows, we will continue to strengthen our product innovation and enhance our ecosystem to further elevate customer experience.



- ***Product-driven.*** We continuously develop and launch scenario-based product solutions to drive sustainable customer and business growth. Our online sales platform offers an extensive range of enterprise-grade networking equipment SKUs applicable to a diverse set of scenarios. Leveraging our capabilities in offering specialized and customizable products in a full spectrum of scenarios, we are able to accurately identify customer needs, optimize our one-stop procurement processes and customer experience throughout the entire product lifecycle. We reshape customer procurement behaviors and continuously enhance customer satisfaction to expand our global customer base. As we expand our global footprint and continue to strengthen our brand reputation, we deepen our collaboration with global supply chain partners. Such collaboration enables us to formulate globally uniform standards for our products and services, thereby further driving global customer acquisition and business expansion.

- ***Ecosystem-driven***. We strive to enhance customer stickiness and optimize customer experience to create value for customers. We continue to invest in the development of our ecosystem for localized networking solutions. Through continuously meeting diverse customer needs, providing intelligent and efficient services on our online platform and improving our delivery capabilities, we further enhance our competitiveness globally. Our DTC approach eliminates intermediary layers, enabling us to offer more competitive pricing, faster response times, and greater flexibility in customizing solutions. Direct engagement with customers allows us to gather real-time feedback and data, which we use to continuously improve our products and services. Supported by advanced digital infrastructure, we achieve high levels of automation and operational efficiency, reducing costs and minimizing errors. This will bring along an increase in the average purchase amount of our customers and improved cross-selling performance. By binding customers to our ecosystem through our platform-based infrastructure and software service capabilities, we will continuously strengthen customer loyalty and stickiness and grow together with our partners in the ecosystem.

OUR STRENGTHS

A Globally Leading Provider of Networking Solutions with Dynamic Platform Ecosystem and Robust Networking Effect

We are a globally leading provider of enterprise-grade networking solutions. According to Frost & Sullivan, we were the world's second largest online DTC networking solution provider in terms of revenue in 2024. Our platform features open architecture that supports core networking equipment from multiple manufacturers. This allows our customers to flexibly tailor hardware and software network deployment while ensuring uniform service delivery across all configurations. Fueled by our sustained growth, we expect to expand our customer base even further. This growth will further intensify our networking effect and enhance our brand recognition with word-of-mouth promotion from our customers.

Empowered by our robust networking effect, we have experienced significant growth in customer base worldwide and built a sustainable global supply chain ecosystem.

- ***Well-established and loyal global customer base.*** As of the Latest Practicable Date, we had served over 480,000 customers in over 200 countries and regions worldwide, covering approximately 60% of Fortune 500 companies from a wide spectrum of sectors. In addition, the number of customers who placed orders on our sales platform increased from approximately 74,000 in 2022 to approximately 76,600 in 2023, and further to approximately 82,500 in 2024. Approximately 69,300 customers placed orders on our sales platform in the nine months ended September 30, 2025. Furthermore, we recorded net dollar retention rate of 94.4% in 2023 and 102.3% in 2024, respectively, reflecting our strong customer loyalty and stickiness. In addition, in each of 2022, 2023, 2024 and the nine months ended September 30, 2025, customers purchasing three or more enterprise-grade product categories and solutions accounted for over 80% of our total revenue, with an average revenue per such customer of approximately RMB61,700, RMB63,500, RMB75,600 and RMB84,100, respectively.

- ***Deep collaboration with global supply chain network.*** We have established trusted relationships with our partners in the global supply chain over the decades. It enables us to efficiently serve local customers while mitigating potential risks in supply chain management. As of the Latest Practicable Date, we collaborated with over 200 telecommunication product suppliers and networking equipment manufacturers across the globe. Our strong supply chain integration capabilities have empowered us to continuously optimize our product standards, swiftly respond to evolving customer demands, shorten new product development lifecycle, thereby enhancing our production efficiency and delivery capabilities.

We believe that our dynamic platform ecosystem, coupled with our strong customer stickiness, would create entry barriers for new entrants and continue to drive our sustainable growth.

A Go-to Platform for Networking Solutions with Glocalization Strategy

We have established a highly efficient and cost-effective global operations network. This network is empowered by our intelligent platform services and globalized delivery system. According to Frost & Sullivan, we have become one of the most preferred one-stop platforms for enterprise-grade networking solutions globally.

Our intelligent online sales platform automates and synchronizes all networking equipment SKUs and optimized networking solutions across eight major languages. This allows our customers worldwide to access to our latest cutting-edge products and services. Backed by *FS Agent*, our professional support team is capable of providing swift response to customer enquiries. According to Frost & Sullivan, we are a pioneer in the application of intelligent interaction technologies to enterprise-grade networking solutions, and we have achieved an industry-leading rate of customer satisfaction.

Our platform provides us with in-depth insights into the product and service preferences of our customers in different regions. We have established a localized service network that is highly compatible with global customers. We have established glocalized intelligent delivery centers in China and overseas countries to ensure the reliability and cost-effectiveness of our product and service delivery. During the Track Record Period, we recorded an average of less than 2% of product return rate, which was at a low level of industry average among global online networking solution providers, according to Frost & Sullivan. To enhance intelligent and efficient logistics, we have established seven global delivery centers with gross floor area of over 68,000 square meters in China, the U.S., Germany, Australia, Singapore, the U.K. and Japan as of the Latest Practicable Date. During the Track Record Period, the majority of our orders were shipped on the date of order and delivered within five days from the date of order. Furthermore, our professional customer service team operates in eight languages, ensuring 24/5 response to customer needs. We also support 22 local currency payment methods worldwide. By offering a variety of localized payment methods and adapting to local tax policies, we better cater to the habits and preferences of our customers.

Diverse Products and Solutions with Flexibility to Meet the Differentiated Needs of Global Customers

Leveraging our intelligent online sales platform, we are able to gain insights into the evolving and diverse needs of our global customers, enabling us to continuously upgrade and enhance our product and solutions portfolio in a timely manner. As of the Latest Practicable Date, we had over 120,000 SKUs under our proprietary brand. According to Frost & Sullivan, as of the Latest Practicable Date, we had the most diversified portfolio of proprietary brand networking equipment SKUs among all online DTC networking solution providers in the world. Meanwhile, we proactively address the demands for network upgrades in the AI era by continuously expanding into new networking service scenarios, including multi-tier high-speed networks for data centers and Wi-Fi 7 networks supporting cutting-edge intelligence.

Through decoupling hardware and network protocol stack development architecture design, our platform has enabled us to mitigate compatibility issues among networking equipment from our proprietary brand and those from different manufacturers, thereby supporting cross-device and cross-system networks and enabling flexible SDN with scalable network deployment and management. Our platform is capable of unifying the management of thousands of networking devices for enterprise-grade networks. Our capability for open architecture and automated expansion redefines the network deployment paradigms for global enterprises.

Platform-Based Full-Stack Technologies

Our platform-based full-stack technologies drive force for our growth and development. We continuously stay at the forefront of enterprise-grade networking solutions and lead industry breakthroughs.

- ***Outstanding software and hardware development capabilities.*** We set a globally leading product standard. Our breakthroughs, such as high-speed 800G optical modules and switches, silicon photonic transceivers, high-density cabling management solutions and active wavelength division multiplexers, meet the demands for high-speed networking and support AI application deployment. According to Frost & Sullivan, we were the world's second largest online DTC networking solution provider in terms of revenue in 2024.

- ***Advanced solution design and validation system.*** We have established a solutions team comprised of over 60 with globally recognized certifications in the field of information and communication technology engineers and industry experts. They offer efficient, stable and reliable networking solutions to our global customers under a wide range of scenarios, including, among others, high-performance computing, data centers, enterprise networks and telecommunications, helping our customers improve operational efficiency and reduce operational costs. We have also established a leading testing system. As of September 30, 2025, networking equipment under our proprietary brand had obtained over 20 internationally recognized certifications across the U.S., the European Union, Australia, Japan and other regions, ensuring globally consistent high-quality products and services.

- ***Innovative and intelligent system tools.*** We have integrated intelligent system tools, including *FS Agent*, into our online sales platform. *FS Agent* offers real-time and customized interactions with our customers under a diverse set of scenarios. For instance, in dealing with customers' troubleshooting enquiries on our networking products, *FS Agent* is able to provide tailored solutions after comprehensive analysis on the causes of error, work logs and connection status.

Visionary Management Team and Deep-Rooted Corporate Culture for Innovation

Our growth and development are underpinned by our management team's visionary strategic direction and their decades of proven industry experience and professional expertise. Our renowned founder, Mr. Xiang Wei (our founder, chairman of the Board, executive Director and general manager), is an industry veteran with nearly twenty years of experience in the networking solution industry. Mr Xiang has witnessed the evolution of the industry from traditional business model to intelligent platform-driven model. He has accumulated extensive industry experience with profound market insights and strategic foresights. Guided by our founder and management team with global vision, we have been focusing on global market opportunities since our inception, which has laid a solid foundation for our international expansion.

We have built a highly agile and flat organizational structure, driven by our open, learning-oriented, proactive and innovative corporate culture that fuels our talent acquisition and retention strategy. During the Track Record Period, the retention rate of our core staff exceeded 80%. Our core team members have diverse expertise in various fields such as network communications and big data, and possess work experience in renowned global leaders in the information technology industry. We have a dynamic and innovative team of core staff with an average work experience of almost ten years to support our global expansion and product innovation.

OUR STRATEGIES

Driving Technological Upgrades and Platform Iterations

The widespread application of AI technology has led to a continuous increase in global demand for intelligent networking equipment among global enterprises. At the same time, it also raised the standard for the development of next-generation networking technologies and infrastructure. In light of such trend, we will continue to iterate and upgrade our existing technologies and platform to maintain our market-leading position for platform capabilities. This will allow us to provide customers with more efficient, flexible and intelligent networking solutions.

We will continue to expand our full-stack technological capabilities, including but not limited to the integration of intelligent technologies with SDN for traffic prediction and dynamic optimization to enhance network intelligence and automation. We will also continue to upgrade our customer service system to further enhance customer service experience and efficiency. We will also apply data intelligence technologies to platform data analysis to generate real-time insights and ensure that our cutting-edge technologies cater to meet market needs.

Enriching Product Portfolio

Leveraging our leading position in the global networking solutions market and our diversified products, we will continue to enrich our product portfolio and broaden the application scenarios of our solutions. This will enable us to better meet the diverse needs of our customers and stay ahead in the industry.

We are dedicated to providing our customers with intelligent networking products and solutions that meet their demands and with refined experience. We will capitalize on our data insights accumulated through our intelligent platform to better understand customers' needs. We are committed to taking the lead in setting standards for product forms and technical parameters. We will continue to provide products and solutions that fully adapt to open source interfaces and are compatible with evolving, cutting-edge protocol stacks. For example, to meet the needs of large-scale AI networks for lossless and efficient transmission, we have introduced a lossless Ethernet solutions based on RoCE for data centers, and we will continue the development of 800G and future 1.6T switch products. We will also continue to develop and upgrade our cloud-based network management platform to achieve more efficient automated deployment of computing power networks, meeting the needs of large-scale AI networks for intelligent management and operation.

We will further promote the widespread application of our networking solutions in cutting-edge fields such as data centers, industrial internet and smart campuses. This will meet the massive data communication requirements in the AI era and fully empower the digital transformation and intelligent upgrading in various industries.

Expanding a Prosperous Global Ecosystem

Provision of globally standardized service is one of our core competitive advantages for sustained development. As a provider of networking solutions for global enterprise customers, we are committed to providing efficient and timely networking services to customers around the globe.

We will further expand our global delivery centers to provide customers with efficient end-to-end support, ranging from networking solution design to network deployment and operations. By enhancing the efficiency of our services, we will continue to strengthen customer loyalty and stickiness, improve our cross-selling and up-selling capabilities for our products and solutions and expand our customer base through our online sales platform and our global network.

We are committed to enhancing our global supply chain system through deepening collaboration with local suppliers in various global markets. This will effectively support and complement our existing supply chain system, creating a multi-layered and diversified supply system.

Strengthening Global Talents Acquisition and Team Building

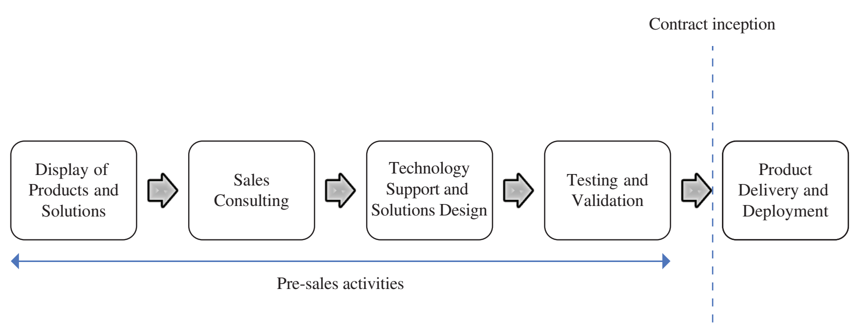
We believe that attracting global talents is the core driver of future innovation and development. We are committed to making concerted efforts in both talent acquisition and talent cultivation, with an aim to build a robust and solid pipeline of talents to empower our long-term growth and development.

We view global talents as the key engine for breaking through technological boundaries and deepening global market penetration. We will continue to focus on industry frontiers and vigorously actively attract high-end professionals. We are committed to optimizing our employee development system, empowering employees in leadership, teamwork and professional skills. We plan to improve our promotion and selection mechanism, adhering to the principles of fairness, justice and transparency, in order to provide employees with clear career development paths. We plan to refine our incentive and performance reward schemes to motivate employees and stimulate their creativity, bringing momentum for our long-term development.

OUR DTC BUSINESS MODEL

We have established a fully integrated DTC model that enables efficient global delivery of scenario-based solutions. Unlike conventional models that separate network architecture design, multi-supplier procurement and after-sales support across different parties, our DTC model integrates these functions into a unified, platform-based system, providing global customers with a fully integrated experience that combines solution design, product validation and one-stop procurement.

The following diagram illustrates the major steps of our workflow under our DTC business model:



The major steps of the workflow under our DTC business model can be summarized as below. Depending on individual needs, some of the customers undergo each of the steps of the workflow during their procurement while some of them only go through part of them.

- ***Step 1: Display of products and solutions.*** As an online networking solution provider, our end-to-end workflow begins with a robust product-driven platform, *FS.com*, showcasing over 120,000 SKUs, which are exhibited through online channels, complemented by comprehensive use case demonstrations as of the Latest Practicable Date. This digital storefront serves as the entry point for customer engagement as it facilitates both product discovery and business networking within our ecosystem.

- ***Step 2: Sales consulting.*** We have established a global professional service team to promptly address customers' diverse needs. We interact with potential customers through online occasions, expressing interests in our networking solutions to identify their demands, provide technical consultation and offer tailored product recommendations. This process is also facilitated by *FS Agent*, which is fully integrated into our online sales platform, enabling natural language interactions for customer enquiries.

- ***Step 3: Technology support and solutions design.*** Following initial engagement, some customers may be transitioned to technical engineering team for solution customization. We provide comprehensive pre-sales services encompassing hardware integration, software configuration and system architecture design, which is primarily conducted through our online networking equipment operating system, our cloud-based network management platform and other digital tools for online solution services such as DC Fabric Scaling Tool and MTP Polarity Detection Tool. These digital tools enable real-time remote collaboration, troubleshooting, and solution customization, allowing customers to access technical expertise and design services regardless of location. For certain products, software components are pre-configured and embedded into the hardware prior to delivery, forming an integral part of the overall solution.

- ***Step 4: Testing and validation.*** All solutions undergo rigorous testing and validation process to ensure compatibility and reliability through online interactions. This may include replicating the customers' network environment, running actual data workloads and stress-testing scalability for future growth-all coordinated and monitored remotely. Depending on customer requirements, our solution engineers may develop test plans, execute the tests in our R&D center and provide detailed report via our digital channels. We may also invite customers to remotely experience network configuration process, depending on their needs, before final order confirmation.

- ***Step 5: Product delivery and deployment.*** Once order is confirmed, the digitalized supply chain management and warehouse management system then help coordinate procurement and warehousing with global suppliers and service providers. We manage our inventories dynamically according to product specifications, projected demand and historical data all through our online systems. Order fulfillment is executed through our global and local warehouses, with shipping handled by third-party logistics service providers. Networking solution deployment is typically handled by customers, with support from detailed installation guides and online technical assistance when needed. For software and system configuration, our solution engineers provide remote support and guidance, ensuring seamless integration and operation through our proprietary FS OS. After delivering our solutions to our customers, we continue to ensure their exceptional quality and performance with our robust full-stack technological capabilities.

Step (1) to Step (4) above are pre-sales activities that aim to enhance sales and customer experience. They together support and enable the final delivery of fully integrated networking products to customers. Revenue is generated at Step (5) when our contractual obligations to customers are fulfilled and is recognized at the point in time when control of the product transfers to the customer, typically upon receipt of the goods.

Compared with peers that rely on a mix of distribution and direct sales, our DTC business model enables seamless integration and greater operational efficiency, allowing us to better serve the diverse needs of a large global customer base with enhanced speed, consistency and scalability. Our DTC approach eliminates intermediary layers, allowing us to offer more competitive pricing, faster response times, and greater flexibility in customizing solutions to meet diverse customer requirements. The direct relationship with our customers also enables us to gather real-time feedback and data, which we leverage to continuously improve our products, services, and user experience. Furthermore, our digital infrastructure supports high levels of automation and operational efficiency, reducing costs and minimizing errors compared to traditional distribution models. This fully integrated DTC model allows us to scale operations while preserving service quality across the following key dimensions, which also helps us to establish competitive edges as compared with other market players as advised by Frost & Sullivan:

- ***Intelligent Solutions Design***. Our sales platform employs *FS Agent* to analyze customer requirements in real time, proposing and automating solution design and product selection, reducing manual intervention and delivering scenario-based solutions that precisely match customers' operational scenarios.

- ***Service Scale***. Our fully integrated DTC model standardizes and automates key business processes from customer engagement to solution deployment, enabling efficient operational scaling and allowing us to support over 480,000 customers across over 200 countries and regions worldwide with a lean team of over 1,000 sales personnel and solution engineers as of the Latest Practicable Date. We were the world's second largest online DTC networking solution provider in terms of revenue in 2024 with a 6.9% market share, according to Frost & Sullivan.

- ***Procurement Efficiency***. Our platform offered over 120,000 SKUs as of the Latest Practicable Date, offering a seamless one-stop procurement process to meet the full spectrum of customer needs with flexible product configurations and custom parameters for diverse networking scenarios. As of the Latest Practicable Date, we had the most diversified portfolio of proprietary brand networking equipment SKUs among all online DTC networking solution providers in the world, according to Frost & Sullivan. This significantly reduces design and technical validation cycles and boosts deployment efficiency.

- ***Cost Efficiency***. Our online sales platform consolidates the procurement demands from our customers worldwide. By aggregating global demand and centralizing upstream sourcing, we achieve scale-based procurement advantages and offer competitive pricing.

- ***Quality Consistency***. We ensure that all solutions undergo rigorous testing and validation before deployment. In addition, our supply chain and quality control systems ensure cross-device compatibility and reliability.

- ***Delivery Certainty***. By leveraging advanced intelligent demand forecasting, coupled with our expansive global warehousing and digital supply chain systems, we ensure stable and predictable lead times. This capability allows us to meet customer expectations consistently, providing reliable delivery schedules that enhance operational planning and efficiency for our customers worldwide.

OUR NETWORKING SOLUTIONS

We offer comprehensive enterprise-grade networking solutions designed to comprehensively meet the demands of high-performance computing, data centers, enterprise networks and telecommunications, empowering global customers to design, operate and optimize networks with enhanced efficiency, agility and cost-effectiveness. Our solutions encompass pre-sales activities including sales consulting, technology support and solutions design as well as testing and validation, which together support and enable the delivery of fully integrated networking products to customers. Our solutions are built on a decoupled architecture that combines standardized networking hardware with scalable, cloud-based software capabilities. This enables advanced remote orchestration, intelligent resource provisioning and streamlined operational management, allowing customers to dynamically adapt network resources to evolving operational demands while maintaining enterprise-grade reliability.

Hardware Design and Development Capabilities. Our hardware design and development capabilities form the foundation of our networking solutions. As of the Latest Practicable Date, we offered over 120,000 SKUs under our proprietary brand, covering optical modules and high-speed cables, fiber optic cables, switches, optical transmission equipment, optical fiber cabling management products and copper system products. These products are engineered for modularity, high-speed transmission and compatibility across multi-vendor environments, allowing for efficient upgrades and seamless scalability. We have launched advanced equipment such as high-speed 800G optical modules and switches, silicon photonic transceivers, high-density cabling management solutions and active wavelength division multiplexers, supporting next-generation networking demands including AI applications, distributed computing and low-latency data transmission.

Software Development Capabilities. Our software development capabilities are anchored in our proprietary FS OS and cloud-based networking management platform. FS OS is a programmable, modular and interoperable networking equipment operating system that enables cross-device integration and dynamic protocol stacking. It decouples software functionality from hardware configuration, supporting flexible deployment across our proprietary devices and other third-party networking devices that the customers sourced separately. Complementing FS OS, our cloud-based network management platform provides a centralized control interface that integrates configuration, orchestration and lifecycle management. Together, these systems enable SDN, allowing customers to intelligently configure, deploy and manage heterogeneous networks with enhanced automation, scalability and efficiency. Our SDN capabilities have been successfully applied across complex enterprise scenarios, delivering significant improvements in deployment time, operational agility and total cost of ownership.

Our Networking Products

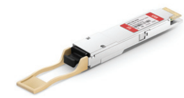
As part of our networking solutions, we offer an extensive portfolio of proprietary networking equipment that supports a wide range of deployment scenarios and performance requirements. To address varying performance requirements, we offer high-performance networking solutions and general networking solutions. Our high-performance networking products cater to bandwidth-intensive environments, delivering high throughput, low latency and scalable architectures. Our general networking products feature secure and reliable connectivity as well as simplified deployment and maintenance for everyday needs. In addition to our high-performance and general networking products, we also offer other networking products such as fiber optic cassettes, chassis, wavelength division multiplexers and other ancillary products.

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, approximately 74,000, 76,600, 82,500, 69,100 and 69,300 customers placed orders on our online sales platform, with an average revenue per customer of approximately RMB26,900, RMB28,900, RMB31,700, RMB28,300 and RMB31,400 in the same respective periods. We recorded net dollar retention rate of 94.4% in 2023 and 102.3% in 2024. The following table sets forth a breakdown of our revenue by product category for the periods indicated.

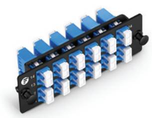
	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)						*(unaudited)*			
High-performance networking solutions	472,910	23.8	577,368	26.0	831,107	31.9	618,512	31.7	788,004	36.2
General networking solutions	1,290,865	64.9	1,388,641	62.8	1,497,508	57.3	1,125,942	57.6	1,139,408	52.4
Others[(1)]	224,469	11.3	246,842	11.2	283,178	10.8	209,247	10.7	247,306	11.4
Total	**1,988,244**	**100.0**	**2,212,851**	**100.0**	**2,611,793**	**100.0**	**1,953,701**	**100.0**	**2,174,718**	**100.0**

(1) Others mainly include fiber optic cassettes, chassis, wavelength division multiplexers and other ancillary products.

The following table presents our key networking product portfolio as of the Latest Practicable Date:

Networking Product	Product Description	Key Features	Product Picture	Pricing range of 2024
Optical modules and high-speed cables	An optical module functions as a photoelectric converter which converts the electrical signal into light and vice versa. High-speed cables (including direct attach cables (DAC) and active optical cables (AOC)) facilitate rapid data transfer between devices. They are both core components of high-speed data networks, responsible for photoelectric signal conversion.	• Full transmission speed coverage from 1G to 800G and beyond with optical modules ranging from 100M to 1.6T, addressing diverse deployment needs • Equipped with advanced chips and silicon photonics technology to ensure leading high-speed performance for modern data centers • Strong compatibility with mainstream networking devices, meeting industry standards and verified through rigorous interoperability testing • Broad product portfolio offering multiple rates, cable lengths and interface types to accommodate diverse connection scenarios • High reliability and stability, meeting carrier-grade and data center-grade quality requirements through precision manufacturing and comprehensive testing	   	between US$7 and US$6,297

Networking Product	Product Description	Key Features	Product Picture	Pricing range of 2024
Switches	A switch is a hardware device that connects multiple devices within a local area network, enabling them to communicate by forwarding data packets to their intended destinations.	• Comprehensive switch portfolio covering enterprise campuses, data centers and industrial environments • Supports high-throughput, high-concurrency and low-latency network deployments for mission-critical applications such as financial data centers • Delivers high reliability, scalability and security to support enterprises in their digitalization and intelligent transformation initiatives	 	between US$171 and US$91,815
Fiber optic cables	Fiber optic cables are assemblies that contain one or more optical fibers and are used to transmit data as light pulses.	• Full range of multi-fiber push-on (MPO), multi-fiber termination push-on (MTP), patch and specialty fiber cables and pigtails for diverse deployment needs • Portfolio including models built for structured cabling, high-density layouts and harsh environments • Adopting advanced standards to ensure reliability and stability • Standard polarity, insertion loss and return loss testing to ensure signal integrity	 	between US$1and US$15,311
Optical transmission equipment	Our optical transmission equipment encompasses Wavelength Division Multiplexing ("WDM") devices that combine multiple optical signals on a single fiber, Optical Transport Network ("OTN") devices for long-haul multi-service transmission and Passive Optical Network ("PON") equipment for point-to-multipoint fiber access.	• Wide range of types and models of WDM devices for diverse transmission needs, with low insertion loss and high reliability • OTN devices supporting full service coverage from GE to 400G, with flexible, scalable and low-latency network design • Rich product portfolio of PON equipment including EPON, GPON and XG(S)-PON series, with diverse port types and configurations	 	between US$6 and US$19,978

Networking Product	Product Description	Key Features	Product Picture	Pricing range of 2024
Optical fiber cabling management products . . .	Our optical fiber cabling management products include panels, cassettes, enclosures, cable managers, racks and cabinets. They are mainly used to organize, secure and route fiber cables within network infrastructures.	• Supporting high-density, modular deployments in various scenarios • Designed to optimize rack space, airflow and cable organization for efficient operations • Enabling quick plug-and-play setup and scalable infrastructure development	 	between US$15 and US$884
Copper system products . . .	Our copper system products include patch cords, trunks, bulk cables, connectors and other ancillary products.	• Pre-terminated and factory-tested assemblies for fast deployment in enterprise and data center environments • Designed to support structured cabling systems with high density, flexibility and ease of maintenance	 	between US$2 and US$1,032

Our product pricing varies across categories and is influenced by factors such as market conditions, product specifications, and component configurations. While these pricing ranges of our major products reflect data from a single year, Frost & Sullivan has reviewed our pricing information across the entire Track Record Period and is of the view that our major products were generally priced more competitively than comparable offerings from other leading market players and traditional vendors.

The following table summarizes the key differentiating features between our high-performance and general networking solutions.

Feature	High-performance networking solutions	General networking solutions
Typical Use Case	Scalable AI infrastructure, high-performance computing, large-scale data centers	Enterprise networks, small to medium-sized data centers and networking solution
Maximum Data Speed .	• Optical Transceivers: 1.6T • Networking: 800G/400G • Switches: 800G	• Optical Transceivers: 50G/100G • Networking: 25G • Switches: 1G/10G/25G
Supported Interface . . .	PCIe 6.0	PCIe 4.0
Switching Capacity . . .	51.2 Tbps	4 Tbps

Feature	High-performance networking solutions	General networking solutions
Port Density (Fiber Optic Cables)	12 fibers per cable	2 fibers per cable
Port Density (Fiber Optic Panels)	288 fibers per panel	96 fibers per panel
Relative Product Cost .	Significantly higher	Lower
Target Customer	Hyperscalers, large enterprises with specialized computing needs	Small and medium-sized enterprises (SMEs), general enterprise

The gross profit margin for high-performance networking solutions is typically lower than that of general networking solutions due to higher production costs and competitive pricing strategies. High-performance products incorporate advanced components and complex designs, driving up unit costs. To penetrate the premium market, these products are priced aggressively to emphasize value-for-money rather than margin optimization, resulting in a narrower gap between cost and selling price. In contrast, general networking solutions leverage mature, cost-efficient technologies and economies of scale, enabling structurally higher margins.

High-Performance Networking Solutions

The following use cases demonstrate how our high-performance networking solutions address the evolving demands for scalable AI infrastructure and cloud-based data centers. These scenarios typically involve massive data throughput, strict latency requirements and multi-layer network architectures. Our high-performance networking solutions leverage advanced switching technologies, state-of-the-art optical transmission, and integrated software platforms to deliver infrastructure that is not only scalable and resilient but also energy-efficient and future-ready. These solutions are specifically engineered to support mission-critical applications such as large-scale AI model training, real-time data analytics, and high-capacity data center interconnects, where performance, reliability, and manageability are paramount.

Use Case 1: 400G RoCE Lossless Networking Solution for Scalable AI Infrastructure

Scenario: Designed for large-scale AI models and data-intensive workloads, where lossless, low-latency networking is essential for compute and storage nodes.

With the rapid development of large-scale AI models and data-intensive workloads, there is a growing demand for high-speed, low-latency and lossless networking infrastructure that can support the compute and storage needs of modern AI architectures. Businesses often encounter challenges such as port compatibility between devices, complex multi-layered network topologies and rising pressure on backend throughput and stability.

Key Features:

– Our 400G RoCE supports ultra-low latency and high throughput for stable, lossless transmission.

– Integrates seamlessly with existing Ethernet infrastructure, reducing deployment complexity and cost.

– Enables backend, frontend, storage, and out-of-band networks, each optimized for specific operational domains.

– Consolidates performance, compatibility, and manageability, allowing leaner, scalable networks ready for future AI expansion.

Distinctive Value:

Our 400G RoCE specifically addresses the challenges of port compatibility, complex topologies, and backend throughput in AI environments, offering a unified solution of high-bandwidth, lossless data exchange. This solution is purpose-built for environments with extreme demands on bandwidth, latency, and reliability, such as large-scale AI model training and data-intensive workloads. It addresses challenges like port compatibility, complex multi-layered topologies, and backend throughput pressure.

Use Case 2: All-In-One 100G DWDM PAM4 Solution for a Singapore-based Internet Service Provider

Scenario: Tailored for internet service providers requiring cost-effective, simplified data center interconnect (DCI) across multiple sites.

A Singapore-based Internet Service Provider, operating across Southeast Asia, the U.S. and Europe, sought to upgrade its data center interconnect ("DCI") capabilities across three sites. Faced with the challenges of complex configuration, limited skilled manpower and budget constraints, the client needed a simplified, cost-effective solution that could support 100G transmission while remaining easy to deploy and manage.

Key Features:

– Compact 1U platform integrating 100G PAM4 modules for streamlined deployment.

– Supports automatic parameter adjustment and zero-touch provisioning, enabling non-specialist staff to manage operations.

– Achieves seamless transmission of 8×100G services within 80 km on a single fiber, delivering 800G capacity.

– Delivers approximately 30% cost savings compared to conventional 100G coherent solutions.

Distinctive Value:

Our All-in-One 100G DWDM PAM4 solution focuses on ease of deployment, operational efficiency, and significant cost reduction for high-capacity DCI, with remote training and product demonstrations for smooth onboarding. This solution is designed for data center interconnect scenarios requiring high-capacity, long-distance transmission with simplified deployment and management. This use case highlights the solution's ability to support high-throughput, scalable, and cost-effective DCI for large-scale, geographically distributed data centers.

General Networking Solutions

Unlike high-performance networking solutions, which are engineered for ultra-high throughput, strict latency, and complex multi-layer architectures, our general networking solutions emphasize operational simplicity, centralized management, and automation to reduce the technical burden on network teams. The following use cases showcase how our general networking solutions support a wide range of enterprise scenarios, including OTT (Over-the-Top) and IPTV (Internet Protocol Television) content delivery, campus networks and hospitality environments. These solutions prioritize secure, reliable and scalable connectivity while simplifying operations and reducing the burden on network technical teams. While each scenario has distinct technical demands, such as concurrent access in IPTV networks, coverage across distributed buildings in campuses or aesthetic requirements in hotel rooms, our solutions are able to deliver high service quality through centralized management, automation and tailored network design.

Use Case 3: High-Performance Content Delivery Network ("CDN") Solution for OTT and IPTV Services

Scenario: Addresses the needs of OTT and IPTV platforms facing massive concurrent access, geographic dispersion, and latency sensitivity.

OTT and IPTV platforms face unique networking challenges such as massive concurrent access during peak hours, geographically dispersed user bases and user sensitivity to latency. Traditional solutions are often unable to respond to real-time traffic surges, leading to degraded video quality, increased bounce rates and costly customer churn.

Key Features:

– Ensures fast, stable, and reliable content delivery across the full chain.

– Supports large-scale concurrent access, minimizing latency and optimizing user experience.

– Incorporates Priority Flow Control (PFC), Explicit Congestion Notification (ECN), and Policy-Based Routing (PBR) for intelligent traffic management and resilience.

– Centralized management platform for zero-touch provisioning, remote updates, and compliance enforcement.

Distinctive Value:

Our high-performance CDN solution for OTT and IPTV services is purpose-built for content delivery networks, with advanced traffic management and centralized control, ensuring premium video experiences and operational agility, while preparing networks for the next wave of digital entertainment demands. This solution addresses the needs of OTT and IPTV platforms, which require secure, reliable, and scalable content delivery to large, geographically dispersed user bases. It manages massive concurrent access, minimizes latency, and optimizes user experience through network-level optimizations. Unlike high-performance solutions for AI and DCI, this use case focuses on optimizing user experience and operational efficiency in content delivery rather than supporting extreme compute or storage demands.

Use Case 4: Large and Midsize Campus Networking Solution

Scenario: Designed for campuses with dispersed buildings, high user density, and expanding digital services.

As campuses grow in size and complexity with dispersed buildings, increasing user density and expanding digital services, their network infrastructure must also evolve to ensure consistent performance, security and manageability. Common challenges include signal attenuation between structures, limited wireless coverage from single access points and congestion in high-traffic zones. At the same time, institutions must safeguard sensitive data and ensure high availability to support uninterrupted operations.

Key Features:

– High-bandwidth, low-latency architecture for stable, secure connectivity across large areas.

– Standardized three-layer networking with up to 100G uplinks and MLAG-based redundancy.

– Centralized management, zero-touch provisioning, agentless automation, and intelligent backup.

– Advanced security protocols and tailored designs for specific campus layouts.

Distinctive Value:

Our large and midsize campus networking solution delivers scalable, resilient connectivity for complex campus environments, with future-proof architecture and streamlined operations. This solution is tailored for enterprise and institutional campuses with distributed buildings and high user density. It provides stable, secure connectivity through a standardized three-layer architecture, up to 100G uplinks, and MLAG-based redundancy.

Use Case 5: Hospitality Networking Solution

Scenario: Meets the requirements of hotels and hospitality venues for seamless, secure, and aesthetically integrated network connectivity.

Seamless and secure network connectivity is essential to delivering a positive guest experience and enabling efficient hotel operations in modern hospitality settings. Guests expect fast, reliable and hassle-free internet access from the moment they check in, while operators need to maintain smooth daily operations and preserve the aesthetic integrity of rooms and public spaces. Network infrastructure must therefore deliver not only high performance and full coverage, but also be discreet and easy to deploy, naturally blending into hospitality interiors.

Key Features:

– Wi-Fi 6/6E access points for high-speed coverage in guest rooms, lobbies, and outdoor areas.

– Ceiling-mount, wall plate, and outdoor APs for complete wireless coverage and minimalist design.

– End-to-end automation, centralized management, and real-time alerts for simplified operations.

– Data protection and user isolation protocols, with customizable captive portals for branding.

Distinctive Value:

Our hospitality networking solution combines high performance and full coverage with discreet, easy-to-deploy infrastructure, supporting both technical and aesthetic standards in hospitality settings. This solution delivers seamless, secure Wi-Fi 6/6E connectivity across guest rooms and public spaces.

OUR TECHNOLOGIES

Our technologies serve as the foundation of our business, integrating hardware, software and intelligent system tools into a scalable and reliable architecture. Designed to support complex and evolving network requirements, it enables enterprises to deploy, manage and optimize high-performance networks with speed, precision and efficiency. Through scalable hardware design and development, decoupled and programmable software systems and intelligent system tools, our platform delivers comprehensive capabilities across the entire network lifecycle, from product design and solution generation to deployment, orchestration and real-time management. This platform-centric approach empowers us to address diverse application scenarios in a standardized yet customizable manner, significantly enhancing the speed of delivery, cost efficiency and quality consistency of our networking solutions.

Scalable Hardware Design and Development

Our hardware design and development capabilities lay the foundation for the breadth, scalability and performance of our networking solutions. Covering both hardware specifications and aesthetic design, our hardware design and development enables consistent performance, cohesive visual identity and streamlined user experience across product lines. Our equipment is designed with standardized interfaces and adaptable modules, supporting cross-scenario reusability and facilitating rapid customization. This allows customers to scale their network infrastructure efficiently while maintaining system consistency and deployment speed.

We emphasize design scalability and reusability, enabling equipment to be flexibly configured and repurposed across different product categories and application scenarios. This not only accelerates the solution development process but also reduces compatibility testing and system integration costs. Our design architecture supports operational scaling by allowing seamless expansion, modular upgrades and cost-effective maintenance, particularly in large-scale deployments across data centers, smart campuses and enterprise networks.

As a result of our robust hardware design and development capabilities, we have established a highly diversified proprietary equipment portfolio. We have also achieved technological breakthroughs, launching equipment including the high-speed 800G optical modules and switches, silicon photonic transceivers, high-density cabling management solutions and active wavelength division multiplexers, meeting the demands for high-speed networking and supported AI application deployment.

Networking Equipment Operating System

At the core of our software capabilities lies FS OS, our proprietary networking equipment operating system is designed to decouple software functionality from hardware configuration. FS OS provides a programmable, modular and open architecture that enables dynamic protocol stacking, hybrid networking and centralized control. It supports both our proprietary devices and other third-party networking devices that the customers sourced separately, facilitating deployment in heterogeneous environments.

FS OS leverages advanced virtualization layer technology to mitigate compatibility issues among networking equipment from different manufacturers, thereby supporting hybrid networking across devices with varied specifications. It also adopts an open network architecture that ensures uniform control over mainstream protocol networking equipment, facilitating fast and efficient automatic network deployment and management.

Cloud-Based Network Management Platform

Our cloud-based network management platform is engineered to support both on-premise and cloud-based operating models by seamlessly integrating with our networking equipment operating system. This integration enables SDN, allowing customers to configure, deploy and manage networking equipment intelligently and efficiently. By streamlining operational and maintenance tasks, our platform significantly enhances network efficiency, reduces network disruptions and accelerates the transition to intelligent networks. In doing so, it not only supports rapid adaptation to evolving business requirements but also delivers substantial cost savings and improved overall network reliability.

We have developed SDN architecture that delivers a centralized, programmable network, making it more flexible and easier to manage. SDN centralizes management by abstracting the control plane from the data forwarding function in the discrete networking equipment. SDN enables centralized management and control, automation and policy enforcement across physical and virtual network environments.

Intelligent System Tools

We have integrated cutting-edge intelligent system tools in our service delivery process and management system to enhance solution design compatibility, customer experience and operational efficiency. Our *FS Agent* is fully integrated into our online sales platform. It allows our customers to have access to real-time and personalized online customer service support such as recommendations for networking solutions and relevant equipment, technical consultations and troubleshooting support at any time, all through natural language interaction supported by *FS Agent*, we have significantly improved our service efficiency and customer satisfaction.

In addition, we have developed an end-to-end digitalized management system comprising a wide spectrum of functions including order management, supply chain management, warehouse management and customer relationship management. By applying intelligent system tools to these core operating processes, we are able to perform real-time demand forecasting, optimize inventory turnover and streamline delivery coordination. These intelligent system tools collectively enable us to deliver reliable, responsive and personalized services across global markets, strengthening customer engagement and reinforcing our platform-centric service model.

RESEARCH AND DEVELOPMENT

Technological innovation and product development are fundamental drivers of our sustained growth and core competitiveness. To strengthen our technical capabilities and support continuous product evolution, we have maintained a consistently high level of R&D investment. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses amounted to RMB99.8 million, RMB110.5 million, RMB143.7 million, RMB99.8 million and RMB124.3 million, respectively, accounting for 5.0%, 5.0%, 5.5%, 5.1% and 5.7% of our total revenue in the same respective periods.

Our R&D initiatives span a broad range of product categories, including optical modules and high-speed cables, fiber optic cables, switches, optical transmission equipment, optical fiber cabling management products and copper system products. These efforts focus on enhancing product functionality, extending application scenarios and improving the integration and performance of comprehensive networking solutions. To address the professional, customized and diverse requirements of enterprise network construction, we follow a demand-driven approach in designing and standardizing our networking products and solutions. By leveraging feedback from our large and diverse customer base, we conduct data analysis to continuously refine product quality and standards, enabling standardized delivery process tailored to customer application scenarios.

As a result of our continued R&D investment, we have accumulated a robust base of proprietary technologies across both hardware and software domains, including high-density cabling systems and modular software architecture. These technologies form the foundation of our product competitiveness. As of Latest Practicable Date, we had (i) 256 registered patents in Mainland China; and (ii) 91 overseas registered patents in jurisdictions such as the U.S., Europe and Singapore. See "Business — Intellectual Property Rights."

We also attach great importance to product design. Guided by industry trends, customer feedback and extensive market research, we integrate patented technologies and user-centric design principles to develop products that combine advanced functionality, reliability and aesthetic appeal. Our dedicated product design center oversees the entire design lifecycle from functional and structural design to appearance, packaging and user experience, ensuring professional and cohesive execution across all offerings. Supported by our in-depth understanding of the industry and customer needs, we continuously refine material selection, component configuration and industrial design to deliver differentiated, application-specific networking solutions.

Our R&D Team

Given the technical complexity and product diversity inherent to the networking industry, our R&D team plays a central role in driving product excellence and customer satisfaction. Our product development engineers are required to possess deep market insight and application expertise in networking equipment to ensure the delivery of high-performance, reliable and market-relevant solutions.

We have built a high-performing R&D team composed of professionals across multiple disciplines, including electronics, mechanical structure, industrial and packaging design, as well as software development and testing. This team forms the foundation of our sustained innovation and competitive advantage. As of September 30, 2025, our R&D team consisted of 684 experienced personnel, over 80% of whom held a bachelor's degree or above. Supported by this strong talent base, we have established a matrix-style R&D structure spanning product development, digital platform engineering and systems R&D. This cross-functional approach enables multidimensional collaboration across business units and ensures integrated technology development. In addition, to address evolving customer demands, our R&D team navigates our research directions and continuously formulates innovative R&D projects, enabling us to stay at the forefront of the industry.

Our Product Development Process

Our product development process follows the "Market Management — Integrated Product Development" framework, combining market-driven planning with integrated product development and lifecycle management. In the early stage, our charter development team conducts market research and defines product requirements, which are formalized into a project charter. The charter is then transferred to the Integrated Product Development process, where cross-functional teams including product management, engineering, testing and operations teams, work together to develop, verify, and launch the product.

During development, we implement detailed design, software engineering, industrial design and product testing through dedicated subprocesses, ensuring critical progress is reviewed at each technical and business checkpoint. Key activities include concept planning, prototype validation, pilot production and readiness assessments before full-scale launch.

After release, we continue lifecycle operations through product updates, improvements and marketing support, eventually planning product phase-out based on strategic and market factors. This structured approach ensures that every product we deliver is aligned with customer needs, rigorously validated and optimized for long-term performance.

Driven by market demand and refined through large-scale customer feedback, we prioritize standardized design to enhance product consistency, reduce engineering time and improve development efficiency. At the same time, we accommodate diverse customer scenarios by offering differentiated designs tailored to specific applications. Our hardware and software R&D efforts are closely integrated, ranging from unified product aesthetics and structural systems for cabling, switching and transmission, to the development of proprietary platforms for networking equipment management. With a focus on performance, stability and compatibility, we aim to deliver high-quality, scalable products that reinforce customer trust and support long-term brand loyalty.

SALES AND DELIVERY

Our Online Sales Platform

We have developed an online DTC platform, *FS.com*, that transforms the way we acquire, manage and create value for our customers, underpinned by our self-operated online sales platform and cutting-edge technologies, enabling intelligent customer interaction.

We have deployed a combination of sales mode of customer self-service online ordering with customer-commissioned ordering for our sales of solutions. Through our self-operated website, customers can complete solution design, product selection, compatibility check, order placement, payment, logistics tracking and after-sales support entirely online. In terms of our customer-commissioned ordering, it refers to the process where customers inform our sales personnel of their product procurement needs via email or the online customer service on *FS.com*.

We have recruited approximately 1,000 multilingual sales personnel. Our sales personnel are based in China and serve global customers by engaging with them to understand their requirements, confirm product specifications and prepare quotations. Depending on customer needs, our solution engineers based in China provide comprehensive pre-sales solution customization and design services. Our overseas supply and delivery staff may assist in facilitating communication and coordination with local customers where needed. Upon the customer's confirmation and settlement of the quotation, the sales personnel receive the confirmation and our ERP system generates a sales order for the customer.

As of the Latest Practicable Date, we had served over 480,000 customers across over 200 countries and regions worldwide. According to Frost & Sullivan, we were the world's second largest online DTC networking solution provider in terms of revenue in 2024. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, approximately 74,000, 76,600, 82,500, 69,100 and 69,300 customers placed orders on our online sales platform, respectively. With this platform, we have expanded our international reach, enhanced our global brand influence and optimized our cross-border operational efficiency. Our international sales may be subject to relevant international trade policies and trade barriers including the imposition of tariffs. During the Track Record Period, the U.S. import tariffs are borne by FS U.S., our U.S. subsidiary responsible for sales and delivery of our networking solutions in the U.S. See "Risk Factors — Risks relating to Our Business and Industry — Rising international political tensions, including changes in international trade policies and trade barriers, or the escalation of trade tensions, particularly between the U.S. and China, may have an adverse effect on our business operations."

Sales Services

Guided by our customer-centric philosophy, we have established a global 24/5 professional service team to promptly address customers' diverse needs. Our sales services cover the entire sales process from interacting with customers to recommend optimized networking solutions, providing comprehensive technical support through our online platforms to facilitate order delivery, to providing after-sales services to ensure the quality and performance of our solutions.

Our *FS Agent* is fully integrated into our online sales platform, enabling natural language interactions for customer enquiries. This integration allows customers to access personalized recommendations for networking solutions and relevant equipment, receive technical consultations and obtain troubleshooting support at any time. By leveraging this online tool, we significantly improve our service response speed while reducing customer service costs. In the nine months ended September 30, 2025, we handled an average of approximately 3,700 customer enquiries expressing interests in our networking solutions on a daily basis, garnering widespread recognition from our global customer base.

Brand

Our marketing primarily focuses on enhancing our market awareness of our proprietary brand, expanding the influence of *FS.com*, and highlighting the advantages of our products and services. We utilize the internet and related tools to promote our brand and have established a mature digital marketing system that operates primarily online.

We attach great importance on achieving the professional needs of our customers. Our *FS.com* platform as a well-known digital product knowledge base in the industry, it not only lists our product and services details, but also offers a wealth of scenario simulations and solution-building instructional videos. These online resources provide professional and systematic learning value to our customers, helping them accurately select products that meet their actual needs and can quickly install and use the appropriate equipment into their daily operation and production.

We are dedicated to product innovation and the development of our dynamic ecosystem to further elevate customer experience. We continuously develop and launch new product solutions to expand our global customer base and strengthen our brand reputation. Meanwhile, we strive to strengthen customer loyalty and stickiness by binding our customers to our ecosystem through platform-based infrastructure and software service capabilities.

Leveraging the attributes of internet digital marketing, we also use third-party tools like Google Analytics and our own tools to connect external channel traffic data with internal user behavior data. Throughout the marketing process, we conduct all key activities online—including market demand analysis, user profiling, channel optimization, customer value assessment, and promotional strategy development—based on insights drawn from platform feedback, customer experience surveys, social media interactions, CRM data, ERP operational metrics, and advertising platform analytics. This enables us to deliver products and solutions that are well-suited to target groups, supporting an efficient brand marketing operation model driven by technology and data.

Delivery and After-sales Services

We have established glocalized delivery centers in China and overseas countries to ensure the reliability and cost-effectiveness of our product and service delivery. Our global service network further ensures reliable delivery, with most orders delivered within five days from the date of order. We have recruited approximately 400 supply and delivery employees across China, U.S., Germany, Australia, Japan, Singapore and the U.K. Leveraging on our glocalized delivery centers, our overseas supply and delivery team is mainly responsible for managing inventory, coordinating the shipment and delivery of products to customers, and handling post-delivery matters such as after-sales requests and logistics enquiries. They also assist in facilitating communication and coordination with local customers where needed. This enables us to efficiently serve customers across various international markets with reliable fulfillment and responsive support. Networking solution deployment is typically handled by customers, with support from our detailed installation guides and online technical assistance when needed.

We typically provide one to five-year warranties, depending on product type (length of warranties differs from products for non-consumable products) as stated in our contracts with our customers. Our warranty term is usually limited to defects or failure of products or solutions that do not meet the quality standards as specified and agreed with our customers. In case of product failure within the warranty period, we will arrange for repair or replacement of products and/or solutions without extra charge. After the warranty period expires, we may provide maintenance and repair services. We did not receive any material warranty claims or product returns during the Track Record Period.

Pricing

We consider various factors when determining the price of our products, including overall internal costs and expected gross margins of each product, internal sales strategy and prices for similar products offered by our competitors. We also evaluate the overall market conditions and estimate the popularity of our certain products, setting cost-effective pricing strategy on a product basis in order to obtain market shares. Our prices of all products are transparent and publicly available on our official website. During the Track Record Period, as an integral part of our networking solutions, we did not charge additional prices for our services including technical consultation, solution design and after-sales technical support.

OUR CUSTOMERS

As of the Latest Practicable Date, we had served more than 480,000 customers in over 200 countries and regions worldwide, covering approximately 60% of Fortune 500 companies from a wide spectrum of sectors including, among others, information technology, financial services, healthcare, education, automotive and electronics. Such customers generally do not impose specific requirements on the source or brand of materials used, but may request certain customized product functionalities, which we endeavor to accommodate to the best of our technical capabilities. We attach great importance to meeting customers' customized needs and have established the necessary technical expertise and service mechanisms to respond to and implement such requirements.

In 2022, 2023, 2024 and the nine months ended September 30, 2025, our revenue from the five largest customers was RMB95.2 million, RMB82.5 million, RMB164.5 million and RMB149.8 million, respectively, accounting for 4.8%, 3.8%, 6.3% and 6.9% of our total revenue, respectively. In the same years or periods, our revenue from the single largest customer in each year or period during the Track Record Period amounted to RMB41.2 million, RMB26.0 million, RMB66.5 million and RMB46.0 million, accounting for 2.1%, 1.2%, 2.5% and 2.1% of our total revenue, respectively. During the Track Record Period, our five largest customers primarily purchased high-performance networking solutions and general networking solutions from us and paid by bank transfers and credit cards. During the Track Record Period, substantially all of our customers were enterprise customers. The following tables set forth the details of our top five customers during the Track Record Period.

For the year ended December 31, 2022

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Background and principal business activities	Credit period
	(RMB in millions)				
Customer A. . .	41.2	2.1%	2016	A U.S. technology services company primarily engaged in cloud computing, computer networks and other technology services	45 days
Customer B . .	18.6	0.9%	2016	A leading U.S. based company providing software and services related to wireless technology	60 days
Customer C. . .	15.8	0.8%	2015	A world's leading media production company headquartered in the U.S.	30 days

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Background and principal business activities	Credit period
	(RMB in millions)				
Customer D	9.9	0.5%	2017	A world's leading payment company headquartered in the Netherlands	30 days
Customer E	9.7	0.5%	2018	A leading manufacturer of automatic test equipment (ATE) headquartered in Japan	30 days
Total	**95.2**	**4.8%**			

For the year ended December 31, 2023

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Background and principal business activities	Credit period
	(RMB in millions)				
Customer F	26.0	1.2%	2023	A U.S. based technology company that provides data center and hosting services	Advanced payment
Customer C	21.2	1.0%	2015	A world's leading media production company headquartered in the U.S.	30 days
Customer B	12.5	0.6%	2016	A leading U.S. based company providing software and services related to wireless technology	60 days
Customer G	11.6	0.5%	2018	A multinational technology, digital and data company headquartered in France	30 days
Customer H	11.2	0.5%	2015	An online learning platform headquartered in the U.K. that focuses on education in data science, machine learning and data analysis	30 days
Total	**82.5**	**3.8%**			

For the year ended December 31, 2024

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Background and principal business activities	Credit period
	(RMB in millions)				
Customer F . .	66.5	2.5%	2023	A U.S. based technology company that provides data center and hosting services	Advanced payment
Customer I . . .	37.2	1.4%	2017	A network infrastructure provider headquartered in Luxembourg	30 days
Customer J . .	27.9	1.1%	2019	A U.S.-headquartered AI cloud provider specializing in high-performance GPU computing for large-scale AI model training and inference	60 days
Customer K . .	17.2	0.7%	2021	An Australia-based company focusing on the development and operation of renewable energy power generation facilities	30 days
Customer B . .	15.7	0.6%	2016	A leading U.S. based company providing software and services related to wireless technology	60 days
Total	**164.5**	**6.3%**			

Nine months ended September 30, 2025

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Background and principal business activities	Credit period
	(RMB in millions)				
Customer J	46.0	2.1	2019	A U.S.-headquartered AI cloud provider specializing in high-performance GPU computing for large-scale AI model training and inference	60 days
Customer A	38.4	1.8	2016	A U.S. technology services company primarily engaged in cloud computing, computer networks and other technology services	45 days
Customer N	24.7	1.1	2019	A global investment and technology development firm headquartered in U.S. and recognized for its quantitative and computational finance strategies	30 days
Customer M . . .	23.6	1.1	2018	A semiconductor company headquartered in U.S. that specializes in high-performance computing technologies for data centers, gaming and embedded systems	60 days
Customer P	17.1	0.8	2018	A U.S. company engaged in manufacturing and refurbishing computer hardware	30 days
Total	**149.8**	**6.9**			

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers in each year or period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, Supervisors, their associates or any of our Shareholders (who or which to the knowledge of the Directors or Supervisors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year or period during the Track Record Period.

The salient terms of our standard sales agreements during the Track Record Period are set out below:

Duration. Our sales agreements are generally one-time purchase orders with no fixed duration.

Minimum Purchase Amount. There are typically no minimum purchase requirements under standard sales agreements. Depending on factors such as profit margin of respective products and customer demand forecasts, we may agree on a minimum purchase amount with customers where we provide competitive discounts, but we do not impose mandatory purchase obligations.

Pricing Policy. We publish our products prices on the official website which can be easily acknowledged by our direct customers. In terms of customized projects, we generally negotiate project prices at arm's length according to its complexity. Based on customers' project timeline requirements or internal procurement policies, we may offer non-standard price protection terms to customers to accommodate their needs.

Payment and Credit Term. Payment methods vary depending on the destination of the end customer and the outcome of negotiations. Based on the type of products purchased, the cooperation relationship and the negotiation results between both parties, we generally agree for customers to settle payments through advanced payment, payment within 15, 30, 45, 60 or 90 days after invoice issuance, or installment payments. Customers seeking credit terms are required to submit supporting financial documents for credit approval, and the credit period is granted only upon successful review.

Logistics. Generally, we are responsible for delivering our products to locations designated by our direct sales customers.

Return Arrangements. During the warranty period, if the product experiences non-human-induced quality issues, we are responsible for free repairs or replacements. During the warranty period, for damages or malfunctions caused by non-product quality issues, we will charge customer for repair and related costs according to the standards agreed upon by both parties.

Termination. Either party can request to amend or terminate the contract with a written notification. Upon mutual agreement, both parties shall execute the amendment or termination agreement in writing.

OUR SUPPLIERS

We have established deep collaborative partnerships with networking equipment manufacturers worldwide. As of September 30, 2025, we had collaborated with over 200 telecommunication product suppliers and networking equipment manufacturers across the globe. Our robust supply chain integration capabilities have enabled us to rapidly respond to customer demands, shorten new product development cycles, and enhance production efficiency and delivery capabilities.

The purchases from our top five suppliers in each year or period during the Track Record Period was RMB625.0 million, RMB450.2 million, RMB507.9 million and RMB246.9 million, respectively, representing 50.3%, 50.7%, 47.3% and 36.3% of our total purchase in the same respective years or periods. The purchases from our largest supplier in each year or period during the Track Record Period was RMB190.1 million, RMB141.9 million, RMB146.4 million and RMB61.4 million, respectively, representing 15.3%, 16.0%, 13.6% and 9.0% of our total purchase in the same respective years or periods. During the Track Record Period, our five largest suppliers primarily provided high-performance networking products and general networking products to us and we paid them by bank transfers. The following tables set forth the details of our top five suppliers during the Track Record Period.

For the year ended December 31, 2022

Supplier	Transaction amount	Percentage of total purchase	Year of commencement of business relationship	Background and principal business activities	Size of operations	Credit period
	(RMB in millions)				*(Registered capital)*	
Supplier A	190.1	15.3%	2020	A global company headquartered in China that primarily provides networking equipment and networking security products	RMB60 million	70% advanced payment; 30% within 30 days of delivery
Supplier B	168.7	13.6%	2019	A global company headquartered in China primarily engaged in R&D, development, production and sales of communication equipment	US$24 million	30 days
Supplier C	118.0	9.5%	2021	A U.S. manufacturer of optical communication components and subsystems	US$155 million	30 days

Supplier	Transaction amount	Percentage of total purchase	Year of commencement of business relationship	Background and principal business activities	Size of operations	Credit period
	(RMB in millions)				*(Registered capital)*	
Supplier D	81.3	6.5%	2020	A global company headquartered in China primarily engaged in development and manufacture of optoelectronic devices and modules	RMB794 million	30 days
Supplier E	66.9	5.4%	2014	A global company headquartered in China primarily engaged in R&D, design, production, sales and technical consulting of optoelectronic devices and related equipment	RMB227 million	50% within 150 days of delivery; 50% within 180 days of delivery
Total . . .	**625.0**	**50.3%**				

For the year ended December 31, 2023

Supplier	Transaction amount	Percentage of total purchase	Year of commencement of business relationship	Background and principal business activities	Size of operations	Credit period
	(RMB in millions)				*(Registered capital)*	
Supplier A	141.9	16.0%	2020	A global company headquartered in China that primarily provides networking equipment and networking security products	RMB60 million	70% advanced payment; 30% within 30 days of delivery
Supplier F	107.9	12.1%	2022	A global company headquartered in China primarily engaged in the wholesale, import and export of fiber-optic communication products	US$30 million	60 days
Supplier C	79.8	9.0%	2021	A U.S. manufacturer of optical communication components and subsystems	US$155 million	30 days

Supplier	Transaction amount	Percentage of total purchase	Year of commencement of business relationship	Background and principal business activities	Size of operations	Credit period
	(RMB in millions)				*(Registered capital)*	
Supplier E	63.6	7.2%	2014	A global company headquartered in China primarily engaged in R&D, design, production, sales and technical consulting of optoelectronic devices and related equipment	RMB227 million	50% within 150 days of delivery; 50% within 180 days of delivery
Supplier G	57.0	6.4%	2022	A global distributor of IT hardware, software and solutions headquartered in the U.S.	US$99,000[(1)]	Advanced payment
Total . . .	**450.2**	**50.7%**				

(1) This amount represents the issued share capital, instead of registered capital of Supplier G.

For the year ended December 31, 2024

Supplier	Transaction amount	Percentage of total purchase	Year of commencement of business relationship	Background and principal business activities	Size of operations	Credit period
	(RMB in millions)				*(Registered capital)*	
Supplier F	146.4	13.6%	2022	A global company headquartered in China primarily engaged in the wholesale, import and export of fiber-optic communication products	US$30 million	60 days
Supplier C	98.5	9.2%	2021	A U.S. manufacturer of optical communication components and subsystems	US$155 million	30 days
Supplier A	98.4	9.2%	2020	A global company headquartered in China that primarily provides networking equipment and networking security products	RMB60 million	30% advanced payment and remaining 70% within 45 days of delivery

Supplier	Transaction amount	Percentage of total purchase	Year of commencement of business relationship	Background and principal business activities	Size of operations	Credit period
	(RMB in millions)				*(Registered capital)*	
Supplier E	87.5	8.1%	2014	A global company headquartered in China primarily engaged in R&D, design, production, sales and technical consulting of optoelectronic devices and related equipment	RMB227 million	50% within 150 days of delivery; 50% within 180 days of delivery
Supplier D	77.1	7.2%	2020	A global company headquartered in China primarily engaged in development and manufacture of optoelectronic devices and modules	RMB794 million	30 to 60 days
Total . . .	**507.9**	**47.3%**				

Nine months ended September 30, 2025

Supplier	Transaction amount	Percentage of total purchase	Year of commencement of business relationship	Background and principal business activities	Size of operations	Credit period
	(RMB in millions)				*(Registered capital)*	
Supplier F.	61.4	9.0	2022	A global company headquartered in China primarily engaged in the wholesale, import and export of fiber-optic communication products	US$30 million	60 days
Supplier C	58.6	8.6	2021	A U.S. manufacturer of optical communication components and subsystems	US$155 million	30 days
Supplier E	53.4	7.9	2014	A global company headquartered in China primarily engaged in R&D, design, production, sales and technical consulting of optoelectronic devices and related equipment	RMB227 million	50% within 150 days of delivery; 50% within 180 days of delivery

Supplier	Transaction amount	Percentage of total purchase	Year of commencement of business relationship	Background and principal business activities	Size of operations	Credit period
	(RMB in millions)				*(Registered capital)*	
Supplier D	38.3	5.6	2020	A global company headquartered in China primarily engaged in development and manufacture of optoelectronic devices and modules	RMB794 million	60 days
Supplier H	35.2	5.2	2019	A global company headquartered in China, primarily engaged in the development and manufacture of precision optical connectivity products	HK$1 million	90 days
Total . . .	**246.9**	**36.3**				

Our Directors confirm that we had not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers during the Track Record Period. As of the Latest Practicable Date, none of our Directors, Supervisors, their associates or any of our Shareholders (who or which to the knowledge of the Directors or Supervisors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers.

We may enter into master contracts with our suppliers and place purchase orders with them on case-by-case basis. Set forth below is a summary of our standard supply agreement for networking equipment.

- ***Duration***. Our standard supply agreements generally do not have definite duration terms.

- ***Product specification***. Production and processing shall be carried out in accordance with our corporate quality standards. For those we have no specific standards, the standards of the country or industry of the final sales destination shall be applied and must meet the usage requirements of our designated customers. If we have special customization requirements for the goods or if the export country of the goods has mandatory certification requirements, these requirements must also be followed as well.

- ***Minimum purchase commitment***. Typically, the supply agreements do not stipulate a minimum purchase requirement.

- ***Price adjustment provision***. Typically, the price after tax will not change, while the taxes under unsettled parts shall follow the tax rate fluctuations if any.

- ***Payment***. We are generally required to pay the price in the form of either prepayment, payment within 30, 60, 120 or 180 days after receiving invoices, or installment payments.

- ***Logistics***. The suppliers are typically responsible for the delivery of products to our designated location specified in each purchase order.

- ***Quality Guarantee***. For non-conforming products, the supplier shall identify the cause and implement corrective measures within a specified period. In the event of product quality issues, quality incidents or violations of the agreed quality standards, the supplier shall bear our losses and any associated costs.

- ***Risk Transfer***. The risk transfers to us after the products are received by us.

- ***Return arrangements***. We have the right to return non-conforming products and to conduct tests and analyses on non-conforming materials. The corresponding testing costs and material losses shall be borne by the supplier.

- ***Termination***. Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including material breach of contract.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are critical to our business. As of the Latest Practicable Date, we had (i) 256 registered patents in Mainland China, including 20 invention patents, 121 utility model patents and 115 design patents; and (ii) 91 overseas registered patents in countries and regions including the U.S., Europe and Singapore.

We have taken the following key measures to protect our intellectual property rights, including: (i) implementing a set of comprehensive internal policies to establish robust management over our intellectual property rights, (ii) establishing an intellectual property taskforce to guide, manage, supervise and monitor our daily work regarding intellectual properties, (iii) timely registration, filing and application for ownership of our intellectual properties, (iv) actively tracking the registration and authorization status of intellectual properties and take action in timely manner if any potential conflicts with our intellectual property rights are identified, and (v) clearly stating all rights and obligations regarding the ownership and protection of intellectual properties in the employment agreements we enter into. Despite our precautions, we may be subject to risks associated with alleged infringement of third parties' intellectual property rights, or infringement of our intellectual property rights by third parties. See "Risk Factors — Risks Relating to Our Business and Industry — Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights or defend against third-party allegations of infringement may be costly and ineffective" and "Risk Factors — Risks Relating to Our Business and Industry — We may be involved in legal and other disputes from time to time arising from allegations relating to our infringement of intellectual property rights of third parties, which, if determined adversely to us, could cause us to pay significant damages." During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any infringement or allegations of infringement by third parties that may have material adverse effects on our business operations.

LOGISTICS, INVENTORY MANAGEMENT AND MANUFACTURING

Logistics and Inventory Management

We utilize automated information systems for warehouse and logistics management such as warehouse management system or replenishment system, achieving full-process management from product warehousing, inventory inspection, to picking, waybill tracking and order completion which effectively ensures sufficient and reasonable inventory levels to meet the needs for rapid delivery. Our warehouse data department generates transfer-related data based on sales orders, which is then handed over to the warehouse logistics department for logistics transportation. We engage qualified third-party logistics service providers for the delivery of all finished products that have passed quality inspections from our nearest warehouses to locations specified by our customers. As of the Latest Practicable Date, apart from the delivery center in China, we have six localized overseas delivery centers in the U.S., Germany, Australia, Singapore, the U.K. and Japan. By applying intelligent tools to our core operating processes such as research and development, coupled with our *FS Agent*, we have significantly improved our service efficiency and customer satisfaction.

Our inventory mainly includes finished goods, goods in transit and consumables. Leveraging our automated information systems' analysis results, we formulate procurement plans, inventory plans, intelligent replenishment and product inventory structure adjustments. We could promptly adjust inventory through global transfer and replenishment methods to ensure sufficient and reasonable inventory levels in various warehouses. As of December 31, 2022, 2023, 2024 and September 30, 2025, our inventories were RMB659.1 million, RMB606.1 million, RMB572.3 million and RMB484.8 million, respectively.

Manufacturing

We rely on contract manufacturers for our manufacturing needs. We require some manufacturers to procure the core components, such as switch chips, optical fiber jumper connectors and optical fiber cores, from our designated raw material brands for certain products, ensuring the high-quality standard of our self-branded products. The manufacturing process also enables us to configure the hardware and software in unique combinations to meet a wide variety of individual customer requirements. The manufacturing process also uses automated testing equipment, as well as comprehensive inspection, testing and statistical process controls, which are designed to help ensure the quality and reliability of our products.

Our arrangements with contract manufacturers generally provide for quality, cost and delivery requirements, as well as manufacturing process terms; flexibility regarding capacity, quality and cost management; and oversight of manufacturing. The agreements generally also include conditions for the use of our intellectual property, specifying the type and scope of permitted use, duration, licensing terms, confidentiality obligations along with liabilities in case of infringement or breach. The licensing is typically non-exclusive and non-transferable. We rely on these contractual arrangements to protect the usage of our intellectual property by the contract manufacturers. We are prepared to take prompt action through formal notices or escalation procedures in case of unauthorized use.

We select contract manufacturers primarily based on their technology and manufacturing capabilities, quality of their products/services and commercial terms offered. We generally enter into long-term framework agreements with contract manufacturers and place orders separately based on actual demand. The long-term framework agreements typically automatically renew for one year. These arrangements with contract manufacturers generally do not set minimum purchase requirements.

COMPETITION

The networking solution industry is highly competitive, with established players and new entrants vying for market share in a rapidly evolving landscape. Our ability to maintain and grow our market position depends on competing effectively against other networking solution providers. The competitive landscape is shaped by multiple factors, including the performance of networking products, technology and customization capability applicable in new scenarios, products and service delivery efficiency and prompt after-sales services, brand awareness and recognition and end-to-end digital operation capability. Despite high barriers to entry, new market participants may emerge, introducing innovative or cost-effective solutions that challenge existing players. If we are unable to keep pace with such advancements, or fail to differentiate our solutions in terms of quality, performance or cost, we risk losing market share to competitors. See "Industry Overview." For risks associated with our competitiveness in the industry, see "Risk Factors — Risks Relating to Our Business and Industry — The industry in which we participate is increasingly competitive, and if we do not compete effectively, our business and results of operations could be adversely affected."

QUALITY CONTROL

We are committed to maintaining high level of quality and safety for our networking solutions and have obtained ISO9001 quality management system certification. To comply with the safety standards and quality requirements of various countries and regions, we have developed, complete and high-standard quality control system for product development, supply chain and after-sales service management. We strictly deployed quality control system throughout the product lifecycle, including structural design validation, supplier management and quality inspection, which could effectively preventing design defects and quality issues. Our quality control personnel are stationed at key suppliers' production sites, supervising them from raw material procurement to production processes and packaging. This guarantees our delivery of high-quality products. We have also established four major testing systems, including networking equipment, optical modules, optical transmission and integrated cabling, covering from the sample stage to small batch trial production, as well as quality assurance testing of finished products during mass production. We generally use performance, functionality, compatibility, parameters and reliability as testing indicators. Our comprehensive testing capabilities enable us consistently to provide high-quality products to the market. We engaged independent product testing and certification organizations to test and certify our self-branded networking equipment on the relevant standards of each target market. As of the Latest Practicable Date, we had obtained over 20 internationally recognized certifications across the U.S., the European Union, Australia, Japan and other regions, for networking equipment under our brand.

As a result of our adherence to quality control procedures, we did not experience any material sales returns or any material product liability or major legal claims due to product safety and quality control issues, and we did not recall any products during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEES

As of September 30, 2025, we had 2,174 employees located in China and 250 employees located in the U.S., Germany, Australia, Japan, Singapore and the U.K. The following table sets forth a breakdown of our employees by function and location as of the same date.

Business Function/Location	Number of employees	Percent
Research and development		
China	684	28.2%
Sales and marketing		
China	983	40.6%
Solution Engineers		
China	93	3.8%
Supply and delivery		
China	220	
U.S.	89	
Germany	67	
Australia	8	
Japan	8	
Singapore	65	
U.K.	13	
Sub-total	470	19.4%
General administration and management	194	8.0%
Total	**2,424**	**100.0%**

Attracting, retaining and motivating qualified employees are important to our success. We believe that our high-quality talent pool is one of our core strengths and competitive advantages. We recruit with high standards and rigorous procedures and through various methods, including campus recruitment, online recruitment and third-party recruiters to select the best-fit personnel for the corresponding positions in response to our various talent demands. We invest in continuing training programs and establish a FS college for internal employee learning and training, ranging from induction training, orientation, business training, to product training and management trainings, to improve their professional knowledge and management skills, upgrade their skill sets and keep abreast of the industry standards in their respective positions. We also organize activities to provide our employees with a deeper understanding of our culture. We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. We regularly evaluate the performance of our employees and reward the well-performed with incentives and priority opportunities of promotion.

As required by the laws and regulations in the jurisdictions in which we operate, we participate in various employee social security plans that are administered by local governments. During the Track Record Period, we did not make full contributions to the social insurance and housing provident funds as required by the relevant PRC laws and regulations for our employees in certain PRC operating entities of our Group. Nevertheless, contributions for all employees were made at no less than the statutory minimum thresholds as stipulated under applicable PRC laws and regulations. For the same period and up to the Latest Practicable Date, we had not received any notices or penalties from the social insurance authorities or the housing provident fund authorities requiring us to make any additional social insurance and housing provident fund contributions. According to the interviews conducted by our PRC Legal Advisor with the competent social insurance authorities and housing provident fund authorities, the competent authorities confirmed that they would not take the initiative to conduct inspections requiring us to make up for historical arrears of social insurance premiums, or of housing provident fund, or impose penalties on us. Furthermore, there were no significant complaints, reports, or class actions related to social insurance or housing provident fund. As advised by our PRC Legal Advisor, taking into account of the relevant regulatory assurances and the facts stated above, the risk of us being required by relevant PRC authorities to pay the shortfall of social insurance and housing provident fund contributions or being penalized for failing to make social insurance and housing provident funds in full is remote. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date. See "Risk Factors — Risks Relating to Our Business And Industry — Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds or other PRC labor related regulations may subject us to fines and other legal or administrative sanctions."

The relevant provision of The Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which came into effect as of September 1, 2025, emphasizes the agreement to avoid paying social insurance premiums is invalid. We do not have such promise or agreement to or with our employees. As advised by our PRC Legal Advisor, such provision does not increase the likelihood for making additional contributions, overdue payments or being fined regarding to the social insurance and housing provident fund contributions. To strengthen our internal control in this regard, we will maintain close communication with relevant authorities, regularly check the latest regulations and policies and consult our PRC legal advisors from time to time. We will also regularly review the calculation of the social insurance and housing provident fund contributions to ensure that the calculation and payment methods are in compliance with the relevant laws and regulations.

None of our employees are currently represented by labor unions. 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

According to Frost & Sullivan, we were the world's second largest online DTC networking solution provider in terms of revenue in 2024. We consistently integrate environmental, social, and governance (ESG) factors into our strategic core, driving sustainability through systematic practices. On the environmental front, we significantly reduce resource consumption through digital process optimization, implement green supply chain management and actively explore renewable energy applications. In the social dimension, we have developed an inclusive culture, covering gender equality at workplace, comprehensive integrity training system, supply chain social responsibility management and support for community initiatives, continually reinforcing the symbiotic value between our Group, employees, customers and society. In the governance area, we ensure decision-making transparency and quality through our anti-fraud monitoring system, multi-tiered data security management mechanism and professional independent directors.

ESG Governance System

A comprehensive and robust ESG governance framework is a crucial foundation for achieving sustainable development. We deeply integrate the concept of sustainability into our management practices and actively develop our ESG governance structure, committed to establishing a three-tier management system composed of our Board, Strategy Committee and an ESG working group. Our Board, as the highest decision-making body for ESG strategy, oversees the direction of ESG development, approves major issues and allocates resources. The Strategy Committee focuses on researching and guiding ESG topics, responsible for formulating action plans and monitoring execution progress. The ESG working group, which we intend to establish in due course, will implement strategic plans, promote cross-department collaboration, regularly assess risks and opportunities and dynamically optimize management systems.

Our core management team demonstrates a diverse range of professional backgrounds and practical experience in the ESG field. They have experience in integrating ESG principles and driving social responsibility. Their expertise in ESG disclosure and financial evaluation further strengthens our market competitiveness.

Environment

We always regard environmental protection as the core driving force of our sustainable development strategy. We implement a comprehensive environmental indicator system, drive green operations and advance low-carbon transformation. Through technological innovation and process optimization, we enhance efficiency and reduce emissions while embracing clean technology and actively exploring renewable energy to balance economic growth with sustainability.

Environmental Management

We have successfully passed the ISO14001 environmental management systems certification, demonstrating our commitment to international environmental standards. We will continue to innovate and enhance our environmental management, striving for a more efficient and sustainable green development model.

Emission

We primarily generate industrial solid waste, such as cartons, wooden pallets and plastic films, as well as domestic waste from daily office activities. In 2024, we have actively taken a number of measures in compliance with laws and regulations such as the PRC Environmental Protection Law and the PRC Law on the Prevention and Control of Environmental Pollution by Solid Wastes. For example:

- ***Solid waste management.*** Our delivery centers have established classified temporary storage points with identification signs. Waste is transferred promptly, with storage sites equipped with safety facilities such as rainproof and anti-leakage devices. Disposed equipment is managed in specific areas separately. Recyclable waste is collected by dedicated personnel and sold to qualified units with relevant records in place to ensure full traceability.

- ***Domestic waste management.*** According to our environmental policies and procedures, we strategically place garbage bins for domestic waste and enforce classified collection and management. Professional property management agencies are engaged to handle transportation, ensuring disposal at compliant waste treatment sites according to established standards and schedules.

Environmental Protection Objectives and Measures

To promote our sustainable transformation, we have set clear objectives and implemented targeted measures for energy efficiency, carbon emission reduction, climate resilience and resource circularity.

- **Energy conservation**. Using 2024 as the base year, we aim to achieve an annual reduction of 1% to 2% in comprehensive energy consumption per unit areas across self-owned properties, targeting a cumulative decrease of 5% to 10% by 2030. Key management initiatives include optimizing facility operating hours and deploying intelligent systems to regulate air conditioning and water dispenser usage.

- **Green power transition**. Subject to necessary regulatory approvals, we target a green power procurement ratio of at least 30% by 2030. To support this goal, we plan to partner with external suppliers to install rooftop photovoltaic systems within our premises to generate power for on-site consumptions.

- **Operational carbon reduction**. To promote low-carbon transportation, we plan to prioritize new energy vehicles for future procurement. Relevant measures include updating our internal policies, expanding necessary charging infrastructure, conducting cost-benefit analysis and establishing supervision mechanisms to ensure alignment with our carbon reduction objectives.

- **Climate risk prevention**. To strengthen climate resilience, we plan to conduct systematic assessments of climate-related vulnerabilities and implement targeted protective upgrades. We plan to install detachable waterproof baffles in flood-prone areas and ensure that each warehouse maintains a minimum number of emergency sandbags by 2026. These measures are designed to mitigate operational risks and enhance our preparedness for extreme weather events.

The table below sets forth our carbon emissions during the Track Record Period.

		Years ended December 31,			Nine months ended September 30,
Classification	**Unit**	**2022**	**2023**	**2024**	**2025**
Scope 1[1]	Metric tonnes of carbon dioxide equivalent	1,317.5	1,506.0	1,797.0	22.9
Scope 2[2]	Metric tonnes of carbon dioxide equivalent	966.7	1,660.3	3,184.3	3,377.7
Scope 3[3]	Metric tonnes of carbon dioxide equivalent	3.7	4.6	5.8	5.3

Notes:

(1) Scope 1 emission refers to direct greenhouse gas emissions from operations that are owned or controlled by our Group. Our Scope 1 emissions primarily originate from the use of company-owned vehicles. In the nine months ended September 30, 2025, our Scope 1 emissions were significantly reduced due to limited utilization of these vehicles.

(2) Scope 2 emission refers to energy indirect greenhouse gas emissions resulting from the generation of purchase or acquired electricity, heating, cooling and steam consumed within our Group.

(3) Scope 3 emission refers to all other indirect greenhouse gas emissions that occur outside our Group including both upstream and downstream emissions.

Resource Consumption

We have implemented systematic measures to enhance resource efficiency and cut carbon emissions. Through awareness campaigns, we promote water and energy conservation, while upgrading facilities with energy-saving technologies. Employees are encouraged to turn off lights and appliances after work, integrating sustainability into daily operations. We also optimize office energy consumption through time-sharing management and intelligent systems, reducing unnecessary usage and improving efficiency.

The table below sets forth details of resource consumption of our Group companies in China during the Track Record Period.

		Years ended December 31,			Nine months ended September 30,
Resource Classification	**Unit**	**2022**	**2023**	**2024**	**2025**
Electricity	MWh	1,695.0	2,911.2	5,583.5	5,922.7
Heating	MWh	20.2	80.8	238.0	135.8
Air Conditioning . .	MWh	122.6	230.0	547.0	680.3
Water Resource . . .	MT	8,454.3	10,891.0	12,781.0	13,144.0

The increase in resource consumption from 2023 to 2024 reflects the natural outcome of our strategic expansion and operational scaling. Growth in workforce and facility size led to higher baseline consumption of electricity and water, while newly installed equipment required continuous power supply. Additional resource demand was also driven by the construction and operation of specialized functional areas, including laboratories and clean-rooms with round-the-clock environmental controls.

Climate Governance

We prioritize climate-related governance by systematically assessing risks and opportunities. Wuhan's subtropical monsoon climate, with moderate temperatures and distinct seasons, supports stable business operations and minimizes disruptions caused by extreme weather. The region's ample precipitation provides sufficient water resources, mitigating risks associated with water shortages. By leveraging these climate advantages, we strengthen our business continuity and enhance environmental sustainability in our business operations.

Social

According to Frost & Sullivan, we were the world's second largest online DTC networking solution provider in terms of revenue in 2024. We have deeply integrated corporate social responsibility (CSR) into our development strategy. By establishing a comprehensive CSR management system, we are committed not only to creating value for our customers but also to promoting the development of our employees, communities and the industry as a whole.

Employment

We firmly believe that workforce diversity is one of our most valuable assets and a core competitive strength. We have established a code of conduct committed to making decisions free from any discriminations and providing equal employment opportunities for all job applicants and employees. We respect individual beliefs, cultural customs and lifestyles, and are dedicated to fostering an open and inclusive working environment.

We place great importance on employee career development and have established tailored training policies for staff in different departments. These policies help employees acquire necessary knowledge and skills for their roles through diverse training programs. During the Track Record Period, we have organized over 3,700 training sessions, with more than 108,100 attendances and a cumulative training duration over 116,700 hours.

During the Track Record Period and up to the Latest Practicable Date, there were no incidents in violation of relevant laws and regulations pertaining to child labor or forced labor.

Occupational Safety

We place great emphasis on employees' occupational safety. In addition to providing safety equipment for production and R&D personnel, we offer mandatory safety training for all new onboarding employees. We have also held safety campaign to promote awareness, foster a strong safety culture and encourage hands-on learning through interactive activities.

Through a comprehensive safety training system, we strive to ensure the occupational safety of every employee. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major accident during our business operations. We organize two fire drills per year, one annual first aid training session and regularly conduct operational safety training during morning and evening meetings. During the Track Record Period, over 4,100 employee attendances were recorded for occupational safety development training.

Employee Development and Training

We prioritize employee development through a comprehensive career system, diverse growth pathways and competitive benefits. During the Track Record Period, we conducted employee development training sessions, fostering both individual and organizational growth.

We support employee growth through comprehensive onboarding and professional development programs, enhancing their core competitiveness. Our benefits system includes performance-based bonuses, housing allowances, subsidies and various perks to boost employee satisfaction and team cohesion.

Product Responsibility

Product responsibility is a key pillar of our sustainable development. We have implemented a rigorous quality management system throughout the product lifecycle and achieved ISO9001 quality management system certification, ensuring high standards for quality and safety.

We have implemented a robust internal audit process and a comprehensive product quality control plan, ensuring high standards from raw materials to finished products. We regularly conduct relevant testings, delivering safe, reliable and environmentally friendly products and solutions. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product recalls, returns or complaints, and we are not aware of any pending product recalls or investigations or actions by relevant authorities or customers which may lead to a product recall.

Governance

Our governance system is centered around compliance, transparency and accountability, covering key areas such as anti-corruption, data security and internal auditing through multi-tiered institutional design and execution mechanisms. Our governance framework primarily includes three major components.

- ***Anti-Corruption and Business Ethics.*** We have adopted the *Code of Business Conduct* and the *Anti-Fraud and Integrity Management System*. Our internal policies expressly prohibit bribery, kickbacks and improper benefit transfer, fostering an integrity culture.

- ***Data Security and Privacy Protection.*** Based on our *Personal Information Security Management System* and *Data Security Management System*, we have created a lifecycle data management mechanism to ensure the security of user and employee information.

- ***Internal Auditing and Risk Control.*** We conduct regular assessments and specific audits, ensuring the effective policy implementation.

Anti-Corruption and Business Ethics

We uphold a "zero tolerance" policy on corruption, enforcing strict regulations through our Code of Business Conduct and *Anti-Fraud and Integrity Management System*. These frameworks regulate employee interactions, require gift and conflict of interest declarations, and establish independent reporting channels to ensure transparency and swift issue resolution.

Data Security and Privacy Protection

We have built a comprehensive data management system, emphasizing the classified and multi-tiered protection of sensitive data. Personal biometric information is encrypted and stored securely with restricted access. Cross-border data transfers must undergo security assessments with relevant agreements in place to ensure compliance with international regulations. We also conduct regular data security drills and employee trainings to enhance overall risk awareness.

Internal Auditing and Risk Control

Our audit department operates with independent investigation authority according to our internal rules and policies. It conducts special reviews on financial anomalies and suspected fraud, implementing measures such as document withholding and duty suspension. Our Audit Committee also evaluates anti-bribery policies through inspections, while our conflict of interest declaration mechanism enhances transparency and mitigates biased decision-making.

INSURANCE

We maintain insurance coverage over our daily operations. Our principal insurance policies differ from countries we operate, primarily include employee-related insurance, employers liability insurance, public liability insurance, commercial liability insurance, transportation insurance and product liability insurance, among others which we believe have covered major risks in our daily operations in the jurisdictions in which we operate. In line with general market practice, we do not maintain certain policies that are not available in the jurisdictions in which we operate, or that are not generally required by laws. See "Risk Factors — Our insurance coverage is limited and may not be sufficient to cover all of our potential losses."

We believe that our insurance coverage is adequate for our business and in line with general market practice. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustment to our insurance plans to align with our needs and with industry practice. During the Track Record Period, we did not make any material insurance claim in relation to our business.

PROPERTIES

Our headquarters offices are located in Shenzhen and Wuhan, PRC. As of the Latest Practicable Date, we owned properties in Mainland China and leased properties in Mainland China, the U.S., Germany, Australia, Singapore, Japan and the U.K. Except for the property interest described in the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our Group has no other owned single property interest that forms part of our non-property activities that has a carrying amount of 15% or more of the total assets pursuant to Rule 5.01B(2)(b) of the Listing Rules. For details of property valuation report, see "Appendix III — Property Valuation Report" to this document.

Owned Properties

As of the Latest Practicable Date, we owned 117 properties with an aggregate gross floor area of approximately 119,000 square meters in Mainland China, which were primarily used for commercial services, offices and industrial purposes. As of the Latest Practicable Date, we have obtained the real estate title certificates for all of our owned properties.

Leased Properties

As of the Latest Practicable Date, we leased five properties in Mainland China relating to our business operations in total with an aggregate gross floor area of approximately 3,415.4 square meters, which have been mainly used as offices and warehouses. As of the Latest Practicable Date, one lease agreement for above leased properties in Mainland China had yet to be filed with relevant competent authorities. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties shall be filed with the relevant real estate administration bureaus in China. As advised by our PRC Legal Advisor, the lack of registration does not affect the validity and enforceability of the lease agreements, or result in us being required to vacate these leased properties, but we may be ordered by relevant competent authorities to complete the filing within a designated time limit, and may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to do so within the time limit. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreement. Based on the foregoing, our PRC Legal Advisor is of the view that the non-registration of such lease agreement would not have any material adverse impact on our business operations.

As of the Latest Practicable Date, we leased eight properties in the U.S., Germany, Australia, Singapore, Japan and the U.K. relating to our business operations in total with an aggregate gross floor area of approximately 20,186.6 square meters, which have been mainly used as offices and warehouses.

For risks relating to our leased properties, see "Risk Factors — Risks Relating to Our Business and Industry — Our rights to use our leased properties may be defective and could be challenged by property owners or other third parties, which may negatively affect our ability to operate our business and incur relocation costs."

DATA SECURITY AND PRIVACY

Our networking equipment and networking solutions do not process any personal information of customers. We do not engage in any cross-border data transfers from China to overseas. During our provision of networking equipment and networking solutions, with the prior consent of our customers, we collect and process their delivery information including names and contact details to the extent necessary and in accordance with the relevant laws and regulations on data privacy and security. We also process other relevant information during our business operations, such as contact information of our business partners and personal information of our employees.

We have taken measures to maintain the confidentiality of relevant information to ensure regulatory compliance. We process personal information in accordance with the principles of legality, legitimacy and necessity. Specifically, we perform de-identification on raw data stored, such as name and phone number of a specific customer. Since the collection, storage, usage, retention and transmission of information that can be identified as specific individuals or reflect the relevant activities of specific individuals are all subject to relevant data protection laws and regulations, the de-identification of raw data is necessary for us to efficiently protect personal data of our customers. We also set up an access control system for personal information in our internal system so that it cannot be viewed without proper authorization or exported in bulk. We set up firewalls to prevent information loss or leakage caused by cyber-attacks. To ensure regulatory compliance, we have (i) appointed a head of information security who is responsible for our cyber security and data protection; and (ii) established a comprehensive data and personal information security management system and operational procedures comprising a data security management system, a personal information management policy and information security incidents response guiding document. In addition, we from time to time examine the security of our data storage system. We strictly restrict the range of data that our employees are authorized to access based on their title and function. We have entered into confidentiality agreements with our employees to prevent improper use or disclosure of information.

In addition, we continue to pay close attention to the legislative and regulatory developments in cybersecurity and data protection and conduct routine cybersecurity and data protection compliance check and rectification to keep pace with regulatory development. In particular, we have established a comprehensive set of internal cybersecurity and data protection rules and policies. We have also formulated the overarching data security management policy, user personal information protection management policy and network security management policy, which provide the principal management rules on cybersecurity and data protection.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or received any claim from any third party against us on the ground of infringement of such party's right to data protection as provided by applicable PRC laws and regulations or any applicable laws and regulations in other jurisdictions. As advised by our PRC Legal Advisor, we are in compliance with all applicable PRC data privacy and cybersecurity laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

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. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to the operation of our existing business.

The following table sets out a list of material licenses, permits and approval held by us as of the Latest Practicable Date.

License/permit	Entity holding the license/permit	Grant date	Expiration date
Customs Import and Export Goods Consignee and Consignor Registration Receipt (海關進出口貨物收發貨人備案回執)	The Company	February 18, 2021	Long term
Enterprise Overseas Investment Certificate (企業境外投資證書)	The Company	November 12, 2020	N/A

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

Awards and Recognition	Awarding Parties	Year of Award
Outstanding Case of Cross-border E-commerce Brand International Expansion (跨境電商品牌出海優秀案例) .	Department of Commerce of Guangdong Province	2025
Hubei Provincial Manufacturing Single Champion Enterprise (湖北省製造業單項冠軍企業) . .	Hubei Provincial Department of Economic and Information Technology	2025
Advanced Smart Factory of the Year 2025 (2025年度先進級智能工廠)	Hubei Provincial Department of Economic and Information Technology	2025
Development and Expansion Incentive under the International Headquarters Award	Singapore Economic Development Board	2025
National Specialized and New "Little Giant" Enterprise (國家級專精特新"小巨人"企業)	Ministry of Industry and Information Technology	2023
National Intellectual Property Advantage Enterprise (國家知識產權優勢企業).	China National Intellectual Property Administration	2022
National High-Tech Enterprise (國家高新技術企業)	Finance Bureau of Shenzhen Municipality, State Taxation Administration of Shenzhen Tax Service, Shenzhen Municipal Science and Technology Innovation Commission	2022

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, we and our major subsidiaries are not involved in any litigation, arbitration or administrative proceedings pending or threatened against our Company or any of the Directors which we believe may have a material and adverse effect on our financial condition or results of operations.

On February 21, 2020, Corning, Inc. ("**Corning**") filed a complaint with the USITC for infringement of several of its patents by FS U.S. and several other companies. These patents generally relate to fiber optic technology commonly used in data centers. The subject of the infringement charge against FS U.S. was the FHX product line of high-density fiber optic equipment (which FS U.S. ceased to offer in the U.S. upon receipt of Corning's complaint). Corning requested the USITC to initiate a Section 337 investigation and to issue a general or limited exclusion order, along with cease-and-desist orders. On August 3, 2021, the USITC issued a final determination finding infringement of Corning's patents as well as a general exclusion order prohibiting the importation of high-density fiber optic equipment and components at issue in the subject proceeding. The USITC also issued cease and desist orders directed against FS U.S. and four other respondents. The FHX product line was the sole product line impacted by these orders. On November 29, 2021, FS U.S. filed a notice of appeal with the U.S. Court of Appeals for the Federal Circuit challenging the USITC's final determination. On April 20, 2023, the Federal Circuit issued its decision and affirmed the USITC's determination.

In addition, on September 27, 2021, FS U.S. filed an ex parte re-examination request with the United States Patent and Trademark Office ("**USPTO**") challenging the validity of U.S. Patent No. 9,020,320 (the "**320 Patent**"), which was one of the patents asserted by Corning in the Section 337 investigation. The re-examination request was eventually denied by the USPTO. As of the date of this document, Corning has not filed any patent infringement claim against FS U.S.

As advised by K&L Gates, our U.S. Legal Advisor, the risk exposure to us arising from the intellectual property dispute between FS U.S. and Corning is limited primarily because (i) the infringement finding and resulting exclusion order issued by the USITC relates solely to the FHX product line, which we ceased offering in the U.S. immediately upon receipt of the complaint, and no other product lines are affected; (ii) as of the date of this Document, Corning has not initiated any patent infringement action against FS U.S.. Based on the foregoing, we are of the view that the infringement claim would not materially and adversely impact our business operations and financial performance.

To prevent the recurrence of intellectual property infringement incidents, we have implemented enhanced internal control measures to prevent future incidents. We have established a robust intellectual property management policy that governs the full lifecycle of IP creation, usage, protection and administration. Prior to product development, we conduct searches and risk assessments to identify potential infringement issues. During design and promotional activities, we strictly adhere to a ″prior authorization″ principle, ensuring that all third-party materials are properly licensed before use to prevent copyright infringement. In addition, we regularly conduct IP training to enhance employees' understanding of relevant laws and strengthen awareness of IP protection, fostering a corporate culture that respects innovation and intellectual property rights.

Compliance

We are subject to various regulatory requirements and guidelines issued by regulatory authorities. During the Track Record Period and as of the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, and we did not experience any material non-compliance incident, which 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.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is responsible for ensuring that our Group establishes and maintains appropriate and effective risk management system and internal control system, overseeing the management in the design, implementation and monitoring of such systems and ensuring that review of the effectiveness of such systems are conducted at least annually. We have established and continue to maintain risk management and internal control systems consisting of policies and procedures that are appropriate for our business operations, and we are dedicated to continuously improving and implementing these systems to ensure our policies and implementation are effective and sufficient.

We have engaged an internal control consultant to review the internal controls associated with our major business processes, identify deficiencies and areas for improvement, provide recommendations and review the implementation status of these remedial actions. To ensure the above compliance culture is embedded into everyday workflow and sets the expectations for individual behavior across the organization, we will regularly review our risk management and internal control policies and procedures, adopt strict accountability internally and conduct compliance training. Our Directors are of the view that our enhanced internal control system is adequate and effective for our current operations.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background

During the Track Record Period, certain of our customers (individually or collectively, the "**Relevant Customer(s)**") settled their payments with us through third-party payers ("**Third-Party Payment Arrangement(s)**"). In 2022, 2023, 2024 and the nine months ended September 30, 2025, the number of Relevant Customers (originating from over 100 countries and regions) amounted to 2,157, 1,307, 1,231 and 895, respectively, and the aggregate amount of payment from their designated third parties to our Group that contributed to our revenue was RMB32.0 million, RMB79.7 million, RMB91.7 million and RMB42.0 million, respectively, representing 1.6%, 3.6%, 3.5% and 1.9% of the total payments we received from all customers in the same respective periods. In 2022, 2023, 2024 and the nine months ended September 30, 2025, the average transaction amount under the Third-Party Payment Arrangements was RMB5,512.6, RMB20,053.1, RMB19,776.8 and RMB12,334.5, respectively. The average transaction amount under the Third-Party Payment Arrangements increased in 2023 and 2024 because one of our five largest customers in both 2023 and 2024 settled its payments with us through third-party payers. No other individual Relevant Customers had made material contribution to our revenue during the Track Record Period.

During the Track Record Period, to our best knowledge, information and belief, (i) the third parties designated by the Relevant Customers for payment to the Group primarily consisted of (a) affiliates of the Relevant Customers, such as entities within the same group or under common control with the Relevant Customers or (where the Relevant Customer is a public body) a related public body; and (b) independent third parties engaged or designated by Relevant Customers, such as third party settlement agents and their nominees, forwarders, and business partners of Relevant Customers; (ii) all the Third-Party Payment Arrangements were genuine transactions between us and the Relevant Customers; and (iii) the amount of payments from the designated third parties received by us corresponded with the transaction amount in the relevant sales orders, records, and/or invoices between the Relevant Customers and us.

During the Track Record Period, (i) we have not proactively initiated any Third-Party Payment Arrangements, but only accepted the Third-Party Payment Arrangements when they are arranged by the Relevant Customers; (ii) we have not provided any discount, commission, rebate or other benefit to any of the Relevant Customers or the third-party payors to facilitate or incentivize the Third-Party Payment Arrangements; and (iii) the pricing and payment terms we provide to the Relevant Customers were generally in line with those of customers not involved in the Third-Party Payment Arrangements.

To their best knowledge, information and belief, our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we have not been the subject of any investigations, enquiries, penalties, surcharges or additional tax payments as a result of our involvement in the Third-Party Payment Arrangements, and we have not encountered any disputes with, nor received any refund request in relation to the Third-Party Payment Arrangements from, any Relevant Customer, their designated third parties or their liquidators.

As advised by our PRC Legal Advisor, in the PRC, there was no (i) any administrative or criminal penalties imposed on the Company, or (ii) any formally documented governmental investigations initiated against the Company, with regards to the relevant Third-Party Payment Arrangements, during the Track Record Period and up to the Latest Practicable Date.

Reasons for Utilizing Third-Party Payment Arrangements

The use of the Third-Party Payment Arrangements is primarily due to the following reasons:

- *Industry norm*. As confirmed by Frost & Sullivan, it is in line with industry practice for customers on DTC online sales platform to settle their corporate transactions through third-party payors, including but not limited to their affiliates and business partners as it is more convenient and flexible for them to settle payments through third-party payors. It is commercially burdensome and impracticable, and not in line with industry practice, for our Group to arrange for refund and request the Relevant Customers to re-arrange direct payment, taking into account the large number of Relevant Customers involved and the size of each of their payment. According to Frost & Sullivan, it is a common industry practice for payment processing service providers to disclose incomplete or unmatched payor/cardholder information to merchants. Therefore, such payment arrangements are considered an industry norm and do not indicate irregularities in business operations.

- *Payment convenience.* In line with our vision to provide flexible, convenient and intelligent networking solutions, we accommodate various payment arrangements for our customers to suit their financial arrangements. Many of our Group's customers are small-sized private enterprises. To avoid the complexity of setting up and using multiple corporate bank accounts, some of them have arrangements with companies in the same group.

- *Operation flexibility*. At the early stage of a small-sized business, some of them may prefer informal financial arrangement of payment through third-party payors, which is sufficient for their current needs and may offer more flexibility in terms of handling transactions.

Internal Control Measures for Third-Party Payment Arrangements

To safeguard our Group's interest against risks associated with Third-Party Payment Arrangements, we have significantly enhanced and implemented various internal control measures in order to rectify Third-Party Payment Arrangements. As of the Latest Practicable Date, we had implemented the following measures to rectify the Third-Party Payment Arrangements (the "**Third-Party Payment Internal Control Measures**"):

(i) we initiated the implementation of Third-Party Payment Arrangements rectification measures and informed our employees regarding the enhanced internal control measures;

(ii) we amended the standard terms and conditions of our sales order form on our online sales platform requiring, among other things, our customers to explicitly authorize their chosen third-party payer;

(iii) to prevent fraud or money laundering activities and ensure the accuracy and completeness of our accounting books and records, we further strengthened our know-your-customer procedures and have implemented robust internal control measures combining automated system monitoring with manual review. Our system conducts real-time monitoring of transaction data to identify potential third-party payments or suspicious activity. Any transaction flagged by the system is promptly escalated for manual review by our dedicated risk management team, who assess the customer's background, transaction history, and the legitimacy of the payment arrangement. We require explicit authorization from customers for any third-party payment, and only accept such payments if they fall within our list of acceptable scenarios. Transactions without proper authorization or outside acceptable scenarios are subject to further investigation and will be promptly rejected if the customer cannot provide the required information or documentation. These measures ensure only legitimate and authorized third-party payments are processed, ensuring strict adherence to our policies. Acceptable third-party payment scenarios are: (i) payments made by a customer's affiliate or related party with a valid explanation of the relationship; (ii) payments made by national treasury or financial authorities on behalf of schools, government departments, or non-profit institutions; (iii) payments by checks where the payer is not specified but confirmed by the customer; and (iv) payments made through authorized agents in free trade zones due to foreign exchange restrictions, with customer confirmation;

(iv) We have connected our business system with major payment platforms to make the refund process more efficient and traceable. When a refund is needed, the system submits the request, our finance team reviews it, and the payment platform processes it automatically. These steps are handled separately to ensure proper checks and balances. Our finance team also performs monthly reconciliations to confirm that the actual account balances match our records, with special attention to any pending refunds. If a refund is found to be missing, we will investigate the transaction and manually process the refund as needed; and

(v) If our employees are aware of any abnormalities, they will review the relevant transaction and report to members of senior management where necessary. Our senior management will then assess the risks and take appropriate courses of action, including terminating the transaction with the Relevant Customer if necessary.

As of the Latest Practicable Date, we had ceased all Third-Party Payment Arrangements, unless such arrangements comply with the Third-Party Payment Internal Control Measures described above. In 2022, 2023 and 2024, and the nine months ended September 30, 2025, the aggregate amount of payment from their designated third parties to our Group that contributed to our revenue was RMB32.0 million, RMB79.7 million, RMB91.7 million and RMB42.0 million, respectively, representing 1.6%, 3.6%, 3.5% and 1.9% of the total payments we received from all customers in the same respective periods. We intend to minimize the use of Third-Party Payment Arrangements, unless there are compelling reasons to do so and such arrangements comply with the Third-Party Payment Internal Control Measures described above. We regularly check the effectiveness of our Third-Party Payment Internal Control Measures (including utilizing our internal audit department to conduct random inspections on the implementation of the above measures from time to time to ensure compliance) and promptly address any abnormalities. As of the Latest Practicable Date, we had not identified any third-party payment arrangements that were in breach of our internal control measures or raised concerns of non-compliance with our rectification protocols. Based on the review of the implementation of our Third-Party Payment Internal Control Measures, our Directors, after consultation with our internal control consultant, are of the view that such measures are effective and adequate in identifying the sources of funds from the Relevant Customers, ensuring the accuracy and completeness of our accounting books and records and preventing risks associated with Third-Party Payment Arrangements. Based on the foregoing, our Directors, after consultation with our internal control consultant, consider that the above measures are effective and adequate in preventing the risks associated with Third-party Payment Arrangements. Our Directors are also of the view that the cessation of Third-Party Payment Arrangements (unless such arrangements comply in accordance with our Third-Party Payment Internal Control Measures) did not have any material adverse impact on our Group. As advised by our PRC Legal Advisor, the Third-Party Payment Arrangements merely constitute a transfer of liabilities from the relevant customer to the thirdparty payer. The payments received by us under the Third-Party Payment Arrangements are solely used for the settlement of sales and are not related to any proceeds of crime. As per advice from our PRC Legal Advisor, our Directors are of the view, and the Joint Sponsors concur, that the Third-Party Payment Arrangement itself does not, in any material respect, violate or circumvent (i) the Civil Code of the People's Republic of China; and (ii) applicable anti-money laundering laws (including Article 191 of the Criminal Law of the People's Republic of China). After consulting with local counsels in the US, UK, Germany, Singapore, Australia and Japan, where our subsidiaries operate, our Directors are of the view, and the Joint Sponsors concur, that the Third-Party Payment Arrangement itself does not violate any local laws, and the risk of potential claims (such as for refund of payments) is low.

INTRA-GROUP TRANSACTIONS

During the Track Record Period, we primarily carried out our operations in overseas jurisdictions including the Hong Kong, U.S., Australia, Germany, UK, Singapore and Japan, and conducted businesses with customers in different jurisdictions. We have established overseas distribution entities in the US, Australia, Germany, UK, Singapore and Japan, as well as Hong Kong. Apart from the sale of our products to third-party customers, we engaged in intra-Group sales of products and provisions of services such as management consulting, marketing and sales support services.

The Organization for Economic Co-operation and Development (the "**OECD**"), an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**"). According to the OECD Transfer Pricing Guidelines, our intra-Group transactions should be at arm's length basis to comply with the relevant transfer pricing laws and regulations of different jurisdictions. The arm's length principle is respected by all tax jurisdictions of our subsidiaries, including the Hong Kong, U.S., Australia, Germany, UK, Singapore and Japan. In order to ensure compliance with the relevant transfer pricing regulations, we have engaged an independent transfer pricing consultant, (the "**Transfer Pricing Advisor**") to conduct benchmarking studies on the intra-Group transactions during the Track Record Period in accordance with the OECD Transfer Pricing Guideline. We set out below a summary of our primary intra-Group transactions during the Track Record Period.

During the Track Record Period, we primarily carried out our business through (i) FS Germany, FS Singapore, FS U.S., FS.COM INNOVATION LTD *(UK)*, FS.COM PTY LTD (Australia), FS JAPAN CO., LTD. and FS HK (collectively, the "**Overseas Sales Entities**"); and (ii) our Company, FS Wuhan, Shenzhen Feisu Innovation International Trade Co., Ltd. ("**FS International Trade**")and Wuhan Feisu Innovation Business Services Co., Ltd. ("**Wuhan Services**", collectively, the "**Domestic Sales Entities**").

Our Overseas Sales Entities primarily responsible for overseas sales and delivery. In particular, FS Singapore, in addition to acting as an overseas distributor, also undertakes marketing support and overseas procurement functions. FS HK generally serves as a resale platform and intermediary within the Group with relevant operational and administrative support functions. In terms of our Domestic Sales Entities, our Company's functions generally cover the full spectrum of the Group's business operations, including global strategy, R&D, outsourcing manufacturing, quality control, sales and marketing, as well as other administrative support. FS International Trade is generally responsible for the overseas sales and export related functions since 2024. FS Wuhan is generally responsible for outsourcing manufacturing, procurement, logistics, inventory management and associated functions. FS

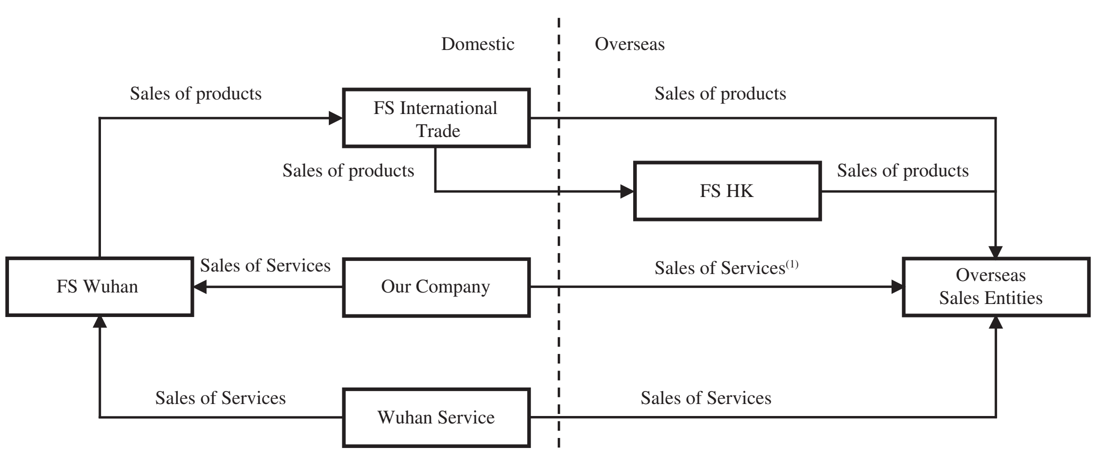
Wuhan also gradually assumes part of R&D responsibilities during the Track Record Period. Wuhan Services generally acted as a customer service center of our Group. During the Track Record Period, our intra-group transactions mainly included:

Transaction I: **Purchase and Sale among our Domestic Sales Entities.** This mainly comprises (i) Goods transactions among our Company, FS Wuhan, and FS International Trade; (ii) Integrated supply chain management consulting services provided by our Company to FS Wuhan; and (iii) Online customer engagement services provided by Wuhan Services, acting as the customer service center, to FS Wuhan. For Transaction I, we recorded intra-group transactions of RMB178.6 million, RMB708.4 million, RMB1,269.6 million and RMB1,391.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

Transaction II: **Purchase and Sale between Domestic Sales Entities and Overseas Sales Entities.** This mainly comprises (i) Products sold and managing consultant services provided by our Company to Overseas Sales Entities; (ii) Products sold either by FS International Trade to Overseas Sales Entities or by FS HK to FS Wuhan. For Transaction II, we recorded intra-group transactions of RMB1,413.4 million, RMB1,590.2 million, RMB1,977.8 million and RMB1,425.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

Transaction III: **Purchase and Sale among our Overseas Sales Entities.** This mainly refers to (i) Marketing support services provided by FS Singapore to FS U.S. and FS Germany; (ii) Goods sold by FS HK, as a transshipment hub, to other Overseas Sales Entities. For Transaction III, we recorded intra-group transactions of RMB756.8 million, RMB744.9 million, RMB977.6 million and RMB438.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

The following diagram illustrates our intra-group transactions during the Track Record Period:



Note:

(1) During the Track Record Period, products have been exported to overseas sales entities through our Company in general. Since February 2025, products have been exported to overseas sales entities through FS International Trade instead of our Company.

Our Transfer Pricing Advisor determined that the Transactional Net Margin Method ("**TNMM**") was the most appropriate transfer pricing method to assess whether the transfer pricing arrangements related to the intra-Group transactions involved were consistent with the arm's length principle. The range of reasonable profit level was determined by reference to the range of reasonable profit level derived from comparable companies. The Transfer Pricing Advisor has performed benchmarking studies for the intra-Group transactions to search for reliable comparable companies with publicly available information. The Transfer Pricing Advisor has applied both quantitative and qualitative criteria to select comparable companies. Based on the above analysis, our Transfer Pricing Advisor is of the view that the major intra-group transactions during the Track Record Period complied with the arm's length principle in accordance with applicable regulations and guidelines. In addition, our Transfer Pricing Advisor is of the view that our Group has complied with relevant transfer pricing documentation requirements during the Track Record Period.

Internal Control Measures of Intra-Group Transactions

We have adopted the following measures to ensure on-going compliance with relevant transfer pricing laws and regulations in the jurisdictions of our subsidiaries.

- Our management team and finance personnel participate in transfer pricing training sessions organized by tax authorities or professional firms to maintain a comprehensive understanding of regulatory requirements and key tax practices;

- Our management team continuously monitors the transfer pricing arrangements for the intra-Group transactions and updates the comparability analysis based on market conditions to ensure compliance with applicable transfer pricing regulations in relevant jurisdictions and the arm's length principle as outlined in OECD Transfer Pricing Guidelines;

- Our management team closely oversees the scale of transfer pricing transactions to ensure timely preparation and submission of relevant transfer pricing documentation upon reaching the thresholds; and

- If any transfer pricing documents are required for submission to tax authorities, such documents would be prepared by designated personnel and submitted after internal review and approval.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any audit, investigation or challenge by any relevant tax authorities in relation to our intra-Group transactions.

IMPACT OF COVID-19 ON OUR OPERATIONS

During the Track Record Period, the COVID-19 pandemic presented various operational challenges to the Group. For example, certain front-line personnel were subject to regional quarantine restrictions, preventing on-site work. In response, we implemented a series of mitigation measures, including remote working arrangements and the distribution of personal protective equipment to employees, which resulted in additional operating costs.

Despite these challenges, our financial performance remained resilient. COVID-19 did not have any material disruption to our operations, nor did it have a material adverse impact on the Group's overall operations or financial results during the Track Record Period. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded revenue of RMB1,988.2 million, RMB2,212.9 million, RMB2,611.8 million, RMB1,953.7 million and RMB2,174.7 million, respectively.

OVERVIEW

As of the Latest Practicable Date, Mr. Xiang directly and indirectly controlled 61.16% voting rights of the Company, among which, (i) he was directly interested in 56.65% of the total issued share capital of our Company; and (ii) he controlled voting rights attached to the 3.19%, 0.74% and 0.58% issued share capital of our Company held by Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth, respectively, through acting as their respective general partner. See "History, Development and Corporate Structure — Corporate Structure."

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Xiang will, directly and indirectly through Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth, continue to control [**REDACTED**]% voting rights of our Company. Therefore, Mr. Xiang, Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth will remain as our Controlling Shareholders upon the [**REDACTED**].

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Company, he/it did not have any interest in other business, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and its close associates after the [**REDACTED**].

Management Independence

Upon the completion of the [**REDACTED**], our Board will comprise of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. See "Directors, Supervisors and Senior Management."

Our Directors believe that our Board and senior management is able to manage our business and function independently from our Controlling Shareholders and their respective associates based on the following reasons:

(a) Save for Mr. Xiang acting as one of our Controlling Shareholders, none of the other Directors and members of our senior management team hold any position in the Controlling Shareholders or their respective associates. In addition, Mr. Zeng Di, one of our executive Directors, joined the Company in 2019, has in-depth understanding of our business and extensive experience in financial management;

(b) each of our Directors is aware of his/her fiduciary duties as a Director of our Company 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 interest;

(c) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(d) our Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors which ensures the independence of the Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with any of the Controlling Shareholders or their respective close associates; (b) our independent non-executive Directors account for more than one-third of the Board; and (c) our independent non-executive Directors, details of whom are set out in the section headed "Directors, Supervisors and Senior Management" in this document, together possess the requisite knowledge, expertise and experience for their views to carry weight. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole;

(e) we have established a Supervisory Committee comprising three Supervisors who are independent from our Controlling Shareholders. Our Supervisors shall be responsible for the supervision of performance of our Directors and the senior management team, including monitoring any acts of a Director or senior management member which may be detrimental to the interests of our Company; and

(f) upon [**REDACTED**], we will adopt a series of corporate governance measures and sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Company and our Controlling Shareholders which would support our independent management. See "— Corporate Governance."

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Company independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Operational Independence

Although Mr. Xiang will retain a controlling interest in our Company upon [**REDACTED**], we believe that we can operate our business independently from our Controlling Shareholders due to the following reasons:

- we hold and enjoy the benefit of all relevant qualifications and licenses necessary to operate our business;

- we have a sufficient level of operations, assets, facilities, technologies and employees including research and development employees to support our own [**REDACTED**] status and to operate and function independently from our Controlling Shareholders;

- we also maintain a comprehensive set of internal control procedures for facilitating the effective operation of our business. With reference to the relevant laws, regulations and rules, we have developed sound corporate governance practice and have adopted our rules of procedure for general meetings, rules of procedure for Board meetings and connected transactions regulations;

- we have our own financial department, human resources and administration department and audit department. These departments are led and supervised by our own senior management team who reports to the Board. In addition, we have our own internal financial procedures and prepare our own financial budget independently; and

- we have also adopted a set of corporate governance measures and internal control procedures to maintain effective and independent operation. See the corporate governance measures stipulated under "— Management Independence" and "— Corporate Governance."

We entered into a cooperation framework agreement (the "**Framework Agreement**") with Cloud Venture LLC, an associate of Mr. Xiang, pursuant to which, Cloud Venture LLC agreed to grant us the exclusive authorization to market and sublicense certain software products of Cloud Venture LLC (the "**CV Software**"), including a network switches operating system and its ancillary intellectual property rights. See "Connected Transaction—Continuing Connected Transaction." Despite that we have our own propriety in-house network switches operating system which is well recognized by our clients, similar network switches operating systems are available on the market. To offer more options to our clients, we obtained CV Software authorization from Cloud Venture. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, among all the network switches sold to our clients, nil, nil, 3.7% and 4.5% were pre-installed with the CV Software, respectively. The revenue generated from sub-licensing CV Software represents nil, 0.07%, 0.35% and 0.32% of the revenue of the Group for each of the period during the Track Record Period.

As such, our Directors believe that entering into the Framework Agreement will not give rise to any business dependence or reliance issue for our Group and is in the interest of our Company and the Shareholders as a whole.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Company's own business needs. We have our own internal control and accounting systems and an independent finance department for discharging the treasury function and independent access to third party financing. We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after the [**REDACTED**].

As of the Latest Practicable Date, we did not have any outstanding loans, guarantees or other form of financial assistance provided by Controlling Shareholders or their respective close associates to the Group.

Based on the above, our Directors believe that from a financial perspective, we are capable of carrying on our business independently from the Controlling Shareholders and their respective close associates and are able to maintain our financial independence.

NON-COMPETE UNDERTAKING

Mr. Xiang has executed a non-competition undertaking in February 2023 in favor of the Company, pursuant to which, Mr. Xiang has undertaken that, among others:

(a) he has not and will not directly or indirectly engage in any business or activities that competes or is likely to compete with the business or products of our Company;

(b) the Group shall have the right of first refusal to engage in new business, neither he nor companies controlled by him shall engage any similar business; and

(c) if he or companies controlled by him may obtain any business opportunity which directly or indirectly compete with our Company, he will immediately notify us and procure such business opportunity to be offered to us on reasonable terms and conditions acceptable to us.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Company and our Controlling Shareholders:

(a) where a Board meeting is held for the matters in which any Director or his/her associates have a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) where a Shareholders' meeting is to be held for considering proposed transactions in which any one of our Controlling Shareholders or their respective associates has a material interest, our Controlling Shareholders or their respective associates will not vote on the resolutions and shall not be counted in the quorum in the voting;

(c) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [**REDACTED**]. In particular, our Articles of Association provides that, a Director shall be abstained from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(d) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

(e) we are committed that our Board shall include a balanced composition of executive Director and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and independent opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see "Directors, Supervisors and Senior Management";

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and our Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants' Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the 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. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Our Business," and elsewhere in this document. For further details, see "Forward-Looking Statements."

OVERVIEW

We are a globally leading provider of enterprise-grade networking solutions. Our networking solutions empower businesses globally to achieve cutting-edge digital transformations. With our industry-leading online DTC platform, *FS.com*, we deliver scalable, cost-effective and comprehensive one-stop networking solutions. Our product and service range includes high-performance networking equipment, scalable networking equipment operating system and cloud-based network management platform. We excel in diverse scenarios including high-performance computing, data centers, enterprise networks and telecommunications, meeting the demand for both enterprise-grade high-performance networking solutions and general networking solutions. According to Frost & Sullivan, we were the world's second largest online DTC networking solution provider in terms of revenue in 2024.

Our revenue increased by 11.3% from RMB1,988.2 million in 2022 to RMB2,212.9 million in 2023 and further increased by 18.0% to RMB2,611.8 million in 2024. Our revenue increased by 11.3% from RMB1,953.7 million in the nine months ended September 30, 2024 to RMB2,174.7 million in the nine months ended September 30, 2025. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded profit for the year/period of RMB364.5 million, RMB456.7 million, RMB397.3 million, RMB350.8 million and RMB423.2 million respectively. Eliminating impact of items including share-based payment expenses, professional fees, [**REDACTED**] and finance cost of interest on redemption liabilities, we generated an adjusted net profit (non-IFRS measure) of RMB388.1 million, RMB469.7 million, RMB408.2 million, RMB359.3 million and RMB460.5 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. See "— Non-IFRS Financial Measure." In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our net profit margin was 18.3%, 20.6%, 15.2%, 18.0% and 19.5%, respectively.

BASIS OF PRESENTATION

Our historical financial information has been prepared based on IFRS, issued by the International Accounting Standards Board. See Note 3 of the Accountants' Report in Appendix I to this Document for material accounting policy information.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the historical financial information are disclosed in Note 4 to the Accountants' Report included in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control, including the following:

Factors Affecting the Networking Solutions Industry

Our results of operations and financial condition are affected by general factors affecting the global networking solutions industry, including the development of end markets, economic conditions in China and global markets that affect the business activities in general.

We believe that our financial performance and future growth are dependent on the overall growth and our competitiveness in the global networking solutions industry. We anticipate strong demand for our networking solutions across a broad range of industries. According to Frost & Sullivan, in 2024, the global networking solutions market reached USD162.8 billion, and is expected to reach USD245.3 billion in 2029, at a CAGR of 8.5% from 2024 to 2029. The global online networking solution industry is expected to be more active and prominent, which is expected to grow at a CAGR of 10.7% from RMB31.7 billion in 2024 to RMB52.7 billion in 2029, accounting for 21.5% of the global networking solution market by 2029, according to Frost & Sullivan. In addition, the penetration rate of the global online DTC networking solutions market still has significant growth potential, estimated to rise from 17.8% in 2024 to 20.5% in 2029. We expect our strategic focus on innovations to further strengthen our competitive edge and enable us to capture additional market shares, thereby boosting our financial performance. Our innovative products and dynamic ecosystem allow us to respond promptly to enquiries by automatically generating tailored networking solutions designs based on individual customer needs. Our solutions offer seamless connectivity and achieve desired outcomes at competitive prices, positioning us well to capture market opportunities.

Our Ability to Enhance Technology and Develop Competitive Networking Solutions

The growth of our revenue depends on our ability to advance technology and develop networking solutions that meet our customers' evolving needs. We help our customers navigate emerging technological shifts primarily through our industry-leading technology platform. As the backbone of our continuous innovation, this technology platform has enabled us to develop a proprietary matrix of networking equipment with over 120,000 SKUs under our proprietary brand as of the Latest Practicable Date, covering optical modules and high-speed cables, fiber optic cables, switches, optical transmission equipment, optical fiber cabling management products and copper system products, addressing high-speed networking demands and supporting AI application deployment. As of September 30, 2025, networking equipment under our proprietary brand had obtained over 20 internationally recognized certifications across the U.S., the European Union, Australia, Japan and other regions, ensuring globally consistent high-quality products and services. We also built a networking equipment operating system compatible with equipment from different manufacturers as well as a real-time management platform that supports software-defined networking through real-time configuration and management.

We offer comprehensive enterprise-grade networking solutions to empower global customers to design, operate and optimize networks with enhanced efficiency, agility and cost-effectiveness. Our solutions are built on a decoupled architecture that combines standardized networking hardware with scalable, cloud-based software capabilities. This enables our customers to dynamically adapt network resources to evolving operational demands while maintaining enterprise-grade reliability. To address varying performance requirements, we offer (i) high-performance networking solutions and (ii) general networking solutions. Our high-performance networking products cater to bandwidth-intensive environments, delivering high throughput, low latency and scalable architectures. Our general networking products feature secure and reliable connectivity as well as simplified deployment and maintenance for everyday needs.

We adopt a global pricing strategy in relation to our networking solutions, which is responsive to various market conditions, while taking into account regional demand for networking solutions and cost structure. We strategically adjust prices based on market dynamics, considering factors including local competitive landscape in the respective region, so as to ensure competitiveness and profitability across regions.

Our Ability to Enhance Our Customer Loyalty, Grow Customer Base and Establish Brand Recognition

We have amassed a large and diverse customer base spanning across various industries including information technology, financial services, healthcare, education, automotive and electronics. As of the Latest Practicable Date, we had served more than 480,000 customers in over 200 countries and regions worldwide, covering approximately 60% of Fortune 500 companies. By offering swift and smooth operations from products design to equipment selection, deployment and installation, we earn and maintain customer trust. This trust leads them to engage us for more complex networking solutions.

Revenue from sales of general networking solutions and high-performance networking solutions are both driven by our customer base expansion and the average revenue per customer. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, approximately 74,000, 76,600, 82,500, 69,100 and 69,300 customers placed orders on our online sales platform, with an average revenue per customer of approximately RMB26,900, RMB28,900, RMB31,700, RMB28,300 and RMB31,400 in the same respective periods. Furthermore, we recorded net dollar retention rate of 94.4% in 2023 and 102.3% in 2024 reflecting our strong customer loyalty and stickine.

Our sales platform displays our proprietary matrix of networking equipment with over 120,000 SKUs under our proprietary brand with transparent pricing as of the Latest Practicable Date. Our platform offers a seamless one-stop procurement processes, which in turn establish our brand recognition among customers.

Our Ability to Offer and Deliver Our Products Globally

We believe that there is a significant opportunity to offer and deliver our products in overseas markets. During the Track Record Period, we strengthened our sales and marketing capabilities and our global supply chain network and enhanced strategic partnerships in target overseas markets including the U.S., Germany, Australia, Singapore, the U.K. and Japan. In 2015, we launched our product-driven online sales platform *FS.com*, which allows us to respond quickly to enquiries by automatically generating tailored networking solutions based on individual customer needs. In addition, we have established a global professional service team to respond to various differentiated needs of our customers at any time and provide real-time feedback through our platform. To enhance intelligent and efficient logistics, we have established seven global delivery centers with gross floor area of over 68,000 square meters in China, the U.S., Germany, Australia, Singapore, the U.K. and Japan as of the Latest Practicable Date.

To better serve our customers in overseas markets, we have established global delivery centers in the U.S., Germany, Australia, Singapore, the U.K., and Japan. Our revenue from sales to overseas markets amounted to RMB1,974.1 million, RMB2,193.0 million, RMB2,593.3 million, RMB1,940.5 million and RMB2,156.1 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 99.3%, 99.1%, 99.3%, 99.3% and 99.1% of our total revenue in the same respective periods. Going forward, we expect to achieve sustainable growth in the foreseeable future as we continue to attract more customers and deepen relationships with our existing customers in our key industries.

Our Ability to Manage Global Supply Chain and Enhance Operating Efficiency

Our ability to continuously manage our global supply chain and enhance our operating efficiency depends significantly on our ability to manage and optimize our costs and operating expenses. During the Track Record Period, our gross profit margin improved from 45.4% in 2022 to 49.4% in 2023, and further to 50.0% in 2024. Our gross profit margin increased from 51.0% in the nine months ended September 30, 2024 to 52.6% in the nine months ended September 30, 2025. As we continue to develop highly standardized networking solutions that allow us to address user demand effectively and efficiently. In addition, we have established deep collaborative partnerships with networking equipment manufacturers around the globe. As of the Latest Practicable Date, we collaborated with over 200 telecommunication product suppliers and networking equipment manufacturers across the globe. Our robust global supply chain integration capabilities have enabled us to rapidly respond to customer demands, shorten new product development cycles, and enhance production efficiency and delivery capabilities. As such, we believe that we are well positioned to scale up our sales and achieve significant cost efficiency.

Moreover, we will further prudently control our operating expenses. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses as a percentage of our revenue was 5.0%, 5.0%, 5.5%, 5.1% and 5.7%, respectively. To ensure effective implementation of our technology strategies, we will expand our research and development team on a continuous basis and recruit more industry-leading talents. Moreover, with a goal to strengthen our commercialization capabilities effectively, we plan to expand our in-house sales and marketing team by recruiting more professionals with rich industry and customer insights. Our selling and distribution expenses as a percentage of our revenue was 13.6%, 15.3%, 18.7%, 18.1% and 17.9%, respectively. As such, we expect the absolute amounts of our research and development expenses and selling and marking expenses will continue to increase along our business growth in the future. Nevertheless, as we diversify our product offerings and expand the scale and scope of our business and product offerings, we expect to benefit from various economies of scale to improve our operational efficiency, resulting in our costs and expenses as percentages of our revenue to continue to decline.

Foreign Currency

Our financial statements presentation and reporting currency is RMB. Our operating companies in overseas markets have functional currencies such as the US dollar and Euro, which are different from our reporting currency. Consequently, foreign currency exchange rates have a significant impact on our consolidated financial information. Changes in the value of our operating companies' functional currencies against RMB in which their costs and expenses are priced may affect those operating companies' cost of sales and operating expenses. Certain bank balances and trade and other receivables are denominated in foreign currency of respective entities. We currently do not have a foreign exchange hedging policy. However, the management of our Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. See "— Financial Risks Disclosure — Market Risk." Historically, we have been able to raise prices and implement cost-saving initiatives to partly offset increases in cost and expense due to exchange rate volatility.

Any change in the exchange rates between our operating companies' functional currencies and our reporting currency affects our consolidated income statements and consolidated statements of financial position when the results of those operating companies are translated into the reporting currency for reporting purposes as translational exposures are not hedged. Decreases in the value of our operating companies' functional currencies against the reporting currency tend to reduce their contribution to, among other things, our revenue and profit. For further details regarding the currencies in which our revenue is realized and the effect of foreign currency fluctuations on our results of operations, see Note 3 to the Accountants' Report in Appendix I to this document.

MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have 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.

Set forth below are discussions of the 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. Other material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants' Report in Appendix I to this document.

Revenue from Contracts with Customers

We sell our products to customers through our self-developed e-commerce platforms. Revenue from the sale of products is recognized at the point in time when control of the products is transferred to the customer, generally on the receipt of products by customers.

The majority of our contracts provide customers with rights of return, which give rise to variable consideration.

For contracts which provide a customer with a right to return the goods within 30 days, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which we will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each period in the Track Record Period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of our operations are translated into the presentation currency of us (i.e. RMB) using exchange rates prevailing at the end of each period in the Track Record Period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve.

Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When we make payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each period in the Track Record Period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each period in the Track Record Period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which we must incur to make the sale.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contract with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the Track Record Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each period in the Track Record Period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Foreign Exchange Gains and Losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each period in the Track Record Period. Specifically for financial assets measured at amortized cost, exchange differences are recognized in profit or loss in the 'other gains and losses' line item.

Derecognition of Financial Assets

We derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Redemption Liabilities

A contract that contains an obligation to purchase our equity instruments for cash gives rise to a redemption liability for the present value of the redemption amount, even if our obligation to purchase is conditional on the counterparty exercising a right to redeem. We undertake such redemption obligation previously borne by the controlling shareholder upon the amendments to the terms of financial instruments. On the date of modification, the redemption liabilities are recognized as financial liabilities initially at its fair value, with the amount charged against other reserve within equity. Subsequently, the redemption liabilities are measured at amortized cost with interest charged in finance costs.

We derecognize redemption liabilities when the redemption rights are lapsed upon [**REDACTED**], the carrying amount of the redemption liabilities is reclassified to equity.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Years ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	(RMB in thousands)				
				(unaudited)	
Revenue	1,988,244	2,212,851	2,611,793	1,953,701	2,174,718
Cost of sales	(1,085,386)	(1,120,379)	(1,305,484)	(958,042)	(1,031,899)
Gross profit	902,858	1,092,472	1,306,309	995,659	1,142,819
Other income	18,241	12,989	12,811	9,984	6,375
Impairment losses under expected credit loss model, net of reversal	272	(1,659)	(1,008)	(485)	(1,638)
Other gains and losses	42,704	38,682	(948)	8,746	49,761
Selling and distribution expenses	(270,490)	(338,941)	(487,665)	(353,373)	(390,154)
General and administrative expenses	(170,373)	(175,156)	(209,777)	(140,110)	(161,835)
Research and development expenses	(99,824)	(110,482)	(143,710)	(99,824)	(124,273)
Finance costs	(4,511)	(4,655)	(18,544)	(12,823)	(19,997)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before tax	418,877	513,250	456,575	407,774	482,948
Income tax expense	(54,370)	(56,503)	(59,318)	(56,967)	(59,774)
Profit for the year/period	**364,507**	**456,747**	**397,257**	**350,807**	**423,174**
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	6,606	2,446	(247)	(1,507)	5,595
Total comprehensive income for the year/period	**371,113**	**459,193**	**397,010**	**349,300**	**428,769**

NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS financial measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year or period adjusted by adding back (i) share-based payment expenses, (ii) professional fees, (iii) [**REDACTED**], and (iv) finance cost of interest on redemption liabilities. The following table reconciles our adjusted net profit (non-IFRS measure) and presented in accordance with IFRS, which is profit for the year/period:

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	(RMB in thousands)				
				(unaudited)	
Profit for the year/period	364,507	456,747	397,257	350,807	423,174
Add:					
– Share-based payment expenses(1)	10,595	6,373	5,745	4,291	14,401
– Professional fees(2)	12,983	6,615	4,292	4,206	–
– [REDACTED](3)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Finance cost of interest on redemption liabilities(4)	–	–	–	–	4,848
Adjusted net profit *(non-IFRS measure)*	**388,085**	**469,735**	**408,187**	**359,304**	**460,533**

Notes:

(1) Share-based payment expenses are non-cash in nature, and mainly represent the employee benefit expenses incurred in connection with our award to key employees.

(2) Professional fees represent professional service fees incurred in connection with the A Share Listing Application.

(3) [**REDACTED**].

(4) Finance cost of interest on redemption liabilities represents the non-cash interest expense recorded to reflect interest incurred on our conditional obligation to redeem equity securities issued in our pre-[**REDACTED**] investors. This redemption obligation was initially measured at fair value (representing the present value of the cash flows for settling the related obligations if these rights are exercised by the investors), and are subsequently measured at amortized costs. We will not incur such finance cost of interest on redemption liabilities upon [**REDACTED**] as the redemption liabilities will be reclassified to equity when the redemption rights lapse upon [**REDACTED**].

Our adjusted net profit (non-IFRS measure) increased by 21.0% from RMB388.1 million in 2022 to RMB469.7 million in 2023, and then decreased by 13.1% from RMB469.7 million in 2023 to RMB408.2 million in 2024, generally in line with the changes in our profit for the year. Our adjusted net profit (non-IFRS measure) increased by 28.2% from RMB359.3 million in the nine months ended September 30, 2024 to RMB460.5 million in the nine months ended September 30, 2025, primarily due to an increase in our profit for the period.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was primarily derived from the sales of networking solutions to overseas markets.

Revenue by Product Category

During the Track Record Period, we mainly sold high-performance networking solutions and general networking solutions. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue derived from sales of networking solutions accounted for 88.7%, 88.8%, 89.2%, 89.3% and 88.6%, respectively, of our total revenue in the same respective periods. In particular, the revenue contribution from high-performance networking solutions has shown consistent growth, accounted for 23.8%, 26.0%, 31.9%, 31.7% and 36.2%, respectively, of our total revenue in the same respective periods.

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)									
							(unaudited)			
High-performance networking solutions	472,910	23.8	577,368	26.0	831,107	31.9	618,512	31.7	788,004	36.2
General networking solutions	1,290,865	64.9	1,388,641	62.8	1,497,508	57.3	1,125,942	57.6	1,139,408	52.4
Others[(1)]	224,469	11.3	246,842	11.2	283,178	10.8	209,247	10.7	247,306	11.4
Total	**1,988,244**	**100.0**	**2,212,851**	**100.0**	**2,611,793**	**100.0**	**1,953,701**	**100.0**	**2,174,718**	**100.0**

Note:

(1) Others mainly include fiber optic cassettes, chassis, wavelength division multiplexers and other ancillary products.

Sales of High-performance Networking Solutions

The increase of our revenue was mainly due to the growth in high-performance networking solutions. The revenue from sales of high-performance networking solutions amounted to RMB472.9 million, RMB577.4 million, RMB831.1 million, RMB618.5 million and RMB788.0 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, accounting for 23.8%, 26.0%, 31.9%, 31.7% and 36.2% of our total revenue for the same respective periods. The overall increase was mainly attributable to (i) our expanded business scale of high-performance networking solutions which is attributable to our abundant product portfolio, along with improved product quality and upgraded core technologies, has contributed to a growing customer base as well as improved sales performance; and (ii) the increase of customer demand driven by the rapid development of the AI industry. According to Frost & Sullivan, the global online DTC networking solution market size increased from USD4.7 billion in 2022 to USD5.7 billion in 2024, at a CAGR of 10.1%. In addition, we were the largest global online DTC high-performance networking solutions provider in terms of revenue in 2024.

Sales of General Networking Solutions

During the Track Record Period, we derived a substantial portion of our revenue from sales of general networking solutions. In 2022, 2023 and 2024, revenue from sales of general networking solutions amounted to RMB1,290.9 million, RMB1,388.6 million and RMB1,497.5 million, accounting for 64.9%, 62.8% and 57.3% of our total revenue for the same respective periods. The overall increase was mainly attributable to our comprehensive product portfolio, substantial customer base, steadily growing customer base and relatively stable sales volume. It is also attributable to the increase of customer demand driven by the rapid development of the AI industry. According to Frost & Sullivan, the global online DTC networking solution market size increased from USD4.7 billion in 2022 to USD5.7 billion in 2024, at a CAGR of 10.1%. In 2024, we were the second largest global online DTC networking solutions provider, accounting for 6.9% market share, according to Frost & Sullivan. The revenue from sales of general networking solutions remained relatively stable at RMB1,125.9 million in the nine months ended September 30, 2024 and RMB1,139.4 million in the nine months ended September 30, 2025.

Sales of Others

In addition, we provide fiber optic cassettes, chassis, wavelength division multiplexers and other ancillary products. The revenue from sales of others amounted to RMB224.5 million, RMB246.8 million, RMB283.2 million, RMB209.2 million and RMB247.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, accounting for 11.3%, 11.2%, 10.8%, 10.7% and 11.4% of our total revenue for the same respective periods.

Revenue by Geographical Region

The following table sets forth a breakdown of revenue from sales by geographical region in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)									
							(unaudited)			
United States	919,625	46.3	1,027,025	46.4	1,223,166	46.8	920,822	47.1	1,178,357	54.2
Europe[(1)]	664,707	33.4	767,381	34.7	898,048	34.4	674,979	34.5	617,744	28.4
Asia[(2)]	176,019	8.9	183,221	8.3	228,118	8.7	167,288	8.6	200,329	9.2
– China[(3)]	28,456	1.4	40,405	1.8	47,062	1.8	34,252	1.8	45,216	2.1
Americas (excluding the United States)[(4)]	124,640	6.3	123,219	5.6	143,927	5.5	105,088	5.4	97,882	4.5
Oceania[(5)]	81,939	4.1	91,658	4.1	95,845	3.7	68,516	3.5	67,629	3.1
Africa[(6)]	21,314	1.0	20,347	0.9	22,689	0.9	17,008	0.9	12,777	0.6
Total	**1,988,244**	**100.0**	**2,212,851**	**100.0**	**2,611,793**	**100.0**	**1,953,701**	**100.0**	**2,174,718**	**100.0**

Notes:

(1) Our revenue from Europe was mainly derived from Germany, the U.K. and France.

(2) Our revenue from Asia was mainly derived from Japan, Singapore, India and China.

(3) Our revenue from China was derived from Mainland China, Hong Kong, Macau Special Administrative Region and Taiwan, China.

(4) Our revenue from Americas (excluding the United States) was mainly derived from Canada, Mexico and Puerto Rico.

(5) Our revenue from Oceania was mainly derived from Australia and New Zealand.

(6) Our revenue from Africa was mainly derived from South Africa, Kenya and Nigeria.

Our revenue was primarily derived from the United States market. Sales from the United States market increased from RMB919.6 million in 2022 to RMB1,027.0 million in 2023 and further to RMB1,223.2 million in 2024, accounting for 46.3%, 46.4% and 46.8% of our total revenue for the same respective year. Sales from the United States market also increased from RMB920.8 million for the nine months ended September 30, 2024 to RMB1,178.4 million for the nine months ended September 30, 2025, accounting for 47.1% and 54.2% of our total revenue for the same respective periods. Such revenue growth reflected the success of our sales and marketing strategies during the Track Record Period.

Our sales from the Europe markets increased from RMB664.7 million in 2022 to RMB767.4 million in 2023 and further to RMB898.0 million in 2024, accounting for 33.4%, 34.7% and 34.4% of our total revenue for the same respective years. Sales from the Europe market decreased from RMB675.0 million for the nine months ended September 30, 2024 to RMB617.7 million for the same period in 2025, accounting for 34.5% and 28.4% of our total revenue for the same respective periods.

We also generated revenue from Asia, Americas (excluding the United States), Oceania and Africa markets, which cumulatively amounted to RMB403.9 million, RMB418.4 million, RMB490.6 million, RMB357.9 million and RMB378.6 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 20.3%, 18.9%, 18.8%, 18.4% and 17.4% of our total revenue for the same respective periods.

Cost of Sales

Our cost of sales primarily consisted of (i) cost of inventories sold primarily refers to contract manufacturing cost, (ii) logistics costs and (iii) customs duties of various countries, including US tariffs. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of our total cost of sales, for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)						*(unaudited)*			
Costs of inventories sold[1]	896,836	82.7	946,968	84.5	1,094,231	83.8	811,616	84.7	782,345	75.8
Logistics costs	141,348	13.0	125,333	11.2	152,883	11.7	107,657	11.2	118,304	11.5
Customs duties	47,202	4.3	48,078	4.3	58,370	4.5	38,769	4.1	131,250	12.7
Total	**1,085,386**	**100.0**	**1,120,379**	**100.0**	**1,305,484**	**100.0**	**958,042**	**100.0**	**1,031,899**	**100.0**

Note:

(1) Costs of inventories primarily include hardware contract manufacturing costs, which amounted to RMB896.8 million, RMB947.0 million, RMB1,094.2 million, RMB811.6 million and RMB782.3 million, respectively, representing 100.0%, 99.9%, 99.5%, 99.5% and 99.4% of the costs of inventories sold in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025.

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB902.9 million, RMB1,092.5 million, RMB1,306.3 million, RMB995.7 million and RMB1,142.8 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Our gross profit margin was 45.4%, 49.4%, 50.0%, 51.0% and 52.6% in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin by Product Category

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents gross profit divided by our revenue, expressed as a percentage. The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		(%)		(%)		(%)		(%)		(%)
	(RMB in thousands, except for percentage)									
							(unaudited)			
High-performance networking solutions	196,232	41.5	262,467	45.5	372,280	44.8	277,987	44.9	372,125	47.2
General networking solutions	583,203	45.2	685,635	49.4	773,517	51.7	594,154	52.8	630,241	55.3
Others	123,423	55.0	144,370	58.5	160,512	56.7	123,518	59.0	140,453	56.8
Total gross profit/ overall gross profit margin	**902,858**	**45.4**	**1,092,472**	**49.4**	**1,306,309**	**50.0**	**995,659**	**51.0**	**1,142,819**	**52.6**

The gross profit margin of our solutions is largely affected by costs of inventories sold and changes in revenue contributions from different categories. Due to the mix of products offered in each category and their varying gross profit margins, changes in sales contribution from solutions with different gross profit margins may offset the effects and contribute to the overall changes of gross profit margin of each category. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, the overall gross profit margin was 45.4%, 49.4%, 50.0%, 51.0% and 52.6%, respectively. See "— Period-to-Period Comparison of Results of Operations" for reasons for changes in revenue and gross profit margin of our solutions by product category.

For details on the changes in our gross profit and gross profit margin during the Track Record Period, see "— Period-to-Period Comparison of Results of Operations."

Other Income

Our other income primarily consisted of (i) government grants, and (ii) bank interest income. The government grants mainly included subsidies received from government authorities, including subsidy for steady growth in software and information technology service industry, subsidy for cross-border e-commerce enterprise and high-tech enterprise subsidy. There is no unfulfilled condition and requirement to defer. Our other income amounted to RMB18.2 million, RMB13.0 million, RMB12.8 million, RMB10.0 million and RMB6.4 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 0.9%, 0.6%, 0.5%, 0.5% and 0.3%, respectively, of our total revenue.

The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)									
							(unaudited)			
Government grants	11,928	65.4	7,468	57.5	5,646	44.1	4,475	44.8	1,486	23.3
Bank interest income	3,725	20.4	4,725	36.4	6,651	51.9	5,130	51.4	4,149	65.1
Others	2,588	14.2	796	6.1	514	4.0	379	3.8	740	11.6
Total	**18,241**	**100.0**	**12,989**	**100.0**	**12,811**	**100.0**	**9,984**	**100.0**	**6,375**	**100.0**

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal primarily represent impairment losses recognized/reversed on our trade and other receivables. We recorded a reversal under expected credit loss model amounted to RMB0.3 million in 2022. We recognized impairment losses under expected credit loss model amounting to RMB1.7 million and RMB1.0 million in 2023 and 2024, respectively. We recognized impairment losses under expected credit loss model amounting to RMB0.5 million and RMB1.6 million in the nine months ended September 30, 2024 and 2025, respectively.

Other Gains and Losses

Our other gains and losses primarily included (i) foreign exchange gains (losses), net, (ii) fair value changes of financial assets at FVTPL and (iii) gain (loss) on disposal of property, plant and equipment. We recorded RMB42.7 million other gains in 2022, RMB38.7 million other gains in 2023, RMB0.9 million other losses in 2024, RMB8.7 million other gains in the nine months ended September 30, 2024 and RMB49.8 million other gains in the nine months ended September 30, 2025.

The following table sets forth a breakdown of our other gains and losses for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)						*(unaudited)*			
Fair value changes of financial assets	14,113	33.0	12,993	33.6	8,731	(921.0)	6,378	72.9	9,116	18.3
Foreign exchange gains (losses), net	28,369	66.5	25,792	66.7	(9,615)	1,014.3	2,346	26.8	40,292	81.0
Gains (losses) on disposal of property, plant and equipment	222	0.5	(156)	(0.4)	(97)	10.2	(11)	(0.1)	(10)	0.0
Gain on early termination of leases	–	–	53	0.1	33	(3.5)	33	0.4	363	0.7
Total	**42,704**	**100.0**	**38,682**	**100.0**	**(948)**	**100.0**	**8,746**	**100.0**	**49,761**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of (i) employee compensation expenses, including share-based payments, and (ii) advertising and promotion expenses. Our selling and distribution expenses amounted to RMB270.5 million, RMB338.9 million, RMB487.7 million, RMB353.4 million and RMB390.2 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 13.6%, 15.3%, 18.7%, 18.1% and 17.9% of our total revenue in the same periods.

The following table sets forth a breakdown of our selling and distribution expenses in absolute amounts and as a percentage of our total selling and distribution expenses for the periods indicated:

	Years ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)									
							(unaudited)			
Employee compensation expenses	167,302	61.9	198,774	58.6	267,453	54.9	184,637	52.2	230,104	59.0
Advertising and promotion expenses	54,494	20.1	68,688	20.3	103,007	21.1	77,805	22.0	71,812	18.4
Depreciation expenses	19,219	7.1	25,672	7.6	49,915	10.2	37,653	10.7	36,990	9.5
Labor service fees	24	–	6,505	1.9	13,144	2.7	10,083	2.9	7,809	2.0
Others[1]	29,451	10.9	39,302	11.6	54,146	11.1	43,195	12.2	43,439	11.1
Total	**270,490**	**100.0**	**338,941**	**100.0**	**487,665**	**100.0**	**353,373**	**100.0**	**390,154**	**100.0**

Note:

(1) Others mainly included office expenses, consulting service fees and rental expenses.

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee compensation expenses, including share-based payments, (ii) transaction fees paid to third-party platforms for processing payments, (iii) depreciation expenses and (iv) office expenses. Our general and administrative expenses amounted to RMB170.4 million, RMB175.2 million, RMB209.8 million, RMB140.1 million and RMB161.8 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 8.6%, 7.9%, 8.0%, 7.2% and 7.4% of our total revenue in the same periods.

The following table sets forth a breakdown of our general and administrative expenses in absolute amounts and as a percentage of our total general and administrative expenses for the periods indicated:

	Years ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)									
							(unaudited)			
Employee compensation expenses	65,840	38.6	65,604	37.5	67,795	32.3	46,988	33.5	49,259	30.4
Transaction fees	26,034	15.3	30,361	17.3	37,651	17.9	24,870	17.8	27,111	16.8
Depreciation expenses	18,287	10.7	21,503	12.3	28,630	13.6	20,553	14.7	34,912	21.6
Office expenses	10,100	5.9	13,177	7.5	26,368	12.6	13,820	9.9	18,249	11.3
Consulting service fees	15,153	8.9	14,273	8.1	16,851	7.6	11,516	8.2	13,365	8.3
Professional fees	12,983	7.6	6,615	3.8	4,292	2.0	4,292	3.1	–	–
Travel expenses	2,411	1.4	4,298	2.5	4,224	2.0	3,162	2.3	2,223	1.4
Others[(1)]	19,565	11.6	19,325	11.0	23,966	12.0	14,909	10.5	16,716	10.2
Total	**170,373**	**100.0**	**175,156**	**100.0**	**209,777**	**100.0**	**140,110**	**100.0**	**161,835**	**100.0**

Note:

(1) Others mainly included rental expenses, amortization expenses and property management expenses.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee compensation expenses, including share-based payments, and (ii) depreciation expenses. Our research and development expenses amounted to RMB99.8 million, RMB110.5 million, RMB143.7 million, RMB99.8 million and RMB124.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 5.0%, 5.0%, 5.5%, 5.1% and 5.7% of our total revenue in the same periods.

The following table sets forth a breakdown of our research and development expenses in absolute amounts and as a percentage of our total research and development expenses for the periods indicated:

	Years ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)									
							(unaudited)			
Employee compensation expenses	75,975	76.1	84,179	76.2	107,354	74.7	72,375	72.5	95,009	76.5
Depreciation expenses	10,074	10.1	10,807	9.8	16,776	11.7	12,981	13.0	13,677	11.0
Raw material costs	4,626	4.6	1,698	1.5	2,869	2.0	1,944	2.0	3,500	2.8
Amortization expenses	2,051	2.1	1,312	1.2	2,211	1.5	1,706	1.7	1,480	1.2
Consulting service fees	2,537	2.5	7,415	6.7	3,515	2.4	3,399	3.4	518	0.4
Others[1]	4,561	4.6	5,071	4.6	10,985	7.7	7,419	7.4	10,089	8.1
Total	**99,824**	**100.0**	**110,482**	**100.0**	**143,710**	**100.0**	**99,824**	**100.0**	**124,273**	**100.0**

Note:

(1) Others primarily included property management expenses, rental expenses and office expenses.

Finance Costs

Our finance costs included (i) interest on bank loans, (ii) interest on lease liabilities, and (iii) interest on redepmtion liabilities. Our finance costs amounted to RMB4.5 million, RMB4.7 million, RMB18.5 million, RMB12.8 million and RMB20.0 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

The following table sets forth a breakdown of our finance costs in absolute amounts and as a percentage of our total finance costs for the periods indicated:

	Years ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)									
							(unaudited)			
Interests on:										
– Bank loans	3,402	75.4	3,357	72.1	13,631	73.5	9,655	75.3	10,078	50.4
– Lease liabilities	1,109	24.6	1,298	27.9	4,913	26.5	3,168	24.7	5,071	25.4
– Redepmtion liabilities	–	–	–	–	–	–	–	–	4,848	24.2
Total	**4,511**	**100.0**	**4,655**	**100.0**	**18,544**	**100.0**	**12,823**	**100.0**	**19,997**	**100.0**

Income Tax Expense

Our income tax expense amounted to RMB54.4 million, RMB56.5 million, RMB59.3 million, RMB57.0 million and RMB59.8 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled and operate. See Note 10 of the Accountants' Report in Appendix I to this document.

PRC

Our Company operates in the PRC and was qualified as "High and New Technology Enterprises" in 2019, with a valid period of three years and was entitled to a preferential income tax rate of 15%. The qualification was subsequently successfully renewed in 2022 and 2025, respectively. FS Wuhan, a subsidiary of our Company, was also qualified as a "High and New Technology Enterprise" in 2024, with a valid period of three years from December 2024 and entitled to a preferential income tax rate of 15%. During the Track Record Period, several of our subsidiaries in PRC were qualified as small and micro enterprises under the PRC Enterprise Income Tax regime, which enjoyed an EIT rate of 5%. The tax rate of our remaining PRC subsidiaries was 25% during the Track Record Period under the EIT Law and Implementation Regulation of the EIT Law.

According to a policy promulgated by the State Taxation Administration of the PRC and effective from 2018 onwards, enterprises engaged in research and development activities are entitled to claim 75% of the research and development expenses incurred in a year as extra tax deductible expenses in determining the taxable income for that year ("**Super Deduction**"). The Super Deduction rate was increased to 100% since October 2022. We and FS Wuhan claimed such Super Deduction in determining its tax assessable profits for 2022, 2023, 2024 and the nine months ended September 30, 2025.

Other Jurisdictions

The tax rate of our overseas subsidiaries was subject to the corporate income tax law in the countries in which they operated. Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, our subsidiary in Hong Kong was entitled to the preferential EIT rate of 8.25% for the first HKD2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million. Our subsidiary in U.S. was taxed at the federal tax rate of 21% and other relevant state tax rate ranging from nil to 9.99%. Our subsidiaries in Germany, Australia, Singapore and Japan were taxed at the tax rate of 28.08%, 30%, 17% or 5% (17% during January 1, 2022 to March 31, 2025 and 5% from April 1, 2025) and 36.80% respectively. Our subsidiary in the U.K. was taxed at the tax rate ranging from 19% to 25% during the Track Record Period.

As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any tax investigation or any material penalties or surcharges.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine months ended September 30, 2025 Compared with Nine months ended September 30, 2024

Revenue

Our revenue increased by 11.3% from RMB1,953.7 million in the nine months ended September 30, 2024 to RMB2,174.7 million in the nine months ended September 30, 2025, primarily due to our expanded business scale of high-performance networking solutions as we optimized our product mix in response to the market demand.

- Our revenue from sales of high-performance networking solutions increased by 27.4% from RMB618.5 million in the nine months ended September 30, 2024 to RMB788.0 million in the nine months ended September 30, 2025, primarily due to (i) an increase in customer base from approximately 10,000 in the nine months ended September 30, 2024 to approximately 11,000 in the nine months ended September 30, 2025; and (ii) an increase in sales volume of the high-performance networking solutions from approximately 462,000 in the nine months ended September 30, 2024 to approximately 571,000 in the nine months ended September 30, 2025.

- Our revenue from sales of general networking solutions remained relatively stable at RMB1,125.9 million in the nine months ended September 30, 2024 and RMB1,139.4 million in the nine months ended September 30, 2025, primarily because our customer base and sales volume of the general networking solutions both remained stable in the nine months ended September 30, 2024 and 2025.

- Our revenue from sales of others increased by 18.2% from RMB209.2 million in the nine months ended September 30, 2024 to RMB247.3 million in the nine months ended September 30, 2025. Our other networking products are typically deployed in conjunction with our high-performance networking solutions and general networking solutions. The increase in revenue from sales of others is generally in line with the revenue increase corresponding to our revenue increase in high-performance networking solutions and general networking solutions.

Cost of Sales

Our cost of sales increased by 7.7% from RMB958.0 million in the nine months ended September 30, 2024 to RMB1,031.9 million in the nine months ended September 30, 2025, primarily due to an increase in customs duties, mainly include U.S. import tariffs.

Gross Profit and Gross Profit Margin

Our gross profit increased by 14.8% from RMB995.7 million in the nine months ended September 30, 2024 to RMB1,142.8 million in the nine months ended September 30, 2025. Our gross profit margin increased from 51.0% in the nine months ended September 30, 2024 to 52.6% in the nine months ended September 30, 2025, respectively.

- The gross profit margin for high-performance networking solutions increased from 44.9% in the nine months ended September 30, 2024 to 47.2% in the nine months ended September 30, 2025, primarily driven by (i) a decrease in procurement costs for high-speed modules and network equipment; and (ii) an adjustment in the product mix, as the revenue proportion of high-performance fiber optic cables, with relatively higher gross margin, increased during the period.

- The gross profit margin for general networking solutions increased from 52.8% in the nine months ended September 30, 2024 to 55.3% in the nine months ended September 30, 2025, primarily due to a decrease in procurement costs for general modules and network equipment.

- The gross profit margin for others slightly decreased from 59.0% in the nine months ended September 30, 2024 to 56.8% in the nine months ended September 30, 2025, reflecting normal period-to-period fluctuations in product mix, pricing and procurement costs.

Other Income

Our other income decreased by 36.1% from RMB10.0 million in the nine months ended September 30, 2024 to RMB6.4 million in the nine months ended September 30, 2025, primarily attributable to government's reduction in the allocation of certain grants.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

We recorded impairment losses under expected credit loss model of RMB0.5 million and RMB1.6 million in the nine months ended September 30, 2024 and 2025, respectively, primarily due to an increase in credit sales to certain major customers in 2025, which led to a higher provision for impairment losses in accordance with our expected credit loss model.

Other Gains

Our other gains increased from RMB8.7 million in the nine months ended September 30, 2024 to RMB49.8 million in the nine months ended September 30, 2025, respectively, primarily due to an increase in the foreign exchange gains and an increase in fair value changes of financial assets at FVTPL. The increase in foreign exchange gains was mainly attributable to the increase in the exchange rates of the Euro which we held. The increase in fair value changes of financial assets was mainly attributable to an increase in structure deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 10.4% from RMB353.4 million in the nine months ended September 30, 2024 to RMB390.2 million in the nine months ended September 30, 2025, primarily due to an increase in employee compensation expenses, partially offset by a decrease in advertising and promotion expenses. The increase in employee compensation expenses was mainly attributable to the increase in the average number of employees in the sales team during the relevant period in 2025 and salary adjustments. The decrease in advertising and promotion expenses was mainly attributable to the decrease in expenditure on online advertising.

General and Administrative Expenses

Our general and administrative expenses increased by 15.5% from RMB140.1 million in the nine months ended September 30, 2024 to RMB161.8 million in the nine months ended September 30, 2025, primarily due to (i) an increase in depreciation expenses, and (ii) an increase in office expenses, partially offset by a decrease in professional fees. The increase in depreciation expenses was mainly attributable to an additional warehouse in Singapore and an additional building in Shenzhen. The increase in office expenses was mainly attributable to expenditure in relation to office software. The decrease in professional fees was attributable to A share listing activities.

Research and Development Expenses

Our research and development expenses increased by 24.5% from RMB99.8 million in the nine months ended September 30, 2024 to RMB124.3 million in the nine months ended September 30, 2025, primarily due to an increase in employee compensation expenses, mainly attributable to the increase in the number of R&D personnel.

Finance Costs

Our finance costs increased by 55.9% from RMB12.8 million in the nine months ended September 30, 2024 to RMB20.0 million in the nine months ended September 30, 2025, primarily due to an increase in redemption liabilities, mainly refers to our obligation to purchase our equity instruments.

Income Tax Expense

Our income tax expense remained relatively stable at RMB57.0 million in the nine months ended September 30, 2024 and RMB59.8 million in the nine months ended September 30, 2025.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 20.6% from RMB350.8 million in the nine months ended September 30, 2024 to RMB423.2 million in the nine months ended September 30, 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 18.0% from RMB2,212.9 million in 2023 to RMB2,611.8 million in 2024, primarily due to (i) our expanded business scale of high-performance networking solutions as we optimized our product mix in response to the market demand; and (ii) an increase of our net dollar retention rate from 94.4% in 2023 to 102.3% in 2024.

- Our revenue from sales of high-performance networking solutions increased by 43.9% from RMB577.4 million in 2023 to RMB831.1 million in 2024, primarily due to (i) an increase in customer base from approximately 10,800 in 2023 to approximately 12,100 in 2024; (ii) an increase in sales volume of the high-performance networking solutions from approximately 486,000 in 2023 to approximately 618,000 in 2024; and (iii) the growing market demand which also contribute to the increase of customers purchasing amount. According to Frost & Sullivan, the global online DTC networking solution market size increased by 9.6% from USD5.2 billion in 2023 to USD5.7 billion in 2024. We ranked first in the high-performance networking solutions market in 2024.

- Our revenue from sales of general networking solutions increased by 7.8% from RMB1,388.6 million in 2023 to RMB1,497.5 million in 2024, primarily due to (i) our substantial general networking solutions customer base of approximately 69,400 in 2023 and approximately 74,000 in 2024; (ii) an increase in sales volume of the general networking solutions from 10.2 million in 2023 to 11.3 million in 2024; and (iii) the growing market demand which also contribute to the increase of customers purchasing amount. According to Frost & Sullivan, the global online DTC networking solution market size increased by 9.6% from USD5.2 billion in 2023 to USD5.7 billion in 2024.

- Our revenue from sales of others increased by 14.7% from RMB246.8 million in 2023 to RMB283.2 million in 2024. Our other networking products are typically deployed in conjunction with our high-performance networking solutions and general networking solutions. The increase in revenue from sales of others is generally in line with the revenue increase corresponding to our revenue increase in high-performance networking solutions and general networking solutions.

Cost of Sales

Our cost of sales increased by 16.5% from RMB1,120.4 million in 2023 to RMB1,305.5 million in 2024, primarily due to an increase in the costs of inventories sold. This increase mainly reflects higher costs paid to contract manufacturers that correspond to such costs of sales, which is in line with the increase in our revenue and production volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 19.6% from RMB1,092.5 million in 2023 to RMB1,306.3 million in 2024. Our gross profit margin remained relatively stable at 49.4% and 50.0% in 2023 and 2024, respectively.

- The gross profit margin for high-performance networking solutions remained relatively stable at 45.5% and 44.8% in 2023 and 2024, respectively. The slight decrease was primarily attributable to an adjustment in the product mix, as the revenue proportion of high-performance optical transceivers, with relatively lower gross margin, increased during the period.

- The gross profit margin for general networking solutions increased from 49.4% in 2023 to 51.7% in 2024, primarily due to a decrease in the unit cost of general networking solutions by 7.2%.

- The gross profit margin for others remained relatively stable at 58.5% and 56.7% in 2023 and 2024, respectively.

Other Income

Our other income remained relatively stable at RMB13.0 million and RMB12.8 million in 2023 and 2024, respectively.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model decreased from RMB1.7 million in 2023 to RMB1.0 million in 2024, primarily due to the subsequent settlement of trade receivables. In 2024, we strengthened the collection of trade receivables, especially for long-aged receivables, resulting in such reversal.

Other Gains and Losses

We recorded other gains of RMB38.7 million in 2023, and subsequently recorded other losses of RMB0.9 million in 2024, primarily due to an increase in the foreign exchange losses and a decrease in gains on disposal of financial assets at FVTPL. The increase in foreign exchange losses was mainly attributable to the decrease in the exchange rates of the Euro which we held.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 43.9% from RMB338.9 million in 2023 to RMB487.7 million in 2024, primarily due to (i) an increase in employee compensation expenses, (ii) an increase in advertising and promotion expenses and (iii) an increase in depreciation expenses. The increase in employee compensation expenses was mainly attributable to the increase in the number of employees in the sales team. The increase in advertising and promotion expenses was mainly attributable to the increase in expenditure on online advertising. The increase in depreciation expenses was mainly attributable to the addition of owned properties and leased warehouses. In particular, our selling and distribution expenses, as a percentage of our total revenue increased from 15.3% in 2023 to 18.7% in 2024.

General and Administrative Expenses

Our general and administrative expenses increased by 19.8% from RMB175.2 million in 2023 to RMB209.8 million in 2024, primarily due to (i) an increase in office expenses, (ii) an increase in transaction fees and (iii) an increase in depreciation of fixed assets. The increase in office expenses was mainly attributable to the renovation of office premises in Shenzhen and purchase of certain office software. The increase in transaction fees was mainly attributable to the increase in payments processed through these platforms. The increase in depreciation expenses was mainly attributable to the addition of owned properties. In particular, our administrative expenses, as a percentage of our total revenue remained relatively stable at 7.9% and 8.0% in 2023 and 2024, respectively.

Research and Development Expenses

Our research and development expenses increased by 30.1% from RMB110.5 million in 2023 to RMB143.7 million in 2024, primarily due to (i) an increase in employee compensation expenses and (ii) an increase in depreciation expenses. The increase in employee compensation expenses was mainly attributable to the increase in the number of R&D personnel in 2024. The increase in depreciation expenses was mainly attributable to the addition of owned properties used for research and development activities.

Finance Costs

Our finance costs increased by 298.4% from RMB4.7 million in 2023 to RMB18.5 million in 2024, primarily due to the addition of two borrowings in 2024. See "— Indebtedness — Borrowings."

Income Tax Expense

Our income tax expense remained relatively stable at RMB56.5 million in 2023 and RMB59.3 million in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 13.0% from RMB456.7 million in 2023 to RMB397.3 million in 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased by 11.3% from RMB1,988.2 million in 2022 to RMB2,212.9 million in 2023, primarily due to our expanded business scale of high-performance networking solutions as we optimized our product mix in response to the market demand.

- Our revenue from sales of high-performance networking solutions increased by 22.1% from RMB472.9 million in 2022 to RMB577.4 million in 2023, primarily due to (i) an increase in high-performance networking solutions customer base from approximately 9,400 in 2022 to approximately 10,800 in 2023; (ii) an increase in sales volume of the high-performance networking solutions from approximately 451,000 in 2022 to approximately 486,000 in 2023; and (iii) the growing market demand which also contribute to the increase of customers purchasing amount. According to Frost & Sullivan, the global online DTC networking solution market size increased by 10.6% from USD4.7 billion in 2022 to USD5.2 billion in 2023.

- Our revenue from sales of general networking solutions increased by 7.6% from RMB1,290.9 million in 2022 to RMB1,388.6 million in 2023, primarily due to (i) our substantial general networking solutions customer base of approximately 66,800 in 2022 and approximately 69,400 in 2023; (ii) an increase in sales volume of the general networking solutions from 9.6 million in 2022 to 10.2 million in 2023; and (iii) the growing market demand which also contribute to the increase of customers purchasing amount. According to Frost & Sullivan, the global online DTC networking solution market size increased by 10.6% from USD4.7 billion in 2022 to USD5.2 billion in 2023.

- Our revenue from sales of others increased by 10.0% from RMB224.5 million in 2022 to RMB246.8 million in 2023. Our other networking products are typically deployed in conjunction with our high-performance networking solutions and general networking solutions. The increase in revenue from sales of others is generally in line with the revenue increase corresponding to our revenue increase in high-performance networking solutions and general networking solutions.

Cost of Sales

Our cost of sales increased by 3.2% from RMB1,085.4 million in 2022 to RMB1,120.4 million in 2023, primarily due to an increase in the costs of inventories sold. This increase mainly reflects higher costs paid to contract manufacturers that correspond to such costs of sales, which is in line with the increase in our revenue and production volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 21.0% from RMB902.9 million in 2022 to RMB1,092.5 million in 2023. Our gross profit margin increased from 45.4% in 2022 to 49.4% in 2023, primarily due to the decrease in our improved product mix and favorable fluctuation of foreign exchange rates.

- The gross profit margin for high-performance networking solutions increased from 41.5% in 2022 to 45.5% in 2023, primarily due to the decrease of unit cost of high-margin optical transceiver products, while the sales volume of such optical transceiver products increased by 11.7%.

- The gross profit margin for general networking solutions increased from 45.2% in 2022 to 49.4% in 2023, primarily due to a decrease in the unit cost of general networking solutions by 6.0%.

- The gross profit margin for others increased from 55.0% in 2022 to 58.5% in 2023, primarily attributable to the unit price adjustments of other products.

Other Income

Our other income decreased by 28.8% from RMB18.2 million in 2022 to RMB13.0 million in 2023, primarily due to a decrease in the government grants, mainly attributable to certain reduced government incentive programs relating to platform establishment and tax relief policies; partially offset by an increase in certain government support programs awarding the steady growth of the software, IT services and internet industries.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

We recorded a reversal of impairment losses under expected credit loss model of RMB0.3 million in 2022. In 2023, we recognized impairment losses of RMB1.7 million, primarily due to the reclassification of certain receivables to over one year, which under the expected credit loss model requires recognition of impairment losses.

Other Gains and Losses

Our other gains decreased by 9.4% from RMB42.7 million in 2022 to RMB38.7 million in 2023, primarily due to (i) a decrease in foreign exchange gains and (ii) a decrease in gains on disposal of financial assets at FVTPL. The decrease in foreign exchange gains was mainly attributable to a lower increase in the US Dollar exchange rate in 2023 compared to 2022. The decrease in gains on disposal of financial assets at FVTPL was mainly attributable to the decrease in the annualized interest rate of structured deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 25.3% from RMB270.5 million in 2022 to RMB338.9 million in 2023, primarily due to (i) an increase in employee compensation expenses, (ii) an increase in advertising and promotion expenses and (iii) an increase in depreciation expenses. The increase in employee compensation expenses was mainly attributable to an increase in the number of sales personnel. The increase in advertising and promotion expenses was mainly attributable to the increase in expenditure on online advertising. The increase in depreciation expenses was mainly attributable to the addition of leased warehouses. In particular, our selling and distribution expenses, as a percentage of our total revenue increased from 13.6% in 2022 to 15.3% in 2023.

General and Administrative Expenses

Our general and administrative expenses increased by 2.8% from RMB170.4 million in 2022 to RMB175.2 million in 2023, primarily due to (i) an increase in transaction fees, (ii) an increase in depreciation expenses and (iii) an increase in office expenses. The increase in transaction fees was mainly attributable to the increase in payments processed through these platforms. The increase in depreciation expenses was mainly attributable to new office premises in Wuhan. The increase in office expenses was mainly attributable to the expansion of our business scale. In particular, our administrative expenses, as a percentage of our total revenue decreased from 8.6% in 2022 to 7.9% in 2023, respectively.

Research and Development Expenses

Our research and development expenses increased by 10.7% from RMB99.8 million in 2022 to RMB110.5 million in 2023, primarily due to (i) an increase in employee compensation expenses and (ii) an increase in consulting service fees. The increase in employee compensation expenses was mainly attributable to the increase in the number of R&D personnel. The increase in consulting service fees was mainly attributable to our increased research and development projects.

Finance Costs

Our finance costs remained relatively stable at RMB4.5 million and RMB4.7 million in 2022 and 2023, respectively.

Income Tax Expense

Our income tax expense remained relatively stable at RMB54.4 million in 2022 and RMB56.5 million in 2023.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 25.3% from RMB364.5 million in 2022 to RMB456.7 million in 2023.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position included in Appendix I to this document.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Total current assets	1,712,283	1,888,923	2,015,571	2,213,269
Total non-current assets	441,532	830,493	1,534,828	1,508,351
Total assets	**2,153,815**	**2,719,416**	**3,550,399**	**3,721,620**
Total current liabilities	529,887	563,065	539,309	625,985
Total non-current liabilities	91,512	158,369	610,353	1,111,123
Total liabilities	**621,399**	**721,434**	**1,149,662**	**1,737,108**
Net assets	**1,532,416**	**1,997,982**	**2,400,737**	**1,984,512**
Share Capital	360,000	360,000	360,000	360,000
Reserves	1,172,416	1,637,982	2,040,737	1,624,512
Total Equity	**1,532,416**	**1,997,982**	**2,400,737**	**1,984,512**

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	311,669	346,866	1,194,069	1,171,163
Right-of-use assets	30,651	87,511	119,041	118,413
Investment properties	–	–	–	11,037
Intangible assets	25,017	20,917	18,375	14,619
Deferred tax assets	61,610	90,865	110,536	122,677

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Other receivables, deposits and prepayments	8,265	16,154	88,296	67,375
Deposits for the acquisition of property, plant and equipment	4,320	268,180	4,511	3,067
Total non-current assets	**441,532**	**830,493**	**1,534,828**	**1,508,351**
Non-current liabilities				
Borrowings	70,299	85,415	509,573	345,548
Lease liabilities	14,097	69,317	100,780	101,332
Other payables and accruals	7,116	3,637	–	–
Redemption liabilities	–	–	–	664,243
Total non-current liabilities	**91,512**	**158,369**	**610,353**	**1,111,123**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of owned properties, owned properties improvement, construction in process and electronic equipment. Our property, plant and equipment increased by 11.3% from RMB311.7 million as of December 31, 2022 to RMB346.9 million as of December 31, 2023, primarily due to the completion of the renovation for buildings in Wuhan. Our property, plant and equipment further increased by 244.2% from RMB346.9 million as of December 31, 2023 to RMB1,194.1 million as of December 31, 2024, primarily due to the completion of new office premises and delivery facilities in Wuhan. Our property, plant and equipment remained relatively stable at RMB1,194.1 million as of December 31, 2024 and RMB1,171.2 million as of September 30, 2025.

Right-of-use Assets

Our right-of-use assets primarily consisted of leased properties. Our right-of-use assets increased by 185.5% from RMB30.7 million as of December 31, 2022 to RMB87.5 million as of December 31, 2023, and further increased by 36.0% from RMB87.5 million as of December 31, 2023 to RMB119.0 million as of December 31, 2024, primarily due to our new leases for warehouses in line with our business expansion. Our right-of-use assets remained relatively stable at RMB119.0 million as of December 31, 2024 and RMB118.4 million as of September 30, 2025.

Net Current Assets

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	(RMB in thousands)				
					(Unaudited)
Current assets					
Inventories	659,077	606,115	572,271	484,835	465,217
Trade receivables	103,007	122,599	154,616	218,364	204,975
Other receivables, deposits and prepayments	148,701	115,885	120,304	125,828	151,183
Rights to returned good assets	5,382	2,962	3,392	3,658	3,597
Tax recoverable	18,559	13,045	10,606	11,798	6,251
Financial assets at fair value through profit or loss ("FVTPL")	390,038	180,347	506,444	694,046	712,474
Restricted bank deposits	16,799	14,662	17,363	32,011	32,178
Short-term bank deposits	–	–	93,000	23,400	–
Bank balances and cash	370,720	833,308	537,575	619,329	767,575
Total current assets	**1,712,283**	**1,888,923**	**2,015,571**	**2,213,269**	**2,343,450**
Current liabilities					
Trade payables	345,630	278,330	251,449	217,423	221,433
Other payables and accruals	81,555	112,718	139,283	130,058	128,033
Refund liabilities	9,711	6,000	6,987	7,555	7,483
Contract liabilities	44,560	109,499	40,692	46,219	77,884
Tax payables	21,674	24,062	8,191	16,047	9,062
Borrowings	8,716	11,364	63,787	176,245	167,215
Lease liabilities	14,897	16,866	24,371	26,462	27,976
Bank overdrafts	3,144	4,226	4,549	5,976	6,030
Total current liabilities	**529,887**	**563,065**	**539,309**	**625,985**	**645,116**
Net current assets	**1,182,396**	**1,325,858**	**1,476,262**	**1,587,284**	**1,698,334**

Our net current assets increased by 12.1% from RMB1,182.4 million as of December 31, 2022 to RMB1,325.9 million as of December 31, 2023, primarily due to an increase in bank balance and cash of RMB462.6 million, primarily offset by (i) a decrease in financial assets at FVTPL of RMB209.7 million and (ii) an increase in contract liabilities of RMB64.9 million.

Our net current assets increased by 11.3% from RMB1,325.9 million as of December 31, 2023 to RMB1,476.3 million as of December 31, 2024, primarily due to (i) an increase in financial assets at FVTPL of RMB326.1 million, and (ii) a decrease in contract liabilities of RMB68.8 million, partially offset by a decrease in bank balance and cash of RMB295.7 million.

Our net current assets increased by 7.5% from RMB1,476.3 million as of December 31, 2024 to RMB1,587.3 million as of September 30, 2025, primarily due to (i) an increase in financial assets at FVTPL of RMB187.6 million; and (ii) an increase in bank balances and cash of RMB81.8 million, partially offset by (i) an increase in borrowings of RMB112.5 million; and (ii) a decrease in inventories of RMB87.4 million.

Our net current assets increased by 7.0% from RMB1,587.3 million as of September 30, 2025 to RMB1,698.3 million as of November 30, 2025, primarily due to an increase in bank balances and cash of RMB148.2 million, partially offset by an increase in contract liabilities of RMB31.7 million.

Inventories

Our inventories consisted of (i) finished goods, (ii) goods in transit, and (iii) consumables. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Finished goods	630,367	570,338	547,841	454,637
Goods in transit	15,301	25,374	11,437	13,550
Consumables	13,409	10,403	12,993	16,648
Total	**659,077**	**606,115**	**572,271**	**484,835**

Our inventories decreased by 8.0% from RMB659.1 million as of December 31, 2022, to RMB606.1 million as of December 31, 2023, primarily due to the depletion of additional inventories maintained in 2022. We adopted a strategic decision in 2022 to reserve additional inventory in our warehouses to ensure supply stability based on the market environment at that time. In 2023, as market dynamics evolved, we optimized our supply chain management strategies and reduced our inventory level maintained in the central warehouse. Our inventories decreased by 5.6% from RMB606.1 million as of December 31, 2023 to RMB572.3 million as of December 31, 2024, primarily due to reduced procurement activities in alignment with our 2024 procurement plan. Further, our inventories decreased by 15.3% from RMB572.3 million as of December 31, 2024 to RMB484.8 million as of September 30, 2025, primarily due to (i) the ongoing consumption of certain switches that were stocked in advance for certain strategic partner; and (ii) a strategic adjustment to our stocking cycle in the United States in 2025, shortening the inventory coverage period due to U.S. tariff policies.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 1 year	653,912	572,998	543,631	385,831
1 to 2 years	4,093	31,685	23,828	71,470
Over 2 years	1,072	1,432	4,812	27,534
Total	**659,077**	**606,115**	**572,271**	**484,835**

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Inventory turnover days[1]	159.7	206.1	164.7	138.3

Note:

(1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a period divided by cost of sales for the relevant period and multiplied by the number of days for the relevant period (i.e. 365 days for each year and 270 days for the nine months ended September 30, 2025).

Our inventory turnover days increased from 159.7 days in 2022 to 206.1 days in 2023 and then decreased to 164.7 days in 2024. Our inventory turnover days were relatively longer in 2023, primarily because we stocked up around 2022 year end to ensure delivery efficiency in response to the market condition, resulting in a relatively high opening balance for 2023. Our inventory turnover days further decreased to 138.3 days in the nine months ended September 30, 2025, primarily due to (i) the ongoing consumption of certain switches that were stocked in advance for certain strategic partner; and (ii) a strategic adjustment to our stocking policy in the United States in 2025, shortening the inventory coverage period due to U.S. tariff policies.

As of November 30, 2025, RMB169.6 million, or 35.0% of inventories as of September 30, 2025, had been used, consumed or sold.

Trade Receivables

Trade receivables are amounts due for goods sold in the ordinary course of business. The following table sets out a breakdown of our trade receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables	104,170	124,744	156,889	221,095
Less: allowance for credit losses	(1,163)	(2,145)	(2,273)	(2,731)
Total	**103,007**	**122,599**	**154,616**	**218,364**

Our trade receivables increased from RMB103.0 million as of December 31, 2022, to RMB122.6 million as of December 31, 2023, and further increased to RMB154.6 million as of December 31, 2024, primarily due to our sales growth throughout the Track Record Period. Our trade receivables further increased to RMB218.4 million as of September 30, 2025, primarily due to an increase in credit sales to certain major customers in 2025.

We generally require the customers to make full upfront payment to us before we ship our products. For certain customers with longstanding relationships, we have engaged in credit sale with them during the Track Record Period and we usually grant credit terms of up to 90 days, but we impose a maximum credit limit on such customers. We seek to maintain strict control over our outstanding receivables. Our finance team is responsible for minimizing credit risks. Overdue balances are reviewed regularly by senior management.

The following table sets out an aging analysis of our trade receivables based on the date of delivery as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 3 months	93,993	115,388	146,843	210,589
3 to 6 months	7,154	5,195	4,659	5,644
6 months to 1 year	1,860	2,016	3,114	2,131
Total	**103,007**	**122,599**	**154,616**	**218,364**

The following table sets forth our trade receivables turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	**2023**	**2024**	**2025**
Trade receivables turnover days(1)	17.8	18.6	19.4	23.2

Note:

(1) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables for a period divided by revenue for the relevant period and multiplied by the number of days for the relevant period (i.e. 365 days for each year and 270 days for the nine months ended September 30, 2025).

Our trade receivables turnover days remained relatively stable at 17.8, 18.6 and 19.4 days in 2022, 2023 and 2024, respectively. Our trade receivables turnover days increased to 23.2 days for the nine months ended September 30, 2025, primarily due to an increase in credit sales to certain major customers in 2025.

As of November 30, 2025, approximately RMB185.7 million, or 85.1% of our trade receivables as of September 30, 2025 had been settled.

Other Receivables, Deposits and Prepayments (Current)

Our current other receivables, deposits and prepayments primarily consisted of (i) deductible value-added tax, (ii) refundable value added tax, and (iii) advances to supplier.

Our current other receivables, deposits and prepayments decreased by 22.1% from RMB148.7 million as of December 31, 2022, to RMB115.9 million as of December 31, 2023, primarily due to a decrease in refundable value-added tax of RMB56.6 million, which was mainly attributable to (i) the settlement of tax recoverable in Shenzhen and (ii) the settlement of value-added tax recoverable in Germany. The decrease was partially offset by an increase in deductible value-added tax, primarily because certain tax recoverable incurred for 2023 was received in 2024. Our current other receivables, deposits and prepayments remained relatively stable at RMB115.9 million as of December 31, 2023 and RMB120.3 million as of December 31, 2024. Our current other receivables, deposits and prepayments remained relatively stable at RMB120.3 million as of December 31, 2024, and RMB125.8 million as of September 30, 2025.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Our financial assets at FVTPL mainly included structured deposits issued by commercial banks. See Note 24 to the Accountants' Report included in Appendix I to this document. We had financial assets at FVTPL of RMB390.0 million, RMB180.3 million, RMB506.4 million and RMB694.0 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. We endeavor to increase the return of idle cash and bank balances by placing investments in wealth financial assets with high liquidity and low risk such that our risk exposure arising from such investments is controlled. We have adopted a comprehensive set of internal policies and guidelines to manage our investments while mitigating our exposure to investment risks. These policies and measures include:

- investments shall be made when we have idle funds and not interfere with our normal business activities or capital expenditures;

- investments shall generally be short-term in order to maintain our liquidity and financial flexibility;

- we invest in structured deposits and wealth management products issued by reputable commercial banks; and

- investments exceeding certain thresholds must be approved by our Shareholders or the Board in accordance with relevant laws and regulations and our Articles of Association.

We have categorized our financial assets at FVTPL as Level 2 of the fair value hierarchy because they are valued with reference to recent transaction price. For details of the fair value measurement of our financial instruments, please refer to Note 42 to the Accountants' Report in Appendix I to this document.

Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise's operations. Upon the [**REDACTED**], we intend to continue our investments strictly in accordance with our internal control policy, Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

Our investment strategy related to such products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns. To control our risk exposure, we make investment decisions related to low risk wealth management products, after thoroughly considering a number of factors, including, but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment.

Restricted Bank Deposits

Our restricted bank deposits decreased by 12.7% from RMB16.8 million as of December 31, 2022 to RMB14.7 million as of December 31, 2023, primarily due to the reduction of credit card deposits by subsidiaries in Hong Kong, the U.S., and Germany by RMB2.1 million. Our restricted bank deposits subsequently increased by 18.4% from RMB14.7 million as of December 31, 2023, to RMB17.4 million as of December 31, 2024, primarily due to the additional customs and import-export guarantees with a term of five years. Our restricted bank deposits increased by 84.4% from RMB17.4 million as of December 31, 2024 to RMB32.0 million as of September 30, 2025, primarily attributable to (i) guarantees for customs duties in relation to import and export declarations, and (ii) merchant deposits paid to certain platforms.

Bank Balance and Cash

Our bank balance and cash increased by 124.8% from RMB370.7 million as of December 31, 2022 to RMB833.3 million as of December 31, 2023, primarily due to the growth in our revenue and our strengthened trade receivable management, which enhanced our operating cash flow. In addition, we redeemed certain financial products, which were converted into bank deposits. Our bank balance and cash subsequently decreased by 35.5% from RMB833.3 million as of December 31, 2023 to RMB537.6 million as of December 31, 2024, primarily due to the purchase of structured deposits with idle funds. Our bank balance and cash increased by 15.2% from RMB537.6 million as of December 31, 2024 to RMB619.3 million as of September 30, 2025, primarily due to the growth in our revenue, which enhanced our operating cash flow.

Trade Payables

Our trade payables primarily consisted of trade payables to our suppliers of hardware components. Our trade payables are due to third parties and amounted to RMB345.6 million, RMB278.3 million, RMB251.4 million and RMB217.4 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. The decreasing trend is primarily attributable to changes in the payment mix between advance and credit-term purchases.

The trade payables are typically settled upon delivery or within 120 days. The following table sets out an aging analysis of our trade payables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 3 months	227,541	223,723	169,869	207,782
3 to 6 months	104,516	53,666	62,249	8,837
6 to 12 months	13,573	941	19,331	804
Total	**345,630**	**278,330**	**251,449**	**217,423**

The following table sets forth our trade payables turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Trade payables turnover days[1]	92.4	101.6	74.1	61.3

Note:

(1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a period divided by cost of sales used for the relevant period and multiplied by the number of days for the relevant period (i.e. 365 days for a calendar year and 270 days for the nine months ended September 30, 2025).

Our trade payables turnover days increased from 92.4 days in 2022 to 101.6 days in 2023, primarily because we stocked up around 2022 year end to ensure delivery efficiency in response to the market condition, resulting in higher opening balance of trade payables for 2023 for procurement required. Our trade payables turnover days decreased from 101.6 days in 2023 to 74.1 days in 2024, primarily because we made advances to suppliers for certain finished goods, mainly due to changes in payment arrangements in response to our adjustments into a more globalized supply chain. Our trade payables turnover days decreased from 74.1 days in 2024 to 61.3 days in the nine months ended September 30, 2025, primarily due to the decrease of procurement.

As of November 30, 2025, RMB154.1 million, or 70.9% of our trade payables as of September 30, 2025 had been settled.

Other Payables and Accruals (Current)

Our current other payables and accruals primarily consisted of (i) accrued staff costs, (ii) other tax payable and (iii) accrued advertising costs. The following table sets out a breakdown of our current other payables and accruals as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Accrued staff costs	32,804	41,312	52,182	33,016
Other tax payables	18,339	19,964	23,478	35,114
Payables for patent use right	3,270	3,409	3,581	1,770
Accrued advertising costs	8,948	14,180	16,203	15,579

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Other accrued expenses	6,553	9,536	8,032	9,587
Accrued freight costs	4,837	10,003	13,926	12,527
Accrued [REDACTED] and [REDACTED] costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Payables for construction costs	4,894	13,156	19,623	14,775
Others	1,910	1,158	2,258	1,016
Total	**81,555**	**112,718**	**139,283**	**130,058**

Our current other payables and accruals increased by 38.2% from RMB81.6 million as of December 31, 2022, to RMB112.7 million as of December 31, 2023, primarily due to the increase in accrued staff costs, payables for construction costs, accrued advertising costs and accrued freight costs. Our current other payables and accruals further increased by 23.6% from RMB112.7 million as of December 31, 2023 to RMB139.3 million as of December 31, 2024, primarily due to the increase in accrued staff costs, payables for construction costs and accrued freight costs. Our current other payables and accruals further decreased by 6.6% from RMB139.3 million as of December 31, 2024 to RMB130.1 million, as of September 30, 2025, primarily due to the decrease in accrued staff costs, partially offset by an increase in other tax payables.

As of November 30, 2025, RMB8.5 million, or 13.2% of our other payables and accruals as of September 30, 2025 had been settled.

Refund Liabilities

Our refund liabilities primarily relate to the right of return under our return policy of 30 days. Our refund liabilities decreased by 38.2% from RMB9.7 million as of December 31, 2022 to RMB6.0 million as of December 31, 2023, primarily due to a decrease in our historical return rate, which led to a decrease in recognized refund liabilities. Our refund liabilities subsequently increased by 16.5% from RMB6.0 million as of December 31, 2023 to RMB7.0 million as of December 31, 2024, primarily due to an increase in our revenue, which led to a higher provision for estimated liabilities in accordance with revenue recognition standards. Our refund liabilities increased by 8.1% from RMB7.0 million as of December 31, 2024 to RMB7.6 million as of September 30, 2025, primarily due to a further increase in our revenue, thus led to a higher provision for estimated liabilities.

Contract Liabilities

Our contract liabilities represent the advance payments received from our customers for solutions and solutions to be provided during a period of time in the future. Our contract liabilities increased by 145.5% from RMB44.6 million as of December 31, 2022 to RMB109.5 million as of December 31, 2023, primarily due to an increase in sales of solutions where customers were required to make prepayments, which will be recognized as revenue upon delivery. Our contract liabilities subsequently decreased by 62.8% from RMB109.5 million as of December 31, 2023 to RMB40.7 million as of December 31, 2024, primarily due to the delivery of solutions, which recognized the contract liabilities as revenue. Our contract liabilities increased by 13.6% from RMB40.7 million as of December 31, 2024 to RMB46.2 million as of September 30, 2025, primarily due to an increase in sales of solutions where customers were required to make prepayments, which will be recognized as revenue upon delivery or after service was provided.

As of November 30, 2025, RMB38.6 million, or 83.6% of our outstanding contract liabilities as of September 30, 2025 has been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, bank borrowings and capital contribution from shareholders. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations, bank borrowings and the net [**REDACTED**] from the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated:

	Years ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Net cash flows generated from operating activities . .	170,832	586,010	408,841	249,491	542,647
Net cash flows used in investing activities	(274,323)	(119,436)	(1,140,761)	(996,128)	(179,236)
Net cash flows (used in)/generated from financing activities	(27,041)	(7,284)	437,161	461,973	(289,126)

	Years ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Cash and cash equivalents at the beginning of year/period	497,939	367,576	829,082	829,082	533,026
Effect of foreign exchange rate changes	169	2,216	(1,297)	(1,974)	6,042
Cash and cash equivalents at the end of year/period	367,576	829,082	533,026	542,444	613,353

Net Cash Flows Generated from Operating Activities

In the nine months ended September 30, 2025 we had net cash flows generated from operating activities of RMB542.6 million, which represents our cash generated from operations of RMB607.9 million, as adjusted by income tax paid of RMB65.3 million.

In 2024, we had net cash flows generated from operating activities of RMB408.8 million, which represents our cash generated from operations of RMB502.3 million, as adjusted by income tax paid of RMB93.4 million.

In 2023, we had net cash flows generated from operating activities of RMB586.0 million, which represents our cash generated from operations of RMB663.7 million, as adjusted by income tax paid of RMB77.7 million.

In 2022, we had net cash flows generated from operating activities of RMB170.8 million, which represents our cash generated from operations of RMB241.4 million, as adjusted by income tax paid of RMB70.5 million.

Net Cash Flows (Used in)/Generated from Investing Activities

In the nine months ended September 30, 2025, our net cash flows used in investing activities was RMB179.2 million, which was primarily attributable to purchases of financial assets at FVTPL of RMB1,190.0 million, partially offset by proceeds from redemption of financial assets at FVTPL upon maturity of RMB1,011.5 million.

In 2024, our net cash flows used in investing activities was RMB1,140.8 million, which was primarily attributable to (i) purchases of financial assets at FVTPL of RMB1,805.0 million, and (ii) purchase of property, plant and equipment of RMB720.8 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB1,487.6 million.

In 2023, our net cash flows used in investing activities was RMB119.4 million, which was primarily attributable to (i) purchases of financial assets at FVTPL of RMB2,509.5 million, and (ii) deposits paid for acquisition of property, plant and equipment of RMB268.2 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB2,732.2 million.

In 2022, our net cash flows used in investing activities was RMB274.3 million, which was primarily attributable to (i) purchases of financial assets at FVTPL of RMB1,728.0 million, and (ii) purchase of property, plant and equipment of RMB204.5 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB1,672.9 million.

Net Cash Flows (Used in)/Generated from Financing Activities

In the nine months ended September 30, 2025, our net cash flows used in financing activities were RMB289.1 million, primarily attributable to (i) dividend paid of RMB200.0 million, and (ii) repayments of borrowings of RMB51.5 million.

In 2024, our net cash flows generated from financing activities were RMB437.2 million, primarily attributable to (i) repayments of borrowings of RMB46.9 million, and (ii) repayments of lease liabilities of RMB20.9 million, partially offset by new borrowings raised of RMB523.4 million.

In 2023, our net cash flows used in financing activities were RMB7.3 million, primarily attributable to (i) repayments of lease liabilities of RMB20.4 million, and (ii) repayments of borrowings of RMB8.7 million, partially offset by new borrowings raised of RMB26.5 million.

In 2022, our net cash flows used in financing activities were RMB27.0 million, primarily attributable to (i) dividend paid of RMB60.0 million, (ii) repayments of borrowings of RMB24.1 million, and (iii) repayment of lease liabilities of RMB25.6 million, partially offset by new borrowings raised of RMB87.2 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness included borrowings and lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	(RMB in thousands)				
					(Unaudited)
Borrowings	79,015	96,779	573,360	521,793	512,763
Lease liabilities	28,994	86,183	125,151	127,794	122,441
Bank overdrafts	3,144	4,226	4,549	5,976	6,030
Redemption Liabilities	–	–	–	664,243	666,681
Total	**111,153**	**187,188**	**703,060**	**1,319,806**	**1,307,915**

Our Directors confirmed that there has not been any material change in our indebtedness since November 30, 2025 to the date of this document. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for borrowings, we did not have plans for other material external debt financing.

Except as disclosed in this section, as of November 30, 2025, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities.

Borrowings

Our borrowings are all denominated in Renminbi. Our borrowings increased by 22.5% from RMB79.0 million as of December 31, 2022, to RMB96.8 million as of December 31, 2023, and subsequently increased by 492.4% to RMB573.4 million as of December 31, 2024, primarily due to the continuous expansion of our business scale, increased capital expenditure needs, and the advancement of strategic projects, such as the purchase of the Caidian plant, which required substantial financial support. Our borrowings decreased by 9.0% from RMB573.4 million as of December 31, 2024 to RMB521.8 million as of September 30, 2025, primarily due to our repayments conducted in accordance with contractual terms and no new borrowings were made. Our borrowings remained relatively stable at RMB521.8 million as of September 30, 2025 and RMB512.8 million as of November 30, 2025.

The effective interest rate on our borrowings ranged from approximately 2.2% to 4.8% per annum during the Track Record Period. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB100.0 million.

Our Directors confirm that, there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining borrowings, default in payment of borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities primarily comprise lease contracts in Mainland China, the U.S., Germany, Australia, Singapore, U.K. and Japan. Our lease liabilities increased by 197.2% from RMB29.0 million as of December 31, 2022 to RMB86.2 million as of December 31, 2023, primary due to the relocation of the old warehouse to a new warehouse in Germany in December 2023, and the addition of a new warehouse in California in June 2023. Our lease liabilities subsequently increased by 45.2% to RMB125.2 million as of December 31, 2024, primary due to the addition of a new warehouse in Singapore in June 2024. Our lease liabilities remained relatively stable at RMB125.2 million as of December 31, 2024 and RMB127.8 million as of September 30, 2025. Our lease liabilities remained relatively stable at RMB127.8 million as of September 30, 2025 and RMB122.4 million as of November 30, 2025.

Redemption Liabilities

As of December 31, 2022, 2023, 2024, September 30, 2025 and November 30, 2025, our redemption liabilities were nil, nil, nil, RMB664.2 million and RMB666.7 million, respectively, primarily representing our obligation to purchase our equity instruments, which is conditional on certain investor's exercising right to redeem. See Note 33 to the Accountants' Report in Appendix I to this document.

Bank Overdraft

Our bank overdraft amounted to RMB3.1 million, RMB4.2 million, RMB4.5 million, RMB6.0 million and RMB6.0 million as of December 31, 2022, 2023, 2024, September 30, 2025 and November 30, 2025, respectively, primarily due to the use of corporate credit cards for routine expenses in the U.S. The use of corporate credit card is a common payment method in the U.S., and the balance fluctuates based on our monthly expenses. We repay the credit card balance monthly, with no risk of overdue payments.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively.

Indebtedness Statement

Except as disclosed above, as of November 30, 2025, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since November 30, 2025 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of/For the Year ended December 31,			As of/ For the Nine months ended September 30,
	2022	2023	2024	2025
Gross profit margin (%)[1]	45.4	49.4	50.0	52.6
Net profit margin (%)[2]	18.3	20.6	15.2	19.5
Adjusted net profit margin (non-IFRS measure) (%)[4]	19.5	21.2	15.6	21.2
Current ratio[3]	3.2	3.4	3.7	3.5
Debt ratio (%)[5]	(17.1)	(32.6)	6.7	35.0

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals profit for the year/period divided by revenue and multiplied by 100%.

(3) Current ratio equals current assets divided by current liabilities.

(4) Adjusted net profit margin (non-IFRS measure) equals adjusted net profit (non-IFRS measure) divided by revenue and multiplied by 100%. See "— Non-IFRS Financial Measure."

(5) Debt ratio equals net debt divided by total equity. Net debt equals bank borrowing plus lease liabilities plus redemption liabilities minus cash and cash equivalents and multiplied by 100%.

For discussion of our gross profit margin and net profit margin, see "— Description of Major Components of Our Results of Operations". For discussion of adjusted net profit margin (non-IFRS measure), see "Summary — Non-IFRS Measures".

Current Ratio

Our current ratio increased from 3.2 in 2022 to 3.4 in 2023, primarily due to an increase in the current assets.

Our current ratio increased from 3.4 in 2023 to 3.7 in 2024, primarily due to an increase in the current assets and a decrease in the current liabilities.

Our current ratio decreased from 3.7 in 2024 to 3.5 as of September 30, 2025, primarily due an increase in the current assets.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of purchase of property, plant and equipment and purchase of intangible assets. As of December 31, 2022, 2023, 2024 and September 30, 2025, our capital expenditures were RMB137.6 million, RMB77.3 million, RMB921.9 million and RMB57.6 million, respectively. We funded these expenditures mainly with cash generated from our operations and bank borrowings.

Following the [**REDACTED**], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings, and the net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were mainly contracted for property, plant and equipment. As of December 31, 2022, 2023, 2024 and September 30, 2025, the total amount of our capital commitments was RMB15.5 million, RMB548.4 million, RMB27.1 million and RMB27.2 million, respectively. See Note 38 to the Accountants' Report in Appendix I to this document.

PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has valued certain of our property interest as of October 31, 2025 and is of the opinion that the market value in existing state as at such date was RMB827.9 million. The full text of the letter and valuation certificate with regard to such property interest is set out in Appendix

III to this document. A reconciliation of the net book value of our properties as of September 30, 2025 as set out in the Accountants' Report in Appendix I to this document to their fair value as of October 31, 2025 as stated in the property valuation report set out in Appendix III to this document is set out below:

	(RMB in thousands)
Net book value as of September 30, 2025	751,161
Movement for the period from September 30, 2025 to October 31, 2025 (unaudited)	(2,372)
Net book value as of October 31, 2025 (unaudited)	748,789
Net valuation surplus	79,111
Valuation of properties owned by our Group as of October 31, 2025 as set out in the property valuation report in Appendix III to this document	827,900

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 44 to the Accountants' Report in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 44 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including market risk (currency risk and interest rate risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 41 of Appendix I to this document.

Market Risk

Currency Risk

Certain bank balances, trade and other receivables, trade and other payables and amount due from/to subsidiaries are denominated in foreign currency of respective group entities which exposure us to foreign currency risk. In addition, we have intra-group balances with several subsidiaries denominated in foreign currency which also expose us to foreign currency risk. We currently do not have a foreign exchange hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Our foreign currency risk is concentrated on the fluctuation of RMB against USD, Euro and Canadian dollar.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to restricted bank deposits, short-term bank deposits and lease liabilities. We are also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate borrowings. Our cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on borrowings. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

We consider that the exposure of fair value interest rate risk in relation to restricted bank deposits and lease liabilities is insignificant and no sensitivity analysis is presented accordingly. Bank balances are excluded from sensitivity analysis as we consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Credit Risk

Credit risk refers to the risk that a counterparties default on its contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, restricted bank deposits, short-term bank deposits, bank balances and amounts due from subsidiaries. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of bank balance and cash deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of bank borrowings. We rely on bank borrowings as a significant source of liquidity. As of 31 December 2022, 2023, 2024 and September 30, 2025, we had available unutilized overdraft of nil, RMB100.0 million, RMB130.0 million and RMB30.0 million, respectively.

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] will be approximately RMB[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and no exercise of the [**REDACTED**]), representing [**REDACTED**]% of the gross [**REDACTED**] (based on the mid-point of our indicative [**REDACTED**] range for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] of RMB[**REDACTED**], of which approximately RMB[**REDACTED**] was charged to the consolidated statements of profit or loss. We expect to incur additional [**REDACTED**] of approximately RMB[**REDACTED**], of which approximately RMB[**REDACTED**] is expected to be recognized in the consolidated statements of profit or loss and approximately RMB[**REDACTED**] is expected to be recognized as a deduction in equity directly upon the [**REDACTED**]. Our Directors do not expect such expenses to materially impact our results of operations in 2025. By nature, our [**REDACTED**] are composed of (i) [**REDACTED**] of approximately RMB[**REDACTED**], and (ii) non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**], which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB[**REDACTED**] and other fees and expenses of approximately RMB[**REDACTED**].

DIVIDENDS AND DIVIDEND POLICY

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

As of December 31, 2022, 2023, 2024 and September 30, 2025, we paid dividends of RMB60.0 million, nil, nil and RMB200.0 million. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements, that is at least 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of September 30, 2025, our distributable reserves of the Company amounted to RMB1,489.4 million.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information" to this document for details.

NO MATERIAL ADVERSE CHANGE

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 September 30, 2025, being the end date of the periods reported in Appendix I to this document, and there is no event since September 30, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

Upon [**REDACTED**], transactions between us and our connected persons will constitute our connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSON

The table below sets forth the connected person of our Company involved in the connected transaction set out in this section and the nature of its connection with us:

Name of Connected Person	Connected Relationship
Cloud Venture LLC ("**Cloud Venture**").	Cloud Venture is wholly owned by Ms. Peng Fengli (彭鳳麗), the spouse of Mr. Xiang

CONTINUING CONNECTED TRANSACTION

Principal Terms

We entered into a cooperation framework agreement with Cloud Venture on [●], 2026 (the "**Framework Agreement**"), pursuant to which, Cloud Venture agreed to grant us the exclusive authorization to market and sublicense certain software products of Cloud Venture (the "**CV Software**"), including a network switches operating system and its ancillary intellectual property rights, and in return we agreed to pay Cloud Venture the licensing fee. Under such authorization from Cloud Venture, we could further license/authorize our own customers to deploy the CV software. The Framework Agreement shall commence on the [**REDACTED**] until December 31, 2028 and may be renewed as the parties may mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Reasons for and Benefits of the Transaction

The CV Software is a widely recognized operation system for network switches with stable quality. In our ordinary and usual business, we provide network switches hardware with or without pre-installed operating system as well as standalone network switches operating system software to our clients. Despite most of our clients procure our network switches hardware without pre-installed operating system or with our propriety in-house network switches operating system, we have obtained such authorization from Cloud Venture since 2023 to offer our client more diversified options. We believe that to continue with the CV Software authorization is in the best interests of the Group and the Shareholders as a whole. As advised by Frost & Sullivan, it is in line with industry practice to license in software in networking solution industry. During the Track Record Period, our sales amount of network switches hardware (pre-installed with CV software) are nil, nil, approximately RMB16 million, and RMB13 million, representing nil, nil, approximately 3.7%, and 4.5% of the total sales amount of network switches hardware, respectively.

Pricing Policies

The revenue arising out of sublicensing the CV Software to Group's clients shall be split between us and Cloud Venture at a fix rate of 50% and 50%. The revenue sharing percentage is determined through arm's length negotiations between the Company and Cloud Venture taking into consideration the relevant costs incurred by our Company for marketing and sublicensing the CV Software, and the relevant costs incurred by Cloud Venture for the maintenance of CV Software. As advised by Frost & Sullivan, it is in line with industry practice to share future sublicense revenue with the licensee in networking solution industry. As compared to the upfront fixed licensing fee model, such revenue sharing model lowers the risk of the Company and ensures flexible sublicense pricing by the Company.

Historical Amounts and Annual Caps

The table below sets out the historical transaction amounts in respect of the Cloud Venture for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025:

	For the years ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Historical transaction amounts in respect of the Cloud Venture	–	817	6,767	5,105

The transaction amount in 2023 was relatively lower primarily due to the fact that the transaction commenced only in late 2023.

The maximum aggregate annual transaction amounts in respect of the Framework Agreement for the years ending December 31, 2026, 2027 and 2028 shall not exceed the caps set out below:

	For the years ending December 31,		
	2026	2027	2028
	(RMB in thousands)		
Transaction Amounts in respect of the Framework Agreement	5,870	4,700	2,768

In arriving at the above annual caps, our Directors have considered the following factors: (1) the historical transaction amount; and (2) the expected demand for the CV Software, which is expected to decrease as a result of the launch of our self-developed network switches operating system.

Listing Rules Implications

In respect of the transaction under the Framework Agreement, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, the transaction will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

Under Rule 14A.76(2) of the Listing Rules, the abovementioned transaction will constitute our continuing connected transactions subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules upon the [**REDACTED**]. As such transaction is expected to continue on a recurring and continuing basis and has been fully disclosed in this document, our Directors consider that compliance with the announcement requirement would be impractical, and such requirement would lead to unnecessary administrative costs and would be unduly burdensome to us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the abovementioned continuing connected transaction, subject to the condition that the aggregate amounts of the continuing connected transaction for each financial year shall not exceed the relevant amounts set forth in the annual caps (as stated above).

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transaction as set out above has been and will continue to be carried out in the ordinary and usual course of our business and on normal commercial terms, and is fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps for such transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Based on due diligence findings, including but not limited to information provided by the Company, the Joint Sponsors are of the view that the non-exempt continuing connected transaction as set out above has been and will continue to be carried out in the ordinary and usual course of business of our Company and on normal commercial terms or better, and is fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps for such transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant framework agreement for the continuing connected transaction are fair and reasonable, or no less favorable than terms available to or from Independent Third Parties, and are carried out under normal commercial terms, we will adopt the following internal control procedures:

- our securities and investors relationship department, financial department and internal control and audit department will be responsible for the control and daily management in respect of the continuing connected transaction;
- our securities and investors relationship department, financial department and internal control and audit department will be jointly responsible for evaluating the terms under the framework agreement for the continuing connected transaction, in particular, the fairness of the pricing policies and annual caps under the transaction;
- our securities and investors relationship department, financial department and internal control and audit department will regularly monitor the fulfillment status of the annual caps and the transaction updates under the framework agreement; and
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transaction under the framework agreement and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transaction is conducted in accordance with the terms of the framework agreement, on normal commercial terms and in accordance with the relevant pricing policies.

OVERVIEW

Our Board consists of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Supervisory Committee consists of three Supervisors. All our Directors, Supervisors and senior management meet the qualification requirements under the relevant PRC laws and regulations and the Hong Kong Listing Rules for their respective positions.

BOARD OF DIRECTORS

Brief information of our Directors is set out below:

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal roles and responsibilities
Mr. Xiang Wei (向偉)	43	Executive Director, chairperson of the Board and general manager	April 9, 2009	April 9, 2009	Responsible for the strategic planning, daily operations and management of our Group
Mr. Zeng Di (曾諦)	39	Executive Director, deputy general manager, financial director and Board secretary	October 19, 2020	December 2, 2019	Responsible for the overall financial management of the Group
Mr. Peng Chao (彭超)	41	Non-executive Director	October 19, 2020	October 19, 2020	Responsible for participating in strategic decision making, supervision and management operations through the Board
Mr. Zhao Pan (趙潘)	36	Non-executive Director	May 23, 2025	May 23, 2025	Responsible for participating in strategic decision making, supervision and management operations through the Board
Mr. Ran Long (冉龍)	52	Independent Non-executive Director	October 19, 2023	October 19, 2023	Responsible for supervising and offering independent judgment to the Board

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal roles and responsibilities
Dr. Guo Fei (郭飛)	51	Independent Non-executive Director	December 11, 2023	December 11, 2023	Responsible for supervising and offering independent judgment to the Board
Ms. Wang Jing (王婧)	40	Independent Non-executive Director	May 23, 2025	May 23, 2025	Responsible for supervising and offering independent judgment to the Board

Executive Director

Mr. Xiang Wei (向偉), aged 43, is our founder, executive Director, chairperson of the Board and general manager. Mr. Xiang also holds directorships in various subsidiaries of our Company, including FS Wuhan, FS HK, FS Germany, FS U.S., and FS Singapore.

Mr. Xiang obtained his bachelor's degree in civil engineering from Yangtze University (長江大學) in the PRC in June 2004. Mr. Xiang was awarded the Certificate for High-level Professional in Shenzhen (深圳市高層次專業人才證書) by the Human Resources and Social Security Administration of Shenzhen Municipality in May 2020.

Mr. Zeng Di (曾諦), aged 39, is our executive Director, deputy general manager, financial director and Board secretary. Mr. Zeng joined our Group in December 2019 and has served as the financial director of our Company since then. Mr. Zeng was appointed as our executive Director, deputy general manager and Board secretary in October 2020.

Mr. Zeng has over 17 years of experience in auditing and financial management. Prior to joining our Group, Mr. Zeng served as deputy financial director at China First Capital Group Limited (中國首控集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 01269), from 2018 to 2019. He previously worked in Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch (德勤華永會計師事務所(特殊合夥)深圳分所) for over 10 years from 2007 to 2017.

Mr. Zeng obtained his bachelor's degree in economics from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 2007. Mr. Zeng obtained the certificate of PRC Certified Public Accountant Qualification (中國注冊會計師資格證) from Shenzhen Institute of Certified Public Accountant (深圳市注冊會計師協會) in November 2013 and was admitted as a non-practicing member of China Institute of Certified Public Accountants since December 2019, and Certificate of Listed Company Board Secretary Qualification (上市公司董事會秘書資格證書) from Shenzhen Stock Exchange in November 2020.

Non-executive Directors

Mr. Peng Chao (彭超), aged 41, is our non-executive Director. Mr. Peng joined our Group in October 2020 and has served as a Director since then. Mr. Peng was further appointed as a non-executive Director in May 2025.

Mr. Peng has over 18 years of experience in equity investment and company management. Mr. Peng worked at Guosen Securities Co., Ltd. (國信證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002736), from June 2007 to July 2016, and served as the general manager at Shenzhen Grandway Capital Management Co., Ltd. (深圳市嘉遠資本管理有限公司) from August 2016 to December 2022. Mr. Peng has served as (i) an executive director at Hainan Chaoyue Venture Capital Co., Ltd. (海南超越創業投資有限公司) since September 2021; (ii) the general manager at Hainan Transcend Venture Capital Co., Ltd. since September 2022; (iii) a director at Shenzhen Naso Tech Co., Ltd. (深圳市納設智能裝備有限公司), a semiconductor equipment company, since April 2019; and (iv) a director at Juewu Technology (Shenzhen) Co., Ltd., (覺物科技(深圳)有限公司), an agricultural robot manufacturing company, since January 2023.

Mr. Peng obtained his bachelor's degree in electronic and communications engineering from University of Nottingham in the U.K. in July 2005, and his master's degree in financial mathematics from University of Warwick in the U.K. in December 2006. Mr. Peng also qualified as a Charted Financial Analyst by CFA Institute in September 2010.

Mr. Zhao Pan (趙潘), aged 36, is our non-executive Director. Mr. Zhao joined our Group in May 2025 and has served as a non-executive Director since then.

Mr. Zhao has approximately ten years of experience in compliance and risk control. Since August 2015, Mr. Zhao has consecutively served as risk control manager, risk control director and head of compliance and risk control at Shenzhen Fupeng Asset Management Co., Ltd. (深圳市福鵬資產管理有限公司), which is one of our Shareholder. Mr. Zhao has also served as a director at Guangdong Huada Internet Co., Ltd. (廣東華大互聯網股份有限公司) since July 2018.

Mr. Zhao obtained his bachelor's degree in law from Hunan University of Science and Engineering (湖南科技學院) in the PRC in June 2012 and his master's degree in civil and commercial laws from Southwest University of Political Science and Law (西南政法大學) in the PRC in June 2015. Mr. Zhao obtained Legal Professional Qualification Certificate (法律職業資格) from the Ministry of Justice (司法部) of the PRC in March 2013, Securities Qualification Certificate (證券從業資格證書) from the Securities Association of China (中國證券業協會) in June 2015, Fund Qualification Certificate (基金從業資格證書) from the Asset Management Association of China (中國證券投資基金業協會) in December 2018. Mr. Zhao also obtained Junior Accounting Qualification (初級會計職稱) in May 2018 and Intermediate Accounting Qualification (中級會計職稱) in September 2021, from the Ministry of Human Resources and Social Security (人力資源和社會保障部) and the Ministry of Finance (財政部) of the PRC.

Independent non-executive Directors

Mr. Ran Long (冉龍), aged 52, is our independent non-executive Director. Mr. Ran joined our Group in October 2023 and has served as an independent Director since then.

Mr. Ran has served as the legal representative, general manager and financial director at Zhuhai Zhongzhi Technology Co., Ltd. (北京眾智科技有限公司) since September 2023. Prior to that, in 2022 and 2023, Mr. Ran served as senior vice president at Beijing Business Inquiry Technology Co., Ltd. (北京商詢科技有限公司). From July 2018 to June 2022, Mr. Ran served as senior vice president at Deep Glint International Co., Ltd. (北京格靈深瞳信息技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688207). From July 2002 to June 2018, Mr. Ran has taken up positions including senior technical solutions expert and senior customer director at Microsoft (China) Co. Ltd. (微軟(中國)有限公司), a wholly owned subsidiary of Microsoft Corporation, whose shares are listed on the Nasdaq (stock ticker: MSFT).

Mr. Ran obtained his bachelor's degree in computer application from Beijing Light Industry School (北京輕工業學院) (currently known as Beijing Technology and Business University (北京工商大學)) in the PRC in July 1996. In November 2023, Mr. Ran obtained the Listed Companies Independent Director Qualification (上市公司獨立董事資格) from Shenzhen Stock Exchange.

Dr. Guo Fei (郭飛), aged 51, is our independent non-executive Director. Dr. Guo joined our Group in December 2023 and has served as an independent Director since then.

Dr. Guo has over 28 years of experience in accounting. Dr. Guo has successively served as associate professor, professor and doctoral supervisor at the accounting school of Zhongnan University of Economics and Law since 2009. Prior to that, Dr. Guo served as an industry research senior manager at Minsheng Securities Co., Ltd. (民生證券股份有限公司) from July 2001 to December 2003. Dr. Guo also has abundant experience as independent director. Dr. Guo has served as an independent director of Dongshi Automotive Technology Group Co., Ltd., (東實汽車科技集團股份有限公司) since April 2022 and as an independent director of China Southern Power Grid Digital Power Research Institute Co., Ltd. (南方電網數字電網研究院股份有限公司) since October 2023.

Dr. Guo obtained his bachelor's degree in accounting from Henan Finance and Economics College (河南財經學院) (currently known as Henan University of Finance and Economics (河南財經政法大學)) in the PRC in June 1996, his master's degree in business administration from Kunming University of Science and Technology (昆明理工大學) in the PRC in June 2001, and his doctor's degree specializing in professional research of economics and finance from Curtin University in Australia in May 2009. In December 2015, Dr. Guo obtained the Listed Companies Independent Director Qualification (上市公司獨立董事資格) from Shenzhen Stock Exchange. In December 2020, Dr. Guo was admitted as a member of the Chinese Institute of Certified Public Accountants (中國注冊會計師協會).

Ms. Wang Jing (王婧), aged 40, is our independent non-executive Director. Ms. Wang was appointed as an independent non-executive Director in May 2025.

Ms. Wang has served as the managing director and chief legal officer at Shanghai Hehong Jinghui Equity Investment Management Co., Ltd. (上海合弘景暉股權投資管理有限公司) since November 2019. Prior to that, Ms. Wang served as a group senior legal consultant at Kering (China) Enterprise Management Co., Ltd. (開雲(中國)企業管理有限公司) from December 2014 to October 2019 and as an associate at Fangda Partners (方達律師事務所) from September 2007 to November 2014.

Ms. Wang obtained her bachelor's degree in law from Peking University (北京大學) in the PRC in July 2006 and her master's degree in law from the University of Hong Kong in November 2007. Ms. Wang obtained Legal Professional Qualification Certificate (法律職業資格) from the Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in February 2009 and Fund Qualification Certificate (基金從業資格證書) from the Asset Management Association of China (中國證券投資基金業協會) in March 2024.

SUPERVISORY COMMITTEE

Brief information of our Supervisors is set out below:

Name	Age	Position	Date of appointment as Supervisor	Date of joining our Group	Principal roles and responsibilities
Ms. Duan Ting (段婷)	39	Supervisor and chairperson of the Supervisory Committee	October 19, 2020	April 9, 2009	Supervising the Directors and senior management
Mr. Zhang Denghui (張登輝) . . .	34	Supervisor	October 19, 2020	December 5, 2012	Supervising the Directors and senior management
Ms. Zhu Yue (祝玥)	37	Supervisor	October 19, 2020	April 12, 2010	Supervising the Directors and senior management

Ms. Duan Ting (段婷), aged 39, is our Supervisor, chairperson of Supervisory Committee and head of sales. Ms. Duan joined our Group in April 2009 and has served in the sales department of our Company since then. Ms. Duan consecutively served as salesperson, senior salesperson, sales engineer and head of sales at our Company, and was appointed as a Supervisor and the chairperson of the Supervisory Committee in October 2020.

Ms. Duan obtained her bachelor's degree in English from Central South University (中南大學) in the PRC in June 2008.

Mr. Zhang Denghui (張登輝), aged 34, is our Supervisor and senior process director. Mr. Zhang joined our Group in December 2012 and has consecutively served as warehouse manager, warehouse and logistics director and senior process director since then. Mr. Zhang was elected and appointed as our employee representative Supervisor in October 2020.

Mr. Zhang graduated from Wuhan University of Technology (武漢理工大學) in the PRC in July 2021, majoring in business enterprise administration (online program).

Ms. Zhu Yue (祝玥), aged 37, is our Supervisor and government affairs manager. Ms. Zhu joined our Group in April 2010 and has consecutively served as sales manager, internal control manager and government affairs manager of our Company since then. Ms. Zhu was appointed as a Supervisor in October 2020. Ms. Zhu also serves as supervisors at various subsidiaries of our Company, including FS Wuhan.

Ms. Zhu obtained his bachelor's degree in English from Business School of Hubei University of Technology (湖北工業大學商貿學院) (currently known as Hubei Business College (湖北商貿學院)) in the PRC in June 2010.

SENIOR MANAGEMENT

Brief information of our senior management is set out below:

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Principal roles and responsibilities
Mr. Xiang Wei (向偉)	43	Executive Director, chairperson of the Board and general manager	April 9, 2009	April 9, 2009	Responsible for the strategic planning, daily operations and management of our Group
Mr. Zeng Di (曾諦)	39	Executive Director, deputy general manager, financial director and board secretary	October 19, 2020	December 2, 2019	Responsible for the overall financial management of the Group
Mr. Li Yang (李洋)	34	Deputy general manager and senior system R&D director	October 19, 2020	July 31, 2012	Responsible for the system optimization, R&D and team management
Mr. Qi Jixiang (齊吉祥) . . .	37	Deputy general manager and senior product R&D director	April 30, 2025	April 17, 2020	Responsible for the product planning and R&D

Mr. Xiang Wei (向偉), is our executive Director, chairperson of the Board and general manager. See "— Executive Director" in this section for the biographical details of Mr. Xiang.

Mr. Zeng Di (曾諦), is our executive Director, deputy general manager, financial director and joint company secretary. See "— Executive Director" in this section for the biographical details of Mr. Zeng.

Mr. Li Yang (李洋), aged 34, is our deputy general manager and senior system R&D director. Mr. Li joined our Group in July 2012 and has consecutively served as head of development, project manager, system development manager, system development director and senior system R&D director since then. In October 2020, Mr. Li was appointed as our deputy general manager.

Mr. Li graduated from Wuhan Railway Branch Party School (武漢鐵路分局黨校) in the PRC in January 2012, majoring in computer application technology (online program).

Mr. Qi Jixiang (齊吉祥), aged 37, is our deputy general manager and senior product R&D director. Mr. Qi joined our Group in April 2020 and has consecutively served as senior engineer, head of product managers, manager, technology director and senior products R&D director since then. In May 2025, Mr. Qi was appointed as our deputy general manager.

Prior to joining our Group, Mr. Qi served as an engineer at Huawei Technologies Co., Ltd. (華為技術有限公司) from October 2011 to December 2019 and as an engineer at Hongfujin Precision Industry (Wuhan) Co., Ltd. (鴻富錦精密工業(武漢)有限公司) (a subsidiary of Foxconn Technology Group) from August 2009 to October 2011.

Mr. Qi obtained his bachelor's degree in information management and information system from Wuhan University of Technology (武漢理工大學) in the PRC in June 2009.

JOINT COMPANY SECRETARIES

Mr. Zeng Di (曾諦), is the joint company secretary of our Company. See "— Executive Director" in this section for the biographical details of Mr. Zeng.

Ms. Sham Ying Man (岑影文) has been appointed as the joint company secretary with effect from [●]. She is a senior manager of company secretarial services of Tricor Services Limited, a member of Vistra Group. She has over 25 years of experience in the corporate secretarial field. Ms. Sham has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Sham obtained a bachelor degree of business administration from Lingnan College (currently known as Lingnan University). She is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, respectively.

BOARD COMMITTEES

Our Company has established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee.

Audit Committee

The Audit Committee of our Company consists of three members, namely, Dr. Guo Fei, Mr. Zhao Pan and Ms. Wang Jing. Dr. Guo Fei is the chairperson of the Audit Committee. The primary responsibilities of the Audit Committee are to review and supervise our financial reporting process, including:

(a) to make recommendations to the Board on the appointment, replacement and removal of the external auditor, to consider and approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policy on engaging an external auditor to provide non-audit services;

(d) to monitor internal audit system of the Company and ensure the implementation of such systems;

(e) to facilitate communications between the internal audit department and external auditors;

(f) to review the financial information and relevant disclosures of the Company; and

(g) to monitor the Company in respect of financial reporting system, risk management and internal controls system.

Remuneration Committee

The Remuneration Committee of our Company consists of three members, namely Ms. Wang Jing, Dr. Guo Fei and Mr. Zeng Di. Ms. Wang Jing is the chairperson of the Remuneration Committee. The primary responsibilities of the Remuneration Committee include:

(a) to make recommendations to the Board on our Company's remuneration policy and structure for all Directors, Supervisors and senior management, and on the establishment of a formal and transparent procedure for developing the remuneration policy;

(b) to review and approve the remuneration proposals of senior management with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of the executive Director and senior management or to determine, with delegated responsibility, the remuneration packages of the executive Director and senior management. The remuneration packages shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group;

(f) to review and approve the compensation payable to the executive Director and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;

(g) to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration; and

(i) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

Nomination Committee

The Nomination Committee of our Company consists of three members, namely Mr. Ran Long, Mr. Xiang Wei and Ms. Wang Jing. Mr. Ran Long is the chairperson of the Nomination Committee. The primary responsibilities of the Nomination Committee include:

(a) to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy;

(b) to identify individuals suitably qualified to become board members and select and make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairperson of the Board and the chief executive officer).

Strategy Committee

The Strategy Committee of our Company consists of three members, namely Mr. Xiang Wei, Dr. Guo Fei and Mr. Ran Long. Mr. Xiang Wei is the chairperson of the Strategy Committee. The primarily responsibilities of the Strategy Committee are to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND SUPERVISORS

The aggregate amount of remuneration paid to our Directors and Supervisors (including salaries, allowances and benefit in kind, retirement benefit schemes contributions, discretionary bonus and share-based payment expenses) for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025 were approximately RMB7.0 million, RMB6.8 million, RMB8.8 million and RMB11.4 million, respectively. Further information on the remuneration of each Director and Supervisor during the Track Record Period is set out in Appendix I to this document.

For each of the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, the aggregate amount of salaries, allowances and benefit in kind, retirement benefit schemes contributions, discretionary bonus and share-based compensation payment expenses paid to the five highest-paid individuals (excluding one, two, two and two Directors) of our Group were approximately RMB6.9 million, RMB6.2 million, RMB8.0 million and RMB6.3 million, respectively.

During the Track Record Period, no remuneration was paid or payable by our Company to our Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, no compensation was paid or payable by our Company to our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors or Supervisors has waived or agreed to waive any remuneration or benefits in kind. Save as disclosed above, no other payments were paid or payable by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

Under the arrangement currently in force, the aggregate amounts of remuneration payable by our Company to our Directors and Supervisors for the year ending December 31, 2026 to be approximately RMB7.6 million. The actual remuneration of Directors and Supervisors in 2026 may be different from the expected remuneration.

DIRECTORS' AND SUPERVISORS' INTEREST AND CONFIRMATION

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules and further confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 12, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] on the Stock Exchange under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

Save as disclosed in this document, none of our Directors and Supervisors (i) held any other positions in our Company or any other major members of our Group as of the Latest Practicable Date; (ii) had any other relationship with any Directors, Supervisors, senior management or Controlling Shareholders as of the Latest Practicable Date; and (iii) held any directorship in any other [**REDACTED**] in the three years immediately prior to the date of this document.

Save as disclosed below, none of our Directors and Supervisors had any other matters with respect to his/her appointment that need to be brought to the attention of our Shareholders or any information that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules.

Reference is made to the disclosure under the section headed "History, Development and Corporate Structure — Previous A Share Listing Attempt". After our withdrawal of the A Share Listing Application, Shenzhen Stock Exchange issued a regulatory letter (the "**Regulatory Letter**") to our Company and Mr. Xiang on January 10, 2025, pursuant to which, among others, Mr. Xiang was held to breach Rule 26 of the Rules on the Review of Initial Public Offerings and Listings of Shares (《股票發行上市審核規則》) issued by the Shenzhen Stock Exchange, that he breached the duty of good faith and trustworthiness failing to procure our Company to establish an adequate internal control system or to ensure the accuracy and completeness of the Company's A share listing application documents.

Considering (i) The nature of issues identified in the Regulatory Letter. The issues identified in the Regulatory Letter do not relate to any fraudulent conduct of Mr. Xiang. It was not an intentional breach of the duty of good faith and trustworthiness for the issues identified in the Regulatory Letter, whose nature does not involve any suggestion of bad faiths; (ii) Mr. Xiang Wei has the character, experience to act as a Director. He is an industry veteran with nearly twenty years of experience in the networking solution industry and profound market insights and strategic foresights. Under the guide of Mr. Xiang and the management he established, the Company has been focusing on global market opportunities since its inception and has become the world's second largest online DTC networking solution provider in terms of revenue in 2024 with a 6.9% market share as advised by Frost & Sullivan; (iii) Mr. Xiang actively engaged in the management of the Company as the founder and one of the executive directors. The Company had established its internal control system where the responsible employees were assigned with appropriate power to deal with the matters of the Company. The issues identified in the Regulatory Letter were not specifically submitted for Board's or Mr. Xiang's approval back then. Mr. Xiang was named in the Regulatory Letter mainly because of his seniority in the Group and supervising responsibility, rather than his personal dishonesty. However, Mr. Xiang had been taking proactive action in enhancing the Group's internal control system, and had been cooperative throughout the process of the previous A Share Listing Application, the onsite supervision process of the Shenzhen Stock Exchange and the current

[**REDACTED**] process; (iv) The Regulatory Letter did not make any findings of fact suggesting acts of dishonesty or actions in bad faith by Mr. Xiang himself, and those findings of fact did not raise any concern on Mr. Xiang's integrity, character or ability to discharge his duties as a director including duties to exercise of skill, care and diligence; (v) As advised by the Company's PRC Legal Advisor, the Regulatory Letter does not constitute any administrative penalty in the PRC, and does not affect the qualification of Mr. Xiang as a director or refrain Mr. Xiang from acting as a director under the PRC laws; and (vi) Save for being addressed in the Regulatory Letter, Mr. Xiang was not involved in any administrative penalty, convicted, charged, summoned, penalised or named in any regulatory letter over any offences, violations or breach of laws or regulations with respect to the A Share Listing Application, our Board is of the view that the Regulatory Letter does not impact the suitability of Mr. Xiang to act as a Director under Rules 3.08 and 3.09 of the Listing Rules. Based on the independent due diligence work performed by the Joint Sponsors and the information and representation given to the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on our Board's views above in any material respect.

Mr. Zhao Pan, our non-executive Director, was a director at Guangdong Huada Internet Co., Ltd. (廣東華大互聯網股份有限公司) ("**Huada Internet**") that had been declared to be bankrupt by a PRC court on September 30, 2022. He confirmed that, to the best of his knowledge and belief, there was no wrongful act on his part leading to the declaration of bankruptcy of Huada Internet and as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him.

MANAGEMENT PRESENCE

We have applied for, and the Stock Exchange [has] granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see "Waivers from Strict Compliance with the Listing Rules" in this document.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain high standard of corporate governance, the Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Our Board currently consists of six male members and one female member, with two executive Director, two non-executive Directors and three independent non-executive Directors, of ages ranging from 36 to 52. We consider that our Board has a balanced mix of skill-set, experience, expertise, and diversity which enhances decision-making capability and the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. In addition, our Supervisory Committee currently consists of two female members and one male member.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the [**REDACTED**], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We are committed to achieving high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, save for the deviation disclosed below, we expect to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairperson of the board and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairperson of the Board and chief executive, and Mr. Xiang currently acts as both our chairperson of the Board and our general manager. Mr. Xiang is our founder and has played an important leadership role in our Company's development. The Board believes that vesting the roles of both chairperson of the Board and general manager in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. For further information relating to our Company's corporate governance measures, please see "Relationship with the Controlling Shareholders — Corporate Governance" in this document.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our compliance advisor pursuant to Rules 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we must consult with and, if necessary, seek advice from our compliance advisor on a timely basis in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

(iii) where our Company proposes to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document, or where the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of its [**REDACTED**] securities or any other matters under Rule 13.10 of the Listing Rules.

The term of the appointment of our compliance advisor shall commence on the [**REDACTED**] and end on the date when we distribute our annual report in respect of our financial results for the first full financial year commencing after the [**REDACTED**], and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**], the following persons are expected to have an interest and/or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)[1]		
Name of Substantial Shareholder	Type of Shares	Nature of Interest	Number of Shares	Approximate percentage in the total registered share capital of the Company	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total registered share capital of the Company
Mr. Xiang[(2)(3)(4)]	Unlisted Shares	Beneficial owner	203,928,528	56.65%	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation	16,231,373	4.51%	[REDACTED]	[REDACTED]	[REDACTED]
	H Shares	Beneficial owner	–	–	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation	–	–	[REDACTED]	[REDACTED]	[REDACTED]
Yuxuan Prudence[(2)]	Unlisted Shares	Beneficial owner	11,489,819	3.19%	[REDACTED]	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]	[REDACTED]
Yuxuan Progress[(3)]	Unlisted Shares	Beneficial owner	2,650,548	0.74%	[REDACTED]	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]	[REDACTED]
Yuxuan Growth[(4)]	Unlisted Shares	Beneficial owner	2,091,006	0.58%	[REDACTED]	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Yang Jie[(5)]	Unlisted Shares	Beneficial owner	15,850,897	4.40%	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation	39,405,738	10.95%	[REDACTED]	[REDACTED]	[REDACTED]
	H Shares	Beneficial owner	–	–	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation	–	–	[REDACTED]	[REDACTED]	[REDACTED]
Fupeng No. 3[(5)]	Unlisted Shares	Beneficial owner	39,405,738	10.95%	[REDACTED]	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]	[REDACTED]
Fupeng No. 8[(6)]	Unlisted Shares	Beneficial owner	17,514,646	4.87%	[REDACTED]	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]	[REDACTED]

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)(1)		
Name of Substantial Shareholder	Type of Shares	Nature of Interest	Number of Shares	Approximate percentage in the total registered share capital of the Company	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total registered share capital of the Company
Mr. Lin Shiyi(6)	Unlisted Shares	Interest in controlled corporation	21,406,739	5.95%	[REDACTED]	[REDACTED]	[REDACTED]
	H Shares		–	–	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The calculation is based on the assumption that immediately following the completion of the [**REDACTED**], there will be a total number of [**REDACTED**] H Shares (including [**REDACTED**] H Shares [**REDACTED**] without taking into consideration the exercise of [**REDACTED**]) in issue.

(2) The general partner of Yuxuan Prudence is Mr. Xiang. As such, Mr. Xiang is deemed to be interested in the Shares held by Yuxuan Prudence.

(3) The general partner of Yuxuan Progress is Mr. Xiang. As such, Mr. Xiang is deemed to be interested in the Shares held by Yuxuan Progress.

(4) The general partner of Yuxuan Growth is Mr. Xiang. As such, Mr. Xiang is deemed to be interested in the Shares held by Yuxuan Growth.

(5) The general partner of Gongqingcheng Fupeng Hongxiang No. 3 Venture Capital Partnership (Limited Partnership) (共青城福鵬宏祥叁號創業投資合夥企業(有限合夥), "**Fupeng No. 3**") is Shenzhen Jiwang Enterprise Management Partnership (Limited Partnership) (深圳市吉旺企業管理合夥企業(有限合夥), "**Jiwang Enterprise**"). Mr. Yang Jie holds 99.92% partnership interests in Jiwang Enterprise. The general partner of Jiwang Enterprise is Shenzhen Fupeng Asset Management Co., Ltd. (深圳市福鵬資產管理有限公司, "**Fupeng Asset**") which is in turn wholly owned by Mr. Chen Baogan (陳寶淦). As such, each of Mr. Yang Jie, Jiwang Enterprise, Fupeng Asset and Mr. Chen Baogan is deemed to be interested in the Shares held by Fupeng No. 3.

(6) The general partner of Ningbo Meishan Bonded Port Area Fupeng Hongxiang No. 8 Equity Investment Management Centre (Limited Partnership) (寧波梅山保稅港區福鵬宏祥捌號股權投資管理中心(有限合夥), "**Fupeng No. 8**") is Fupeng Asset. The largest limited partner of Fupeng No. 8 is Mr. Lin Shiyi (林詩奕) who holds approximately 88.87% partnership interests therein. As such, each of Fupeng Asset, Mr. Chen Baogan and Mr. Lin Shiyi is deemed to be interested in the Shares held by Fupeng No. 8. The general partner of Xiamen Taiya Phase I Venture Capital Partnership (Limited Partnership) (廈門泰亞一期創業投資合夥企業(有限合夥)) ("**Taiya Investment**") is Xiamen Taiya Dingfu Investment Management Co., Ltd. (廈門泰亞鼎富投資管理有限公司) ("**Taiya Dingfu**") which is owned as to 50% by Mr. Lin Shiyi. Therefore, Mr. Lin Shiyi is deemed to be interested in Shares held by Taiya Investment.

Save as disclosed above and the section headed "Statutory and General Information — 4. Disclosure of Interest — A. Substantial Shareholders" in Appendix V to this document, our Directors are not aware of any other person who will have any interest and/or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

OUR SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB360,000,000, consisting of 360,000,000 Shares, with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately after the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	[**REDACTED**]	[**REDACTED**]
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100%

Assuming the [**REDACTED**] is exercised in full, the share capital of our Company immediately following the [**REDACTED**] will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	[**REDACTED**]	[**REDACTED**]
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100%

OUR SHARES

Upon completion of the [**REDACTED**], [**REDACTED**] Shares held by [**REDACTED**] existing Shareholders will be [**REDACTED**], our Shares will consist of [**REDACTED**].

Our H Shares may only be [**REDACTED**] for and traded in Hong Kong dollars. Apart from certain qualified domestic institutional investors in the PRC, through Shanghai-Hong Kong Stock Connect, or through Shenzhen-Hong Kong Stock Connect or other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, our H Shares generally cannot be [**REDACTED**] for by or [**REDACTED**] between legal or natural persons of the PRC.

We shall pay all dividends in respect of H Shares in Hong Kong dollars. See "Summary of Articles of Association of the Company" in Appendix IV to this document for details of the circumstances under which general meetings of our Company are required. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares.

The [**REDACTED**] will rank pari passu in all respects with all Shares currently in issue or to be issued as mentioned in this document and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

CONVERSION OF UNLISTED SHARES INTO H SHARES

If any of the Unlisted Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Hong Kong Stock Exchange, such conversion, [**REDACTED**] and [**REDACTED**] will need to be filed with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

Filing with the CSRC for Full Circulation

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies which apply for the conversion of unlisted shares into H shares for listing and circulation on the Hong Kong Stock Exchange shall file with the CSRC by filing materials on key compliance issues. An unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering.

We applied for a "full circulation" filing when filing with the CSRC for an overseas [**REDACTED**] on [●], and submitted the filing reports, authorization documents of the shareholders of Unlisted Shares which applied for the H-share "full circulation", undertaking on the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

We have received the filing notice from the CSRC dated [●] in relation to the overseas [**REDACTED**] and "full circulation", pursuant to which certain Shareholders ("**Full Circulation Participating Shareholders**") could [**REDACTED**] on a one-for-one basis upon the completion of the [**REDACTED**] ("**Full Circulation Application of the Company**").

[REDACTED] Approval by the Hong Kong Stock Exchange

We have applied to the [**REDACTED**] of the Hong Kong Stock Exchange for the granting of [**REDACTED**] of, and permission to deal in, our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**], and the H Shares to be [**REDACTED**] on the Hong Kong Stock Exchange, which is subject to the approval by the Hong Kong Stock Exchange.

We will perform the following procedures for the [**REDACTED**] after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our [**REDACTED**] regarding relevant share certificates of the [**REDACTED**]; and (2) enabling the [**REDACTED**] to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**].

Domestic Procedures

The Full Circulation Participating Shareholders may only deal the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and [**REDACTED**]

i. We will appoint China Securities Depository and Clearing Corporation Limited ("**CSDC**") as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at [**REDACTED**] in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the [**REDACTED**] for the Full Circulation Participating Shareholders;

ii. We will engage a domestic securities company ("**Domestic Securities Company**") to provide services such as sending orders for trading of the [**REDACTED**] and receipt of transaction returns. The Domestic Securities Company will engage a Hong Kong securities company ("**Hong Kong Securities Company**") for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the [**REDACTED**] held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by Shenzhen Stock Exchange;

iii. The Shenzhen Stock Exchange shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and transaction returns in respect of the [**REDACTED**] between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

iv. According to the Notice of SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Full Circulation Participating Shareholders shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "Full circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "Full circulation" at the Hong Kong Securities Company; and

v. The Full Circulation Participating Shareholders shall submit trading orders of the [**REDACTED**] through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

LOCK-UP PERIODS

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the [**REDACTED**] will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**].

The Company will work with the Domestic Securities Company to be engaged by the Company to restrict the [**REDACTED**] of the [**REDACTED**] technically within one year after the [**REDACTED**].

Our Directors, Supervisors and members of senior management shall declare their shareholdings in the Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the shares are [**REDACTED**] and [**REDACTED**], nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors, Supervisors and members of senior management.

REGISTRATION OF SHARES NOT LISTED ON AN 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 in accordance with the relevant business rules of CSDC. And H-share companies should submit relevant status reports to the CSRC within 15 days after the shares involved in the application completing the transfer registration in CSDC.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders (i) increase its capital or decrease its capital or capital redemption reserve; (ii) consolidate our shares; (iii) divide its shares into several classes; (iv) subdivide our shares; and (v) cancel any shares which have not been taken up. See "Appendix IV — Summary of Articles of Association of the Company."

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our Shareholders' general meeting and Shareholders' class meeting are required, see "Appendix IV — Summary of Articles of Association of the Company — General Meeting."

FUTURE PLANS

See "Business — Our Strategies" for a detailed discussion of our future plans.

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the stated range of the [**REDACTED**] between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**], fees and other estimated expenses in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised or HK$[**REDACTED**] if the [**REDACTED**] is exercised in full. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for research and development of digital intelligence enhancement of our technology platform in next five years, with a strategic focus on (i) enhancing our product and solution development capabilities; (ii) advancing the underlying system architecture; and (iii) developing new protocol functionalities. This initiative is designed to drive continuous innovation, strengthen our technological foundation and support the evolving needs of our customers and business expansion. To establish our full-stack technology platform and to steadily advance the implementation of our strategic plan, we plan to further mobilize existing R&D personnel and recruit approximately 390 specialist talents to expand our R&D team. To better accommodate our strategic R&D objectives, we plan to renovate our self-owned properties to serve as laboratories for future research and development activities and to procure supporting hardware and software. In particular:

  (i) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for enhancing our product and solution development capacities. According to our five-year plan, we expect to invest approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] for each year, respectively, primarily for laboratory renovation, hardware upgrades and talent recruitment.

  The renovation and upgrade of our R&D laboratory will be carried out in the first year and is expected to be completed within the same year, with an estimated cost of approximately HK$[**REDACTED**].

  We plan to gradually build and strengthen our hardware development and product testing teams. We expect to invest approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years, respectively. In particular, we plan to recruit approximately 40, 50, 30, 20 and 20 employees over the next five years, totaling around 160 R&D employees to support product development and operations of six product business units, primarily focusing on the research of upgrading switches, wireless transmission equipment and optical modules.

Hardware procurement is also a key component to enhance our technical infrastructure. We expect to invest approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years, respectively. We plan to progressively procure equipment for optical and image testing, mechanical and environmental testing, terminal and platform testing, among others, in line with project milestones. This will support a wide range of R&D functions such as image quality analysis, environmental reliability assessment, terminal compatibility verification, among others; software systems to support our functional validation and various testing procedures throughout our product design and development processes; and office and other equipment to support our ongoing research and development activities.

(ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for developing the underlying architecture of our networking equipment operating system and cloud-based network management platform to enhance their compatibility, reliability and security. According to our five-year plan, we expect to invest approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years, respectively, primarily for software upgrades and talent recruitment.

We plan to develop our software innovation team. In particular, we plan to recruit approximately 40, 30, 30, 30 and 30 R&D employees, respectively, totaling around 160 R&D staffs for our Ampcon development department, software product development department and software platform R&D department in the next five years. It is expected to cost approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years, respectively.

We also plan to procure devices and software licenses to ensure a stable operating environment for software development, testing, deployment and maintenance. We expect to invest approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years, respectively.

(iii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for developing more functions and applications of our networking equipment operating system and cloud-based management platform. According to our five-year plan, we expect to invest approximately [**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] for each year, respectively, primarily for hardware upgrades and talent recruitment.

In the first year, during the renovation of our R&D laboratory, our primary focus will be on the comprehensive development of both hardware and software platforms. Once these foundational facilities are established, we will intensify our efforts in the technical exploration and development of protocol functionalities. We plan to continue researching advanced technologies in the field of high-speed network connectivity and expanding our product and solution portfolio to meet evolving customer demands from the second year of our five-year plan.

We plan to establish a protocol-AI integration team, consisting of the software platform R&D department and the AI algorithm team. Over the next five years, we expect to recruit approximately nil, 25, 20, 20 and 5 employees, respectively, totaling around 70 R&D employees. We expect to invest approximately [**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years, respectively.

Software configuration, hardware procurement and infrastructure maintenance will constitute the primary expenditure. We plan to procure hardware, infrastructure and protocol software required for technical exploration, including servers, network and storage equipment, among others, to support technical exploration and the development, testing, and validation of advanced communication protocol functionalities. We expect to invest approximately [**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years, respectively.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for enhancing our delivery capabilities in major overseas markets. We plan to establish our regional headquarter in Singapore, which will serve as the central hub of our global supply chain. This strategic initiative is designed to build an integrated and closed-loop hub with capability in overseas direct sourcing, localized manufacturing, intelligent global delivery and comprehensive end-to-end customer service, and is aligned with our business strategy, as we have increased procurement from Southeast Asia suppliers to mitigate the impact of tariff changes.

Operating in Singapore enables us to implement multi-regional sourcing and localized manufacturing, which helps mitigate geopolitical risks and reduce reliance on supply chains concentrated in a single country.

Singapore's advanced logistics infrastructure, including world-class ports and airports, facilitates faster global distribution and shorter delivery lead times, supporting service standards such as "Global 5-Day Delivery" and enhancing overall customer satisfaction.

By shifting inventory forward to regional warehouses, we are able to respond more efficiently to local order demands, particularly for high-volume products such as optical modules and switches.

We are also strengthening our supply chain capabilities by building end-to-end autonomy across procurement, testing, manufacturing, warehousing and shipping. The establishment of our regional headquarter in Singapore will facilitate the development of a global 24/7 FS Care after-sales service system, which is expected to cover approximately 30% to 50% of the global enterprise networking market, serving as a regional business supplementary to our current headquarter in China.

As of the Latest Practicable Date, [we leased a 4,000-square-meter warehouse in Singapore as the initial phase of our global delivery center]. Over the next five years, we will gradually enhance our multi-tier warehousing system, upgrade production line automation and expand our service network to continuously improve global supply chain management and customer service capabilities. We also plan to establish an international management team at our Singapore headquarters, responsible for the overall coordination of key business functions including global procurement, production, logistics and customer service.

By leveraging Singapore's geographic and infrastructural advantages, we aim to enhance our operational resilience, improve delivery efficiency, and strengthen customer experience across key international markets. In particular:

(i) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for enhancing our global supply chain and delivery capabilities. According to our five-year plan, we expect to invest approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] for each year, respectively. We plan to establish a multi-tier warehousing system worldwide and strengthen our supply chain management by expanding our delivery center network worldwide. As part of our multi-tier warehousing system, we leased a 4,000 m^2 warehouse in Singapore in the fourth quarter of 2024, marking the initial phase of our global delivery center, with an annual rental cost for approximately HK$[**REDACTED**]. We are also enhancing such global delivery center and establishing other overseas warehouses in emerging markets.

To support our global delivery strategy, we plan to roll out FS Care services in Singapore, the United Kingdom, Japan, Germany and the United States, with coverage expected to expand to eight cities by the end of 2026 and 22 cities by the end of 2027. Renovation expenses are expected to be approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years. Hardware and software procurement is expected to be approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per year, respectively. Upon the completion of our global multi-tier warehousing system, we expect a substantial enhancement in our delivery capabilities across key product and service categories. For optical modules, our global monthly delivery capacity is expected to increase from approximately 30,000 units to 120,000 units. For networking equipment, our monthly delivery capacity is expected to increase from approximately 5,000 units to 12,000 units. In addition, our on-site delivery and installation service capacity is expected to increase from approximately 100 sets per month to 350 sets per month, reflecting the enhanced responsiveness and operational efficiency of our global service network.

Furthermore, we plan to enhance localized customer service capabilities by recruiting supporting personnel in overseas markets to deliver multilingual customer support including order tracking, online training, technical support, equipment delivery and installation and after-sales service.

Over the next five years, we expect to recruit approximately 70, 60, 40, 50 and 40 employees, respectively, across various departments and levels, from team members to directors, totaling around 260 employees. The estimated personnel-related expenses over the next five years are approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], and HK$[**REDACTED**], respectively.

(ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for enhancing manufacturing capabilities of our delivery center in Singapore.

We plan to improve the automation level of the production lines and strengthen our production management capabilities through procurement of production and logistics-related hardware and software, including equipment for processing, coding, packaging, warehousing and logistics and necessary software systems. We expect to invest approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years, respectively. The investment in production and logistics hardware and software is expected to upgrade our existing automated production lines for optical modules and intelligent assembly lines for switches. We believe that the introduction of new hardware and software will further enhance the level of process automation, consistency in product quality, and precision control capabilities, enabling our delivery center to fully support high-end manufacturing.

We also plan to invest in R&D and testing hardware and software, which will be used to upgrade our 400G/800G optical module testing systems and expand our reliability laboratories. These upgrades are expected to shorten our product development cycle by approximately [**REDACTED**]%. Through enhanced automation and standardization of our R&D processes, we aim to refine the configuration of production line equipment, optimize process design, and strengthen personnel deployment, thereby accelerating our technology validation capabilities. We expect to invest approximately HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] over the next five years, respectively.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for digitalizing our business platform for networking solutions and services. In particular:

(i) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] will be invested in developing our online sales platform. We will enhance our order processing capabilities and optimize our operational efficiency to provide convenient and efficient services to our global customers. We plan to allocate the [**REDACTED**] to platform marketing and promotion expenses, platform upgrade development and operational personnel costs, office renovation expenses, and the procurement and installation of hardware and software. Platform marketing and promotion are essential in expanding our customer base and enhancing our brand awareness. We plan to allocate approximately [**REDACTED**]% of the net [**REDACTED**], representing HK$[**REDACTED**] on advertising and promotion of online sales platform over the next five years. With respect to personnel, we plan to recruit approximately 230 new employees for our online sales platform development in the next five years, in line with our business development needs. The procurement and installation of hardware and software will primarily be used for the procurement of basic office equipment and operational software systems.

(ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] will be invested in upgrading our existing digitalized infrastructure. We plan to refine and further promote the digital process across our product development, supply chain management, order processing, warehousing and logistics. We also plan to invest in our technical infrastructure, enhancing our technology capabilities such as data analytics and database capabilities as well as improving the stability and reliability of our data management systems. We plan to allocate the [**REDACTED**] on office premises renovation, equipment procurement and installation expenses, software procurement and commissioning expenses, and personnel allocation expenses. In particular, we plan to recruit approximately 50 employees each year since the second year for next five years, functions primarily covering product management, software engineering, user experience and interface design, quality assurance, cybersecurity and data engineering.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for working capital and general corporate purposes.

In the event that the [**REDACTED**] is set at the maximum [**REDACTED**] or the minimum [**REDACTED**] of the indicative [**REDACTED**] range, the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**], respectively. To the extent that the net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we will adjust our allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes, we will only deposit those net [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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The following is the text of a report set out on pages I-[1] to [I-[63]] received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FS.COM LIMITED (深圳市飛速創新技術股份有限公司), CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Introduction

We report on the historical financial information of FS.COM Limited (深圳市飛速創新技術股份有限公司) (the "Company") and its subsidiaries (collectively referred to the "Group") set out on pages [I-4] to [I-[63]], which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and September 30, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and September 30, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 and the nine months ended September 30, 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (the "Historical Financial Information"). The Historical Financial Information set out on pages [I-4] to [I-[63]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 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.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at December 31, 2022, 2023 and 2024 and September 30, 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing ("ISAs") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-4] have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about dividends declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[**REDACTED**]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with the IFRS Accounting Standards as issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with ISAs issued by IAASB ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,			Nine months ended September 30,	
		2022	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	*5*	1,988,244	2,212,851	2,611,793	1,953,701	2,174,718
Cost of sales		(1,085,386)	(1,120,379)	(1,305,484)	(958,042)	(1,031,899)
Gross profit		902,858	1,092,472	1,306,309	995,659	1,142,819
Other income	*6*	18,241	12,989	12,811	9,984	6,375
Impairment losses under expected credit loss model, net of reversal	*7*	272	(1,659)	(1,008)	(485)	(1,638)
Other gains and losses	*8*	42,704	38,682	(948)	8,746	49,761
Selling and distribution expenses		(270,490)	(338,941)	(487,665)	(353,373)	(390,154)
General and administrative expenses		(170,373)	(175,156)	(209,777)	(140,110)	(161,835)
Research and development expenses		(99,824)	(110,482)	(143,710)	(99,824)	(124,273)
Finance costs	*9*	(4,511)	(4,655)	(18,544)	(12,823)	(19,997)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before tax		418,877	513,250	456,575	407,774	482,948
Income tax expense	*10*	(54,370)	(56,503)	(59,318)	(56,967)	(59,774)
Profit for the year/period	*11*	364,507	456,747	397,257	350,807	423,174
Other comprehensive income (expense)						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		6,606	2,446	(247)	(1,507)	5,595
Total comprehensive income for the year/period		371,113	459,193	397,010	349,300	428,769
Earnings per share	*15*					
– Basic (RMB)		1.06	1.33	1.16	1.02	1.23
– Diluted (RMB)		1.03	1.29	1.12	0.99	1.19

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

	NOTES	At December 31, 2022	At December 31, 2023	At December 31, 2024	At September 30, 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*16a*	311,669	346,866	1,194,069	1,171,163
Right-of-use assets	*17*	30,651	87,511	119,041	118,413
Investment properties	*16b*	–	–	–	11,037
Intangible assets	*18*	25,017	20,917	18,375	14,619
Deferred tax assets	*19*	61,610	90,865	110,536	122,677
Other receivables, deposits and prepayments	*22*	8,265	16,154	88,296	67,375
Deposits for the acquisition of property, plant and equipment		4,320	268,180	4,511	3,067
		441,532	830,493	1,534,828	1,508,351
Current assets					
Inventories	*20*	659,077	606,115	572,271	484,835
Trade receivables	*21*	103,007	122,599	154,616	218,364
Other receivables, deposits and prepayments	*22*	148,701	115,885	120,304	125,828
Right to returned goods asset		5,382	2,962	3,392	3,658
Tax recoverable		18,559	13,045	10,606	11,798
Financial assets at fair value through profit or loss ("FVTPL")	*24*	390,038	180,347	506,444	694,046
Restricted bank deposits	*25*	16,799	14,662	17,363	32,011
Short-term bank deposits	*25*	–	–	93,000	23,400
Bank balances and cash	*25*	370,720	833,308	537,575	619,329
		1,712,283	1,888,923	2,015,571	2,213,269
Current liabilities					
Trade payables	*26*	345,630	278,330	251,449	217,423
Other payables and accruals	*27*	81,555	112,718	139,283	130,058
Refund liabilities	*29*	9,711	6,000	6,987	7,555
Contract liabilities	*30*	44,560	109,499	40,692	46,219
Tax payables		21,674	24,062	8,191	16,047
Borrowings	*31*	8,716	11,364	63,787	176,245
Lease liabilities	*32*	14,897	16,866	24,371	26,462
Bank overdrafts	*25*	3,144	4,226	4,549	5,976
		529,887	563,065	539,309	625,985
Net current assets		1,182,396	1,325,858	1,476,262	1,587,284
Total assets less current liabilities		1,623,928	2,156,351	3,011,090	3,095,635
Non-current liabilities					
Borrowings	*31*	70,299	85,415	509,573	345,548
Lease liabilities	*32*	14,097	69,317	100,780	101,332
Other payables and accruals	*27*	7,116	3,637	–	–
Redemption liabilities	*33*	–	–	–	664,243
		91,512	158,369	610,353	1,111,123
Net assets		1,532,416	1,997,982	2,400,737	1,984,512
Capital and reserves					
Share capital	*34*	360,000	360,000	360,000	360,000
Reserves		1,172,416	1,637,982	2,040,737	1,624,512
Total equity		1,532,416	1,997,982	2,400,737	1,984,512

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At December 31,			At September 30,
	NOTES	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*16a*	32,437	17,835	753,364	544,513
Right-of-use assets	*17*	15,192	9,125	9,046	5,399
Investment properties	*16b*	–	–	46,770	248,293
Intangible assets	*18*	12,319	10,688	9,503	8,619
Deferred tax assets	*19*	3,735	6,712	7,366	8,222
Other receivables, deposits and prepayments	*22*	4,534	4,255	70,813	48,736
Deposits for the acquisition of property, plant and equipment		2,353	229,485	4,511	44
Investments in subsidiaries	*39*	42,885	140,085	150,085	140,085
		113,455	418,185	1,051,458	1,003,911
Current assets					
Inventories	*20*	173,295	67,019	7,106	1,070
Trade receivables	*21*	12,215	12,008	15,169	4,410
Other receivables, deposits and prepayments	*22*	69,067	45,567	54,989	36,004
Amounts due from subsidiaries	*23*	898,530	872,935	1,222,072	1,288,225
Right to returned goods asset		240	395	323	61
Tax recoverable		–	–	6,882	–
Financial assets at FVTPL	*24*	390,038	180,347	506,444	694,046
Restricted bank deposits	*25*	800	800	800	800
Short-term bank deposits	*25*	–	–	93,000	23,400
Bank balances and cash	*25*	211,736	602,512	212,146	114,181
		1,755,921	1,781,583	2,118,931	2,162,197
Current liabilities					
Trade payables	*26*	147,263	2,474	82	45
Other payables and accruals	*27*	37,260	38,481	37,800	27,663
Amounts due to subsidiaries	*28*	33,959	77,202	259,301	169,444
Refund liabilities	*29*	434	800	666	126
Contract liabilities	*30*	1,980	18,335	1,283	967
Lease liabilities	*32*	9,381	6,168	5,108	4,313
Tax payables		21,174	21,271	1,541	3,644
Borrowings	*31*	–	–	52,336	164,836
		251,451	164,731	358,117	371,038
Net current assets		1,504,470	1,616,852	1,760,814	1,791,159
Total assets less current liabilities		1,617,925	2,035,037	2,812,272	2,795,070
Non-current liabilities					
Lease liabilities	*32*	4,005	1,821	4,302	1,424
Borrowings	*31*	–	–	435,522	280,020
Redemption liabilities	*33*	–	–	–	664,243
		4,005	1,821	439,824	945,687
Net assets		1,613,920	2,033,216	2,372,448	1,849,383
Capital and reserves					
Share capital	*34*	360,000	360,000	360,000	360,000
Reserves	*37*	1,253,920	1,673,216	2,012,448	1,489,383
Total equity		1,613,920	2,033,216	2,372,448	1,849,383

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Shares issued for Employee Incentive Scheme	Share-based payment reserve	Other reserve	Statutory surplus reserve	Translation reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000* *(note ii)*	*RMB'000*	*RMB'000* *(note ii)*	*RMB'000* *(note i)*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	360,000	562,045	(47,799)	10,740	47,799	34,369	(5,645)	249,199	1,210,708
Profit for the year	–	–	–	–	–	–	–	364,507	364,507
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	6,606	–	6,606
Total comprehensive income for the year	–	–	–	–	–	–	6,606	364,507	371,113
Transfer	–	–	–	–	–	37,714	–	(37,714)	–
Dividends recognized as distribution *(Note 14)*	–	–	–	–	–	–	–	(60,000)	(60,000)
Recognition of share-based payment expenses *(Note 35)*	–	–	–	10,595	–	–	–	–	10,595
At December 31, 2022	360,000	562,045	(47,799)	21,335	47,799	72,083	961	515,992	1,532,416
Profit for the year	–	–	–	–	–	–	–	456,747	456,747
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	2,446	–	2,446
Total comprehensive income for the year	–	–	–	–	–	–	2,446	456,747	459,193
Transfer	–	–	–	–	–	41,292	–	(41,292)	–
Recognition of share-based payment expenses *(Note 35)*	–	–	–	6,373	–	–	–	–	6,373

	Share capital	Share premium	Shares issued for Employee Incentive Scheme	Share-based payment reserve	Other reserve	Statutory surplus reserve	Translation reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000* *(note ii)*	*RMB'000*	*RMB'000* *(note ii)*	*RMB'000* *(note i)*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023	360,000	562,045	(47,799)	27,708	47,799	113,375	3,407	931,447	1,997,982
Profit for the year	–	–	–	–	–	–	–	397,257	397,257
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(247)	–	(247)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(247)	397,257	397,010
Transfer	–	–	–	–	–	33,349	–	(33,349)	–
Recognition of share-based payment expenses *(Note 35)*	–	–	–	5,745	–	–	–	–	5,745
At December 31, 2024	360,000	562,045	(47,799)	33,453	47,799	146,724	3,160	1,295,355	2,400,737
Profit for the period	–	–	–	–	–	–	–	423,174	423,174
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	5,595	–	5,595
Total comprehensive income for the period	–	–	–	–	–	–	5,595	423,174	428,769
Dividends recognized as distribution *(Note 14)*	–	–	–	–	–	–	–	(200,000)	(200,000)
Recognition of share-based payment expenses *(Note 35)*	–	–	–	14,401	–	–	–	–	14,401
Recognition of redemption liabilities *(Note 33)*	–	–	–	–	(659,395)	–	–	–	(659,395)
At September 30, 2025	360,000	562,045	(47,799)	47,854	(611,596)	146,724	8,755	1,518,529	1,984,512
At January 1, 2024	360,000	562,045	(47,799)	27,708	47,799	113,375	3,407	931,447	1,997,982
Profit for the period	–	–	–	–	–	–	–	350,807	350,807
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(1,507)	–	(1,507)
Total comprehensive (expense) income for the period	–	–	–	–	–	–	(1,507)	350,807	349,300

	Share capital	Share premium	Shares issued for Employee Incentive Scheme	Share-based payment reserve	Other reserve	Statutory surplus reserve	Translation reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000* (*note ii*)	*RMB'000*	*RMB'000* (*note ii*)	*RMB'000* (*note i*)	*RMB'000*	*RMB'000*	*RMB'000*
Recognition of share-based payment expenses *(Note 35)*	–	–	–	4,291	–	–	–	–	4,291
At September 30, 2024 (unaudited)	360,000	562,045	(47,799)	31,999	47,799	113,375	1,900	1,282,254	2,351,573

Notes:

i. It represents the statutory surplus reserves of the Company in the People's Republic of China ("PRC"). Pursuant to the applicable PRC regulation, a company established in the PRC with limited liability is required to transfer at least 10% of its net profit after tax to the statutory surplus reserve. The statutory surplus reserve is discretionary until the reserve balance reaches 50% of the registered capital of the Company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the Company.

ii. The shares issued to and held by Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth under the Employee Incentive Scheme, as defined and detailed in Note 35, were recognized as treasury shares by the Company and had been deducted from shareholders' equity as shown in the consolidated statements of changes in equity under "Shares issued for Employee Incentive Scheme" reserve. The cash consideration received by the Company amounted to RMB47,799,000 has been recognized as capital reserve included in other reserve of equity, as the Company does not have any obligation to repurchase any granted shares if they were subsequently forfeited or not vested.

For details regarding the recognition of redemption liabilities during the nine months ended September 30, 2025, please refer to Note 33.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
OPERATING ACTIVITIES					
Profit before tax	418,877	513,250	456,575	407,774	482,948
Adjustments for:					
Finance costs	4,511	4,655	18,544	12,823	19,997
Bank interest income	(3,725)	(4,725)	(6,651)	(5,130)	(4,149)
Depreciation of property, plant and equipment	26,749	40,325	69,318	51,977	69,481
Depreciation of investment properties	–	–	–	–	131
Depreciation of right-of-use assets	25,876	22,122	29,269	21,215	23,176
Amortization of intangible assets	5,923	5,878	6,882	4,060	4,910
Allowance on inventories, net	1,024	25,198	38,854	19,240	(12,102)
Impairment losses under expected credit loss model, net of reversal	(272)	1,659	1,008	485	1,638
(Gain) loss on disposal of property, plant and equipment	(222)	156	97	11	10
Written-off of property, plant and equipment	–	–	389	2	36
Gain on early termination of leases	–	(53)	(33)	(33)	(363)
Fair value changes of financial assets at FVTPL	(14,113)	(12,993)	(8,731)	(6,378)	(9,116)
Share-based payment expenses	10,595	6,373	5,745	4,291	14,401
Operating cash flows before movements in working capital	475,223	601,845	611,266	510,337	590,998
(Increase) decrease in inventories	(370,062)	26,375	(5,009)	(31,337)	97,582
Increase in trade receivables	(12,394)	(21,180)	(33,090)	(32,775)	(65,275)
(Increase) decrease in other receivables, deposits and prepayments	(45,293)	37,407	4,140	(51,025)	18,381
(Increase) decrease in right to returned goods asset	(3,073)	2,420	(431)	(906)	(266)
Increase (decrease) in trade payables	141,767	(67,300)	(26,881)	(11,268)	(34,026)
Increase (decrease) in other payables and accruals	41,618	22,901	20,098	(13,553)	(5,591)
Increase (decrease) in refund liabilities	5,319	(3,711)	987	1,959	568
Increase (decrease) in contract liabilities	8,257	64,939	(68,807)	(40,134)	5,527
Cash generated from operations	241,362	663,696	502,273	331,298	607,898
Income tax paid	(70,530)	(77,686)	(93,432)	(81,807)	(65,251)
NET CASH FROM OPERATING ACTIVITIES	170,832	586,010	408,841	249,491	542,647

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
INVESTING ACTIVITIES					
Interest received	3,725	4,725	6,651	5,130	4,149
Purchase and deposits paid for property, plant and equipment	(208,813)	(339,481)	(725,337)	(655,385)	(59,893)
Purchase of intangible assets	(1,975)	(1,639)	(4,239)	(3,687)	(1,210)
Purchases of financial assets at FVTPL	(1,728,000)	(2,509,500)	(1,805,000)	(1,440,000)	(1,190,000)
Payments for rental deposits	(2,742)	(8,656)	(10,253)	(7,081)	(2,230)
Withdrawal of rental deposits	2,049	671	5,106	1,512	3,337
Proceeds from disposal of property, plant and equipment	841	123	378	355	145
Proceeds from redemption of financial assets at FVTPL upon maturity	1,672,922	2,732,184	1,487,634	1,195,934	1,011,514
Withdrawal of short-term bank deposits	–	–	–	–	93,000
Placement of short-term bank deposits	–	–	(93,000)	(93,000)	(23,400)
Withdrawal of restricted bank deposits	784	4,495	2,133	2,100	15,283
Placement of restricted bank deposits	(13,114)	(2,358)	(4,834)	(2,006)	(29,931)
NET CASH USED IN INVESTING ACTIVITIES	(274,323)	(119,436)	(1,140,761)	(996,128)	(179,236)
FINANCING ACTIVITIES					
Interest paid	(4,511)	(4,655)	(18,457)	(12,759)	(15,192)
Dividend paid	(60,000)	–	–	–	(200,000)
Payment of share issue costs	–	–	–	–	(3,362)
Repayments of borrowings	(24,101)	(8,716)	(46,866)	(34,691)	(51,524)
Repayments of lease liabilities	(25,589)	(20,393)	(20,876)	(13,937)	(19,048)
New borrowings raised	87,160	26,480	523,360	523,360	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(27,041)	(7,284)	437,161	461,973	(289,126)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(130,532)	459,290	(294,759)	(284,664)	74,285
CASH AND CASH EQUIVALENTS AT JANUARY 1	497,939	367,576	829,082	829,082	533,026
Effect of foreign exchange rate changes	169	2,216	(1,297)	(1,974)	6,042
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF YEAR/PERIOD	367,576	829,082	533,026	542,444	613,353
Represented by:					
Bank balances and cash	370,720	833,308	537,575	547,408	619,329
Bank overdrafts	(3,144)	(4,226)	(4,549)	(4,964)	(5,976)
	367,576	829,082	533,026	542,444	613,353

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Company was incorporated in the PRC on April 9, 2009 as a limited liability company under the Company Law of the PRC. On September 29, 2020, the Company was converted from a limited liability company into a joint stock company. The respective addresses of the registered office and the principal place of business of the Company are stated in the section headed "Corporate Information" of the Document.

The Company is a trading and investment holding company. The Group is principally engaged in the sales of optical communication product globally. Mr. Xiang Wei ("Mr. Xiang") is the founder and ultimate controlling shareholder of the Company.

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards issued by the IASB.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

The statutory financial statements of the Company for the years ended December 31, 2022, 2023 and 2024 prepared in accordance with the relevant accounting principles and regulations in the PRC were audited by Shenzhen Donghai Certified Public Accountants (Special General Partnership) (深圳東海會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

2. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards issued by the IASB which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to IAS 21	Translastion to a Hyperinflationary Presentation Currency[3]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2026.

3 Effective for annual periods beginning on or after January 1, 2027.

Except for new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all amendments to IFRS Accounting Standards will have no material impact on the Group's financial position and performance in the foreseeable future.

IFRS 18 *Presentation and Disclosure in Financial Statements* sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The directors of the Company anticipate that the application of IFRS 18 will affect the structure and presentation of the consolidated statement of profit or loss and disclosures in future consolidated financial statements, but will have no material impact on the financial position and performance of the Group given it will not impact the recognition or measurement of items in the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance (the "CO").

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries is stated in the statements of financial position of the Company at cost less any identified impairment loss.

Revenue from contracts with customers

Details about the Group's accounting policies relating to contracts with customers is provided in Notes 5, 29 and 30.

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Lease* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of offices, motor vehicles, machinery, warehouse and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

The Group recognizes the cash received from the grantees as a capital contribution from the controlling shareholder(s) of the Company in capital reserve included in other reserves. When shares granted are vested, the amounts previously recognized in share-based payments reserve will be transferred to other reserve. If the grantee leaves the Group before end of the vesting period, the amount previously recognized as capital contribution will remain in the same reserve.

Modification to the terms and conditions and cancellation of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized.

Employee benefit

Retirement benefits costs

Payments to the defined contribution retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment properties

Investment properties are properties held to earn rentals.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contract with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group and the Company perform impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables and deposits, restricted bank deposits, short-term bank deposits, bank balances and amounts due from subsidiaries) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant increase in credit risk or credit-impaired, and collectively for the remaining balances of debtors using provision matrix based on aging.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortized cost, exchange differences are recognized in profit or loss in the "other gains and losses" line item.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The Company's own equity instruments held by consolidated entities are recognized and deducted directly in equity and recognized as treasury shares. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instrument.

Financial liabilities at amortized cost

Financial liabilities including bank overdrafts, trade payables, other payables and accruals, amounts due to subsidiaries, borrowings and redemption liabilities are subsequently measured at amortized cost, using the effective interest method.

A contract that contains an obligation to purchase the Group's equity instruments for cash gives rise to a financial liability for the present value of the redemption amount, even if the Group's obligation to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligation previously borne by the controlling shareholder upon the amendments to the terms of financial instruments. On the date of modification, the redemption liabilities are recognized as financial liabilities initially at its fair value, with the amount charged against other reserve within equity. Subsequently, the redemption liabilities are measured at amortized cost with interest charged in finance costs.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss. For redemption liabilities, when the preferred rights are lapsed upon [**REDACTED**], the carrying amount of the redemption liabilities is reclassified to equity.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Net realizable value of inventories

As at December 31, 2022, 2023 and 2024 and September 30, 2025, the carrying amount of the Group's inventories is RMB659,077,000, RMB606,115,000, RMB572,271,000 and RMB484,835,000 respectively. During the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024, an allowance of inventories of RMB1,024,000, RMB25,198,000, RMB38,854,000 and RMB19,240,000 (unaudited) was recognized in profit or loss, respectively. During the nine months ended September 30, 2025, a reversal of allowance on inventories of RMB12,102,000 was recognized in profit or loss.

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

The Group assesses the net realizable value of inventories as well as the required amount of allowance on inventories at the end of each reporting period, which involves significant judgment on determination of the estimated selling prices, costs to completion and costs necessary to make the sale. Change to these estimation could have significant impact on the net realizable value of inventories and the amount of write-down of inventories.

Provision of ECL for trade receivables

The Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are estimated based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort, which are key sources of estimation uncertainty. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Details about the carrying amounts of trade receivables and allowance for credit losses are provided in Note 21.

5. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Type of products					
High-performance networking solutions	472,910	577,368	831,107	618,512	788,004
General networking solutions	1,290,865	1,388,641	1,497,508	1,125,942	1,139,408
Others	224,469	246,842	283,178	209,247	247,306
Total	1,988,244	2,212,851	2,611,793	1,953,701	2,174,718
Timing of revenue recognition					
At a point in time	1,988,244	2,212,851	2,611,793	1,953,701	2,174,718

(ii) Performance obligations for contracts with customers

The Group sells its products to customers through its self-developed e-commerce platforms. Revenue from the sale of products is recognized at the point in time when control of the products is transferred to the customer, generally on the receipt of products by customers.

Majority contracts of the Group provide customers with rights of return, which give rise to variable consideration.

For contracts which provide a customer with a right to return the goods within 30 days, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

The Group grants credit period ranging from 14 days to 90 days to certain customers. For the rest of the customers, payment was required before the Group delivers the products.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers of the Group are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

Information reported to the Mr. Xiang, being the chief operating decision maker, for the purposes of resource allocation and performance assessment focuses on revenue analysis by products. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major geographic information and customers are presented.

(i) Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about non-current assets (excluding deferred tax assets and financial assets) is presented based on the geographical location of the assets.

	Revenue from external customers				
	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
The United States of America ("USA")	919,625	1,027,025	1,223,166	920,822	1,178,357
Europe[1]	664,707	767,381	898,048	674,979	617,744
Asia[2]	176,019	183,221	228,118	167,288	200,329
Americas (excluding the USA)	124,640	123,219	143,927	105,088	97,882
Oceania	81,939	91,658	95,845	68,516	67,629
Africa	21,314	20,347	22,689	17,008	12,777
Total	1,988,244	2,212,851	2,611,793	1,953,701	2,174,718

	Non-current assets			
	At December 31,			At September 30,
	2022	*2023*	*2024*	*2025*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The USA	19,150	30,351	22,286	15,421
Europe	3,656	60,286	52,865	56,280
Asia[3]	347,766	631,899	1,258,394	1,244,380
Oceania	1,085	938	2,451	2,218
Total	371,657	723,474	1,335,996	1,318,299

1 Revenue from Europe mainly derived from Germany ("DEU"), the United Kingdom ("GBR") and France.

2 Revenue from Asia mainly derived from Japan ("JPN"), Singapore ("SGP"), India and the PRC.

3 Non-current assets from Asia mainly located in the PRC.

(ii) Information about major customers

During the Track Record Period, no customer contributed over 10% of the total revenue of the Group.

6. OTHER INCOME

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Government grants *(Note)*	11,928	7,468	5,646	4,475	1,486
Bank interest income	3,725	4,725	6,651	5,130	4,149
Others	2,588	796	514	379	740
	18,241	12,989	12,811	9,984	6,375

Note: Government grants represented subsidies received from relevant government authorities, mainly including subsidy for steady growth in software and information technology service industry, subsidy for cross-border E-commerce enterprise and high-tech enterprise subsidy. There are no unfulfilled conditions and contingencies attached to these grants.

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Impairment losses reversed (recognized) on:					
– trade receivables	266	(1,558)	(1,086)	(496)	(1,527)
– other receivables	6	(101)	78	11	(111)
	272	(1,659)	(1,008)	(485)	(1,638)

8. OTHER GAINS AND LOSSES

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Fair value changes of financial assets at FVTPL	14,113	12,993	8,731	6,378	9,116
Foreign exchange gains (losses), net	28,369	25,792	(9,615)	2,346	40,292
Gain (loss) on disposal of property, plant and equipment	222	(156)	(97)	(11)	(10)
Gain on early termination of leases	–	53	33	33	363
	42,704	38,682	(948)	8,746	49,761

9. FINANCE COSTS

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interests on:					
– bank loans	3,402	3,357	13,631	9,655	10,078
– lease liabilities	1,109	1,298	4,913	3,168	5,071
– redemption liabilities	–	–	–	–	4,848
	4,511	4,655	18,544	12,823	19,997

10. INCOME TAX EXPENSE

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax:					
PRC Enterprise Income Tax ("EIT")	54,361	63,415	49,631	51,291	61,367
Hong Kong profits tax	1,149	2,517	4,471	2,434	1,553
USA profits tax	10,507	14,331	14,334	12,898	2,580
DEU profits tax	2,254	5,919	7,829	8,929	–
Other jurisdictions *(Note)*	490	2,226	2,917	2,576	5,338
	68,761	88,408	79,182	78,128	70,838
Under (over) provision in prior years/periods	4,393	(2,826)	10	10	933
	73,154	85,582	79,192	78,138	71,771
Deferred tax credit *(Note 19)*	(18,784)	(29,079)	(19,874)	(21,171)	(11,997)
	54,370	56,503	59,318	56,967	59,774

Note: Other jurisdictions included profits tax in Australia ("AUS"), SGP, the GBR and JPN.

The Company, which operates in the PRC, was qualified as a "High and New Technology Enterprise" in 2019, with a valid period of three years and entitled to a preferential income tax rate of 15%. The qualification was subsequently renewed in 2022 for a further three years. Wuhan FS.COM Technology Co., Ltd.* (武漢宇軒飛速通信技術有限公司), a subsidiary of the Company, was also qualified as a "High and New Technology Enterprise" in December 2024, with a valid period of three years from December 2024, and entitled to a preferential income tax rate of 15%.

During the Track Record Period, several subsidiaries in PRC were qualified as small and micro enterprises under the PRC EIT regime, which enjoyed an EIT rate of 5%, the tax rate of the remaining PRC subsidiaries is 25% under the Law of the PRC on EIT and Implementation Regulation of EIT Law.

According to a policy promulgated by the State Taxation Administration of the PRC and effective from 2018 onwards, enterprises engaged in research and development activities are entitled to claim 75% of the research and development expenses incurred in a year as extra tax deductible expenses in determining the taxable income for that year ("Super Deduction"). The Super Deduction rate was increased to 100% since October 2022. The Company and Wuhan FS.COM Technology Co., Ltd.* (武漢宇軒飛速通信技術有限公司) claimed such Super Deduction in determining its tax assessable profits for the Track Record Period.

The tax rate of the overseas subsidiaries was subject to the law on income tax in the countries they operated. Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, a subsidiary in Hong Kong was entitled to the preferential EIT rate of 8.25% for the first HKD2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million. A subsidiary in United States was taxed at the federal tax rate of 21% and state tax rate ranging from nil to 9.99% during the Track Record Period. The subsidiaries in DEU, AUS, SGP and JPN was taxed at the tax rate of 28.08%, 30%, 17% or 5% (17% during January 1, 2022 to March 31, 2025 and 5% from April 1, 2025 onwards) and 36.80% respectively during the Track Record Period. A subsidiary in GBR was taxed at the tax rate of ranging from 19% to 25% during the Track Record Period.

The income tax expense can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before tax	418,877	513,250	456,575	407,774	482,948
Tax at PRC EIT rate of 15%	62,832	76,988	68,486	61,166	72,442
Effect of different tax rates of subsidiaries	229	986	405	315	(4,299)
Tax effect of expenses not deductible for tax purpose	236	56	326	17	44
Tax effect of income not taxable for tax purpose	(13)	(49)	(378)	(58)	(631)
Tax effect of Super Deduction	(12,922)	(16,806)	(16,730)	(12,948)	(13,914)
Effect of changes in tax rates on deferred tax	–	–	9,877	9,877	4,592
Under (over) provision in prior years/periods	4,393	(2,826)	10	10	933
Others	(385)	(1,846)	(2,678)	(1,412)	607
	54,370	56,503	59,318	56,967	59,774

* The English translation of the name of the above domestic subsidiary is for reference only. The official name of this subsidiary is in Chinese.

11. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging (crediting):

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Depreciation of property, plant and equipment	26,749	40,325	69,318	51,977	69,481
Depreciation of investment properties	–	–	–	–	131
Depreciation of right-of-use assets	25,876	22,122	29,269	21,215	23,176
Amortization of intangible assets					
– Cost of sales	3,326	3,495	3,525	1,650	1,777
– Selling and distribution expenses	12	144	77	28	163
– General and administrative expenses	1,986	1,755	2,049	1,441	1,970
– Research and development expenses	599	484	1,231	941	1,000
	5,923	5,878	6,882	4,060	4,910

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Total depreciation and amortization	58,548	68,325	105,469	77,252	97,698
Auditor's remuneration	48	24	24	24	40
Cost of inventories recognized as cost of sales	1,084,362	1,095,181	1,266,630	938,802	1,044,001
Allowance on (reversal of allowance on) inventories included in cost of sales	1,024	25,198	38,854	19,240	(12,102)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Directors', chief executive's and supervisors' emoluments *(Note 12)*	6,988	6,802	8,835	5,648	11,493
Other staff costs:					
Salaries and allowances	267,360	312,165	400,614	247,402	307,039
Retirement benefit scheme contributions	15,846	18,506	23,762	16,285	20,447
Share-based payment expenses	8,328	4,716	3,992	2,557	7,547
Total staff costs	298,522	342,189	437,203	271,892	346,526

12. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

Directors', chief executive's and supervisors' emoluments for the Track Record Period, disclosed pursuant to applicable Listing Rules and the CO, are as follows:

	Year ended December 31, 2022				
	Salaries and allowances	Retirement benefit scheme contributions	Discretionary bonus*	Shared-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Xiang (Chairman and chief executive)	391	24	727	5	1,147
Mr. Zeng Di	1,283	45	326	1,975	3,629
	1,674	69	1,053	1,980	4,776
Non-executive directors					
Mr. Peng Chao	–	–	–	–	–
Mr. Zhu Chunlin	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Ms. Zhang Jin	60	–	–	–	60
Ms. Xiao Xiao	60	–	–	–	60
Mr. Chen Lin	60	–	–	–	60
	180	–	–	–	180
Supervisors					
Mr. Zhang Denghui	487	33	45	113	678
Ms. Duan Ting	771	13	14	80	878
Ms. Zhu Yue	330	26	26	94	476
	1,588	72	85	287	2,032
Total	3,442	141	1,138	2,267	6,988

	Year ended December 31, 2023				
	Salaries and allowances	Retirement benefit scheme contributions	Discretionary bonus*	Shared-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Xiang (Chairman and chief executive)	391	23	727	271	1,412
Mr. Zeng Di	1,349	46	450	1,343	3,188
	1,740	69	1,177	1,614	4,600
Non-executive directors					
Mr. Peng Chao	–	–	–	–	–
Mr. Zhu Chunlin	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Ms. Zhang Jin *(Note i)*	60	–	–	–	60
Ms. Xiao Xiao *(Note i)*	60	–	–	–	60
Mr. Chen Lin	60	–	–	–	60
Mr. Ran Long *(Note ii)*	–	–	–	–	–
Mr. Guo Fei *(Note ii)*	–	–	–	–	–
	180	–	–	–	180
Supervisors					
Mr. Zhang Denghui	583	43	140	29	795
Ms. Duan Ting	782	14	14	14	824
Ms. Zhu Yue	337	40	26	–	403
	1,702	97	180	43	2,022
Total	3,622	166	1,357	1,657	6,802

	Year ended December 31, 2024				
	Salaries and allowances	Retirement benefit scheme contributions	Discretionary bonus*	Shared-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Xiang (Chairman and chief executive)	1,980	22	867	541	3,410
Mr. Zeng Di	1,375	54	450	1,120	2,999
	3,355	76	1,317	1,661	6,409
Non-executive directors					
Mr. Peng Chao	–	–	–	–	–
Mr. Zhu Chunlin	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Ran Long	120	–	–	–	120
Mr. Guo Fei	103	–	–	–	103
Mr. Chen Lin	120	–	–	–	120
	343	–	–	–	343
Supervisors					
Mr. Zhang Denghui	585	51	140	38	814
Ms. Duan Ting	770	15	14	26	825
Ms. Zhu Yue	349	41	26	28	444
	1,704	107	180	92	2,083
Total	5,402	183	1,497	1,753	8,835

	Nine months ended September 30, 2024 (unaudited)				
	Salaries and allowances	Retirement benefit scheme contributions	Discretionary bonus*	Shared-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Xiang (Chairman and chief executive)	1,313	16	–	523	1,852
Mr. Zeng Di	1,031	40	–	1,119	2,190
	2,344	56	–	1,642	4,042
Non-executive directors					
Mr. Peng Chao	–	–	–	–	–
Mr. Zhu Chunlin	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Ran Long	60	–	–	–	60
Mr. Guo Fei	43	–	–	–	43
Mr. Chen Lin	60	–	–	–	60
	163	–	–	–	163
Supervisors					
Mr. Zhang Denghui	439	38	–	38	515
Ms. Duan Ting	570	11	–	26	607
Ms. Zhu Yue	262	31	–	28	321
	1,271	80	–	92	1,443
Total	3,778	136	–	1,734	5,648

	Nine months ended September 30, 2025				
	Salaries and allowances	Retirement benefit scheme contributions	Discretionary bonus*	Shared-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Xiang (Chairman and chief executive) *(Note iv)*	2,019	16	–	4,676	6,711
Mr. Zeng Di	1,032	46	–	1,995	3,073
	3,051	62	–	6,671	9,784
Non-executive directors					
Mr. Peng Chao	–	–	–	–	–
Mr. Zhu Chunlin *(Note iii)*	–	–	–	–	–
Mr. Zhao Pan *(Note iii)*	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Ran Long	60	–	–	–	60
Mr. Guo Fei	60	–	–	–	60
Mr. Chen Lin *(Note iii)*	60	–	–	–	60
Ms. Wang Jing *(Note iii)*	–	–	–	–	–
	180	–	–	–	180

	Nine months ended September 30, 2025				
	Salaries and allowances	Retirement benefit scheme contributions	Discretionary bonus*	Shared-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors					
Mr. Zhang Denghui	434	44	–	71	549
Ms. Duan Ting	564	12	–	49	625
Ms. Zhu Yue	261	31	–	63	355
	1,259	87	–	183	1,529
Total	4,490	149	–	6,854	11,493

* The discretionary bonus is based on the performance of the directors and supervisors of the Company and the Group.

Notes:

(i) Ms. Xiao Xiao and Ms. Zhang Jin were resigned from their roles on October 19, 2023 and December 11, 2023 respectively.

(ii) Mr. Ran Long and Mr. Guo Fei had been appointed as independent non-executive directors of the Company since October 19, 2023 and December 11, 2023 respectively.

(iii) Mr. Zhu Chunlin and Mr. Chen Lin were resigned from their roles on May 23, 2025 while Mr. Zhao Pan and Ms. Wang Jing had been appointed as non-executive director and independent non-executive director of the Company, respectively on May 23, 2025.

(iv) The shared-based payment expense for Mr. Xiang included the immediate expense recognition due to acceleration of vesting arising from the cancellation of 2023 Incentive Scheme and 2024 Incentive Scheme (as defined in Note 35).

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company. The supervisors' emoluments shown above were for their services as supervisors of the Company.

There was no arrangement under which a director or the supervisors waived or agreed to waive any remuneration during the Track Record Period.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included one, two, two, two (unaudited) and two directors for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively, whose emoluments are included in the disclosure above. The emoluments of the remaining four, three, three, three (unaudited) and three individuals for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively, are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	5,569	5,515	7,088	5,078	5,491
Discretionary bonus	473	357	597	–	–
Retirement benefit scheme contributions	65	88	72	53	43
Share-based payment expenses	761	284	248	438	775
	6,868	6,244	8,005	5,569	6,309

The number of highest paid employees who are not the directors, chief executive and supervisors of the Company whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	No. of employees	*No. of employees*	*No. of employees*	*No. of employees* *(unaudited)*	*No. of employees*
HK$1,000,001 to HK$1,500,000	1	2	–	2	2
HK$1,500,001 to HK$2,000,000	2	–	2	–	–
HK$3,500,001 to HK$4,000,000	1	–	–	1	–
HK$4,000,001 to HK$4,500,000	–	1	–	–	1
HK$5,500,001 to HK$6,000,000	–	–	1	–	–
	4	3	3	3	3

During the Track Record Period, no emoluments were paid by the Group to the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDEND

During the year ended December 31, 2022, a dividend of RMB0.167 per share, with the aggregated amount of RMB60,000,000, was paid to shareholders of the Company in April 2022. No dividend was paid or proposed for the ordinary shareholders of the Company for the years ended December 31, 2023 and 2024. During the nine months ended September 30, 2025, a dividend of RMB0.55556 per share, with the aggregated amount of RMB200,000,000, was paid to shareholders of the Company in May 2025.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit for the year/period	364,507	456,747	397,257	350,807	423,174

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	343,768,627	343,768,627	343,768,627	343,768,627	343,768,627
Effect of dilutive potential ordinary shares in respect of					
– Shares issued for employee incentive scheme	10,523,692	10,694,703	10,985,921	10,886,419	11,373,411
Weighted average number of ordinary shares for the purpose of diluted earnings per share	354,292,319	354,463,330	354,754,548	354,655,046	355,142,038

During the nine months ended September 30, 2025, the computation of diluted earnings per share does not assume the impact of the redemption liabilities, as their inclusion would have been anti-dilutive.

16a. PROPERTY, PLANT AND EQUIPMENT

The Group

	Land and buildings	Leasehold improvement	Construction in progress	Machinery	Electronic equipment	Motor vehicles	Office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST								
At January 1, 2022	161,748	13,407	6,123	6,333	32,570	3,802	10,650	234,633
Additions	46,969	4,650	46,724	3,285	26,834	722	6,452	135,636
Disposal	–	–	–	–	(14)	(759)	(1,032)	(1,805)
Transfer	–	34,774	(35,565)	–	279	–	512	–
Exchange adjustments	–	22	–	62	126	82	272	564
At December 31, 2022	208,717	52,853	17,282	9,680	59,795	3,847	16,854	369,028
Additions	–	2,667	54,510	2,548	10,286	1,425	4,223	75,659
Disposal	–	–	–	–	(1,348)	(151)	(493)	(1,992)
Transfer	–	64,223	(64,697)	–	474	–	–	–
Exchange adjustments	–	31	–	37	48	70	133	319
At December 31, 2023	208,717	119,774	7,095	12,265	69,255	5,191	20,717	443,014
Additions	771,138	324	111,936	1,581	27,625	154	4,920	917,678
Disposal	–	–	–	(18)	(2,033)	(245)	(2,395)	(4,691)
Written off	–	–	–	(439)	(1,754)	(309)	(1,315)	(3,817)
Transfer	–	88,258	(90,419)	–	521	159	1,481	–
Exchange adjustments	–	(155)	(55)	33	(33)	(33)	(101)	(344)
At December 31, 2024	979,855	208,201	28,557	13,422	93,581	4,917	23,307	1,351,840
Additions	–	4,515	22,192	2,698	24,762	–	2,200	56,367
Disposal	–	–	–	–	(1,129)	(5)	(312)	(1,446)
Written off	–	–	–	–	(231)	–	–	(231)
Transfer	–	45,176	(45,176)	–	–	–	–	–
Transfer to investment properties	(11,442)	–	–	–	–	–	–	(11,442)
Exchange adjustments	–	1,047	113	84	283	(127)	237	1,637
At September 30, 2025	968,413	258,939	5,686	16,204	117,266	4,785	25,432	1,396,725
DEPRECIATION								
At January 1, 2022	1,087	9,822	–	1,060	12,762	2,270	4,449	31,450
Provided for the year	2,999	11,280	–	865	8,458	688	2,459	26,749
Eliminated on disposal	–	–	–	–	(11)	(721)	(454)	(1,186)
Exchange adjustments	–	–	–	24	52	64	206	346
At December 31, 2022	4,086	21,102	–	1,949	21,261	2,301	6,660	57,359
Provided for the year	8,991	6,830	–	1,013	19,592	785	3,114	40,325
Eliminated on disposal	–	–	–	–	(1,236)	(143)	(334)	(1,713)
Exchange adjustments	–	–	–	9	32	40	96	177
At December 31, 2023	13,077	27,932	–	2,971	39,649	2,983	9,536	96,148
Provided for the year	38,781	5,987	–	2,115	19,299	606	2,530	69,318
Eliminated on disposal	–	–	–	(10)	(1,867)	(232)	(2,107)	(4,216)
Eliminated on written off	–	–	–	(285)	(1,656)	(294)	(1,193)	(3,428)
Exchange adjustments	–	(9)	–	18	(5)	(18)	(37)	(51)
At December 31, 2024	51,858	33,910	–	4,809	55,420	3,045	8,729	157,771
Provided for the period	34,697	10,949	–	1,470	18,542	416	3,407	69,481
Eliminated on disposal	–	–	–	–	(1,034)	(5)	(252)	(1,291)
Eliminated on written off	–	–	–	–	(195)	–	–	(195)
Eliminated on transfer to investment properties	(274)	–	–	–	–	–	–	(274)
Exchange adjustments	–	(75)	–	(13)	52	43	63	70
At September 30, 2025	86,281	44,784	–	6,266	72,785	3,499	11,947	225,562
CARRYING VALUES								
At December 31, 2022	204,631	31,751	17,282	7,731	38,534	1,546	10,194	311,669
At December 31, 2023	195,640	91,842	7,095	9,294	29,606	2,208	11,181	346,866
At December 31, 2024	927,997	174,291	28,557	8,613	38,161	1,872	14,578	1,194,069
At September 30, 2025	882,132	214,155	5,686	9,938	44,481	1,286	13,485	1,171,163

The Company

	Land and buildings	Leasehold improvement	Construction in progress	Machinery	Electronic equipment	Motor vehicles	Office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST								
At January 1, 2022	–	13,295	2,306	6,147	29,734	2,431	7,497	61,410
Additions	–	2,581	888	75	7,753	15	420	11,732
Disposal	–	–	–	–	(14)	(759)	(1,032)	(1,805)
Disposal to subsidiaries	–	–	–	–	(448)	–	(26)	(474)
Transfer	–	2,277	(3,049)	–	260	–	512	–
At December 31, 2022	–	18,153	145	6,222	37,285	1,687	7,371	70,863
Additions	–	71	1,346	299	3,211	–	41	4,968
Disposal	–	–	–	–	(1,239)	–	(409)	(1,648)
Disposal to subsidiaries	–	–	–	–	(2,931)	–	–	(2,931)
Transfer	–	716	(716)	–	–	–	–	–
At December 31, 2023	–	18,940	775	6,521	36,326	1,687	7,003	71,252
Additions	731,717	178	70,430	–	5,208	6	2,618	810,157
Disposal	–	–	–	(18)	(1,968)	(18)	(1,593)	(3,597)
Written off	–	–	–	–	(1,308)	–	–	(1,308)
Transfer to investment properties	(39,815)	(8,083)	–	–	–	–	–	(47,898)
Disposal to subsidiaries	–	–	–	–	(5,623)	(35)	(8)	(5,666)
Transfer	–	47,691	(47,691)	–	–	–	–	–
At December 31, 2024	691,902	58,726	23,514	6,503	32,635	1,640	8,020	822,940
Additions	–	–	13,319	–	2,910	–	2,538	18,767
Disposal	–	–	–	–	(893)	(5)	(311)	(1,209)
Written off	–	–	–	–	(12)	–	–	(12)
Transfer to investment properties	(182,170)	(30,905)	–	–	–	–	–	(213,075)
Disposal to subsidiaries	–	–	–	(593)	(191)	–	–	(784)
Transfer	–	35,540	(35,540)	–	–	–	–	–
At September 30, 2025	509,732	63,361	1,293	5,910	34,449	1,635	10,247	626,627
DEPRECIATION								
At January 1, 2022	–	9,817	–	906	11,428	1,259	2,611	26,021
Provided for the year	–	4,486	–	584	6,857	395	1,295	13,617
Eliminated on disposal	–	–	–	–	(11)	(721)	(454)	(1,186)
Eliminated on disposal to subsidiaries	–	–	–	–	(12)	–	(14)	(26)
At December 31, 2022	–	14,303	–	1,490	18,262	933	3,438	38,426
Provided for the year	–	3,095	–	599	11,078	400	1,275	16,447
Eliminated on disposal	–	–	–	–	(1,150)	–	(261)	(1,411)
Eliminated on disposal to subsidiaries	–	–	–	–	(45)	–	–	(45)
At December 31, 2023	–	17,398	–	2,089	28,145	1,333	4,452	53,417
Provided for the year	14,658	2,092	–	617	5,142	243	1,085	23,837
Eliminated on disposal	–	–	–	(10)	(1,806)	(16)	(1,324)	(3,156)
Eliminated on written off	–	–	–	–	(1,240)	–	–	(1,240)
Eliminated on disposal to subsidiaries	–	–	–	–	(3,244)	(33)	(5)	(3,282)
At December 31, 2024	14,658	19,490	–	2,696	26,997	1,527	4,208	69,576
Provided for the period	11,981	2,801	–	460	1,985	1	1,090	18,318
Eliminated on disposal	–	–	–	–	(838)	(5)	(252)	(1,095)
Eliminated on written off	–	–	–	–	(8)	–	–	(8)
Eliminated on transfer to investment properties	(4,143)	(226)	–	–	–	–	–	(4,369)
Eliminated on disposal to subsidiaries	–	–	–	(303)	(5)	–	–	(308)
At September 30, 2025	22,496	22,065	–	2,853	28,131	1,523	5,046	82,114
CARRYING VALUE								
At December 31, 2022	–	3,850	145	4,732	19,023	754	3,933	32,437
At December 31, 2023	–	1,542	775	4,432	8,181	354	2,551	17,835
At December 31, 2024	677,244	39,236	23,514	3,807	5,638	113	3,812	753,364
At September 30, 2025	487,236	41,296	1,293	3,057	6,318	112	5,201	544,513

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, where applicable, are depreciated on a straight-line basis over the following periods:

Land and buildings	20 to 33 years
Leasehold improvement	5 to 10 years, or the lease terms of the leased properties, whichever is shorter
Machinery	10 years
Electronic equipment	3 to 5 years
Motor vehicles	4 to 5 years
Office equipment	5 years

Detail of pledge of property, plant and equipment are disclosed in Note 31.

16b. INVESTMENT PROPERTIES

The Group leases out car parks and retail store and the Company leases out offices, car parks and retail store under operating leases with rentals receivable monthly. The leases typically run for a fixed period of 1 to 5 years and the lease payments are fixed over the lease term.

The Group

	Investment properties
	RMB'000
COST	
At January 1, 2022, December 31, 2022, 2023 and 2024	–
Transfer from property, plant and equipment	11,442
At September 30, 2025	11,442
DEPRECIATION	
At January 1, 2022, December 31, 2022, 2023 and 2024	–
Transfer from property, plant and equipment	274
Provided for the period	131
At September 30, 2025	405
CARRYING VALUE	
At January 1, 2022, December 31, 2022, 2023 and 2024	–
At September 30, 2025	11,037

The Company

	Investment properties
	RMB'000
COST	
At January 1, 2022, December 31, 2022, and 2023	–
Transfer from property, plant and equipment	47,898
At December 31, 2024	47,898
Transfer from property, plant and equipment	213,075
At September 30, 2025	260,973
DEPRECIATION	
At January 1, 2022, December 31, 2022, and 2023	–
Provided for the year	1,128
At December 31, 2024	1,128
Transfer from property, plant and equipment	4,369
Provided for the period	7,183
At September 30, 2025	12,680
CARRYING VALUE	
At January 1, 2022, December 31, 2022 and 2023	–
At December 31, 2024	46,770
At September 30, 2025	248,293

The above investment properties, after taking into account the residual values, where applicable, are depreciated on a straight-line basis over 20 to 33 years.

17. RIGHT-OF-USE ASSETS

The Group

	Leased properties
	RMB'000
As at December 31, 2022	
Carrying amount	30,651
As at December 31, 2023	
Carrying amount	87,511
As at December 31, 2024	
Carrying amount	119,041
As at September 30, 2025	
Carrying amount	118,413
For the year ended December 31, 2022	
Depreciation charge	25,876
For the year ended December 31, 2023	
Depreciation charge	22,122
For the year ended December 31, 2024	
Depreciation charge	29,269
For the nine months ended September 30, 2024 (unaudited)	
Depreciation charge	21,215
For the nine months ended September 30, 2025	
Depreciation charge	23,176

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Expense relating to short-term leases	6,749	6,824	9,171	8,707	2,675
Total cash outflow for leases	33,447	28,515	34,960	25,836	26,794
Additions to right-of-use assets	23,575	79,701	63,548	42,587	25,765
Early termination of leases	–	719	2,355	2,351	3,217

The Company

	Leased properties
	RMB'000
As at December 31, 2022	
Carrying amount	15,192
As at December 31, 2023	
Carrying amount	9,125
As at December 31, 2024	
Carrying amount	9,046
As at September 30, 2025	
Carrying amount	5,399
For the year ended December 31, 2022	
Depreciation charge	20,759
For the year ended December 31, 2023	
Depreciation charge	13,737
For the year ended December 31, 2024	
Depreciation charge	9,312
For the nine months ended September 30, 2024 (unaudited)	
Depreciation charge	6,558
For the nine months ended September 30, 2025	
Depreciation charge	3,647

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Expense relating to short-term leases	4,604	2,344	7,042	6,610	1,674
Total cash outflow for leases	26,814	15,988	15,278	11,639	5,565
Additions to right-of-use assets	11,320	7,670	9,233	9,208	–

During Track Record Period, the Group and the Company leases offices for its operations. Lease contracts are entered into for fixed term of 1 to 10 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group and the Company applies the definition of a contract and determines the period for which the contract is enforceable.

The Group and the Company do not recognize right-of-use assets and lease liabilities for short-term leases of offices, motor vehicles, machinery, warehouse and office equipment. The Group and the Company recognize the lease payments for short-term leases in the profit or loss during the Track Record Period.

At the end of each reporting period, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in above.

Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INTANGIBLE ASSETS

The Group

	Patent use right	Domain name	Software use right	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At January 1, 2022	15,806	14,975	4,308	35,089
Additions	–	–	1,975	1,975
Exchange adjustments	1,461	–	–	1,461
At December 31, 2022	17,267	14,975	6,283	38,525
Additions	–	–	1,639	1,639
Exchange adjustments	293	–	–	293
Others	–	–	(233)	(233)
At December 31, 2023	17,560	14,975	7,689	40,224
Additions	–	–	4,239	4,239
Exchange adjustments	263	–	–	263
At December 31, 2024	17,823	14,975	11,928	44,726
Additions	323	–	887	1,210
Exchange adjustments	(210)	–	–	(210)
At September 30, 2025	17,936	14,975	12,815	45,726
AMORTIZATION				
At January 1, 2022	1,054	3,566	2,742	7,362
Provided for the year	3,326	1,498	1,099	5,923
Exchange adjustments	223	–	–	223
At December 31, 2022	4,603	5,064	3,841	13,508
Provided for the year	3,494	1,498	886	5,878
Exchange adjustments	96	–	–	96
Others	–	–	(175)	(175)
At December 31, 2023	8,193	6,562	4,552	19,307
Provided for the year	3,524	1,498	1,860	6,882
Exchange adjustments	162	–	–	162
At December 31, 2024	11,879	8,060	6,412	26,351
Provided for the period	1,906	1,123	1,881	4,910
Exchange adjustments	(154)	–	–	(154)
At September 30, 2025	13,631	9,183	8,293	31,107
CARRYING VALUE				
At December 31, 2022	12,664	9,911	2,442	25,017
At December 31, 2023	9,367	8,413	3,137	20,917
At December 31, 2024	5,944	6,915	5,516	18,375
At September 30, 2025	4,305	5,792	4,522	14,619

The Company

	Domain name	Software use right	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At January 1, 2022	14,975	4,304	19,279
Additions	–	1,936	1,936
At December 31, 2022	14,975	6,240	21,215
Additions	–	766	766
Others	–	(227)	(227)
At December 31, 2023	14,975	6,779	21,754
Additions	–	790	790
At December 31, 2024	14,975	7,569	22,544
Additions	–	654	654
At September 30, 2025	14,975	8,223	23,198
AMORTIZATION			
At January 1, 2022	3,566	2,742	6,308
Provided for the year	1,498	1,090	2,588
At December 31, 2022	5,064	3,832	8,896
Provided for the year	1,498	840	2,338
Others	–	(168)	(168)
At December 31, 2023	6,562	4,504	11,066
Provided for the year	1,498	477	1,975
At December 31, 2024	8,060	4,981	13,041
Provided for the period	1,123	415	1,538
At September 30, 2025	9,183	5,396	14,579
CARRYING VALUE			
At December 31, 2022	9,911	2,408	12,319
At December 31, 2023	8,413	2,275	10,688
At December 31, 2024	6,915	2,588	9,503
At September 30, 2025	5,792	2,827	8,619

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Patent use right	5 years
Domain name	10 years
Software use right	1-10 years

19. DEFERRED TAX ASSETS

For the purpose of presentation in the statements of financial position, deferred tax assets and liabilities have been offset.

The followings are the deferred tax assets (liabilities) recognized by the Group and the Company and movements therein during the Track Record Period:

The Group

	ECL provision	Allowance on inventories	Accruals	Refund liabilities, net of right to returned goods asset	Tax losses	Unrealized profit for inventories	Accelerated tax depreciation	Share-based payment expenses	Right-of-use assets	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	269	4,633	1,475	18	3,691	33,595	(4,054)	2,714	(6,029)	6,029	42,341
(Charge) credit to profit or loss	(65)	208	329	306	3,954	11,533	537	1,982	254	(254)	18,784
Exchange adjustments	–	(578)	–	–	1,063	–	–	–	–	–	485
At December 31, 2022	204	4,263	1,804	324	8,708	45,128	(3,517)	4,696	(5,775)	5,775	61,610
Credit (charge) to profit or loss	194	4,993	538	60	16,145	4,942	1,239	1,207	(16,800)	16,561	29,079
Exchange adjustments	–	41	–	–	135	–	–	–	–	–	176
At December 31, 2023	398	9,297	2,342	384	24,988	50,070	(2,278)	5,903	(22,575)	22,336	90,865
Credit (charge) to profit or loss	34	7,578	3,320	30	(10,648)	27,435	(611)	1,065	(4,315)	5,863	29,751
Exchange adjustments	–	790	–	–	(993)	–	–	–	–	–	(203)
Effect of changes in tax rates on deferred tax	(2)	(671)	–	–	(9,204)	–	–	–	–	–	(9,877)
At December 31, 2024	430	16,994	5,662	414	4,143	77,505	(2,889)	6,968	(26,890)	28,199	110,536
Credit (charge) to profit or loss	273	(89)	(1,711)	(82)	1,174	13,366	91	2,160	2,461	(1,054)	(4,592)
Exchange adjustments	–	–	–	–	144	–	–	–	–	–	144
Effect of changes in tax rates on deferred tax	(4)	(3,150)	–	–	–	–	–	–	3,451	(4,889)	16,589
At 30 September 2025	699	13,755	3,951	332	5,461	90,871	(2,798)	9,128	(20,978)	22,256	122,677

The Company

	ECL provision	Allowance on inventories	Accruals	Refund liabilities, net of right to returned goods asset	Accelerated tax depreciation	Share-based payment expenses	Right-of-use assets	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	180	1,165	1,475	18	(4,054)	2,714	(3,727)	3,727	1,498
(Charge) credit to profit or loss	(57)	267	(503)	11	537	1,982	1,719	(1,719)	2,237
At December 31, 2022	123	1,432	972	29	(3,517)	4,696	(2,008)	2,008	3,735
Credit (charge) to profit or loss	62	926	(506)	32	1,427	1,207	639	(810)	2,977
At December 31, 2023	185	2,358	466	61	(2,090)	5,903	(1,369)	1,198	6,712
(Charge) credit to profit or loss	(51)	(1,625)	801	(10)	248	1,065	12	214	654
At December 31, 2024	134	733	1,267	51	(1,842)	6,968	(1,357)	1,412	7,366
(Charge) credit to profit or loss	(7)	(326)	(602)	(41)	(324)	2,160	547	(551)	856
At September 30, 2025	127	407	665	10	(2,166)	9,128	(810)	861	8,222

20. INVENTORIES

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	630,367	570,338	547,841	454,637
Goods in transit	15,301	25,374	11,437	13,550
Consumables	13,409	10,403	12,993	16,648
	659,077	606,115	572,271	484,835

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	160,007	33,430	1,203	219
Goods in transit	11,509	32,683	5,437	466
Consumables	1,779	906	466	385
	173,295	67,019	7,106	1,070

As at the end of each reporting period, all the inventories of the Group and the Company are expected to be recovered within 12 months.

21. TRADE RECEIVABLES

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables – third parties	104,170	124,744	156,889	221,095
Less: allowance for credit losses	(1,163)	(2,145)	(2,273)	(2,731)
	103,007	122,599	154,616	218,364

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of delivery:

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	93,993	115,388	146,843	210,589
3 to 6 months	7,154	5,195	4,659	5,644
6 months to 1 year	1,860	2,016	3,114	2,131
	103,007	122,599	154,616	218,364

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables – third parties	12,818	13,036	15,918	5,166
Less: allowance for credit losses	(603)	(1,028)	(749)	(756)
	12,215	12,008	15,169	4,410

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of delivery:

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	9,309	10,469	12,706	2,246
3 to 6 months	1,518	1,250	1,043	1,310
6 months to 1 year	1,388	289	1,420	854
	12,215	12,008	15,169	4,410

As at January 1, 2022, trade receivables from contracts with customers amounted to approximately RMB90,380,000 and RMB13,293,000 for the Group and the Company respectively.

The Group and Company grant the credit period ranging from 14 days to 90 days to its trade customers.

As at December 31, 2022, 2023 and 2024 and September 30, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB33,817,000, RMB47,442,000, RMB55,496,000 and RMB70,995,000 which are past due respectively. Out of the past due balances, RMB4,932,000, RMB5,148,000, RMB6,397,000 and RMB5,906,000 have been past due over 90 days respectively and are not considered as in default due to the history of cooperation, the sound collection history or the solid credit rating of the debtors.

As at December 31, 2022, 2023 and 2024 and September 30, 2025, included in the Company's trade receivables balance are debtors with aggregate carrying amount of RMB6,002,000, RMB5,775,000, RMB6,957,000 and RMB4,220,000, which are past due as at the reporting date. Out of the past due balances, RMB2,513,000, RMB1,529,000, RMB2,377,000 and RMB1,983,000 have been past due over 90 days respectively and are not considered as in default due to the history of cooperation, the sound collection history or the solid credit rating of the debtors.

Details of impairment assessment of trade receivables are set out in Note 41.

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances to suppliers	38,874	32,709	20,024	27,543
Refundable value-added tax	77,487	20,856	42,919	43,556
Deductible value-added tax	28,300	56,313	114,190	87,733
Rental deposits	8,559	16,544	21,691	20,584
Prepayments	1,920	3,166	5,947	4,375
Deferred issue costs	–	–	–	4,697
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	2,140	2,871	4,165	4,498
	157,280	132,459	208,936	193,656
Less: allowance for credit losses	(314)	(420)	(336)	(453)
	156,966	132,039	208,600	193,203
Represented by:				
– Non-current	8,265	16,154	88,296	67,375
– Current	148,701	115,885	120,304	125,828
	156,966	132,039	208,600	193,203

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances to suppliers	2,372	1,143	664	904
Refundable value-added tax	55,030	20,856	34,447	1,907
Deductible value-added tax	8,326	18,697	80,275	69,504
Rental deposits	4,744	4,454	4,035	1,818
Prepayments	1,920	3,092	4,749	3,012
Deferred issue costs	–	–	–	4,697
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	1,424	1,786	1,776	2,321
	73,816	50,028	125,946	84,833
Less: allowance for credit losses	(215)	(206)	(144)	(93)
	73,601	49,822	125,802	84,740
Represented by:				
– Non-current	4,534	4,255	70,813	48,736
– Current	69,067	45,567	54,989	36,004
	73,601	49,822	125,802	84,740

Details of impairment assessment of other receivables and deposits are set out in Note 41.

23. AMOUNTS DUE FROM SUBSIDIARIES

The Company

	At January 1,	At December 31,			At September 30,
	2022	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade in nature	940,914	668,907	617,431	726,622	752,787
Non-trade in nature *(Note)*	82,130	229,623	255,504	495,450	535,438
	1,023,044	898,530	872,935	1,222,072	1,288,225

Note: The amounts are unsecured, interest free and repayable on demand.

The following is an aged analysis of amounts due from subsidiaries which are trade in nature presented based on the date of delivery at the end of each reporting period.

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	668,907	617,431	726,622	752,787

The normal credit term grants to the subsidiaries is 3 months. None of the balance is past due as at December 31, 2022, 2023 and 2024 and September 30, 2025.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits	390,038	180,347	506,444	694,046

The structured deposits represent structured deposit products issued by commercial banks and mainly invest in bank deposits with the price linked to gold price and exchange rate.

25. BANK BALANCES AND CASH/SHORT-TERM BANK DEPOSITS/RESTRICTED BANK DEPOSITS/BANK OVERDRAFTS

The Group

Bank balances and cash/short-term bank deposits/restricted bank deposits

Bank balances and cash include demand deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0% to 2.30% per annum, 0% to 2.30% per annum, 0% to 1.35% per annum and 0% to 3.5% per annum as at 31 December 2022, 2023 and 2024 and September 30, 2025 respectively. Restricted bank deposits carry fixed interest rates from 0% to 0.2% per annum, 0% to 4.638% per annum, 0% to 4.398% per annum and 0% to 4.398% per annum as at December 31, 2022, 2023 and 2024 and September 30, 2025 respectively.

The Group's short-term bank deposits amounting to RMB93,000,000 and RMB23,400,000 are with original maturity of over three months carry interest rates from 1.80% to 1.85% per annum and 2.05% per annum as at December 31, 2024 and September 30, 2025, respectively. The balance will mature within five months from the end of each reporting period.

The Group's restricted bank deposits represented the deposits placed in a bank for obtaining the letter of guarantee and the oversea subsidiaries' credit cards' limit.

Bank overdrafts

Bank overdrafts did not incur any interest during the Track Record Period.

The Company

Bank balances and cash/short-term bank deposits/restricted bank deposits

Bank balances and cash include demand deposits for the purpose of meeting the Company's short term cash commitments, which carry interest at market rates range from 0% to 2.30% per annum, 0% to 2.30% per annum, 0% to 1.15% per annum and 0% to 3.5% per annum as at December 31, 2022, 2023 and 2024 and September 30, 2025. Restricted bank deposits carry fixed interest rates at 0.2% per annum, 0.2% per annum, 0.1% per annum and 0.05% per annum as at December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

The Company's short-term bank deposits amounting to RMB93,000,000 and RMB 23,400,000 are with original maturity of over three months carry interest rates from 1.80% to 1.85% per annum and 2.05% per annum as at December 31, 2024 and September 30, 2025, respectively. The balance will mature within five months from the end of each reporting period.

The restricted bank deposits represented the deposits placed in a bank for obtaining the letter of guarantee.

Details of impairment assessment of bank balances, short-term bank deposits and restricted bank deposits are set out in Note 41.

26. TRADE PAYABLES

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables – third parties	345,630	278,330	251,449	217,423

The credit period on trade payables ranges from 0 to 180 days. The aging analysis of the Group's based on the invoice dates at the end of each reporting period are as follow:

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	227,541	223,723	169,869	207,782
3 to 6 months	104,516	53,666	62,249	8,837
6 to 12 months	13,573	941	19,331	804
	345,630	278,330	251,449	217,423

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables – third parties	147,263	2,474	82	45

The credit period on trade payables ranges from 0 to 180 days. The aging analysis of the Company's based on the invoice dates at the end of each reporting period are as follow:

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	71,736	503	1	1
3 to 6 months	63,009	1,644	8	6
6 to 12 months	12,518	327	73	38
	147,263	2,474	82	45

27. OTHER PAYABLES AND ACCRUALS

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued staff costs	32,804	41,312	52,182	33,016
Other tax payables	18,339	19,964	23,478	35,114
Payables for patent use right	10,386	7,046	3,581	1,770
Accrued advertising costs	8,948	14,180	16,203	15,579
Other accrued expenses	6,553	9,536	8,032	9,587
Accrued freight costs	4,837	10,003	13,926	12,527
Accrued [**REDACTED**] and [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Payables for construction costs	4,894	13,156	19,623	14,775
Others	1,910	1,158	2,258	1,016
	88,671	116,355	139,283	130,058
Represented by:				
– Non-current	7,116	3,637	–	–
– Current	81,555	112,718	139,283	130,058
	88,671	116,355	139,283	130,058

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued staff costs	27,344	27,968	18,678	10,057
Other tax payables	3,854	4,432	4,802	4,311
Accrued freight costs	2,110	3,625	4,864	512
Accrued [**REDACTED**] and [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other accrued expenses	3,500	2,004	1,824	843
Payables for construction costs	310	83	7,243	5,203
Others	142	369	389	63
	37,260	38,481	37,800	27,663

28. AMOUNTS DUE TO SUBSIDIARIES

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade in nature	33,959	31,683	71,371	–
Non-trade in nature *(Note)*	–	45,519	187,930	169,444
	33,959	77,202	259,301	169,444

Note: These amounts are unsecured, interest free and repayable on demand.

The following is an aged analysis of an amounts due to subsidiaries which is trade in nature presented based on the invoice date at the end of each reporting period:

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	33,959	31,683	71,371	–

The normal credit term to the Company is 3 months.

29. REFUND LIABILITIES

The refund liabilities relate to customers' right to return products under the Group's and the Company's return policy of 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. The Group and the Company use its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Refund liabilities arising from right of return	9,711	6,000	6,987	7,555

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Refund liabilities arising from right of return	434	800	666	126

30. CONTRACT LIABILITIES

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities from customers *(Note)*	44,560	109,499	40,692	46,219

Note: The significant increase in contract liabilities as at December 31, 2023 is due to a substantial order placed by a customer, and as at September 30, 2025 is due to more advance received from customers.

As at January 1, 2022, contract liabilities amounted to RMB36,303,000. The directors of the Company considered that the entire balance of contract liabilities as at December 31, 2022, 2023 and 2024 and September 30, 2025 would be realized within the Group's normal operating cycle based on the Group's earliest obligation to deliver products to the customers and are classified as current liabilities.

The following table shows the amount of revenue recognized during the Track Record Period relates to carried-forward contract liabilities at the beginning of the year/period.

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue recognized that was included in the contract liabilities balance at the beginning of the year/period	36,303	44,560	109,499	109,499	40,692

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities from customers *(Note)*	1,980	18,335	1,283	967

Note: The significant increase in contract liabilities as at December 31, 2023 is due to a substantial order placed by a customer.

As at January 1, 2022, contract liabilities amounted to RMB7,633,000. The directors of the Company considered that the entire balance of contract liabilities as at December 31, 2022, 2023 and 2024 and September 30, 2025 would be realized within the Company's normal operating cycle based on the Company's earliest obligation to provide services to the customers and are classified as current liabilities.

The following table shows the amount of revenue recognized during the Track Record Period relates to carried-forward contract liabilities at the beginning of the year/period.

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue recognized that was included in the contract liabilities balance at the beginning of the year/period	7,633	1,980	18,335	18,335	1,283

31. BORROWINGS

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured bank loans	79,015	96,779	573,360	521,793

As at December 31, 2022, 2023 and 2024 and September 30, 2025, the Group's secured bank loans amounting to RMB79,015,000, RMB96,779,000, RMB573,360,000 and RMB521,793,000 were secured by the certain owned land and buildings of the Group with carrying amount of RMB152,570,000, RMB139,742,000, RMB857,741,000 and RMB835,788,000 respectively. Included in the secured bank loans stated above, RMB79,015,000, RMB70,299,000, RMB61,670,000 and RMB76,937,000 were guaranteed by the Company; RMB26,480,000 and RMB23,832,000 as at December 31, 2023 and 2024 respectively were guaranteed by the Company and Mr. Xiang. The remaining loan amount of RMB487,858,000 and RMB444,856,000 as at December 31, 2024 and September 30, 2025 were unguaranteed, respectively.

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amounts of the above borrowings are repayable:				
Within one year	8,716	11,364	63,787	176,245
Within a period of more than one year but not exceeding two years	8,716	11,364	176,200	48,700
Within a period of more than two years but not exceeding five years	26,148	34,092	146,100	146,100
Within a period of more than five years	35,435	39,959	187,273	150,748
	79,015	96,779	573,360	521,793
Less: Amounts due within one year shown under current liabilities	(8,716)	(11,364)	(63,787)	(176,245)
Amounts shown under non-current liabilities	70,299	85,415	509,573	345,548

The bank borrowings at December 31, 2022, 2023 and 2024 and September 30, 2025 are all variable-rate borrowings. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follow:

	At December 31,			At September 30,
	2022	2023	2024	2025
Effective interest rate:				
Variable-rate borrowings (per annum)	4.30% to 4.80%	2.90% to 4.80%	2.30% to 4.50%	2.23% to 2.95%

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured bank loans	–	–	487,858	444,856

At December 31, 2024 and September 30, 2025, the Company's secured bank loans amounting to RMB487,858,000 and RMB444,856,000 were secured by certain owned land and buildings of the Company with carrying amount of RMB651,841,000 and RMB473,224,000 and investment properties of the Company with carrying amount of RMB38,957,000 and RMB202,369,000, respectively. Among the secured bank loans stated above, RMB345,358,000 and RMB317,356,000 were also guaranteed by a subsidiary of the Company and the remaining RMB142,500,000 and RMB127,500,000 was unguaranteed, respectively.

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amounts of the above borrowings are repayable:				
Within one year	–	–	52,336	164,836
Within a period of more than one year but not exceeding two years	–	–	164,836	37,336
Within a period of more than two years but not exceeding five years	–	–	112,008	112,008
Within a period of more than five years	–	–	158,678	130,676
	–	–	487,858	444,856
Less: Amounts due within one year shown under current liabilities	–	–	(52,336)	(164,836)
Amounts shown under non-current liabilities	–	–	435,522	280,020

The bank borrowings at December 31, 2024 and September 30, 2025 are all variable-rate borrowings. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Company's borrowings are as follow:

	At December 31,			At September 30,
	2022	2023	2024	2025
Effective interest rate:				
Variable-rate borrowings (per annum)	N/A	N/A	2.58% to 2.70%	2.23% to 2.58%

32. LEASE LIABILITIES

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	14,897	16,866	24,371	26,462
Within a period of more than one year but not more than two years	11,771	19,619	19,963	29,518
Within a period of more than two years but not more than five years	2,326	19,735	64,167	57,638
Within a period of more than five years	–	29,963	16,650	14,176
	28,994	86,183	125,151	127,794
Less: Amount due for settlement with 12 months shown under current liabilities	(14,897)	(16,866)	(24,371)	(26,462)
Amount due for settlement after 12 months shown under non-current liabilities	14,097	69,317	100,780	101,332

As at December 31, 2022, 2023 and 2024 and September 30, 2025, the incremental borrowing rates applied to lease liabilities was 1.48% to 5.51%, 1.48% to 5.51%, 1.48% to 5.51% and 1.48% to 5.51% per annum respectively.

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	9,381	6,168	5,108	4,313
Within a period of more than one year but not more than two years	1,499	1,561	3,461	1,424
Within a period of more than two years but not more than five years	2,506	260	841	–
	13,386	7,989	9,410	5,737
Less: Amount due for settlement with 12 months shown under current liabilities	(9,381)	(6,168)	(5,108)	(4,313)
Amount due for settlement after 12 months shown under non-current liabilities	4,005	1,821	4,302	1,424

As at December 31, 2022, 2023, 2024 and September 30, 2025, the weighted average incremental borrowing rates applied to lease liabilities was 4.15%, 4.15%, 4.01% and 4.01% per annum respectively.

33. REDEMPTION LIABILITIES

On May 27, 2025, the Company and all shareholders of the Company entered into a special right termination agreement that all special rights previously granted to certain shareholders, other than redemption rights which were borne by the controlling shareholder, Mr. Xiang, were terminated upon first submission of the [**REDACTED**] to the Stock Exchange [**REDACTED**]. The redemption rights was remained, and ceased to be exercisable immediately before the first submission of the [**REDACTED**] by the Company, and resumed to be exercisable if (a) the Company voluntarily withdraws the [**REDACTED**]; (b) the [**REDACTED**] is withdrawn, rejected, returned, or otherwise terminated by the relevant regulators; (c) the [**REDACTED**] becomes invalid and the Company fails to resubmit the [**REDACTED**] within six months from the expiry date of first submission of [**REDACTED**], or resubmits the [**REDACTED**] which then becomes expired again; (d) the Company fails to obtain a filing notice for overseas [**REDACTED**] from the China Securities Regulatory Commission; (e) the Company fails to pass the Stock Exchange's [**REDACTED**] hearing, or after the Company passes the hearing, the Company has not [**REDACTED**] and [**REDACTED**] on the Stock Exchange within 12 months from the date of hearing; or (f) the Company fails to achieve the initial [**REDACTED**] of shares on the Stock Exchange before December 31, 2026 for other reasons. Such redemption obligation was also amended from bearing by the controlling shareholder, Mr. Xiang, to the Company, and was effective from May 27, 2025, the date of first submission of the [**REDACTED**]. The redemption amount is the original investment principal from the respective investors plus an annual rate ranging from 5% to 10% per annum of the original investment principal calculated from the relevant receipt date of investments to 1 December 2024 (calculated as 365 days in a calendar year) and deducted the accumulated dividends received by the relevant investors.

The redemption rights granted to the investors constitute as the Company's obligations to repurchase its own equity instruments upon the amendments to the terms of financial instruments as detailed above. On the date of modification, such obligations were recognized as redemption liabilities and are initially measured at fair value (representing the present value of the cash flows for settling the related obligations if these rights are exercised by the investors), with the corresponding amount charged against the other reserve within equity. The redemption liabilities are subsequently measured at amortized cost. The Company applied a discount rate of 2.20% in determining the initial recognition amount of the redemption liabilities.

The movements of redemption liabilities during the nine months ended September 30, 2025 are set out below:

	RMB'000
At January 1, 2025	–
Initial recognition on May 27, 2025	659,395
Imputed interest charged to profit or loss (Note 9)	4,848
At September 30, 2025	664,243

34. SHARE CAPITAL

Share capital of the Company

	Number of shares	**Share capital**
	'000	*RMB'000*
Ordinary shares of RMB1 each		
Registered, issued, and fully paid		
At January 1, 2022, December 31, 2022, 2023 and 2024 and September 30, 2025	360,000	360,000

As at September 30, 2025, among the 360,000,000 ordinary shares issued, 93,933,248 ordinary shares are held by certain shareholders who have redemption rights described in Note 33.

35. SHARE-BASED PAYMENT

In year 2018, the Company has adopted the employee incentive scheme ("the Employee Incentive Scheme") which is valid for ten years since adoption and is subject to termination by the shareholders as provided under the Employee Incentive Scheme and established three limited partnerships, Shenzhen Yuxuan Prudence Technology Partnership (Limited Partnership) 深圳市宇軒穩健科技合夥企業(有限合夥) ("Yuxuan Prudence"), Shenzhen Yuxuan Progress Technology Partnership (Limited Partnership) 深圳市宇軒進取科技合夥企業(有限合夥) ("Yuxuan Progress"), Shenzhen Yuxuan Growth Technology Partnership (Limited Partnership) 深圳市宇軒成長科技合夥企業(有限合夥) ("Yuxuan Growth") as the employee incentive platforms, with a view to improve the enthusiasm and creativity of the eligible participants of the Employee Incentive Scheme (the "Eligible Participants"), promoting the sustainable growth of the performance of the Group, bringing value-added benefits to the Eligible Participants while enhancing the value of the Group, and thus realizing the common development of both the Eligible Participants and the Group. The Eligible Participants shall subscribe for partnership interest therein according to the amount approved by the board of directors of the Company thereby holding indirect interest in the registered capital of the Company.

In July 2018, the Group granted the first phase of awarding shares under the Employee Incentive Scheme (the "2018 Incentive Scheme") to 80 Eligible Participants (the "2018 Eligible Participants") through Yuxuan Prudence and Yuxuan Progress. Yuxuan Prudence and Yuxuan Progress had, in turn, subscribed registered capital of the Company of RMB39,426 and RMB7,025, representing approximately 2.74% and 0.49% of the registered capital of the Company (as at the date of the adoption of the 2018 Incentive Scheme), respectively. The corresponding interests in Yuxuan Prudence and Yuxuan Progress were granted to the 2018 Eligible Participants on October 22, 2018 and all contribution payments have been paid in full. The 2018 Eligible Participants made aggregate contribution payments of RMB24,610,000 and RMB4,385,000 into Yuxuan Prudence and Yuxuan Progress respectively which in turn subscribed for RMB46,451 registered capital of the Company.

In December 2019, the Group granted the second phase of awarding shares under the Employee Incentive Scheme (the "2019 Incentive Scheme") to 89 Eligible Participants (the "2019 Eligible Participants") through Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth. Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth had, in turn, subscribed registered capital of the Company of RMB8,206, RMB4,949 and RMB8,633, representing approximately 0.54%, 0.32% and 0.57% of the registered capital of the Company (as at the date of the adoption of the 2019 Incentive Scheme), respectively. The corresponding interests in Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth were granted to the 2019 Eligible Participants on 30 December 2019 and all contribution payments have been paid in full.

The 2019 Eligible Participants made aggregate contribution payments of RMB5,698,000, RMB3,475,000 and RMB6,060,000 into Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth respectively which in turn subscribed for RMB21,788 registered capital of the Company.

In March 2020, the Group granted the third phase of awarding shares under the Employee Incentive Scheme (the "2020 Incentive Scheme") to 30 Eligible Participants (the "2020 Eligible Participants") through Yuxuan Prudence and Yuxuan Growth. Yuxuan Prudence and Yuxuan Growth had, in turn, subscribed registered capital of the Company of RMB4,272 and RMB813, representing approximately 0.28% and 0.05% of the registered capital of the Company (as at the date of the adoption of the 2020 Incentive Scheme), respectively. The corresponding interests in Yuxuan Prudence and Yuxuan Growth were granted to the 2020 Eligible Participants on March 13, 2020 and all contribution payments have been paid in full. The 2020 Eligible Participants made aggregate contribution payments of RMB3,000,000 and RMB570,000 into Yuxuan Prudence and Yuxuan Growth respectively which in turn subscribed for RMB5,085 registered capital of the Company.

On September 29, 2020, the Company was converted from a limited liability company into a joint stock company with a share capital of RMB60,000,000, comprising 60,000,000 ordinary shares of RMB1 each. The registered capital held by Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth had, in turn, became 2,012,548, 464,268 and 366,259 shares, representing approximately 3.35%, 0.77% and 0.61% of the then total issued shares of the Company, respectively.

On November 19, 2021, the Company issued 3,057,325 new shares to six new investors and the total issued shares of the Company increased to 63,057,325 shares.

On December 23, 2021, with the approval of the shareholders' meeting of the Company, the Company, based on a total share capital of 63,057,325 shares, converted share premium of RMB296,942,675 into new shares at a ratio of 4.7090908947 new shares for every 1 existing share for all shareholders. The share capital of the Company have increased from RMB63,057,325 to RMB360,000,000. Following the increase of share capital, the number of ordinary shares held by Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth was increased to 11,489,819, 2,650,548 and 2,091,006 shares respectively.

During the year ended December 31, 2022, the Group granted the fourth phase of awarding shares under the Employee Incentive Scheme (the "2022 Incentive Scheme") to 30 Eligible Participants (the "2022 Eligible Participants") through Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth. The shares granted to 2022 Eligible Participants were coming from the shares repurchased from the participants of the first, second and third phases of the Employee Incentive Scheme who have resigned. The shares granted to 2022 Eligible Participants through Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth were 1,575,072, 614,149 and 260,291 shares, representing approximately 0.44%, 0.17% and 0.07% of the total issued shares of the Company (as at the date of the adoption of the 2022 Employee Incentive Scheme), respectively. The fair value of the granted shares as of the grant date was RMB44,973,000, as determined by the directors of the Company with reference to valuation carried out by an independent qualified professional valuer not connected to the Group. The fair value at grant date was determined using discounted cash flow model with the key inputs includes growth rates of revenue between 4% and 19% and pre-tax discount rate of 13.80%.

During the year ended December 31, 2023, the Group granted the fifth phase of awarding shares under the Employee Incentive Scheme (the "2023 Incentive Scheme") to one Eligible Participant (the "2023 Eligible Participant") through Yuxuan Prudence and Yuxuan Growth. The shares granted to 2023 Eligible Participant were coming from the shares repurchased from the participants of the first, second, third and fourth phases of the Employee Incentive Scheme who have resigned. The shares granted to 2023 Eligible Participant through Yuxuan Prudence and Yuxuan Growth were 83,737 and 15,763 shares, representing approximately 0.02% and 0.01% of the total issued shares of the Company (as at the date of the adoption of the 2023 Employee Incentive Scheme), respectively. The fair value of the granted shares as at the grant date was RMB1,826,000, as determined by the directors of the Company with reference to valuation carried out by an independent qualified professional valuer not connected to the Group. The fair value at the grant date was determined using discounted cash flow model with the key inputs includes growth rates of revenue between 5% and 20% and pre-tax discount rate of 12.81%.

During the year ended December 31, 2024, the Group granted the sixth phase of awarding shares under the Employee Incentive Scheme (the "2024 Incentive Scheme") to one Eligible Participant (the "2024 Eligible Participant") through Yuxuan Growth. The shares granted to 2024 Eligible Participant were coming from the shares repurchased from the participants of the first, second, third and fourth phases of the Employee Incentive Scheme who have resigned. The shares granted to 2024 Eligible Participant through Yuxuan Growth were 287,657 shares, representing approximately 0.08% of the total issued shares of the Company. The fair value of the granted shares as at the grant date was RMB5,277,000, as determined by the directors of the Company with reference to valuation carried out by an independent qualified professional valuer not connected to the Group. The fair value at the grant date was determined using discounted cash flow model with the key inputs includes growth rates of revenue between 5% and 20% and pre-tax discount rate of 12.81%.

During the nine months ended September 30, 2025, the Group canceled 2023 Incentive Scheme and 2024 Incentive Scheme, which resulted in immediate expense recognition due to acceleration of vesting and granted the seventh phase of awarding shares under the Employee Incentive Scheme (the "2025 Incentive Scheme") to 17 Eligible Participants (the "2025 Eligible Participants") through Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth. The shares granted to 2025 Eligible Participants were coming from the shares originally granted to 2023 Eligible Participant and 2024 Eligible Participant. The shares granted to 2025 Eligible Participants through Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth were 79,502, 177,001 and 123,754 shares, representing approximately 0.02%, 0.05% and 0.03% of the total issued shares of the Company (as at the date of the adoption of the 2025 Employee Incentive Scheme), respectively. The fair value of the granted shares as at the grant date was RMB5,704,000, as determined by the directors of the Company with reference to the recent transaction price between shareholders.

The three limited partnerships were set up for the purpose of administering the Employee Incentive Scheme and holding the shares of the Company granted to the Eligible Participants, and are assessed to be controlled by the Company and consolidated to the Group accordingly.

The granted shares under the first to sixth phase of the Employee Incentive Scheme shall subject to transfer restrictions which is also the vesting condition and such restrictions shall be released from the business day following the third anniversary of the date of [**REDACTED**]. The transfer restrictions are as following:

(i) Eligible Participants are not allowed to withdraw from the partnership platform before the vesting date; and

(ii) if the Eligible Participants resigned before the vesting date, the granted shares will be repurchased by the controlling shareholder of the Company or a party designated by him at the price of the cost plus an annual interest rate of 10% for 2018 Incentive Scheme, 2019 Incentive Scheme and 2020 Incentive Scheme and the cost plus an annual interest rate of 6% for 2022 Incentive Scheme, 2023 Incentive Scheme and 2024 Incentive Scheme.

During the nine months ended September 30, 2025, the Group modified the date relating to transfer restrictions and the granted shares shall be released for the first to sixth phase of the Employee Incentive Scheme as following:

(i) one quarter of the granted share was released from the business day following the first anniversary of the date of [**REDACTED**]; and

(ii) one quarter of the granted share was released from the business day following the second anniversary of the date of [**REDACTED**]; and

(iii) one quarter of the granted share was released from the business day following the third anniversary of the date of [**REDACTED**]; and

(iv) one quarter of the granted share was released from the business day following the fourth anniversary of the date of [**REDACTED**].

The transfer restrictions and the modified date relating to transfer restrictions stated above also applied to the 2025 Employee Incentive Scheme.

In addition to the transfer restrictions sets forth above, the release of the shares shall be further subject to the achievement of the certain performance targets of the Company and the grantee respectively (individually and collectively, the "Performance Target(s)"). The remuneration committee of the board of directors of the Company shall review and determine the fulfilment of the Performance Target(s), and report to the board of directors of the Company accordingly.

During the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, share-based payment expenses amounting to RMB10,595,000, RMB6,373,000, RMB5,745,000, RMB4,291,000 (unaudited) and RMB14,401,000 were recognized respectively. The shares granted but not vested as at December 31, 2022, 2023 and 2024 and September 30, 2025 were 16,231,373 shares.

36. RETIREMENT BENEFIT SCHEME

The employees of the Company and the Company's subsidiaries are members of a state-managed retirement benefit scheme operated by the government in PRC, USA, DEU, AUS, GBR and JPN. These entities are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The retirement benefit scheme contributions amounted to approximately RMB15,987,000, RMB18,672,000, RMB23,945,000, RMB16,421,000 (unaudited) and RMB20,596,000 for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively. No forfeited contributions have been used to reduce the level of contributions during each reporting period.

37. RESERVES OF THE COMPANY

Movement in the Company's reserves

	Share premium	Statutory surplus reserve	Share-based payment reserve	Retained profits	Other reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	562,045	34,369	10,740	319,029	–	926,183
Profit and total other comprehensive income for the year	–	–	–	377,142	–	377,142
Transfer	–	37,714	–	(37,714)	–	–
Dividends recognized as distribution *(Note 14)*	–	–	–	(60,000)	–	(60,000)
Recognition of share-based payment expenses *(Note 35)*	–	–	10,595	–	–	10,595
At December 31, 2022	562,045	72,083	21,335	598,457	–	1,253,920
Profit and total other comprehensive income for the year	–	–	–	412,923	–	412,923
Transfer	–	41,292	–	(41,292)	–	–
Recognition of share-based payment expenses *(Note 35)*	–	–	6,373	–	–	6,373
At December 31, 2023	562,045	113,375	27,708	970,088	–	1,673,216
Profit and total other comprehensive income for the year	–	–	–	333,487	–	333,487
Transfer	–	33,349	–	(33,349)	–	–
Recognition of share-based payment expenses *(Note 35)*	–	–	5,745	–	–	5,745
At December 31, 2024	562,045	146,724	33,453	1,270,226	–	2,012,448
Profit and total other comprehensive income for the period	–	–	–	321,929	–	321,929
Dividends recognized as distribution *(Note 14)*	–	–	–	(200,000)	–	(200,000)
Recognition of redemption liabilities	–	–	–	–	(659,395)	(659,395)
Recognition of share-based payment expenses *(Note 35)*	–	–	14,401	–	–	14,401
At September 30, 2025	562,045	146,724	47,854	1,392,155	(659,395)	1,489,383

38. CAPITAL COMMITMENTS

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	15,492	548,443	27,093	27,247

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investments, at cost	42,885	140,085	150,085	140,085

Details of the principal subsidiaries held by the Company are set out below.

The below table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group.

Name of subsidiaries	Place and date of incorporation/ establishment	Registered/ issued capital	Percentage of attributable equity interest held by the Group — As at December 31, 2022	2023	2024	As at September 30, 2025	As at the date of this report	Principal activities/place of operation	*Notes*
			%	%	%	%	%		
Directly owned:									
Wuhan FS.COM Technology Co., Ltd.* (武漢宇軒飛速通信技術有限公司)	PRC/October 15, 2018	RMB100,000,000/ RMB100,000,000	100	100	100	100	[100]	*Research and development, supply chain management and warehousing/PRC*	ii
FS Innovation (Wuhan) Co., Ltd.* (飛速創新通信技術(武漢)有限公司)	PRC/February 9, 2022	RMB10,000,000/ RMB10,000,000	100	100	100	100	[100]	*After-sales service/PRC*	iv
FS Innovation (Shanghai) Co., Ltd.* (飛速創新通信技術(上海)有限公司)	PRC/November 1, 2021	RMB10,000,000/ RMB10,000,000	100	100	100	100	[100]	*Sales support/PRC*	iv
Wuhan FS.COM Commerce Co., Ltd.* (武漢飛速創新商務服務有限公司)	PRC/July 18, 2024	RMB10,000,000/ RMB10,000,000	–	–	100	100	[100]	*Sales support/PRC*	iv
FS Innovation (Shenzhen) Co., Ltd.* (深圳市飛速創新國際貿易有限公司)	PRC/July 17, 2024	RMB10,000,000/ RMB10,000,000	–	–	100	100	[100]	*Trading/PRC*	iv
FS.COM HK LIMITED	Hong Kong/ November 8, 2016	Hong Kong Dollar ("HKD") 100,000/ HKD100,000	100	100	100	100	[100]	*Trading and sales settlement/HONG KONG*	ii

Name of subsidiaries	Place and date of incorporation/ establishment	Registered/ issued capital	Percentage of attributable equity interest held by the Group — As at December 31 2022	2023	2024	As at September 30, 2025	As at the date of this report	Principal activities/place of operation	*Notes*
			%	%	%	%	%		
Indirectly owned:									
FS.COM INC.	USA/April 30, 2018	United States Dollar ("USD") 20,000/ USD20,000	100	100	100	100	[100]	*Trading and warehousing/USA*	iv
FS.COM GmbH.	DEU/May 11, 2017	Euro ("EUR") 25,000/ EUR25,000	100	100	100	100	[100]	*Trading and warehousing/DEU*	ii
FS.COM PTY LTD	AUS/July 19, 2017	Australian Dollar ("AUD") 10,000/ AUD10,000	100	100	100	100	[100]	*Trading and warehousing/AUS*	ii
FS TECH PTE. LTD.	SGP/June 4, 2018	USD38,000/ USD38,000	100	100	100	100	[100]	*Trading and warehousing/SGP*	ii
FS.COM INNOVATION LTD.	GBR/July 20, 2017	Great Britain Pound ("GBP") 10,000/ GBP10,000	100	100	100	100	[100]	*Trading and warehousing/GBR*	ii
FS JAPAN CO., LTD.	JPN/December 11, 2019	Japanese Yen ("JPY") 10,000,000/ JPY10,000,000	100	100	100	100	[100]	*Trading and warehousing/JPN*	iv
Fiberstore.com Ltd.	Russia/September 7, 2018	Ruble ("RUB") 250,000/ RUB250,000	100	100	–	–	[–]	*Trading and warehousing/Russia*	iii & iv

Notes:

(i) All subsidiaries are limited liability companies or partnership and have adopted December 31 as their financial year end date.

(ii) The financial statements of the Company's subsidiaries established in the PRC and other regions were prepared in accordance with the relevant accounting principles (including Chinese Generally Accepted Accounting Principles ("PRC GAAP"), HKFRS for Private Entities Accounting Standards, IFRS Accounting Standards, Singapore Financial Reporting Standards ("SFRS"), Generally Accepted Accounting Principles in the UK ("UK GAAP"), Australian Accounting Standards ("AAS"), and Handelsgesetzbuch ("HGB")) and regulations. The financial statements for Company's subsidiaries for the years ended December 31, 2022, 2023, and 2024 were audited by the following certified public accountants.

Year ended December 31, 2022

Name of the subsidiaries	Name of certified public accountants	Accounting policies
Wuhan FS.COM Technology Co., Ltd.* (武漢宇軒飛速通信技術有限公司)	Hubei Decheng Certified Public Accountants Firm Co., Ltd.	PRC GAAP
FS.COM HK LIMITED	Global Vision Certified Public Accountants	HKFRS for Private Entities Accounting Standards
FS TECH PTE. LTD.	Veronica L & Associates	SFRS
FS.COM INNOVATION LTD	MAH Professional Services Limited	UK GAAP
FS.COM PTY LTD	Moore Australia (NSW) Audit Pty Limited	AAS
FS.COM GmbH	LPA-GGV Grützmacher Gravert Viegener Partnerschaft mbB	HGB

Year ended December 31, 2023

Name of the subsidiaries	Name of certified public accountants	Accounting policies
Wuhan FS.COM Technology Co., Ltd.* (武漢宇軒飛速通信技術有限公司)	Hubei Decheng Certified Public Accountants Firm Co., Ltd.	PRC GAAP
FS.COM HK LIMITED	Global Vision Certified Public Accountants	IFRS Accounting Standards
FS TECH PTE. LTD.	Veronica L & Associates	SFRS
FS.COM INNOVATION LTD	Alliotts LLP	UK GAAP
FS.COM PTY LTD	Byrons Audit Pty Ltd	AAS
FS.COM GmbH	LPA-GGV Grützmacher Gravert Viegener Partnerschaft mbB	HGB

Year ended December 31, 2024

Name of the subsidiaries	Name of certified public accountants	Accounting policies
Wuhan FS.COM Technology Co., Ltd.* (武漢宇軒飛速通信技術有限公司)	Wuhan Yuntian Certified Public Accountants Firm Co., Ltd.	PRC GAAP
FS.COM HK LIMITED	Global Vision Certified Public Accountants	IFRS Accounting Standards
FS TECH PTE. LTD.	Veronica L & Associates	SFRS
FS.COM INNOVATION LTD	Alliotts LLP	IFRS Accounting Standards
FS.COM PTY LTD	Byrons Audit Pty Ltd	AAS
FS.COM GmbH	LPA-GGV Grützmacher Gravert Viegener Partnerschaft mbB	HGB

* The English translation of the names of the above domestic subsidiaries is for reference only. The official names of these entities are in Chinese.

(iii) On August 3, 2023, Fiberstore.com Ltd. was deregistered.

(iv) No audited financial statements of other entities comprising the Group have been prepared since there are no statutory audit requirements in the PRC, USA, JPN and Russia.

None of the subsidiaries had issued any debt securities as at the end each reporting period.

40. CAPITAL RISK MANAGEMENT

The Group and the Company manage its capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group and the Company's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes bank overdrafts, lease liabilities, redemption liabilities and borrowings, net of bank balances and cash and total equity attributable to owners of the Company, comprising share capital, share premium and retained profits.

The management reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through issue of new shares as well as the issue of new debt or the redemption of existing debt.

41. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortized cost	500,911	989,564	828,074	917,733
Financial assets at FVTPL	390,038	180,347	506,444	694,046
	890,949	1,169,911	1,334,518	1,611,779
Financial liabilities				
Amortized cost	465,317	434,414	892,981	1,471,363

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortized cost	1,129,234	1,494,289	1,548,854	1,435,062
Financial assets at FVTPL	390,038	180,347	506,444	694,046
	1,519,272	1,674,636	2,055,298	2,129,108
Financial liabilities				
Amortized cost	187,284	85,757	761,561	1,291,883

b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade receivables, other receivables and deposits, amounts due from subsidiaries, financial assets at FVTPL, restricted bank deposits, short-term bank deposits, bank balances and cash, trade payables, other payables and accruals, amounts due to subsidiaries, borrowings, lease liabilities, bank overdrafts and redemption liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain bank balances, trade and other receivables, trade and other payables, and amounts due from/to subsidiaries are denominated in foreign currency of respective group entities which exposure the Group and the Company to foreign currency risk. In addition, the Company has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk. The Group and the Company currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The carrying amounts of certain significant foreign currency denominated monetary assets and monetary liabilities of the Group and the Company at the end of each reporting period are mainly as follows:

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
USD	413,406	534,334	997,730	879,077
EUR	324,950	342,552	404,362	426,772
Singapore Dollar ("SGD")	19,385	39,878	185,541	253,715
Canadian Dollar ("CAD")	49,020	70,929	95,017	5,239

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
USD	93,652	151,088	432,822	541,922
EUR	24,520	53,530	115,100	105,228
SGD	–	34,162	193,899	130,964
CAD	71	774	1	100

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
USD	359,003	381,751	596,169	220,213
EUR	311,122	324,581	348,925	186,819
SGD	18,799	39,078	129,007	241,878
CAD	12,887	21,874	26,962	149

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
USD	–	–	4,612	5,244
EUR	–	11,358	10,876	28,041
SGD	–	34,162	171,756	130,750

The Group's and the Company's foreign currency risk is concentrated on the fluctuation of RMB against USD, EUR, SGD and CAD.

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in RMB against USD, EUR, SGD and CAD. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 10% change in foreign currency rates. A positive number below indicates a increase in post-tax profit for the year/period where RMB weakens 10% against other currencies. For a 10% strengthening of RMB against other currencies, there would be an opposite impact on the post-tax profit for the year/period.

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	27,179	32,576	48,017	28,658
EUR	25,537	24,567	24,587	24,116
SGD	1,648	486	(710)	9,206
CAD	3,867	5,542	7,506	488

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	30,515	32,449	50,282	18,272
EUR	26,445	26,624	28,734	13,496
SGD	1,598	418	(3,634)	9,446
CAD	1,095	1,859	2,292	13

(ii) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to restricted bank deposits (Note 25), short-term bank deposits (Note 25), lease liabilities (Note 32) and redemption liabilities (Note 33). The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 25) and variable-rate borrowings (Note 31). The Group and the Company cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on borrowings. The Group and the Company manage its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The management considers that the exposure of fair value interest rate risk in relation to restricted bank deposits, lease liabilities and redemption liabilities is insignificant and no sensitivity analysis is presented accordingly. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate borrowings rate are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 would decrease/increase by RMB336,000, RMB411,000, RMB2,437,000 and RMB1,663,000 respectively. The Company's post-tax profit for the year ended December 31, 2024 and the nine months ended September 30, 2025 would decrease/increase by RMB2,073,000 and RMB1,418,000 respectively. This is mainly attributable to the Group's and the Company's exposure to interest rates on their variable-rate borrowings.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, restricted bank deposits, short-term bank deposits, bank balances and amounts due from subsidiaries. The Group and the Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group and the Company performed impairment assessment for financial assets and other items under ECL model. Information about the Group's and the Company's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarized as below:

Trade receivables

Before accepting any new customer, the Group and the Company use an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced. The Group's concentration of credit risk by geographical locations is mainly in the United States, which accounted for 57%, 54%, 53% and 55% of the total trade receivables as at December 31, 2022, 2023 and 2024 and nine months ended September 30, 2025 respectively. In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

For trade receivables, the Group and the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired with the gross carrying amounts of RMB810,000, RMB1,553,000, RMB1,679,000 and RMB1,892,000 for the Group, and RMB445,000, RMB941,000, RMB547,000 and RMB571,000 for the Company as at December 31, 2022, 2023 and 2024 and September 30, 2025 respectively, the Group and the Company determines the ECL on these items on a collective basis, grouped by aging of trade receivables. Details of the quantitative disclosures are set out below in this note.

Other receivables and deposits

For other receivables and deposits with gross carrying amount of RMB10,699,000, RMB19,415,000, RMB25,856,000 and RMB25,082,000 for the Group, and RMB6,168,000, RMB6,240,000, RMB5,811,000 and RMB4,139,000 for the Company as at December 31, 2022, 2023 and 2024 and September 30, 2025 respectively, the management makes periodic assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group and the Company assessed impairment based on 12m ECL. During the years ended December 31, 2022 and 2024, the Group made a reversal of RMB6,000 and RMB78,000 respectively for impairment allowance. During the year ended December 31, 2023 and the nine months ended September 30, 2025, RMB101,000 and RMB111,000 of impairment losses have been recognized respectively. During the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the Company made a reversal of RMB9,000, RMB9,000, RMB62,000 and RMB51,000 respectively for impairment allowance. During the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, RMB4,000, RMBnil, RMBnil and RMBnil of impairment losses have been written-off respectively by the Group.

Restricted bank deposits, short-term bank deposits and bank balances

The gross carrying amounts of restricted bank deposits were RMB16,799,000, RMB14,662,000, RMB17,363,000 and RMB32,011,000 for the Group, and RMB800,000, RMB800,000, RMB800,000 and RMB800,000 for the Company as at December 31, 2022, 2023 and 2024 and September 30, 2025 respectively. The gross carrying amount of short-term bank deposits of the Group and the Company was RMB93,000,000 and RMB23,400,000 as at December 31, 2024 and September 30, 2025 respectively. The gross carrying amounts of bank balances were RMB370,720,000, RMB833,308,000, RMB537,575,000, and RMB619,329,000 for the Group, and RMB211,736,000, RMB602,512,000, RMB212,146,000, and RMB114,181,000 for the Company as at December 31, 2022, 2023 and 2024 and September 30, 2025 respectively. Credit risk on these financial assets is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group and the Company assessed restricted bank deposits, short term bank deposits and bank balances on 12m ECL basis by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits, short-term bank deposits, and bank balances is considered to be insignificant and therefore no loss allowance was recognized.

Trade and non-trade nature amounts due from subsidiaries

The Company regularly monitors the business performance of the subsidiaries. The gross carrying amounts of the Company's trade and non-trade nature amounts due from subsidiaries were RMB898,530,000, RMB872,935,000, RMB1,222,072,000 and RMB1,288,225,000 as at December 31, 2022, 2023 and 2024 and September 30, 2025 respectively. The Company's credit risks in balances with the subsidiaries are mitigated through the value of the assets held by these entities and the power to participate the relevant activities of these entities. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Company provided impairment based on 12m ECL. During the year ended December 31, 2023, RMB4,066,000 impairment loss has been recognized and written off.

Provision matrix — debtors' aging

As part of the Group's credit risk management, the Group and the Company uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

Gross carrying amount

The Group

	December 31, 2022		December 31, 2023		December 31, 2024		September 30, 2025	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
1 – 90 days	0.13%	94,113	0.09%	115,492	0.10%	146,987	0.16%	210,931
91 – 180 days	0.73%	7,206	1.55%	5,277	1.47%	4,729	2.29%	5,769
181 – 360 days	8.89%	2,041	16.79%	2,422	10.88%	3,494	15.01%	2,503
		103,360		123,191		155,210		219,203

The Company

	December 31, 2022		December 31, 2023		December 31, 2024		September 30, 2025	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
1 – 90 days	0.12%	9,321	0.09%	10,477	0.10%	12,720	0.16%	2,250
91 – 180 days	0.73%	1,529	1.55%	1,270	1.47%	1,058	2.29%	1,340
181 – 360 days	8.89%	1,523	16.79%	348	10.88%	1,593	15.01%	1,005
		12,373		12,095		15,371		4,595

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at December 31, 2022, 2023 and 2024 and September 30, 2025, the Group recognized impairment allowance of RMB1,163,000, RMB2,145,000, RMB2,273,000 and RMB2,731,000 and the Company recognized impairment allowance of RMB603,000, RMB1,028,000, RMB749,000 and RMB756,000 for trade receivables respectively.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables:

The Group

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Beginning balance	1,420	1,163	2,145	2,273
Loss allowance (reversed) recognized, net				
– Credit-impaired	(264)	724	363	1,016
– Not credit-impaired	(2)	834	723	511
Write-offs				
– Credit-impaired	(24)	–	(227)	(832)
– Not credit-impaired	–	(605)	(717)	(277)
Exchange difference	33	29	(14)	40
Closing balance	1,163	2,145	2,273	2,731
Analyzed as:				
– Credit-impaired	810	1,553	1,679	1,892
– Not credit-impaired	353	592	594	839
	1,163	2,145	2,273	2,731

The Company

	At December 31,			At September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Beginning balance	976	603	1,028	749
Loss allowance (reversed) recognized, net				
– Credit-impaired	(405)	496	(168)	490
– Not credit-impaired	32	50	115	(15)
Write-offs				
– Credit-impaired	–	–	(226)	(466)
– Not credit-impaired	–	(121)	–	(2)
Closing balance	603	1,028	749	756
Analyzed as:				
– Credit-impaired	445	941	547	571
– Not credit-impaired	158	87	202	185
Total	603	1,028	749	756

The Group and the Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one years, whichever occurs earlier.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of bank balances and cash deemed adequate by the management of the Group and the Company to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The management of the Group and the Company monitors the utilization of bank borrowings.

The Group relies on bank borrowings as a significant source of liquidity. As at December 31, 2022, 2023 and 2024 and September 30, 2025, the Group has available unutilized overdraft of nil, RMB100,000,000, RMB130,000,000 and RMB30,000,000 respectively.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on management's best estimates at the end of each reporting period, taking into consideration interest rate curve, if available.

The Group

	Interest rate	On demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022						
Trade payables	–	345,630	–	–	345,630	345,630
Other payables and accruals	–	30,412	7,116	–	37,528	37,528
Bank overdrafts	–	3,144	–	–	3,144	3,144
Borrowings	4.30 – 4.80	12,250	46,432	37,499	96,181	79,015
Lease liabilities	1.48 – 5.51	15,692	14,620	–	30,312	28,994
		407,128	68,168	37,499	512,795	494,311

	Interest rate	On demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023						
Trade payables	–	278,330	–	–	278,330	278,330
Other payables and accruals	–	51,442	3,637	–	55,079	55,079
Bank overdrafts	–	4,226	–	–	4,226	4,226
Borrowings	2.90 – 4.80	15,057	55,616	42,917	113,590	96,779
Lease liabilities	1.48 – 5.51	20,320	48,073	33,622	102,015	86,183
		369,375	107,326	76,539	553,240	520,597

	Interest rate	On demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024						
Trade payables	–	251,449	–	–	251,449	251,449
Other payables and accruals	–	63,623	–	–	63,623	63,623
Bank overdrafts	–	4,549	–	–	4,549	4,549
Borrowings	2.58 – 4.15	78,568	355,038	197,966	631,572	573,360
Lease liabilities	1.48 – 5.51	29,524	104,737	18,007	152,268	125,151
		427,713	459,775	215,973	1,103,461	1,018,132

	Interest rate	On demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At September 30, 2025						
Trade payables	–	217,423	–	–	217,423	217,423
Other payables and accruals	–	61,928	–	–	61,928	61,928
Bank overdrafts	–	5,976	–	–	5,976	5,976
Borrowings	2.23 - 2.95	186,737	218,776	156,904	562,417	521,793
Lease liabilities	1.48 - 5.51	31,773	99,335	14,882	145,990	127,794
Redemption liabilities	2.2	–	682,746	–	682,746	664,243
		503,837	1,000,857	171,786	1,676,480	1,599,157

The Company

	Interest rate	On demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022						
Trade payables	–	147,263	–	–	147,263	147,263
Other payables and accruals	–	6,062	–	–	6,062	6,062
Amounts due to subsidiaries	–	33,959	–	–	33,959	33,959
Lease liabilities	4.15	9,762	4,094	–	13,856	13,386
		197,046	4,094	–	201,140	200,670

	Interest rate	On demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023						
Trade payables	–	2,474	–	–	2,474	2,474
Other payables and accruals	–	6,081	–	–	6,081	6,081
Amounts due to subsidiaries	–	77,202	–	–	77,202	77,202
Lease liabilities	4.15	6,410	1,868	–	8,278	7,989
		92,167	1,868	–	94,035	93,746

	Interest rate	On demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024						
Trade payables	–	82	–	–	82	82
Other payables and accruals	–	14,320	–	–	14,320	14,320
Amounts due to subsidiaries	–	259,301	–	–	259,301	259,301
Borrowings	2.58 – 2.70	64,821	303,391	168,101	536,313	487,858
Lease liabilities	4.01	5,374	4,398	–	9,772	9,410
		343,898	307,789	168,101	819,788	770,971

	Interest rate	On demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At September 30, 2025						
Trade payables	–	45	–	–	45	45
Other payables and accruals	–	13,295	–	–	13,295	13,295
Amounts due to subsidiaries	–	169,444	–	–	169,444	169,444
Borrowings	2.23 - 2.58	173,628	169,076	136,263	478,967	444,856
Lease liabilities	4.01	4,436	1,445	–	5,881	5,737
Redemption liabilities	2.2	–	682,746	–	682,746	664,243
		360,848	853,267	136,263	1,350,378	1,297,620

42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's and the Company's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

(i) Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis

Investments in structured deposit are measured at their fair values in the statements of financial position. The Group and the Company categorized these structured deposits as Level 2 of the fair value hierarchy because they are valued with reference to recent transaction price. No significant unobservable input is used for the fair value valuation. There were no transfers between Level 1 and 2 during the Track Record Period.

(ii) Fair value of the Group's and the Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recognized in the Historical Financial Information approximate their fair values.

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities	Borrowings	Dividend payable	Redemption liabilities	Accrued [REDACTED] costs	Total
	RMB'000 *(Note 32)*	*RMB'000* *(Note 31)*	*RMB'000*	*RMB'000*	*RMB'000* *(Note 27)*	*RMB'000*
At January 1, 2022	33,174	15,956	–	–	[REDACTED]	49,130
Financing cash flows	(26,698)	59,657	(60,000)	–	[REDACTED]	(27,041)
New leases entered	21,409	–	–	–	[REDACTED]	21,409
Interest expenses	1,109	3,402	–	–	[REDACTED]	4,511
Early termination of leases	–	–	–	–	[REDACTED]	–
Dividend declared	–	–	60,000	–	[REDACTED]	60,000

	Lease liabilities	Borrowings	Dividend payable	Redemption liabilities	Accrued [REDACTED] costs	Total
	RMB'000 *(Note 32)*	*RMB'000* *(Note 31)*	*RMB'000*	*RMB'000*	*RMB'000* *(Note 27)*	*RMB'000*
At December 31, 2022	28,994	79,015	–	–	[REDACTED]	108,009
Financing cash flows	(21,691)	14,407	–	–	[REDACTED]	(7,284)
New lease entered	78,354	–	–	–	[REDACTED]	78,354
Interest expenses	1,298	3,357	–	–	[REDACTED]	4,655
Early termination of leases	(772)	–	–	–	[REDACTED]	(772)
At December 31, 2023	86,183	96,779	–	–	[REDACTED]	182,962
Financing cash flows	(25,789)	462,950	–	–	[REDACTED]	437,161
New lease entered and lease modified	62,232	–	–	–	[REDACTED]	62,232
Interest expenses	4,913	13,631	–	–	[REDACTED]	18,544
Early termination of leases	(2,388)	–	–	–	[REDACTED]	(2,388)
At December 31, 2024	125,151	573,360	–	–	[REDACTED]	698,511
Financing cash flows	(24,119)	(61,645)	(200,000)	–	[REDACTED]	(289,126)
New lease entered and lease modified	25,271	–	–	–	[REDACTED]	25,271
Interest expenses	5,071	10,078	–	4,848	[REDACTED]	19,997
Early termination of leases	(3,580)	–	–	–	[REDACTED]	(3,580)
Dividend declared	–	–	200,000	–	[REDACTED]	200,000
Recognition of redemption liabilities	–	–	–	659,395	[REDACTED]	659,395
Deferred issue costs	–	–	–	–	[REDACTED]	4,697
At September 30, 2025	127,794	521,793	–	664,243	[REDACTED]	1,315,165
At January 1, 2024	86,183	96,779	–	–	[REDACTED]	182,962
Financing cash flows	(17,129)	479,079	–	–	[REDACTED]	461,950
New leases entered and lease modified	41,179	–	–	–	[REDACTED]	41,179
Interest expenses	3,168	9,655	–	–	[REDACTED]	12,823
Early termination of leases	(2,386)	–	–	–	[REDACTED]	(2,386)
At September 30, 2024 (unaudited)	111,015	585,513	–	–	[REDACTED]	696,528

44. RELATED PARTY TRANSACTIONS

Other than as disclosed in Notes 23, 28 and 31 in the Historical Financial Information, the Group has following transactions and balances with related parties:

The Group

Name	Nature of transaction	Year ended December 31, 2022	2023	2024	Nine months ended September 30, 2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cloud Venture LLC	Licensing fee	–	817	6,767	5,083	5,105

Note: Cloud Venture LLC is controlled by the spouse of Mr. Xiang.

Compensation of key management personnel

The remuneration of directors of the Company, chief executive officer and other members of key management of the Group during the Track Record Period was as follows:

	Year ended December 31, 2022	2023	2024	Nine months ended September 30, 2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and other benefits in kind . .	4,705	6,760	8,756	6,389	6,815
Discretionary bonus	1,263	1,775	2,046	–	–
Retirement benefit scheme contributions	214	334	361	269	293
Share-based payment expenses	3,010	2,492	2,449	2,430	8,114
	9,192	11,361	13,612	9,088	15,222

Guarantees from a related party

Other than as disclosed in Note 31, the Group obtained banking facility of nil, RMB100,000,000, RMB130,000,000 and RMB30,000,000 as of December 31, 2022, 2023 and 2024 and September 30, 2025 from independent commercial banks, respectively. Such facility is secured by personal guarantee of Mr. Xiang. The Group did not utilize such banking facility as at each reporting period. [In the opinion of the directors of the Company, such personal guarantee will be released before [**REDACTED**] of the Company's shares on the Stock Exchange.]

Redemption rights of the certain shareholders granted by Mr. Xiang

Prior to the Track Record Period, certain shareholders had been granted the redemption right by Mr. Xiang ("Mr. Xiang's Redemption Obligation"). The Company is not a party to the Mr. Xiang's Redemption Obligation. Pursuant to another supplemental agreement entered into by the Company and all shareholders of the Company on May 27, 2025, the Mr. Xiang's Redemption Obligation was terminated prior to the first submission of the [**REDACTED**].

The Company has not provided any form of guarantee in connection with any potential default or failure by Mr. Xiang to fulfill his obligations relating to Mr. Xiang's Redemption Obligation. Accordingly, no financial liability regarding Mr. Xiang's Redemption Obligation was recorded by the Company prior to the first submission of the [**REDACTED**].

45. EVENTS AFTER THE REPORTING PERIOD

[There were no material events taken place subsequent to September 30, 2025.]

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries, have been prepared in respect of any period subsequent to September 30, 2025.

The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended December 31, 2024 and the nine months ended September 30, 2025 (the "Accountants' Report") prepared by [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this document, and is included in this document for information only.

The unaudited [**REDACTED**] *financial information should be read in conjunction with the section headed "Financial information" in this document and the Accountants' Report set out in Appendix I to this document.*

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the [**REDACTED**] (as defined in this document) on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at September 30, 2025 as if the [**REDACTED**] had taken place on such date.

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at September 30, 2025 or any future dates following the [**REDACTED**].

The following unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at September 30, 2025 as derived from the Accountants' Report, the text of which is set out in Appendix I to this document, and adjusted as described below:

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at September 30, 2025	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at September 30, 2025	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at September 30, 2025 per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HKD*
	Note 1	*Note 2*		*Note 3*	*Note 4*
Based on a minimum [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]	1,969,893	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Based on a maximum [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]	1,969,893	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

1. The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at September 30, 2025 is based on the consolidated net assets of the Group amounted to RMB1,984,512,000 with adjustment for intangible assets of RMB14,619,000 as at September 30, 2025 as extracted from the Accountants' Report set out in Appendix I to this document.

2. The estimated net [**REDACTED**] from the [**REDACTED**] are based on [**REDACTED**] H Shares at indicative [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**], being the low-end and high-end of the stated [**REDACTED**] range, respectively, after deduction of the estimated [**REDACTED**] and fees and other [**REDACTED**] related expenses and [**REDACTED**] incurred and to be incurred by the Group (excluding [**REDACTED**] recognised in profit or loss prior to September 30, 2025). The calculation of such estimated net [**REDACTED**] does not assume (i) the exercise of the [**REDACTED**], or (ii) any Shares which may be issued or repurchased by the Company pursuant to the general mandate.

   For the purpose of this unaudited [**REDACTED**] financial information, the estimated net [**REDACTED**] from the [**REDACTED**] is converted from Hong Kong dollars into Renminbi at an exchange rate of [HK$1.100] to RMB1.00, which was the exchange rate prevailing on [December 3, 2025] with reference to the rate published by the People's Bank of China. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at all.

3. The unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group as at September 30, 2025 per Share has been arrived on the basis of a total of [**REDACTED**] Shares, comprising 360,000,000 Shares in issue as at September 30, 2025, excluding [16,231,373] shares held by Yuxuan Growth, Yuxuan Progress and Yuxuan Prudence for Employee Incentive Scheme of the Group, which represent treasury shares as detailed in Note 35 to the Accountants' Report, and [[**REDACTED**] H Shares] to be issued, assuming that the [**REDACTED**] has been completed on September 30, 2025. It does not take into account (i) any shares which may be issued upon the exercise of the [**REDACTED**], (ii) any shares which may be vested upon [**REDACTED**] under the Employee Incentive Scheme of the Group or (iii) any shares which may be issued or repurchased by the Company pursuant to the Company's general mandates.

4. The unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at September 30, 2025 is converted from Renminbi to Hong Kong dollars at an exchange rate of RMB1.00 to [HK$1.100], which was the exchange rate prevailing on [December 3, 2025] with reference to the rate published by the People's Bank of China. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

5. No adjustment has been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025 to reflect any trading result or other transaction of the Group entered into subsequent to September 30, 2025. In particular, the unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as shown on page II-1 have not been adjusted to illustrate the effect of the following:

   Upon completion of the [**REDACTED**], all redemption rights entitled to the Company's investors will be terminated and the redemption liabilities recognized due to these redemption rights will be reclassified to equity. Accordingly, for the purpose of the unaudited [**REDACTED**] financial information, the unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to the owners of the Company will be increased by RMB664,243,000, being the carrying amount of the redemption liabilities as at September 30, 2025.

   The above effect would have adjusted the unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at September 30, 2025 per Share to [RMB10.96] (equivalent to [HK$12.06], based on an exchange rate of RMB1.00 to [HK$1.100], as detailed in Note 4 above) based on an [**REDACTED**] of [HK$[**REDACTED**]] per [**REDACTED**] and [RMB12.20] (equivalent to [HK$13.42], based on an exchange rate of RMB1.00 to [HK$1.100] as detailed in Note 4 above) based on an [**REDACTED**] of [HK$[**REDACTED**]] per [**REDACTED**], respectively. The above illustration does not take into account (i) any shares which may be issued upon the exercise of the [**REDACTED**], (ii) any shares which may be vested upon [**REDACTED**] under the Employee Incentive Scheme of the Group or (iii) any shares which may be issued or repurchased by the Company pursuant to the Company's general mandates.

6. Certain property interest of the Group as at October 31, 2025 has been valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer. By comparing the valuation of the Group's property interest of approximately RMB[827,900,000] provided by Jones Lang LaSalle Corporate Appraisal and Advisory Limited and the carrying amounts of this property of approximately RMB[751,161,000] as at September 30, 2025, the valuation surplus is approximately RMB[76,739,000], which was not reflected in the above adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025. The revaluation surplus has not been included in the Historical Financial Information as at September 30, 2025 as set out in Appendix I to this document. If the revaluation surplus was recorded in the Group's consolidated financial statements, the annual depreciation of the Group would increase by approximately RMB[2,436,000].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2025 of the selected property interest held by the Group.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

[Date]

The Board of Directors
FS.COM Limited
1903-1904, Block C
China Resources Land Building
Da Chong Community, Yuehai Street
Nanshan District
Shenzhen
Guangdong Province
The PRC

Dear Sirs,

In accordance with your instructions to value the selected property interest held by **FS.COM Limited** (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the selected property interest as at 31 October 2025 (the "**valuation date**").

The selected property interest forms part of non-property activities that each property has a carrying amount of 15% or more of the Group's total assets and therefore the valuation of the property interest is required to be included in this Document.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property held for owner-occupation by the Group by the comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including Purchase Contract, Real Estate Title Certificate and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisor — Zhong Lun Law Firm, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 01 December 2025 by Mrs. Daisy Zhang who is a China Certified Public Valuer and has more than 5 years' experience in the valuation of properties in the PRC.

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (3rd Edition)."

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realisable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S. (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 31 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held for owner-occupation by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
			RMB
Fifty-nine office units and eight commercial units of Phase I of Optics Valley Innovation World located at No. 188 Gaokeyuan West Road Donghu New Technology Development Zone Wuhan City Hubei Province The PRC	The property is located at No. 188 Gaokeyuan West Road near its junction with Shendun First Road to its south. It is about 30 minutes' driving distance to the Wuhan Railway Station. The locality is a well-developed office area with mature and sophisticated infrastructural facilities. The property comprises fifty-nine office units and eight commercial units of Phase I of Optics Valley Innovation World, which were completed in December 2022. The property has a total gross floor area of approximately 67,884.35 sq.m. The classification, usage and gross floor area details of the property are set out in note 2. The land use rights of the property have been granted for a term expiring on 4 May 2057 for commercial and service uses.	As at the valuation date, the property was occupied by the Group for office and commercial uses.	827,900,000

Notes:

1. Pursuant to 67 Commercial Housing Sales and Purchase Contracts (ready for sale property) of Wuhan City, the property with a gross floor area of approximately 67,884.35 sq.m. was purchased by the Company in December 2023 at a total purchase price of RMB746.73 million.

2. Pursuant to 67 Real Estate Title Certificates, the land use rights of the land parcel of the property with a total site area of approximately 353,740.76 sq.m.(including the land use rights of the property) have been granted to the Company for a term expiring on 4 May 2057 for commercial and service uses. The property with a gross floor area of approximately 67,884.35 sq.m. is owned by the Company. Details of the gross floor area of the property are as below:

Unit No.	Real Estate Title Certificates – E(2024) Wu Han Shi Dong Kai Bu Dong Chan Quan Di Nos.	Gross Floor Area	Usage
		(sq.m.)	
Unit 101, Level 1, Entrance T1, Building B10 . . .	0012960	290.73	Commercial
Unit 102, Level 1, Entrance T1, Building B10 . . .	0012998	266.10	Commercial
Unit 201, Level 2, Entrance T1, Building B10 . . .	0012968	976.64	Office
Unit 202, Level 2, Entrance T1, Building B10 . . .	0012975	340.31	Office
Unit 301, Level 3, Entrance T1, Building B10 . . .	0012997	1,682.65	Office
Unit 401, Level 4, Entrance T1, Building B10 . . .	0012995	1,833.73	Office
Unit 501, Level 5, Entrance T1, Building B10 . . .	0012961	1,250.82	Office
Unit 601, Level 6, Entrance T1, Building B10 . . .	0012988	1,276.11	Office

Unit No.	Real Estate Title Certificates – E(2024) Wu Han Shi Dong Kai Bu Dong Chan Quan Di Nos.	Gross Floor Area	Usage
		(sq.m.)	
Unit 701, Level 7, Entrance T1, Building B10 . . .	0012983	1,276.11	Office
Unit 801, Level 8, Entrance T1, Building B10 . . .	0013020	1,276.11	Office
Unit 901, Level 9, Entrance T1, Building B10 . . .	0013012	1,276.11	Office
Unit 1001, Level 10, Entrance T1, Building B10 .	0012956	1,276.11	Office
Unit 1101, Level 11, Entrance T1, Building B10 .	0012987	1,276.11	Office
Unit 1201, Level 12, Entrance T1, Building B10 .	0013016	1,276.11	Office
Unit 1301, Level 13, Entrance T1, Building B10 .	0012965	1,276.11	Office
Unit 1401, Level 14, Entrance T1, Building B10 .	0012964	1,276.11	Office
Unit 1501, Level 15, Entrance T1, Building B10 .	0012969	1,276.11	Office
Unit 1601, Level 16, Entrance T1, Building B10 .	0012996	1,276.11	Office
Unit 201, Level 2, Entrance P1, Building B10 . . .	0013008	839.01	Office
Unit 301, Level 3, Entrance P1, Building B10 . . .	0012999	839.01	Office
Unit 401, Level 4, Entrance P1, Building B10 . . .	0012957	206.14	Office
Unit 402, Level 4, Entrance P1, Building B10 . . .	0013006	839.13	Office
Unit 102, Level 1, Entrance T2, Building B10 . . .	0013010	221.27	Commercial
Unit 101, Level 1, Entrance T2, Building B10 . . .	0012966	208.83	Commercial
Unit 201, Level 2, Entrance T2, Building B10 . . .	0013000	763.13	Office
Unit 301, Level 3, Entrance T2, Building B10 . . .	0012985	1,082.43	Office
Unit 401, Level 4, Entrance T2, Building B10 . . .	0012974	1,063.54	Office
Unit 501, Level 5, Entrance T2, Building B10 . . .	0012962	1,093.64	Office
Unit 601, Level 6, Entrance T2, Building B10 . . .	0012994	1,068.59	Office
Unit 701, Level 7, Entrance T2, Building B10 . . .	0012973	1,068.59	Office
Unit 801, Level 8, Entrance T2, Building B10 . . .	0013003	1,068.59	Office
Unit 901, Level 9, Entrance T2, Building B10 . . .	0012978	1,068.59	Office
Unit 1001, Level 10, Entrance T2, Building B10 .	0013004	1,068.59	Office
Unit 1101, Level 11, Entrance T2, Building B10 .	0013001	1,068.59	Office
Unit 1201, Level 12, Entrance T2, Building B10 .	0012959	1,068.59	Office
Unit 1301, Level 13, Entrance T2, Building B10 .	0012977	1,068.59	Office
Unit 201, Level 2, Entrance P2, Building B10 . . .	0012967	1,229.85	Office
Unit 301, Level 3, Entrance P2, Building B10 . . .	0012984	1,241.42	Office
Unit 401, Level 4, Entrance P2, Building B10 . . .	0012992	1,393.33	Office
Unit 101, Level 1, Entrance P3, Building B11 . . .	0012989	389.72	Commercial
Unit 102, Level 1, Entrance P3, Building B11 . . .	0013007	340.62	Commercial
Unit 201, Level 2, Entrance P3, Building B11 . . .	0013005	1,340.23	Office
Unit 301, Level 3, Entrance P3, Building B11 . . .	0012991	1,444.45	Office
Unit 401, Level 4, Entrance P3, Building B11 . . .	0012955	1,740.42	Office
Unit 201, Level 2, Entrance P4, Building B11 . . .	0012953	857.48	Office
Unit 301, Level 3, Entrance P4, Building B11 . . .	0012958	857.48	Office
Unit 401, Level 4, Entrance P4, Building B11 . . .	0012972	857.48	Office
Unit 101, Level 1, Entrance T3, Building B11 . . .	0012976	204.84	Commercial
Unit 102, Level 1, Entrance T3, Building B11 . . .	0012980	195.02	Commercial
Unit 201, Level 2, Entrance T3, Building B11 . . .	0013009	742.59	Office
Unit 301, Level 3, Entrance T3, Building B11 . . .	0012990	1,054.66	Office
Unit 401, Level 4, Entrance T3, Building B11 . . .	0013018	1,086.28	Office
Unit 501, Level 5, Entrance T3, Building B11 . . .	0013014	1,066.00	Office
Unit 601, Level 6, Entrance T3, Building B11 . . .	0012979	1,053.49	Office
Unit 701, Level 7, Entrance T3, Building B11 . . .	0012986	1,053.49	Office
Unit 801, Level 8, Entrance T3, Building B11 . . .	0012970	1,053.49	Office
Unit 901, Level 9, Entrance T3, Building B11 . . .	0012981	1,053.49	Office
Unit 1001, Level 10, Entrance T3, Building B11 .	0013013	1,053.49	Office
Unit 1101, Level 11, Entrance T3, Building B11 .	0012954	1,053.49	Office
Unit 1201, Level 12, Entrance T3, Building B11 .	0013017	1,053.49	Office
Unit 1301, Level 13, Entrance T3, Building B11 . .	0013002	1,053.49	Office

Unit No.	Real Estate Title Certificates – E(2024) Wu Han Shi Dong Kai Bu Dong Chan Quan Di Nos.	Gross Floor Area	Usage
		(sq.m.)	
Unit 1401, Level 14, Entrance T3, Building B11	0013015	1,053.49	Office
Unit 1501, Level 15, Entrance T3, Building B11	0013011	1,053.49	Office
Unit 1601, Level 16, Entrance T3, Building B11	0012982	1,053.49	Office
Unit 201, Level 2, Entrance P5, Building B11	0012963	1,230.70	Office
Unit 301, Level 3, Entrance P5, Building B11	0012971	1,245.75	Office
Unit 401, Level 4, Entrance P5, Building B11	0012993	1,394.60	Office

3. According to the information provided by the Group, the gross floor area of the property is set out as below:

Usage	Gross Floor Area
	(sq.m.)
Office	65,767.22
Commercial	2,117.13
Total:	**67,884.35**

4. In undertaking our valuation of the property, considering the location, size, usage, building quality and condition of the property, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property and the unit price of these comparable properties ranges from RMB11,000 to RMB13,000 per sq.m. for office units and RMB12,000 to RMB15,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size, building age and other characters between the comparable properties and the property to arrive at the assumed unit rate of the property.

5. We have been provided with the legal opinion containing the property interests by the Company's PRC legal advisor, which contains, inter alia, the following:

   a. The Company has obtained the complete real estate title certificates and is the legal owner the property;

   b. The property does not have any property rights disputes and there is no situation of being sealed or asset frozen; and

   c. The property has been mortgaged to Bank of China Limited Shenzhen High Tech Zone Branch with a loan amount of RMB150.00 million for a term expiring on 21 March 2026 and a loan amount of RMB373.36 million for a term expiring on 22 February 2034.

OVERVIEW

This Appendix provides a summary of the key terms of the Articles of Association of the Company. As this Appendix mainly provides prospective investors with an overview of the Articles of Association of the Company, it may not contain all the information that may be important to prospective investors. The full Chinese version of the Articles of Association of the Company can be viewed in accordance with the section headed "Appendix VI – Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in this document.

SHARES

Share Issuance

The shares of the Company shall be in the form of stocks.

The Company issues its shares in an open, fair and just manner, and each share of the same class carries equal rights.

Shares of the same class issued at the same time shall be issued on the same conditions and at the same price; all entities or individuals shall pay the same price for each share.

All shares issued by the Company are ordinary shares, denominated in Renminbi, with a par value of RMB1.00 per share.

Increase, Reduction and Repurchase of Shares

Increase of Registered Capital

The Company may, in accordance with laws, regulations, and resolutions passed at the general meeting, increase its capital as needed for its operations and development through the following means:

(1) public offering of shares;

(2) private placing of shares;

(3) bonus issue to existing shareholders;

(4) conversion of capital reserve into share capital;

(5) Other means approved by the laws, administrative regulations, CSRC and relevant competent authorities.

Reduction of Registered Capital

Our Company may reduce our registered capital. When we do so, we shall comply with the Company Law, the Hong Kong Listing Rules and other related regulations, and the procedures stipulated in the Articles of Association of the Company.

If the Company needs to reduce its registered capital, it shall prepare a balance sheet and a list of assets.

The Company shall notify its creditors within ten days from the date on which the resolution for capital reduce is passed, and shall publish an announcement within thirty days from the date of such resolution in the newspaper designated in the Articles of Association or on the National Enterprise Credit Information Publicity System. Creditors shall have the right, within thirty days from the date of receipt of such notice, or within forty-five days from the date of the announcement if no such notice is received, to require the Company to repay debts or provide guarantees regarding such debts.

Repurchase of Shares

The Company shall not repurchase its shares, except in one of the following circumstances:

(1) The Company reduces its registered capital;

(2) The Company merges with other companies holding its shares;

(3) The Company uses its shares for employee share ownership schemes or share incentive schemes;

(4) The Company is required to repurchase shares held by shareholders who voted against any resolution passed at the general meeting in respect of the merger or division of the Company;

(5) It uses shares for conversion of corporate bonds issued by the Company that could be converted into its share certificates;

(6) It is necessary for the Company to maintain its value and rights and interests of Shareholders;

(7) Other circumstances permitted under the laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

The Company may acquire its own shares by means of public centralized trading or other means that are approved by laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's shares are listed, and other means approved by the CSRC. If the Company acquires its own shares in the circumstances specified in items (3), (5), or (6) above, it shall do so through public centralized trading.

If the Company acquires its own shares in the circumstances specified in items (1) and (2) above, it shall do so through a resolution at the general meeting. If the Company acquires its own shares in the circumstances specified in items (3), (5), or (6) above, it shall do so in accordance with the Articles of Association of the Company or through a mandate by the general meeting and with resolution passed at a meeting of the Board of Directors attended by more than two-thirds of the Directors, except for otherwise provided in the Hong Kong Listing Rules.

After the Company acquires its own shares in accordance with the above-mentioned provisions, in case of item (1), such shares shall be cancelled within ten days from the date of acquisition; in case of items (2) or (4), such shares shall be transferred or cancelled within six months; in case of items (3), (5) or (6), the number of its own shares held by the Company in aggregate shall not exceed 10% of the total number of Company's shares in issue, and such shares shall be transferred or cancelled within three years.

Transfer of Shares

The Company's shares shall be transferred in accordance with the law.

The Company does not accept any of its own shares as the subject of pledge.

Shares issued by the Company prior to the public issuance of shares shall not be transferred within one year from the date of listing and trading of the Company's shares on the stock exchange. Where there are separate provisions under the laws, administrative regulations and rules, and as prescribed by the CSRC regarding the transfer of the shares of the Company held by the shareholders of the listed company or the de facto controller, such provisions shall prevail.

Directors, supervisors and senior management personnel of the Company shall declare to the Company the shares held by them in the Company and the changes therein, and shall not transfer more than twenty-five per cent of the total number of shares held by them in the Company each year during their term of office; their shareholding in the Company shall not be transferred within one year from the date of listing and trading of the Company's shares. The Company's shares held by the afore-mentioned personnel shall not be transferred within six months after their departure from office.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

Shareholders

Register of Members

The Company shall establish a register of shareholders in accordance with the certificates provided by the share registrar and made the same available at the Company. The register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. Shareholders enjoy rights and assume obligations according to the types of shares they hold. Shareholders holding the same kind of shares shall enjoy the same rights and undertake the same obligations.

The Company shall enter into a share custody agreement with the share registrar and regularly verify information regarding substantial shareholders and changes in their shareholdings (including share pledges) in order to monitor the shareholding structure of the Company.

When the Company convenes a general meeting, distributes dividends, conducts liquidation, or carries out any other matters that require the confirmation of shareholder identity, the Board or the convener of the general meeting shall determine the record date. Shareholders whose names appear on the register of members after closing of trading on the record date shall be entitled to the relevant rights and interests.

If the Hong Kong Listing Rules provides for a period during which the register of members shall be closed prior to the convening of a general meeting, or specify a record date for determining entitlement to dividends, such provisions shall prevail.

Shareholders' Rights and Obligations

The Shareholders of the Company shall be entitled to below rights:

(1) To receive dividends and other forms of profit distributions in proportion to their shareholding;

(2) To request, convene, preside over, attend, or appoint a proxy to attend general meetings, and to speak and exercise corresponding rights of speech and voting at such meetings (except where a Shareholder is, under the Hong Kong Listing Rules, required to abstain from voting for a specific matter);

(3) To supervise the operations of the Company and to make suggestions or inquiries;

(4) To transfer, grant, or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association of the Company;

(5) To inspect and copy the Articles of Association, register of members, minutes of general meetings, resolutions of the Board of Directors, resolutions of the Supervisory Committee, and financial statements;

(6) In the event of the termination or liquidation of the Company, the right to participate in the distribution of the surplus assets of the Company according to the number of shares held;

(7) To require the Company to acquire shares held by shareholders who voted against resolutions regarding the merger or division of the Company at a general meeting;

(8) Other rights conferred by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, or the Articles of Association.

If any shareholder is required to abstain from voting on a specific resolution or is restricted to voting only for or against such resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

If a shareholder intends to inspect the afore-mentioned information or seek any data, the shareholder shall provide the Company with written proof of the class and number of shares it holds. The Company shall, upon verifying the shareholder's identity, provide such information or data accordingly.

Any resolutions of the general meeting or meeting of the Board that contravene laws or administrative regulations shall be invalid.

If the convening procedures or voting methods of a general meeting or a meeting of the Board violate any laws, administrative regulations, or the Articles of Association, or where the contents of the resolution violates the Articles of Association, shareholders shall have the right to request a People's Court to revoke such resolution within 60 days from the date the resolution is approved, except where the defects of the convening procedures or voting methods are minor and have no material impact on the resolution.

Shareholders who were not notified to attend the general meeting may request a People's Court to revoke such resolution, within 60 days from the date on which they become aware or shall become aware of the resolution approved at the general meeting. In this case, if the right of revocation is not exercised within one year from the date the resolution was approved, the right shall be invalid.

If a Director or senior management member, when performing their duties, violates laws, administrative regulations, or the Articles of Association and causes losses to the Company, shareholders who individually or jointly hold 1% or more of the Company's shares for a period of more than 180 consecutive days shall have the right to request the Supervisory Committee to initiate legal proceedings in the People's Court in writing. If the Supervisory Committee, when performing its duties, violates laws, administrative regulations, or the Articles of

Association and causes losses to the Company, shareholders may request the Board of Directors to initiate legal proceedings in writing. If the Supervisory Committee or the Board refuses to initiate legal proceedings upon receipt of the written request from the shareholders, or fails to do so within 30 days from the date of receipt, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the interests of the Company, the shareholders described in the preceding paragraph shall have the right to initiate legal proceedings in the People's Court in their own name and in the interest of the Company. If another person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, the shareholders mentioned above may also initial legal proceedings in the People's Court in accordance with the provision as above.

If a Director, Supervisor or senior management member of a wholly-owned subsidiary of the Company falls under any of the circumstances prescribed in the preceding paragraph, or another person infringes the lawful rights and interests of a wholly-owned subsidiary of the Company, thus causing any losses to the wholly-owned subsidiary of the Company, shareholders who individually or jointly hold 1% or more of the Company's shares for a period of more than 180 consecutive days shall have the right to request the Supervisory Committee of Board of the wholly-owned subsidiary of the Company to initiate legal proceedings in the People's Court in writing in their own name in accordance with the provision as above.

If a Director or senior management member violates the laws, administrative regulations, or the Articles of Association, thus infringing the rights and interests of shareholders, the shareholders may initiate legal proceedings in a People's Court.

Shareholders of the Company shall undertake the following obligations:

(1) To comply with laws, administrative regulations, and the Articles of Association;

(2) To pay the application monies according to the number of shares subscribed and the method of subscription;

(3) Not to surrender the shares unless required by the laws and regulations;

(4) Not to abuse the shareholder's rights so as to damage the interests of the Company or those of any other shareholders; not to abuse the independent legal person status and the limited liability owed by the shareholders so as to damage the interests of the Company's creditors;

(5) Other obligations imposed by laws, administrative regulations, and the Articles of Association.

If shareholders of the Company abuse their shareholders' rights and thereby causing loss to the Company or other shareholders, such shareholders shall be liable for indemnity in accordance with laws. Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability owed by the shareholders for the purposes of evading from making debt repayments, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

If any shareholder holding more than 5% of the Company's voting shares has pledged such shares, that shareholder shall submit a written report to the Company on the date the pledge occurs.

Restrictions on Rights of the Controlling Shareholders

The controlling shareholders and de facto controllers of the Company shall not use their connected relations to damage the interests of the Company. If the violation causes losses to the Company, it shall be liable for compensation.

The controlling shareholders and de facto controllers of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a capital contributor in strict compliance with the laws. The controlling shareholder shall not damage the legitimate rights and interests of the Company and public shareholders by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., and shall not use its controlling status to damage the interests of the Company and public shareholders.

General Meeting

The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions and powers:

(1) To elect and replace directors and non-employee representative supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(2) To consider and approve the reports of the Board;

(3) To consider and approve the report of the Supervisory Committee;

(4) To consider and approve the Company's profit distribution plans and loss recovery plans;

(5) To resolve on the increase or reduction of the registered capital of the Company;

(6) To resolve on the Company's issue of corporate bonds;

(7) To resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(8) Amendments to the Articles of Association;

(9) To resolve on the appointment, dismissal or discontinuance of the accounting firm engaged in the audit work of the Company and to decide on matters relating to its remuneration;

(10) To consider and approve the guarantee matters stipulated in Article 45 to 48 of the Articles of Association;

(11) To consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;

(12) To consider and approve the change in use of proceeds;

(13) To consider share incentive schemes and employee share ownership schemes;

(14) To consider the proposals submitted by shareholders who individually or jointly hold 1% or more of the Company's voting shares;

(15) To consider other matters that shall be resolved the general meeting as stipulated by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

Shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year within six months after the end of the previous financial year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of any of the following circumstances:

(1) 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;

(2) When the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

(3) When shareholders individually or jointly holding 10% or more of the Company's shares so request;

(4) When deemed necessary by the Board;

(5) When proposed by the Board of Supervisors;

(6) When proposed by more than half of the independent Directors;

(7) other circumstances stipulated by laws, administrative regulations, departmental rules, Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Summoning of Shareholders' Meetings

The independent non-executive Directors are entitled to propose to the Board to convene an extraordinary shareholders' meeting. The Board shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written reply on whether or not to convene the extraordinary shareholders' meeting within 10 days after receiving the proposal from the independent non-executive Directors.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. If the Board does not agree to convene the extraordinary shareholders' meeting, it shall explain the reasons and make an announcement.

The Board of Supervisors shall have the right to propose to the Board to convene an extraordinary shareholders' meeting in writing. The Board shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written reply on whether to convene the extraordinary shareholders' meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. Any changes to the original proposal made in the notice shall be approved by the Board of Supervisors.

If the Board does not agree to convene the extraordinary shareholders' meeting or fails to give a reply within 10 days after receiving the proposal, the Board shall be deemed to be unable or fail to perform the duty of convening the shareholders' meeting, and the Board of Supervisors may summon and preside over the meeting on its own.

Shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to request the Board of Directors in writing to convene an extraordinary shareholders' meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary shareholders' meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. Any change to the original request made in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary shareholders' meeting or does not reply within 10 days upon receipt of the proposal, the shareholders individually or jointly holding more than 10% of the Company's shares shall have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' meeting, and such proposal shall be made in writing.

If the Board of Supervisors agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of shareholders' meeting within five days upon receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Board of Supervisors fails to issue the notice of the shareholders' meeting within the prescribed period, it shall be deemed that the Board of Supervisors will not convene and preside over the shareholders' meeting, and shareholders individually or jointly holding 10% or more of the Company's shares for more than 90 consecutive days may summon and preside over the meeting by themselves.

Motion of General Meeting

The motion at the general meeting shall be governed by the general meeting, with definite subjects and specific matters pending resolution, in compliance with the relevant provisions under the laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's shares are listed and the Articles of Association.

At the general meeting, the board of directors, the supervisory committee and the shareholder(s) individually or jointly holding 1% or more shares of the Company may propose a motion to the Company.

Shareholders who individually or collectively hold 1% or more of the Company's shares may submit a provisional proposal to the Board in writing no later than ten days before the general meeting is convened. The Board shall issue a supplementary notice of the general meeting within two days of receiving the proposal, announcing the content of the provisional proposal. If, pursuant to the requirements under the securities regulatory rules of the place where the Company's shares are listed, the general meeting must be postponed due to the issuance of the supplementary notice, the general meeting shall be postponed in accordance with the securities regulatory rules of the place where the Company's shares are listed.

Subject to the above provisions, the convener after sending a notice of meeting shall not modify the motion listed in the notice of meeting or add a new motion.

The general meeting shall not vote or resolve on a motion not listed in the notice of meeting or not in compliance with Article 60 hereof.

Notice Of General Meeting

The convener shall notify the shareholders in writing 20 days prior to the annual general meeting. When an extraordinary general meeting is convened, shareholders shall be notified by way of a public announcement at least 15 days prior to the meeting.

In determining the notice period, the Company shall not include the date on which the meeting is convened.

Notice of a general meeting shall contain the following:

(1) the time, place and duration of the meeting;

(2) matters and proposals to be considered at the meeting;

(3) a clear statement shall be made to indicate that all shareholders of ordinary shares are entitled to attend the general meeting, and that all shareholders of ordinary shares are entitled to appoint a proxy to attend and vote at the meeting on their behalf, and that such proxy need not be a shareholder of the Company;

(4) the record date of shareholders' equity rights that they are entitled to attend the general meeting;

(5) the name and telephone number of the permanent contact person for the meeting;

(6) the time and procedures for voting via online or other means;

(7) other requirements stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The notice and supplemental notice of the general meeting shall fully and completely disclose the specific details of all proposals. If independent non-executive Directors are required to provide their opinions on the matters to be discussed, such opinions and the reasons therefor shall be disclosed when the notice or supplemental notice of the general meeting is issued.

Convention Of General Meeting

All shareholders of ordinary shares whose names appear on the register of members on the shareholding registration date, or their proxies, are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations, the Hong Kong Listing Rules and the Articles of Association of the Company (unless the securities regulatory rules of the place where the Company's shares are listed require specific shareholders to abstain from voting on particular matters). Shareholders have the right to speak at the general meeting.

Shareholders may attend the general meeting in person or appoint a proxy (who need not be a shareholder of the Company) to attend and vote on their behalf.

When a general meeting is convened, all Directors, Supervisors, and the Board secretary of the Company shall attend the meeting, and the general manager and other senior management personnel shall attend the meeting as non-voting participants.

The general meeting shall be presided over by the chairman of the Board. If the chairman is unable or fails to perform his duties, a Director jointly elected by more than half of the Directors shall preside over the meeting.

If the meeting is convened by the Supervisory Committee, it shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, a Supervisor jointly elected by more than half of the Supervisors shall preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.

If, during the general meeting, the presiding person violates the rules of procedure such that the meeting cannot proceed, the general meeting may, with the consent of more than half of the attending shareholders with voting rights, elect another person to preside over the meeting and continue with the proceedings.

Voting and Resolutions at General Meetings

Resolutions at general meetings are classified as either ordinary resolutions or special resolutions.

An ordinary resolution must be passed by more than half of the voting rights held by shareholders (including their proxies) present at the general meeting.

A special resolution must be passed by at least two-thirds of the voting rights held by shareholders (including their proxies) present at the general meeting.

The following matters must be approved by ordinary resolution at a general meeting:

(1) the work reports of the Board and the Supervisory Committee;

(2) the profit distribution plan and loss recovery plan proposed by the Board;

(3) the appointment or removal of members of the Board and the Supervisory Committee, as well as their remuneration and method of payment;

(4) the Company's annual report;

(5) other matters that are not required by laws, administrative regulations or the Articles of Association to be passed by special resolution.

The following matters must be approved by special resolution at a general meeting:

(1) any increase or reduction in the Company's registered capital;

(2) the merger, division, spin-off, change of corporate form, dissolution or liquidation of the Company;

(3) amendments to the Articles of Association;

(4) acquisition or disposal of major assets or provision of guarantees, where the amount involved exceeds 30% of the Company's most recent audited total assets within a single year;

(5) share incentive schemes and employee shareholding plans;

(6) other matters that are required by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association–or that are deemed by ordinary resolution of the general meeting to have a material impact on the Company and should be passed by special resolution.

Shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares they represent, with one vote per Share. The Company's own shares held by itself do not carry voting rights and shall not be counted in the total number of voting shares at the general meeting.

Resolutions passed at the general meeting shall specify the number of shareholders and proxies present, the total number of voting shares they hold and the proportion of such shares relative to the Company's total voting shares, the voting method for each resolution, the voting results and the detailed content of each resolution passed.

DIRECTORS AND THE BOARD

Directors

Directors shall be elected or replaced by the general meeting. Any Director (including executive Directors) may be removed before the expiry of their term by an ordinary resolution of the general meeting, subject to compliance with the relevant laws, administrative regulations, departmental rules, regulatory documents and the Hong Kong Listing Rules. The term of office for a Director shall be three years. A Director may be re-elected upon the expiry of their term.

The term of a Director shall commence from the date of assumption of office and end upon the expiry of the current Board's term. If a new Director is not elected in a timely manner upon the expiry of the term, the original Director shall continue to perform their duties in accordance with the requirements under the relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules applicable to the place where the Company's shares are listed and the Articles of Association until the newly elected Director assumes office.

Directors shall comply with laws, administrative regulations and the Articles of Association, and owe the Company duties of loyalty and diligence.

Board

The Company shall establish a Board, which shall be responsible for implementing the resolutions of the general meeting. The Board shall consist of seven Directors, including one chairperson and three independent non-executive Directors.

The Board shall exercise the following powers:

(1) convene general meetings and report its work to the general meeting;

(2) implement the resolutions of the general meeting;

(3) determine the Company's business plans and investment proposals;

(4) formulate the Company's profit distribution plan and loss recovery plan;

(5) formulate plans for the Company's increase or reduction of registered capital, issuance of bonds or other securities and listing;

(6) propose plans for the Company's major acquisitions, repurchase of the Company's shares or mergers, divisions, dissolution and change of corporate form;

(7) within the scope of authority granted by the general meeting, decide on matters such as the Company's external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted financial management, related party transactions and external donations;

(8) decide on the establishment of the Company's internal management structure;

(9) decide on the appointment or dismissal of the Company's general manager, Board secretary and other senior management, as well as decisions regarding their remuneration and disciplinary matters; decide, based on the general manager's

nomination, on the appointment or dismissal of deputy general managers, chief financial officer and other senior management personnel, including their remuneration and disciplinary matters;

(10) formulate the company's basic management system;

(11) formulate proposals for amendments to the company's Articles of Association;

(12) manage the Company's information disclosure matters;

(13) make resolutions regarding the appointment and dismissal of the Company's auditor firm;

(14) hear the Company's general manager's work report and review the general manager's work;

(15) other duties and powers granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the location where the Company's shares are listed, the Company's Articles of Association or the general meeting.

Matters beyond the scope of the general meeting's authorization should be submitted to the general meeting for consideration.

The Board shall hold at least two meetings annually, convened by the chairman, with written notice sent to all Directors and Supervisors at least ten days prior to the meeting, along with sufficient information.

A Board meeting shall be held with the presence of more than half of the Directors. Resolutions of the Board must be approved by more than half of all Directors, unless otherwise stipulated by laws, regulations, the Articles of Association, or agreed upon by all Shareholders.

The voting on Board resolutions is based on one vote per Director. In the case of equal division of votes, the chairman of the Board of Directors is entitled to an additional vote.

Special Committees under the Board

The Board of the Company shall set up an audit committee and remuneration committee, a strategy committee, a nomination committee, and such special committees shall be responsible to the Board, perform their duties in accordance with the Articles of Associations and the authorization of the Board, and the proposals of such committees shall be submitted to the Board for review and consideration. All members of the special committees are composed of Directors, with independent Directors making up the majority and serving as the convenors of the audit committee, nomination committee, and remuneration committee. The convenor of the audit committee must be a professional accountant. The Board shall be responsible in formulating the rules of procedures of the special committees to regulate their operation.

Secretary to the Board of the Company

The Company has a secretary to the Board, who is responsible for the preparation of general meeting and Board meeting, the safekeeping of documents, the management of the Company's shareholder records and the handling of information disclosure matters.

The secretary to the Board must comply with the requirements under the applicable laws, administrative regulations, departmental rules and the Articles of Association.

General Manager and Other Senior Management

The Company shall have one general manager, who shall be appointed or dismissed by the Board. Each term of the general manager shall be three years and may be re-appointed upon reappointment.

The general manager shall be accountable to the Board and shall exercise duties and powers in accordance with the provisions of the Articles of Association or as authorized by the Board. The general manager shall attend meetings of the Board.

SUPERVISORS AND SUPERVISORY COMMITTEE

Supervisors

Directors, the general manager and other senior management personnel may not concurrently serve as Supervisors.

Each term of a Supervisor shall be three years. Upon expiry of their term, Supervisors may be re-elected and re-appointed. If a Supervisor's term expires without a timely re-election, or if a resignation during the term results in the number of Supervisors falling below the quorum, the original Supervisor shall continue to perform supervisory duties in accordance with the requirements under the applicable laws, administrative regulations and the Articles of Association until a new Supervisor assumes office.

Supervisors shall comply with laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's shares are listed and the Articles of Association. They owe the Company duties of loyalty and diligence, and shall not, by virtue of their position, accept bribes or other unlawful income, nor misappropriate the Company's assets.

Supervisory Committee

The Company shall establish a Supervisory Committee. The Supervisory Committee shall consist of three Supervisors. The Supervisory Committee shall have one chairperson. The chairperson of the Supervisory Committee shall be elected by a majority of all the Supervisors. The chairperson shall convene and preside over meetings of the Supervisory Committee; if the chairperson is unable or unwilling to perform their duties, more than half of the Supervisors shall jointly elect one supervisor to convene and preside over the meeting.

The employee representative(s) on the Supervisory Committee shall be elected by the Company's employees through the employee representatives' congress, general staff meeting, or other democratic forms. The Supervisory Committee shall exercise the following powers:

(1) shall review the periodic reports prepared by the Board and provide written review opinions;

(2) examine the financial condition of the Company;

(3) supervise the conduct of the Directors and senior management in performing their duties for the Company, and propose the dismissal of any Director or senior management personnel who violates laws, administrative regulations the Articles of Association or resolutions of the general meeting;

(4) To require the directors and senior management to take corrective action if their conduct is found to be detrimental to the interests of the Company;

(5) To propose and, where the Board fails to do so in accordance with the Company Law, to convene and preside over an extraordinary general meeting of shareholders;

(6) To put forward proposals for consideration at the shareholders' meeting;

(7) To initiate legal proceedings against the directors and senior management in accordance with Article 189 of the Company Law;

(8) To conduct investigations upon identifying irregularities in the Company's operations, and, where necessary, to engage external professional institutions such as accounting firms or law firms to assist, with expenses borne by the Company;

(9) To exercise such other powers and functions as may be conferred by the Articles of Association.

The Supervisory Committee shall meet at least once every six months. Any Supervisor may propose the convening of an extraordinary meeting of the Supervisory Committee. Resolutions of the Supervisory Committee shall be adopted by a majority of all Supervisors.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT ALLOCATION AND AUDITING

Financial and Accounting Systems

The Company shall establish its financial and accounting systems in compliance with applicable laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the requirements of relevant national authorities.

The Company shall prepare a financial report at the end of each fiscal year, which shall be reviewed and audited in accordance with the law.

The Company's periodic reports in respect of its H shares shall include an annual report and an interim report. The Company shall publish a preliminary announcement of its annual results within three months after the end of each fiscal year and shall complete and publish its annual report within four months after the end of each fiscal year and at least 21 days prior to the date of the annual general meeting.

The Company shall publish a preliminary announcement of its interim results within two months after the end of the first six months of each fiscal year and shall complete and publish its interim report within three months after the end of the first six months of each fiscal year.

The annual results, annual report, interim results, and interim report shall be prepared in accordance with applicable laws, administrative regulations, and the requirements of the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed.

In the event of any special financial reporting requirements under applicable laws, administrative regulations, regulatory documents issued by competent authorities, the Hong Kong Listing Rules, or other relevant regulatory rules of the place where the Company's shares are listed, such requirements shall prevail.

Profit Distribution

When allocating its after-tax profits of a year, the Company shall appropriate 10% of such profits to its statutory reserve. However, if the accumulated amount of the statutory reserve has reached or exceeds 50% of the Company's registered capital, no further appropriation to the statutory reserve shall be required.

If the statutory reserve is insufficient to cover losses carried forward from previous years, the current year's profits shall first be used to cover such losses before any appropriation is made to the statutory reserve as set out above.

Following the appropriation of after-tax profits to the statutory reserve, the Company may, upon resolution of the shareholders' meeting, allocate a portion of the remaining after-tax profits to a discretionary reserve.

The remaining after-tax profits, after covering any prior-year losses and making the required appropriations to the reserves, shall be distributed to shareholders in proportion to their respective shareholdings, unless otherwise provided in the Articles of Association.

If the Company distributes profits to shareholders in violation of the Company Law or the Articles of Association, such shareholders shall return the improperly distributed profits to the Company. In the event that such distributions result in losses to the Company, the shareholders, responsible directors, supervisors, and senior management personnel shall be held liable for compensation.

Shares held by the Company itself shall not be entitled to participate in profit distribution.

Audit

The Company shall implement an internal audit system and appoint dedicated auditors to carry out internal audit oversight of its financial income and expenditures, as well as its economic activities.

Notices and Announcements

Notices issued by the Company may be delivered in the following forms:

(1) Personal delivery;

(2) Transmission by facsimile, electronic mail, or postal service;

(3) Public announcement;

(4) Any other forms as prescribed in the Articles of Association of the Company.

For notices to holders of H Shares delivered by way of announcement, the Company shall, on the same day, submit an electronic version of the notice to the Hong Kong Stock Exchange for immediate publication via its e-Submission System, for dissemination on the Stock Exchange's official website or in newspapers (including newspaper advertisements), as required under the local Listing Rules. At the same time, such notices shall also be published on the Company's official website. For notices delivered by hand or by post, the Company shall send such notices by hand delivery or by prepaid mail to the registered addresses listed in the register of members for H Shares, ensuring shareholders are provided with adequate notice and time to exercise their rights or take action as specified in the notice. In the event of any special requirements under the listing rules of the stock exchange of the place where the Company's shares are listed, such provisions shall prevail.

Holders of H Shares of the Company may elect in writing to receive corporate communications from the Company either by electronic means or by post. They may also choose to receive such communications in Chinese, English, or both languages. Shareholders may change their preferred method and language of receipt by providing written notice to the Company, in accordance with the prescribed procedures and within a reasonable time in advance.

A member or director who wishes to certify that certain notices, documents, information, or written statements have been served on the Company must provide evidence that such materials were delivered to the correct address by standard mail or by prepaid mail within the specified time frame.

If the listing rules of the stock exchange where the Company's shares are listed require the Company to send, post, distribute, issue, publish, or otherwise make available relevant corporate documents in both English and Chinese, and the Company has made appropriate arrangements to identify shareholders who wish to receive such documents in either English or Chinese only, the Company may, as indicated by the respective shareholders and to the extent permitted by applicable laws and regulations, provide the relevant documents in English or Chinese language only.

The Company shall publish its announcements and other information required to be disclosed through information disclosure channels that comply with the Company Law, the Securities Law, other applicable laws and administrative regulations, and the regulatory rules of the place where its shares are listed. The Company shall publish its announcements and information disclosures in newspapers and on websites designated or recognized by the relevant laws, administrative regulations, national regulatory authorities, or the stock exchange(s) where the Company's shares are listed.

MERGER, SPIN-OFFS, DISSOLUTION AND LIQUIDATION

Mergers and spin-offs

The Company may carry out a merger either by absorption or by the establishment of a new entity.

A merger by absorption refers to the process by which one company absorbs another, resulting in the dissolution of the absorbed company. A merger by new establishment refers to two or more companies merging to form a new company, with all original entities being dissolved.

Where the Company merges with another company in which it holds 90% or more of the shares, such merger is not required to be approved by a resolution of the shareholders' meeting. However, the Company shall notify the shareholders, who have the right to request the Company to purchase their equity or shares at a reasonable price. If the consideration involved in the merger does not exceed 10% of the Company's net assets, approval by a shareholders' meeting is not required, unless otherwise provided under the regulatory rules of the place where Company's shares are listed or by the Articles of Association. In such cases where shareholders' meeting approval is not required, the merger shall be approved by a resolution of the Board of Directors.

In the event of a merger or spin-off, or any changes to the Company's registered particulars, such changes shall be registered with the company registration authority in accordance with the law. In the case of dissolution, the Company shall undergo deregistration procedures in accordance with applicable laws. If a new company is established as a result of a merger, company establishment registration shall be completed in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved under any of the following circumstances:

(1) The expiration of the business term as stipulated in the Articles of Association, the occurrence of other dissolution events specified in the Articles of Association, or upon the unanimous consent of all shareholders;

(2) A resolution for dissolution is passed at a shareholders' meeting;

(3) The Company is dissolved due to a merger or division;

(4) The Company's business license is revoked, it is ordered to cease operations, or its registration is cancelled in accordance with the law;

(5) The Company experiences serious operational and management difficulties, and continued existence would result in significant harm to shareholders' interests, which cannot be resolved through other means; in such cases, shareholders holding 10% or more of the Company's voting rights may petition a people's court for dissolution.

Upon the occurrence of any of the above circumstances, the Company shall, within 10 days, publish an announcement stating the reason for dissolution on the National Enterprise Credit Information Publicity System.

If the Company is dissolved under circumstances (1) or (2) and no assets have been distributed to shareholders, the Company may continue to exist by amending the Articles of Association. Any such amendment or resolution to continue the Company must be approved by shareholders holding two-thirds or more of the voting rights present at the shareholders' meeting.

Where the Company is dissolved under items (1), (2), (4), or (5) above, it shall establish a liquidation committee and commence liquidation procedures within 15 days from the date the grounds for dissolution arise. Unless otherwise stipulated in the Articles of Association or resolved by the shareholders' meeting to appoint other members, the liquidation committee shall be composed of directors. If the liquidation obligors fail to fulfill their duties in a timely manner, resulting in losses to the Company or its creditors, they shall be held liable for compensation. If a liquidation committee is not formed within the prescribed period, or if liquidation has not commenced after its formation, an interested party may apply to the people's court for the appointment of relevant personnel to establish and carry out the liquidation.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

(1) Where amendments to the Company Law, relevant laws, administrative regulations, the Hong Kong Listing Rules, or other regulatory rules of the place where the Company's shares are listed result in conflicts with the current provisions of the Articles of Association;

(2) Where changes in the Company's circumstances render the existing provisions of the Articles of Association inconsistent with the actual situation;

(3) Where a shareholders' meeting resolves to amend the Articles of Association.

Any amendment to the Articles of Association approved by the shareholders' meeting that requires the consent of the relevant regulatory authorities shall be submitted to such authorities for approval. Where the amendment involves matters subject to company registration, the Company shall complete the relevant registration procedures in accordance with applicable laws.

The Board of Directors shall revise the Articles of Association in accordance with the shareholders' meeting resolution and obtain approval from the relevant competent authorities.

If disclosure of the amendment is required under applicable laws or regulations, it is supposed to make the necessary announcement in compliance with such requirements.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

On April 9, 2009, our Company was established under the name of Shenzhen Yuxuan Network Technology Co., Ltd. (深圳市宇軒網絡技術有限公司), as a limited liability company in Shenzhen, the PRC, with a registered capital of RMB100,000. In October 2020, our Company was converted into a joint stock company with limited liability and renamed as FS.COM Limited (深圳市飛速創新技術股份有限公司).

Our registered office is at Shenzhen, Guangdong Province, the PRC. We have established a place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay and have been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on May 29, 2025. Ms. Sham Ying Man (岑影文) has been appointed as our authorized representative for the acceptance of services of process and notices on behalf of our Company in Hong Kong. Our address for acceptance of service of process in Hong Kong is the same as the address of our principal place of business in Hong Kong.

As we are incorporated in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" of this document and Appendices IV and V to this document.

B. Changes in the Share Capital of our Company

Upon completion of the [**REDACTED**], without taking into account any H Shares which may be issued pursuant to the [**REDACTED**], our registered share capital will be increased to RMB[**REDACTED**], comprising [**REDACTED**] and [**REDACTED**] H Shares to be [**REDACTED**] under the [**REDACTED**], representing approximately [**REDACTED**]% and [**REDACTED**]% of our registered capital, respectively.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

C. Resolutions of the Shareholders of our Company dated May 23, 2025

On May 23, 2025, the shareholders of our Company passed, among other things, the following resolutions (as supplemented and detailed by Board/persons authorized by the Shareholders):

(a) the issue by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H shares to be issued shall be no more than [**REDACTED**], representing approximately [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) subject to the CSRC's approval, upon completion of the [**REDACTED**], [**REDACTED**] Unlisted Shares will [**REDACTED**] on a one-for-one basis;

(d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [**REDACTED**], the issue and the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange; and

(e) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**].

D. Conversion

We were converted into a joint stock company in October 2020. See "History, Development and Corporate Structure — Joint Stock Conversion." Our PRC Legal Advisor, Zhong Lun Law Firm, has confirmed that we have obtained all necessary approvals from relevant PRC regulatory authorities required for the Conversion.

E. Subsidiaries of Our Company

(a) Subsidiaries

Certain details of our subsidiaries are set forth in the Accountant's Report in Appendix I to this document.

(b) Changes in the share capital of our subsidiaries

The following changes in the share capital of our subsidiaries took place within the two years immediately preceding the date of this document:

- On July 17, 2024, Shenzhen FS Innovation International Trade Co., Ltd. (深圳市飛速創新國際貿易有限公司), a wholly-owned subsidiary of our Company, was established in PRC with the registered capital of RMB10,000,000.

- On July 18, 2024, Wuhan FS Innovation Business Service Co., Ltd. (武漢飛速創新商務服務有限公司), a wholly-owned subsidiary of our Company, was established in PRC with the registered capital of RMB10,000,000.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this document which are or may be material, and a copy of each has been published on the Stock Exchange's website and our Company's own website:

(a) a share transfer agreement entered into among our Company, Shenzhen Grandway Chuangfu Investment Partnership (Limited Partnership) ("**Grandway Chuangfu**"), Shenzhen Chaoyue Future Venture Capital Partnership (Limited Partnership) ("**Chaoyue Future**") and Mr. Xiang dated June 13, 2024, pursuant to which Grandway Chuangfu transferred 5,798,073 shares of our Company to Chaoyue Future at the consideration of RMB64,420,000.

(b) a share transfer agreement entered into among our Company, Shenzhen Grandway Investment Partnership (Limited Partnership) ("**Grandway Investment**"), Chaoyue Future and Mr. Xiang dated July 9, 2024, pursuant to which Grandway Investment transferred 1,062,759 shares of our Company to Chaoyue Future at the consideration of RMB13,000,000.

(c) A special rights termination agreement dated May 27, 2025, entered into among the Company, Mr. Xiang Wei (向偉), Ms. Gong Cuihua (宮翠華), Mr. Chen Shaofeng (陳少豐), Mr. Peng Chao (彭超), Mr. Yang Jie (楊杰), Gongqingcheng Fupeng Hongxiang No. 3 Venture Capital Partnership (Limited Partnership) (共青城福鵬宏祥叁號創業投資合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Fupeng Hongxiang No. 8 Equity Investment Management Centre (Limited Partnership) (寧波梅山保税港區福鵬宏祥捌號股權投資管理中心(有限合夥)), Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司), Xiamen Taiya Phase I Venture Capital Partnership (Limited Partnership) (廈門泰亞一期創業投資合夥企業(有限合夥)), Guoxin H&S (Zhuhai) Energy Industry Fund (Limited Partnership) (國信弘盛(珠海)能源產業基金(有限合夥)), Zhuhai Lafang Excellence No. 7 Investment Fund (Limited Partnership) (珠海拉芳卓越七號投資基金(有限合夥)), Jieyang Herun Investment Investment Co., Ltd. (揭陽市和潤投資有限公司), Xiamen H&S Lianfa Intelligent Technology Industry Equity Investment Fund Partnership (Limited Partnership) (廈門弘盛聯發智能技術產業股權投資基金合夥企業(有限合夥)), Shenzhen Chiyu Enterprise Management Partnership (Limited Partnership) (深圳市馳裕企業管理合夥企業(有限合夥)), Shenzhen Hongtu No. 1 Private Equity Investment Fund Partnership (Limited Partnership) (深圳市紅土一號私募股權投資基金合夥企業(有限合夥)), Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), Shenzhen Nanshan Hongtu Equity Investment Fund Partnership (Limited Partnership) (深圳市南山紅土股權投資基金合夥企業(有限合夥)), Shenzhen Chaoyue No. 1 Investment Partnership (Limited Partnership) (深圳超越一號投資合夥企業(有限合夥)), Jinggangshan Mingcheng Feisu Equity Investment Partnership

(Limited Partnership) (井岡山明誠飛速股權投資合夥企業(有限合夥)), Jinggangshan Mingcheng Ruiying Equity Investment Partnership (Limited Partnership) (井岡山明誠瑞鷹股權投資合夥企業(有限合夥)), Xuzhou Yongzheng Investment Partnership (Limited Partnership) (徐州永正投資合夥企業(有限合夥)), Shenzhen Chaoyue Future Venture Capital Partnership (Limited Partnership) (深圳市超越未來創業投資合夥企業(有限合夥)), Hainan Orcas Private Equity Investment Fund Partnership (limited Partnership) (海南小虎鯨私募股權投資基金合夥企業(有限合夥)), Shenzhen Sailvan Network Technology Co., Ltd. (深圳市賽維網絡科技有限公司), Shenzhen Yuxuan Prudence Technology Partnership (Limited Partnership) (深圳宇軒穩健科技合夥企業(有限合夥)), Shenzhen Yuxuan Growth Technology Partnership (Limited Partnership) (深圳宇軒成長科技合夥企業(有限合夥)), and Shenzhen Yuxuan Progress Technology Partnership (Limited Partnership) (深圳宇軒進取科技合夥企業(有限合夥)), pursuant to which, all special rights previously granted to these Shareholders were terminated upon submission of [**REDACTED**] to the Stock Exchange, and the divestment right granted to Pre-[**REDACTED**] Investors shall resume to be exerciseable if the [**REDACTED**] does not take place under circumstances including the withdrawal of the [**REDACTED**], the rejection or return of the [**REDACTED**] by the Stock Exchange, and the lapse of the [**REDACTED**] without resubmission of the [**REDACTED**] within a prescribed time.

(d) the [**REDACTED**].

B. Intellectual Property Rights

(a) Patents

As of the Latest Practicable Date, our Group has the following patents which are considered by us to be or may be material to our business:

No.	Patent Owner	Type	Patent	Patent No.	Expiry Date	Country/ Region
1.	Our Company	Design	Chassis (FHD-1UFCE) (機箱(FHD-1UFCE))	2017301668170	May 8, 2027	PRC
2.	Our Company	Design	Transceiver (收發器)	2018303899460	July 18, 2028	PRC
3.	Our Company	Design	Duplex dust plug (雙工防塵塞)	2020306176742	October 15, 2030	PRC
4.	Our Company	Design	Optical transmission chassis (光傳輸機箱)	2021302186379	April 15, 2031	PRC
5.	Our Company	Utility Model	Fiber optic distribution box (光纖配線箱)	2017211108678	August 30, 2027	PRC

No.	Patent Owner	Type	Patent	Patent No.	Expiry Date	Country/ Region
6.	Our Company	Utility Model	Fiber optic adapter panel and fiber optic distribution box (光纖適配器面板及光纖配線盒)	2017212973805	October 9, 2027	PRC
7.	Our Company	Utility Model	Fiber optic splice tray (光纖熔纖盤)	2017213270046	October 12, 2027	PRC
8.	Our Company	Utility Model	Fiber optic distribution box (光纖配線箱)	2017213988973	October 25, 2027	PRC
9.	Our Company	Utility Model	WDM device box (波分複用器件箱)	201721444229X	November 1, 2027	PRC
10.	Our Company	Utility Model	Fiber optic distribution box (光纖配線箱)	2017215043850	November 12, 2027	PRC
11.	Our Company	Utility Model	A type of quick-detachable rack mount fiber optic distribution box (一種快拆版機架式光纖配線箱)	2018212715282	August 6, 2028	PRC
12.	Our Company	Utility Model	Simple chassis (簡易機箱)	2018213174683	August 13, 2028	PRC
13.	Our Company	Utility model	Clamping device, cable distribution box and chassis (卡緊裝置、配線箱及機箱)	2019220893002	November 26, 2029	PRC
14.	Our Company	Utility Model	Optical module code writer (光模塊寫碼器)	2019223552404	December 23, 2029	PRC
15.	Our Company	Utility Model	A type of fiber optic distribution box (一種光纖配線盒)	2020210767608	June 10, 2030	PRC
16.	Our Company	Utility Model	A type of cable management rack (一種理線架)	202023040112X	December 15, 2030	PRC
17.	Our Company	Invention	Coding method and terminal device (寫碼方法及終端設備)	2018108951713	August 7, 2038	PRC
18.	Our Company	Utility model	type of housing assembly and the optical transmission equipment incorporating such housing assembly (一種殼體組件及具有該殼體組件的光傳輸設備)	2021226014379	October 25, 2031	PRC

No.	Patent Owner	Type	Patent	Patent No.	Expiry Date	Country/ Region
19.	Our Company	Utility model	A type of optical module coding device (一種光模塊寫碼裝置)	2021227525051	November 8, 2031	PRC
20.	Our Company	Design	Code writer (寫碼器)	2021307346478	November 8, 2036	PRC
21.	Our Company	Design	Server (服務器)	2022305816736	September 1, 2037	PRC
22.	Our Company	Invention	Method and device for modifying the compatibility code for an optical module (光模塊兼容碼的修改方法及裝置)	2022104562869	April 27, 2042	PRC
23.	Our Company	Utility Model	Converter box (轉換盒)	2023210736425	May 4, 2033	PRC
24.	Our Company	Invention	A type of equipment for upgrading firmware (一種固件升級設備)	2020115878936	December 27, 2040	PRC
25.	FS Wuhan	Utility Model	Front panel components and servers (前面板組件及服務器)	2022215650996	June 19, 2032	PRC
26.	FS Wuhan	Invention	Optical fiber distribution box (光纖配線箱)	2017107707106	August 30, 2037	PRC
27.	FS Wuhan	Design	Wireless access point (無線接入點)	2023305834866	September 7, 2038	PRC
28.	Our Company	Design	Passive Multiplexers	005321890-0001	June 22, 2043	European Union
29.	Our Company	Design	Passive Multiplexers	005321890-0002	June 22, 2043	European Union
30.	Our Company	Design	Passive Multiplexers	005321890-0003	June 22, 2043	European Union
31.	Our Company	Design	Passive Multiplexers	005321890-0004	June 22, 2043	European Union
32.	Our Company	Design	Wavelength Division Multiplexer	30201805536V	August 10, 2033	Singapore
33.	Our Company	Design	Wavelength Division Multiplexer	30201805537W	August 10, 2033	Singapore
34.	Our Company	Design	Wavelength Division Multiplexer	30201805538Y	August 10, 2033	Singapore
35.	Our Company	Design	Wavelength Division Multiplexer	30201805539P	August 10, 2033	Singapore
36.	Our Company	Design	High Density Fiber Enclosure	30201805828Y	November 5, 2033	Singapore

No.	Patent Owner	Type	Patent	Patent No.	Expiry Date	Country/ Region
37.	Our Company	Design	High Density Fiber Enclosure	30201805829P	November 5, 2033	Singapore
38.	Our Company	Design	High Density Fiber Enclosure	30201805830T	November 5, 2033	Singapore
39.	Our Company	Design	Ultra High Density Fiber Enclosure	30201805831R	November 5, 2033	Singapore
40.	Our Company	Design	Ultra High Density Fiber Enclosure	30201805832P	November 5, 2033	Singapore
41.	Our Company	Design	Ultra High Density Fiber Enclosure	30201805833V	November 5, 2033	Singapore
42.	Our Company	Design	Branch boxes for optical fibres	005307659-0001	June 12, 2043	European Union
43.	Our Company	Design	Branch boxes for optical fibres	005307659-0002	June 12, 2043	European Union
44.	Our Company	Design	Branch boxes for optical fibres	005307659-0003	June 12, 2043	European Union
45.	Our Company	Design	Branch boxes for optical fibres	005307659-0004	June 12, 2043	European Union
46.	Our Company	Design	Branch boxes for optical fibres	005307659-0005	June 12, 2043	European Union
47.	Our Company	Design	Branch boxes for optical fibres	005307659-0006	June 12, 2043	European Union
48.	Our Company	Design	Wavelength Division Multiplexer	6041051	August 9, 2043	United Kingdom
49.	Our Company	Design	Wavelength Division Multiplexer	6041052	August 9, 2043	United Kingdom
50.	Our Company	Design	Wavelength Division Multiplexer	6041053	August 9, 2043	United Kingdom
51.	Our Company	Design	Wavelength Division Multiplexer	6041054	August 9, 2043	United Kingdom
52.	Our Company	Design	High Density Fiber Enclosure	6047476	November 2, 2043	United Kingdom
53.	Our Company	Design	High Density Fiber Enclosure	6047477	November 2, 2043	United Kingdom
54.	Our Company	Design	High Density Fiber Enclosure	6047478	November 2, 2043	United Kingdom
55.	Our Company	Design	High Density Fiber Enclosure	6047479	November 2, 2043	United Kingdom
56.	Our Company	Design	High Density Fiber Enclosure	6047480	November 2, 2043	United Kingdom
57.	Our Company	Design	High Density Fiber Enclosure	6047481	November 2, 2043	United Kingdom
58.	Our Company	Design	a wavelength division multiplexer	201814796	August 13, 2028	Australia

No.	Patent Owner	Type	Patent	Patent No.	Expiry Date	Country/ Region
59.	Our Company	Design	a wavelength division multiplexer	201814797	August 13, 2028	Australia
60.	Our Company	Design	a wavelength division multiplexer	201814798	August 13, 2028	Australia
61.	Our Company	Design	a wavelength division multiplexer	201814799	August 13, 2028	Australia
62.	Our Company	Design	High Density Fiber Enclosure	201816461	October 29, 2028	Australia
63.	Our Company	Design	High Density Fiber Enclosure	201816462	October 29, 2028	Australia
64.	Our Company	Design	High Density Fiber Enclosure	201816463	October 29, 2028	Australia
65.	Our Company	Design	Ultra High Density Fiber Enclosure	201816457	October 29, 2028	Australia
66.	Our Company	Design	Ultra High Density Fiber Enclosure	201816458	October 29, 2028	Australia
67.	Our Company	Design	Ultra High Density Fiber Enclosure	201816459	October 29, 2028	Australia
68.	Our Company	Design	High Density Fiber Enclosure	USD865,693S	November 5, 2034	U.S.
69.	Our Company	Design	Ultra High Density Fiber Enclosure	USD865,697S	November 5, 2034	U.S.
70.	Our Company	Design	HIGH DENSITY FIBER ENCLOSURE	USD865,694S	November 5, 2034	U.S.
71.	Our Company	Design	HIGH DENSITY FIBER ENCLOSURE	USD865,695S	November 5, 2034	U.S.
72.	Our Company	Design	ULTRA HIGH DENSITY FIBER ENCLOSURE	USD865,696S	November 5, 2034	U.S.
73.	Our Company	Design	Ultra High Density Fiber Enclosure	USD887,377S	June 16, 2035	U.S.
74.	Our Company	Design	METHOD FOR PROGRAMMING AND TERMINAL DEVICE	US10,691,424B2	October 22, 2038	U.S.
75.	Our Company	Design	PASSIVE MULTIPLEXER	USD886,752S	June 9, 2035	U.S.
76.	Our Company	Design	PASSIVE MULTIPLEXER	USD937,234S	November 30, 2036	U.S.
77.	Our Company	Design	PASSIVE MULTIPLEXER	USD895,561S	September 8, 2035	U.S.
78.	Our Company	Design	PASSIVE MULTIPLEXER	USD937,235S	November 30, 2036	U.S.

No.	Patent Owner	Type	Patent	Patent No.	Expiry Date	Country/ Region
79.	Our Company	Design	PASSIVE MULTIPLEXER	USD896,191S	September 15, 2035	U.S.
80.	Our Company	Design	PASSIVE MULTIPLEXER	USD937,236S	November 30, 2036	U.S.
81.	Our Company	Design	CASE PANEL	30202110105U	November 12, 2036	Singapore
82.	Our Company	Design	Control panel consoles	008757801-0001	November 12, 2046	European Union
83.	Our Company	Design	Case Panel	6175458	November 12, 2046	United Kingdom
84.	Our Company	Design	Branch boxes for optical fibres	90053076590001	June 12, 2043	United Kingdom
85.	Our Company	Design	Branch boxes for optical fibres	90053076590002	June 12, 2043	United Kingdom
86.	Our Company	Design	Branch Boxes for Optical Fibres	90053076590003	June 12, 2043	United Kingdom
87.	Our Company	Design	Branch boxes for optical fibres	90053076590004	June 12, 2043	United Kingdom
88.	Our Company	Design	Branch boxes for optical fibres	90053076590005	June 12, 2043	United Kingdom
89.	Our Company	Design	Branch boxes for optical fibres	90053076590006	June 12, 2043	United Kingdom
90.	Our Company	Design	Passive Multiplexer	90053218900001	June 22, 2043	United Kingdom
91.	Our Company	Design	Passive Multiplexer	90053218900002	June 22, 2043	United Kingdom
92.	Our Company	Design	Passive Multiplexer	90053218900003	June 22, 2043	United Kingdom
93.	Our Company	Design	Passive Multiplexer	90053218900004	June 22, 2043	United Kingdom
94.	Our Company	Design	Code writer	6197981	March 24, 2047	United Kingdom
95.	Our Company	Design	Modem case panel	202116994	November 12, 2031	Australia
96.	Our Company	Design	Code writer	202211686	March 23, 2032	Australia
97.	Our Company	Design	Data Processing equipment	008916274-0001	March 24, 2047	European Union
98.	Our Company	Design	Code writer	30202210677U	March 23, 2037	Singapore
99.	Our Company	Invention	method for programming and terminal device	10201809234V	October 19, 2038	Singapore
100.	Our Company	Design	SERVER	DM/227726	February 16, 2048	European Union
101.	Our Company	Design	SERVER	DM/227726	February 16, 2048	Japan

No.	Patent Owner	Type	Patent	Patent No.	Expiry Date	Country/ Region
102.	Our Company	Invention	method for programming and terminal device	2018250531	October 22, 2038	Australia
103.	Our Company	Design	SERVER	DM/227726	February 16, 2048	Korea
104.	Our Company	Design	Coding Device	USD1,074,669S	May 13, 2040	U.S.
105.	Our Company	Design	SERVER	USD1,065,179S	March 4, 2040	U.S.

(b) Trademarks

As of the Latest Practicable Date, the following trademarks have been registered in the name of the relevant member of our Group which are considered by us to be or may be material to our business:

No.	Trademark Registrant	Trademark	Registration Number	Place of Registration	Class	Valid Period
1.	Our Company	FS	25117822	PRC	09	From March 7, 2020 to March 6, 2030
2.	Our Company	FS	43509526	PRC	9	From September 7, 2021 to September 6, 2031
3.	Our Company	FS	41257701	PRC	42	From April 7, 2021 to April 6, 2031
4.	Our Company	FS	28399758	PRC	42	From May 14, 2021 to May 13, 2031
5.	Our Company	飞速创新	49298277	PRC	09	From February 7, 2022 to February 6, 2032
6.	Our Company	FS	57287000	PRC	35	From February 7, 2023 to February 6, 2033
7.	Our Company	飞速创新	52797639	PRC	09	From March 7, 2023 to March 6, 2033

(c) *Software Copyrights registered*

As at the Latest Practicable Date, we have registered the following software copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number	Registration Date
1.	FS.COM Mall Android version software V6.0 (飛速創新FS.COM 商城Android 版軟件V6.0)	Our Company	2023SR0128685	January 20, 2023
2.	FS.COM Mall iOS version software V6.0 (飛速創新FS.COM 商城 iOS 版軟件V6.0)	Our Company	2023SR0128777	January 20, 2023
3.	FS.COM official website platform V3.0 (飛速創新FS.COM 官網平台V3.0)	Our Company	2023SR0616221	June 9, 2023
4.	FS Airmodule cloud platform V1.0 (飛速創新FS Airmodule 雲平台V1.0)	FS Wuhan	2023SR1075307	September 15, 2023
5.	FS S58 series switch system software V1.0 (FS S58 系列交換機系統軟件V1.0)	FS Wuhan	2023SR1393236	November 7, 2023
6.	FS WireNet network cable management system V1.0 (FS WireNet 佈線網絡管理系統V1.0)	FS Wuhan	2024SR1321900	September 6, 2024
7.	FS Optical Network Unified Management System V1.0 (FS 光網絡統一管理系統V1.0)	FS Wuhan	2025SR1348007	July 24, 2025

(d) Copyrights registered

As at the Latest Practicable Date, we have registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Type	Registered Owner	Registration Number	Date of Publication	Registration Date
1.	FS BOX software system UI interface design sketch (FS BOX 軟件系統 UI 界面設計圖)	Artwork	Our Company	Guo Zuo Deng Zi-2021-F-00077316 (國作登字-2021-F-00077316)	September 23, 2020	April 6, 2021
2.	Feisu WireNet management software homepage design (飛速 WireNet 管理軟件主頁設計)	Artwork	FS Wuhan	Guo Zuo Deng Zi-2024-F-00340075 (國作登字-2024-F-00340075)	August 14, 2024	November 22, 2024

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors' and Supervisors' Contracts

Each of the Directors and Supervisors entered into a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (i) the terms of the service and (ii) termination provisions in accordance with their respective terms. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with any of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

B. Directors' and Supervisors' Remuneration

Save as disclosed in "Directors, Supervisors and Senior Management — Remuneration of Directors, Senior Management and Supervisors" and under Note 12 to the financial information in the Accountant's Report set out in Appendix I, no Director or Supervisor received any other fees, salaries, allowances, share based compensation, pension schemes contribution and other benefits in kind (if applicable) from our Company for the three years ended December 31, 2024.

4. DISCLOSURE OF INTERESTS

A. Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, up to the Latest Practicable Date, our Directors, Supervisors or chief executive were not aware of any other person, not being a Director, Supervisor or chief executive of our Company, who had an interest or short position in the Shares and underlying Shares of our Company, which following the completion of the [**REDACTED**], would fall to be disclosed to our Company under the provisions of Divisions 2 an 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

B. Directors, Supervisors or Chief Executives

Save as disclosed below and in the section headed "Substantial Shareholders" in this document, immediately following completion of the [**REDACTED**] (and assuming the [**REDACTED**] is not exercised), none of our Directors, Supervisors or chief executive of our Company has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which has been taken or is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

Interests in our Company

				As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)[(1)]		
Name	Position held within our Company	Type of Shares held	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding interest in the total share capital	Number of Shares held	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total registered share capital of the Company
Mr. Peng Chao . . .	Non-executive Director	Unlisted Shares	Beneficial owner	508,680	0.14%	[REDACTED]	[REDACTED]	[REDACTED]
			Interest in controlled corporation[1]	8,497,194	2.36%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	Beneficial owner	–	–	[REDACTED]	[REDACTED]	[REDACTED]
			Interest in controlled corporation	–	–	[REDACTED]	[REDACTED]	[REDACTED]

1 Chaoyue Future and Chaoyue No. 1 held 1.91% and 0.45% equity interests in our Company, respectively. The general partner of Chaoyue Future and Chaoyue No. 1 is Hainan Chaoyue Venture Capital Co, Ltd., which was held as to 56% by Mr. Peng Chao. Therefore, Mr. Peng Chao is deemed to be interested in the Shares held by Chaoyue Future and Chaoyue No. 1.

C. Disclaimers

Save as disclosed in this document:

(a) none of our Directors, Supervisors or chief executive of Our Company has any interests and short positions in the shares, underlying shares and debentures of Our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to us and the Stock Exchange, in each case once our Shares are [**REDACTED**]. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;

(b) none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our Shares are [**REDACTED**] on the Stock Exchange;

(c) none of our Directors or Supervisor nor any of the parties listed in "— 6. Other Information — G. Qualification of Experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(d) none of our Directors or Supervisor nor any of the parties listed in "— 6. Other Information — G. Qualification of Experts" of this Appendix is interested in our promotion, or in any assets which have, within two years immediately preceding the issue of this document, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(e) none of the parties listed in the paragraph headed "— 6. Other Information — G. Qualification of Experts" of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and

(f) save as disclosed in the section headed "Business" in this document, none of our Directors or Supervisors or their respective associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers in each year during the Track Record Period.

5. Employee Incentive Schemes

In order to further enhance our corporate governance structure, attract and retain management talents and employees, incentivize our employees to promote our sustainable development and balance our long-term and short-term goals, we adopted employee incentive schemes (the "**Employee Incentive Schemes**") on August 2018, December 2019, October 2020, March 2022 and March 2025 to award the partnership interests in our employee incentive platforms to the scheme participants (the "**Participant**"). The Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules.

(a) Employee Incentive Platforms

Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth were established in May and July 2018 to serve as our employee incentive platforms. Shenzhen Yuxuan Innovation Technology Partnership (Limited Partnership) (深圳市宇軒新創科技合夥企業(有限合夥), "**Yuxuan Innovation**") is a limited partner of Yuxuan Prudence holding 8.74% partnership interests therein. Shenzhen Yuxuan Speed Technology Partnership (Limited Partnership) (深圳市宇軒飛速科技合夥企業(有限合夥), "**Yuxuan Speed**") is a limited partner of Yuxuan Growth holding 15.36% partnership interest therein.

Set out below is the holding structure of our employee incentive platforms as of the Latest Practicable Date:

- ***Yuxuan Prudence***: The general partner of Yuxuan Prudence is Mr. Xiang, holding 2.51% partnership interests therein. Yuxuan Innovation, as a limited partner of Yuxuan Prudence, holds 8.74% partnership interests therein. The remaining 88.75% partnership interests in Yuxuan Prudence are held by 48 limited partners who are former or current employees of our Group, among whom, Mr. Zeng Di, our executive Director, Ms. Zhu Yue, Ms. Duan Ting, Mr. Zhang Denghui, our Supervisors, holds 13.45%, 4.63%, 1.75% and 1.75% partnership interests therein, respectively. None of the other limited partners of Yuxuan Prudence hold more than 5% partnership interests therein.

- ***Yuxuan Progress***: The general partner of Yuxuan Progress is Mr. Xiang, holding 0.04% partnership interest therein. The remaining 99.96% partnership interests in Yuxuan Progress are held by 43 limited partners who are current employees of our Group, among whom, NI Yuanying (倪遠瑩) and QIN Kang (秦康) hold 8.82% and 5.20% partnership interests therein, respectively. None of the other limited partners of Yuxuan Progress hold more than 5% partnership interests in Yuxuan Progress.

- ***Yuxuan Growth***: The general partner of Yuxuan Growth is Mr. Xiang, holding 0.48% partnership interest therein. Yuxuan Speed, as a limited partner of Yuxuan Growth, holds 15.36% partnership interests therein. The remaining 84.16% partnership interests in Yuxuan Growth are held by 37 limited partners who are current employees of our Group, among whom, YANG Ruixing (楊銳星), JIN Huan (靳歡), YAN Hao (嚴皓) and YANG Jin (楊進) hold 6.78%, 6.03%, 6.03% and 5.28% partnership interests therein, respectively. None of the other limited partners of Yuxuan Growth hold more than 5% partnership interests in Yuxuan Growth.

- ***Yuxuan Innovation***: The general partners of Yuxuan Innovation is Mr. Xiang, holding 0.0004% partnership interest therein. The remaining 99.9996% partnership interests in Yuxuan Innovation are held by 11 limited partners who are current employees of our Group, among whom, Mr. Qi Jixiang (齊吉祥), our deputy general manager and senior product R&D director, Andreas Kloo, WANG Bingfan (王冰凡), ZENG Yang (曾洋), YAO Wei (姚威), WANG Jinming (王金銘), YUAN Jiaxin (袁佳欣), YANG Jin (楊進) and BI Chang (畢暢), hold 17.66%, 17.56%, 14.13%, 8.83%, 8.83%, 8.83%, 7.06%, 7.06% and 5.30% partnership interests therein, respectively. None of the other limited partners of Yuxuan Innovation hold more than 5% partnership interests in Yuxuan Innovation.

- ***Yuxuan Speed***: The general partner of Yuxuan Speed is Mr. Xiang, holding 0.001% partnership interest in Yuxuan Speed. The remaining 99.999% partnership interests in Yuxuan Speed are held by Mr. Taoyue Zhang, the general manager of FS U.S.

(b) Administration

The Employee Incentive Schemes shall be reviewed by the Board and approved by the Shareholders. Subject to the authorization from the executive Directors or the Shareholders, a working group ("**Working Group**"), which is appointed by executive Directors, shall be responsible for the implementation of the Employee Incentive Schemes.

(c) Participants

The participants ("**Participants**") of the Employee Incentive Schemes shall be an employee of our Group who serves as directors, senior management, core technicists or other important employees as deemed by the Working Group.

(d) Term

The employee Incentive Schemes are valid for ten years since adoption, subject to termination by the Shareholders as provided under the Employee Incentive Schemes.

(e) Shares under the Employee Incentive Schemes

As of the Latest Practicable Date, a total of 16,231,373 Shares were held by Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth. We do not expect to grant additional partnership interest or Shares as incentive under the Employee Incentive Schemes. Immediately following completion of the [**REDACTED**], the aggregate number of Shares underlying the Employee Incentive Schemes remain as 16,231,373 representing [**REDACTED**]% of the total issued Shares (without taking into consideration the exercise of [**REDACTED**]). As a result, the Employee Incentive Schemes will not cause any dilution of the shareholding of our Shareholders immediately after the [**REDACTED**]. For further details on the interest of our connected persons granted under the Schemes, see "5. Employee Incentive Schemes — (a) Employee Incentive Platforms."

(f) Transferability

Before the expiry of a 48-month period following the completion of the [**REDACTED**] (the "**Lock-up Period**"), Participants shall not in any way dispose the partnership interests held by him/her, whether by way of transfer, pledge, debt repayment, or entrustment management or any other events which may results in change of beneficial owners.

During the Lock-up Period, the general partners of the employee incentive platforms may repurchase or designate a third party who is qualified to be a Participant to purchase part or all of the partnership interests granted to a Participant in the events, including (i) mutual termination of the employment contract between the Participant and our Company; (ii) expiration of the employment contract between the Participant and our Company, with neither wishing to renew the contract; (iii) the retirement of the Participant without being rehired; (iv) termination of the employment contract due to the Participant's loss of ability to work; (v) the Participant violates laws or administrative regulations, resulting in significant economic loss to the Company; (vi) the Participant engages in serious dereliction of duty, abuse of power, bribery etc. resulting in significant damage to the Company; (vii) the Participant engages in other serious violations of the Articles of Association or rules of our Company etc.

6. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under the PRC law is likely to fall upon our Company or any member of our Group.

B. Litigation

As of the Latest Practicable Date, we were not involved in any material litigation, arbitration or administrative proceedings, and so far as our Directors are aware, no such material litigation, arbitration or administrative proceedings are pending or threatened against any member of our Group.

C. Joint Sponsors

Each of the Joint Sponsors has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Joint Sponsors have made an application on our behalf to the [**REDACTED**] for [**REDACTED**] of, and permission to deal in, our H Shares, including any [**REDACTED**] which may be issued pursuant to the exercise of the [**REDACTED**]. All necessary arrangements have been made to enable the H Shares to be admitted into [**REDACTED**].

We have entered into an engagement agreement with the Joint Sponsors, pursuant to which we agreed to pay a total amount of US$500,000, US$300,000 and US$200,000 respectively to each of China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited and China Merchants Securities (HK) Co., Limited for acting as Joint Sponsors to our Company in the [**REDACTED**].

D. Compliance Advisor

We have appointed Rainbow Capital (HK) Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

F. Promoters

The promoters of our Company are Mr. Xiang, Fupeng No. 3, Fupeng No. 8, Mr. Wu Dunxiang (吳敦向), Haitong Investment, Yuxuan Prudence, Shenzhen Grandway Capital Management Co., Ltd., Hangzhou Mingcheng Zhihui Phase I Equity Investment Partnership (Limited Partnership), Taiya Investment, Zhuhai H&S, Lafang No. 7, Herun Investment, Yuxuan Progress, Yuxuan Growth, Mr. Chen Zhiwei, Xiamen H&S, Shenzhen Chiyu, Ms. Gong Cuihua, Grandway Investment, Mr. Chen Shaofeng and Mr. Peng Chao.

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other interest have been paid, allotted or given to the above promoters in connection with the [**REDACTED**] or related transactions in this document.

G. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given their opinions or advice in this document, are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Securities (International) Corporate Finance Company Limited	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Merchants Securities (HK) Co., Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants and Public Interest Entity Auditors registered in accordance with the Accounting and Financial Reporting Council Ordinance
Zhong Lun Law Firm	PRC legal advisors
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
KPMG Advisory (China) Limited Beijing Branch	Transfer pricing advisor

H. Consents of Experts

Each of the experts as referred to in "Statutory and General Information — 6. Other Information — G. Qualification of Experts" has given, and has not withdrawn, its respective written consents to the issue of this document with the inclusion of its reports and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above has any shareholding interests in any member of our Group or the right (other than the penal provisions) of sections 44A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if higher) the fair value of the H Shares being sold or transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

J. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in our financial or operational position since September 30, 2025, being the end date of our latest audited financial statements, and up to the Latest Practicable Date.

K. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

L. Related Party Transactions

Within the two years immediately preceding the date of this document, we have entered into the related party transactions as described in Note 43 to the financial information in the Accountant's Report set out in Appendix I.

M. Agency Fees or Commissions Paid or Payable

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group within the two years preceding the date of this document.

N. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document, we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Group, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued or agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(f) within the two years immediately preceding the date of this document, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of our Company;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months; and

(i) none of the equity and debt securities of our Company, if any, is [**REDACTED**] or dealt with in any other stock exchange nor is any [**REDACTED**] or permission to deal being or proposed to be sought.

O. Bilingual document

The English language 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).

1. 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, among other documents:

(a) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts" in Appendix V to this document; and

(b) the written consents referred to under the paragraph headed "Statutory and General Information — 6. Other Information — H. Consents of Experts" in Appendix V to this document.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.fs.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 of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three years ended December 31, 2024 and the nine months ended September 30, 2025;

(d) the report on the unaudited [**REDACTED**] financial information of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this document;

(e) the service contracts referred to in the paragraph headed "Statutory and General Information — 3. Further Information about our Directors and Supervisors — A. Particulars of Directors' and Supervisors' Contracts" in Appendix V to this document;

(f) a copy of each of the material contracts referred to in the paragraph headed "Statutory and General Information — 2. Further Information about Our Business — A. Summary of Our Material Contracts" in Appendix V to this document;

(g) the written consents referred to under the paragraph headed "Statutory and General Information — 6. Other Information — H. Consents of experts" in Appendix V to this document;

(h) the legal opinions issued by Zhong Lun Law Firm, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

(i) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this document;

(j) the property valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this document;

(k) the transfer pricing report prepared by KPMG Advisory (China) Limited Beijing Branch;

(l) the PRC Company Law, PRC Securities Law and Overseas Listing Trial Measures together with their unofficial English translations.