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Shenzhen HQVT Technology Co., Ltd.
深圳海清智元科技股份有限公司

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

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深圳海清智元科技股份有限公司

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Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
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[REDACTED]	**:**	**HK$[REDACTED] per H Share plus brokerage of 1.0%, 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 application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB0.0125 per H Share**
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[REDACTED]

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SUMMARY AND HIGHLIGHTS

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 this document in its entirety before you decide to **[REDACTED]** *in our* **[REDACTED]**. *In addition, we have incurred net losses in the Track Record Period, and we may incur net losses for the foreseeable future. We had net cash used in operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your* **[REDACTED]** *decision should be made in light of these considerations.*

There are risks associated with any **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set out in the section headed "Risk factors" of this document. You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**. *Various expressions used in this section are defined or explained in the sections headed "Definitions" and "Glossary of Technical Terms" of this document.*

BUSINESS OVERVIEW

We are a multispectral AI technology enterprise in China, specialising in the acquisition, processing, and analysis of optical information captured from multiple specific spectrum bands to provide more detailed information than visible lights imaging. Leveraging our proprietary technology in multispectral perception and AI algorithms, we offer products and services designed to detect both visible and invisible spectral information to human eyes, which includes (1) Multispectral AI Modules, which are embedded hardware components that collect and process multispectral data (including visible light, infrared, and UV) through AI algorithms for integration into third-party devices; (2) Multispectral AI Perception Terminals, which are devices that integrate multispectral sensors, enhanced multispectral AI algorithms, and standard hardware components, to provide real-time perception insights; and (3) Multispectral AI Large Model Services, which are large model solutions with our proprietary "Zhiyuan Origin Large Model". Our solutions deliver enhanced perception and safety monitoring, providing additional information decisions for multi-scenario safety and intelligent perception purposes for diverse customers who are mainly engaged in business related to software and information technology services, electronic products, information data centres (IDCs), intelligent driving systems, telecommunication operators, internet-of-things (IoT) system integration, and construction. Our technologies have been widely applied across numerous application scenarios beyond traditional safety solutions, including smart cities, intelligent campus management, IDC safety optimisation, industrial and commercial safety and IoT-enabled facility management, showcasing the applicability of our multispectral AI solutions.

According to Frost & Sullivan, multispectral AI modules and multispectral AI large model services are subsets of the multispectral AI market, which forms a segment of the broader perceptual intelligence market. In 2025, the multispectral AI modules and multispectral AI large model services industries in China accounted for approximately 27.5% and 7.5% of China's total multispectral AI industry, respectively. Meanwhile, the multispectral AI industry in China accounted for approximately 5.9% of China's total perceptual intelligence industry.

We were certified by the Ministry of Industry and Information Technology (工業和信息化部) as a National-Level Specialised and Sophisticated "Little Giant" Enterprise (國家級專精特新「小巨人」企業) in 2022, and as a National-level Specialised and Sophisticated "Little Giant" Enterprise (國家級專精特新「小巨人」企業) and National-level Specialised and Sophisticated Key "Little Giant" Enterprise (國家級專精特新重點「小巨人」企業) in 2025. In recent years, we have received multiple awards, including recognitions for outstanding contribution, excellence in innovation, and partnership excellence from major telecommunication operators in China. Since our establishment in 2013, we have built a full-chain products and services offering encompassing Multispectral AI Modules, Multispectral AI Perception Terminals and Multispectral AI Large Model Services. Our technological expertise spans a wide range of fields, including AI, optical electronics, integrated circuits, embedded systems, safety engineering and cloud computing. As at the Latest Practicable Date, we have registered 101 invention patents and 46 software copyrights, and have actively contributed to the drafting and formulation of around ten national and association standards in the multi-scenario safety industry.

During the Track Record Period, our revenue for FY2023, FY2024 and FY2025 was approximately RMB117.1 million, RMB522.6 million and RMB668.5 million, respectively, with a CAGR of approximately 138.9%. Notably, we recorded a net loss of approximately RMB18.4 million for FY2023, but achieved a turnaround to a net profit of approximately RMB40.4 million and RMB29.4 million in FY2024 and FY2025, respectively.

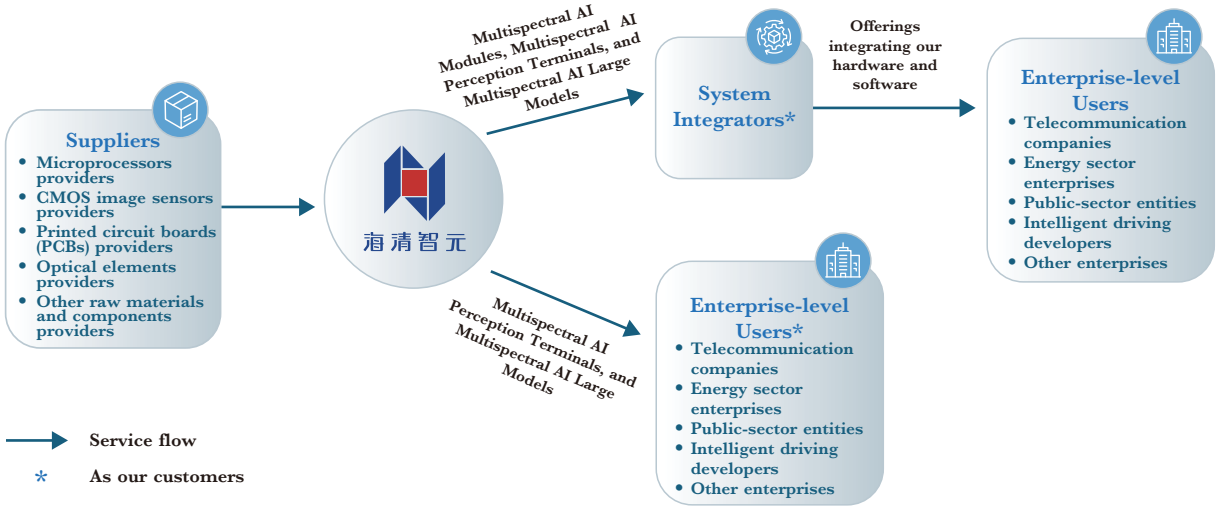
With over a decade of technical expertise in the multispectral AI industry, we have accumulated experience in R&D and product designs and have established a comprehensive "optics-sensor-imaging-computing" technology architecture encompassing our three core technologies: (1) multispectral perception-computing integration; (2) lightweight on-device AI computing; and (3) multispectral AI large model platform.

OUR BUSINESS MODEL

We adopt a vertically integrated business model which covers full-chain AI perception solutions, building on modular design, multi-scenario scalability, and life-cycle value creation. Our core capabilities cover upstream multispectral optics and embedded AI hardware development to downstream application software development, which enable us to deliver deployable, adaptable and comprehensive perception intelligent solutions tailored to various multi-scenario safety sector user cases.

Our product system and service portfolio comprised three core multispectral AI products that underpins our capabilities, covering the full product stack from hardware to application software. We may offer these three core multispectral AI products as an integrated unit or separate components, depending on customer needs. Our customers may directly use our three core products to solve their own production or multi-scenario safety needs. Alternatively, they may incorporate our products into their AI solutions.

The following diagram illustrates our business model as well as the service flow in relation to our products and services:



Specifically, our customers of our products and services during the Track Record Period included: (i) system integrators that integrated our products and services into their offerings to enterprise-level users; and (ii) enterprise-level users that used our products and services directly.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths and advantages are key factors to our success to date:

- Proprietary technology in the multispectral AI industry
- A diversified customer base
- Stable R&D and innovation capabilities
- Established mass production and quality delivery capabilities
- Experienced senior management team and strategic investors

Please refer to the section headed "Business — Our Competitive Strengths" in this document for further details.

OUR BUSINESS STRATEGIES

With the aim of further developing our business and continuing our growth, we will implement the following strategies:

- Enhancing R&D capabilities and increasing investment in product development
- Expanding production capacity to support business growth and new product development
- Pursuing strategic investments and M&As to enhance our industrial layout and technological strengths
- Strengthening business expansion and accelerating global market penetration

Please refer to the section headed "Business — Our Business Strategies" in this document for further details.

OUR PRODUCTS AND SERVICES

Our three core multispectral products and services consist of: (1) Multispectral AI Modules; (2) Multispectral AI Perception Terminals; and (3) Multispectral AI Large Model Services. Our products also include Other AI Vision Modules. Our aforementioned product and services categories collectively constitute a full-chain product and service offering that enables our customers to deploy intelligent multispectral perception operational systems. Such products could be used individually as well as a system-level complete integration solutions, enhancing our competitiveness across a wide range of application scenarios.

OUR CUSTOMERS

During the Track Record Period, our customers primarily comprised the following two types: (i) system integrators that integrated our products and services into their offerings to enterprise-level users; and (ii) enterprise-level users that used our products and services directly.

During the Track Record Period, our revenue from the five largest customers in each year accounted for 38.3%, 59.0% and 46.8% of our total revenue, and the revenue from our largest customer amounted to approximately RMB23.0 million, RMB185.7 million and RMB94.0 million, respectively, accounting for 19.6%, 35.5% and 14.1% of our total revenue during the same year, respectively.

OUR SUPPLIERS

We have established stable relationships with a group of selected suppliers to ensure supply chain stability, including but not limited to domestic semiconductor component manufacturers, optical and sensor manufacturers, printed circuit board manufacturers, and outsourced assembly and testing service providers. These relationships ensure product quality, supply chain continuity and delivery efficiency, covering all types of our hardware product lines. During the Track Record Period, our purchases from the top five suppliers in each year accounted for 54.2%, 66.4% and 62.2% of our total purchases, and the purchases from our largest supplier amounted to approximately RMB18.8 million, RMB152.4 million and RMB100.5 million, respectively, accounting for 18.6%, 39.9% and 18.5% of our total purchases during the same year, respectively.

OUR PRODUCTION BASES

As at the Latest Practicable Date, our production facilities are located in two key regions in China, namely Shenzhen and the Longyou Economic Development Zone in Zhejiang Province. The Zhejiang production base performs the full range of production processes, including the SMT automated assembly, sensor optical calibration and firmware programming, product configuration and assembly, quality sampling and automated testing, product ageing and packaging and warehousing. Meanwhile, the Shenzhen production base mainly undertakes the subsequent production processes after SMT automated assembly, including sensor optical calibration and firmware programming, product configuration and assembly, quality sampling and automated testing, product ageing and packaging and warehousing. In addition, the Shenzhen production base also undertakes R&D activities as required, as it is located in close proximity to our Company's R&D centre. This dual-base structure allows us to combine efficient mass delivery capabilities with technological flexibility and innovation incubation. As our business continues to expand, we plan to further expand our production capacity in the future to accommodate our growing needs. The utilisation rates of our Shenzhen and Zhejiang production bases are 24.0%, 87.0% and 49.0% in FY2023, FY2024 and FY2025, respectively. For details of our utilisation rate, please refer the section headed "Business — Production — Our Production Bases" in this document.

OUR COST STRUCTURE

Raw material and consumables cost is the largest component in our Group's cost structure. During the Track Record Period, raw materials and consumables used accounted for 69.9%, 90.1% and 91.9% of the cost of sales in FY2023, FY2024 and FY2025, respectively.

For a breakdown of our cost of sales, please refer to section headed "Financial Information — Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income — Cost of Sales" in this document.

OUR [REDACTED] INVESTORS

We received certain rounds of **[REDACTED]** Investments since our establishment. See "History, Development and Corporate Structure — **[REDACTED]** Investments" for details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from our consolidated financial statements included in "Appendix I — Accountants' Report" to this document.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	FY2023	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue	117,063	522,568	668,519
Cost of sales	(102,756)	(424,399)	(519,127)
Gross profit	14,307	98,169	149,392
Other income	6,863	5,051	7,430
Other (losses)/gains, net	(958)	56	(3,897)
General and administrative expenses	(11,874)	(13,040)	(46,802)
Selling and marketing expenses	(16,035)	(16,470)	(17,700)
Research and development expenses	(11,084)	(25,151)	(50,793)
Net impairment losses on financial assets	(1,631)	(5,413)	(6,484)
Operating (loss)/profit	(20,412)	43,202	31,146
Finance income	613	273	207
Finance costs	(3,055)	(1,016)	(3,862)
(Loss)/Profit before income tax	(22,854)	42,459	27,491
Income tax credit/(expense)	4,441	(2,047)	1,863
(Loss)/Profit and total comprehensive (loss)/income for the year	(18,413)	40,412	29,354

Non-IFRS Measure

We define adjusted net (loss)/profit (non-IFRS measure) as net (loss)/profit for the years adjusted by adding back share-based payment expenses, which is a non-cash item, and **[REDACTED]**.

To supplement our consolidated financial statements, we also use adjust net (loss)/profit (non-IFRS measure) as an 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 **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net (loss)/profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure as an analytical tool has limitations, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) for the years presented in accordance with IFRS, which is net (loss)/profit for the years indicated:

	FY2023	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of net (loss)/profit to adjusted net (loss)/profit (non-IFRS measure)			
(Loss)/profit for the year	(18,413)	40,412	29,354
Add:			
[REDACTED]	—	—	17,426
Share-based payment expenses[(1)]	242	2,532	8,465
Adjusted net (loss)/profit (non-IFRS measure)	(18,171)	42,944	55,245

Note:

(1) Share-based payment expenses is a non-cash item.

Revenue by products and services

	FY2023		FY2024		FY2025	
	RMB'000	*% of Total*	*RMB'000*	*% of Total*	*RMB'000*	*% of Total*
Multispectral AI						
Multispectral AI Modules	99,121	84.6	299,228	57.3	209,044	31.3
Multispectral AI Perception Terminals	12,586	10.8	61,229	11.7	92,638	13.9
Multispectral AI Large Model Services	—	—	113,791	21.8	355,364	53.1
	111,707	95.4	474,248	90.8	657,046	98.3
Others						
Other AI Vision Modules[(1)]	5,150	4.4	47,080	9.0	10,258	1.5
Others[(2)]	206	0.2	1,240	0.2	1,215	0.2
	5,356	4.6	48,320	9.2	11,473	1.7
Total	**117,063**	**100.0**	**522,568**	**100.0**	**668,519**	**100.0**

Notes:

(1) Our Other AI Vision Modules represent embedded hardware components designed for visible light perception, providing standardised visual capture and preliminary processing for cost-effective applications.

(2) Others represent primarily fees from subscription service and maintenance services.

Our revenue increased by 27.9% from RMB522.6 million in FY2024 to RMB668.5 million in FY2025, primarily attributable to (i) significant increase in the sales of our Multispectral AI Large Model Services as a result of our products gaining market recognition; (ii) the strong sales performance from Multispectral AI Perception Terminals; (iii) the implementation of supportive industry policy boosted market demand; and (iv) the expansion of our customer base.

Our revenue significantly increased by 346.4% from RMB117.1 million in FY2023 to RMB522.6 million in FY2024. This growth was primarily attributable to (i) the relatively strong market demand for our products targeting safety-related applications; (ii) the acquisition of new customers that contributed significant orders for our Multispectral AI Modules and Multispectral AI Perception

Terminals; and (iii) the launch of our Multispectral AI Large Model Services. The relatively significant revenue growth in FY2024 was primarily attributable to the relatively low revenue level in FY2023, as a result of the slow down of the economy.

Gross profit and gross profit margin by products and services

	FY2023		FY2024		FY2025	
	Gross profit RMB'000	*Gross profit margin (%)*	*Gross profit RMB'000*	*Gross profit margin (%)*	*Gross profit RMB'000*	*Gross profit margin (%)*
Multispectral AI Modules	10,832	10.9	22,753	7.6	23,414	11.2
Multispectral AI Perception Terminals	2,481	19.7	15,347	25.1	16,408	17.7
Multispectral AI Large Model Services	—	—	56,282	49.5	107,901	30.4
Other AI Vision Modules	996	19.3	2,976	6.3	802	7.8
Others	(2)	(1.0)	811	65.4	867	71.3
Total	**14,307**	**12.2**	**98,169**	**18.8**	**149,392**	**22.3**

Our gross profit increased by 52.2% from RMB98.2 million in FY2024 to RMB149.4 million in FY2025. This significant growth was primarily driven by the strong performance of our Multispectral AI Large Model Services, which accounted for 53.1% of total revenue in FY2025, increased from 21.8% in FY2024. Our gross profit margin rose from 18.8% in FY2024 to 22.3% in FY2025, primarily attributable to change in our revenue composition, where Multispectral AI Large Model Services with higher gross profit margin contributed larger portion of our revenue in FY2025.

Our gross profit significantly increased by 586.2% from RMB14.3 million in FY2023 to RMB98.2 million in FY2024, primarily as a result of our revenue growth. Our gross profit margin rose from 12.2% in FY2023 to 18.8% in FY2024, mainly due to launch of our Multispectral AI Large Model services which enjoyed a higher gross profit margin than those of the other products.

Our income from others in FY2023 primarily comprise our fee income from maintenance services. Our income, gross profit and gross profit margin from others increased in FY2024 primarily because we also received income from subscription services. Our income from others was relatively stable in FY2025.

Profit/Loss for the year

Our profit for the year decreased from RMB40.4 million in FY2024 to RMB29.4 million in FY2025, mainly due to a significant increase in our general and administrative expenses (in particular, **[REDACTED]**) and our research and development expenses.

We achieved a significant turnaround from a loss of RMB18.4 million for FY2023 to a profit of RMB40.4 million for FY2024, which was mainly due to (i) a significant increase in gross profit from RMB14.3 million in FY2023 to RMB98.2 million in FY2024; (ii) general and administrative expenses and selling and marketing expenses in FY2024 remained relatively stable; and (iii) a RMB14.1 million increase in R&D expenses.

Summary of Consolidated Statements of Financial Position

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	87,053	103,017	153,166
Total current assets	173,908	302,225	570,726
Total non-current liabilities	14,512	7,907	55,738
Total current liabilities	85,016	162,958	305,958
Net current assets	88,892	139,267	264,768
Net assets	161,433	234,377	362,196

Changes in net assets and net current assets

Our net assets increased from RMB161.4 million as at 31 December 2023 to RMB234.4 million as at 31 December 2024, and further increased to RMB362.2 million as at 31 December 2025. The increase was a result of (i) capital injections by our Company's shareholders of RMB30.0 million and RMB90.0 million during FY2024 and FY2025, respectively; (ii) our net profit of RMB40.4 million and RMB29.4 million during FY2024 and FY2025, respectively; and (iii) the share based compensation expenses of RMB2.5 million and RMB8.5 million for shares issued to eligible employees and directors of the Group pursuant to an employee share incentive plan during FY2024 and FY2025, respectively.

Our net current assets increased from RMB88.9 million as at 31 December 2023 to RMB139.3 million as at 31 December 2024, primarily due to the increases of trade and notes receivables and trade and notes payables. Our net current assets further increased to RMB264.8 million as at 31 December 2025, primarily due to the increase in our prepayments and other receivables. For details of the fluctuation of our net current assets during the Track Record Period, please refer to section headed "Financial Information — Liquidity and Capital Resources — Current Assets and Liabilities" in this document.

Summary of the Consolidated Statements of Cash Flows

	FY2023	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*
Cash generated from/(used in) operations	68,958	(6,736)	(129,362)
Interest received	613	273	207
Income tax paid	—	(28)	(760)
Net cash generated from/(used in) operating activities	69,571	(6,491)	(129,915)
Net cash generated from/(used in) investing activities	34,084	(22,678)	(110,478)
Net cash (used in)/generated from financing activities	(152,758)	48,759	249,244
Net (decrease)/increase in cash and cash equivalents	**(49,103)**	**19,590**	**8,851**
Cash and cash equivalents at beginning of the year	86,218	37,115	56,705
Cash and cash equivalents at the end of the year	**37,115**	**56,705**	**65,556**

Our net cash generated from operating activities amounted to RMB69.6 million for FY2023, during which we recorded a loss before income tax of RMB22.9 million, adjusted for items mainly including non-cash and non-operating items, primarily comprising increase in payables of approximately RMB54.8 million, decrease in receivables of RMB29.7 million, which was off-set by an increase of inventories of RMB15.8 million.

Our net cash used in operating activities amounted to RMB6.5 million for FY2024 despite a profit before income tax of RMB42.5 million, due to changes in working capital, primarily comprising an increase in receivables of RMB152.3 million, as offset by an increase in payables of RMB53.9 million.

Net cash used in operating activities amounted to RMB129.9 million for FY2025, primarily consisting of our profit before income tax of RMB27.5 million, adjusted for items mainly including (i) non-cash and non-operating items, primarily comprising depreciation and amortisation of non-current assets of RMB21.7 million; and (ii) changes in working capital, primarily comprising (a) an increase in receivables of RMB172.6 million, which was mainly attributable to the increase in our prepayments of approximately RMB146.9 million to certain suppliers in order to secure a stable supply of high-performance computing (HPC) servers, which have recently been in high demand; (b) an increase in inventories of RMB55.5 million; and (c) an increase in payables of RMB21.3 million.

SUMMARY OF KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as at the dates indicated:

	For the year ended/As at 31 December		
	2023	2024	2025
Gross profit margin[(1)]	12.2%	18.8%	22.3%
Net profit margin[(2)]	(15.7)%	7.7%	4.4%
Gearing ratio[(3)]	0.14	0.20	0.59
Current ratio[(4)]	2.0	1.9	1.9
Quick ratio[(5)]	1.4	1.7	1.6

Notes:

(1) Gross profit margin equals gross profit divided by total revenue during the period, multiplied by 100%.

(2) Net profit margin equals net profit divided by total revenue during the period, multiplied by 100%.

(3) Gearing ratio equals total borrowings and lease liabilities divided by total equity as at the relevant dates.

(4) Current ratio represents current assets divided by current liabilities as at the relevant dates.

(5) Quick ratio represents current assets minus inventories, divided by current liabilities as of the relevant date.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on the sales and provision of our Multispectral AI Modules, Multispectral AI Perception Terminals, Multispectral AI Large Model Services and Other AI Vision Modules.

For the four months ended 30 April 2026 ("**4M2026**"), we recorded an increase of our revenue from that for the four months ended 30 April 2025 ("**4M2025**"). This increase was primarily due to an increase in revenue from our Multispectral AI Large Model Services was recognised during 4M2026, as there was an increase in demand and acceptance works of such services in 4M2026 as compared to 4M2025.

Our Directors confirm that up to the date of this document, there has been no material adverse change in our sales performance, trading position or prospects since 31 December 2025 being the end of the year reported on as set out in "Appendix I — Accountants' Report" to this document.

[REDACTED]

[REDACTED] STATISTICS

All statistics in the following table are based on the assumption that the **[REDACTED]** has been completed and **[REDACTED]** H Shares are issued pursuant to the **[REDACTED]** and **[REDACTED]** Shares are issued and outstanding following the completion of the **[REDACTED]**.

	Based on an [REDACTED] of HK$[REDACTED] per H Share
	HK$**[REDACTED]**
[REDACTED] of our Shares[(1)]	million
Unaudited **[REDACTED]** adjusted net tangible asset per Share[(2)]	HK$**[REDACTED]**

Notes:

(1) The calculation of market capitalisation is based on **[REDACTED]** Shares, comprising **[REDACTED]** Unlisted Shares and **[REDACTED]** H Shares, expected to be in issue and conversion following completion of the **[REDACTED]** and the **[REDACTED]**.

(2) The unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in "Appendix II — Unaudited **[REDACTED]** Financial Information" in this document.

(3) No adjustment has been made to the unaudited **[REDACTED]** adjusted net tangible assets of our Group to reflect any trading results or other transactions of our Group entered into subsequent to 31 December 2025.

DIVIDENDS

No dividend has been declared or paid by us during FY2023, FY2024 and FY2025. The earnings per share for FY2024 and FY2025 are approximately RMB5.09 and RMB3.49, respectively. The loss per share for FY2023 was approximately RMB2.33.

After the completion of the **[REDACTED]**, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. As at the Latest Practicable Date, we did not have any specific dividend policy nor any pre-determined dividend payout ratio. In principle, we prioritise cash dividends as the profit distribution method if the conditions for cash dividends are met. When we have major investment plans or significant cash expenditures, we may distribute dividends in the form of share equity. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. As advised

by our PRC legal advisers, a PRC company can pay dividends after covering all accumulated losses from prior years with its current profits after tax and statutory reserve allocations. Our Shareholders may approve any declaration of dividends.

USE OF [REDACTED]

We estimate the aggregate **[REDACTED]** from the **[REDACTED]**, after deducting **[REDACTED]** fees and other estimated expenses in connection with the **[REDACTED]** and an **[REDACTED]** of HK$**[REDACTED]** per Share, will be approximately HK$**[REDACTED]** million.

In accordance with our strategy, we intend to use the **[REDACTED]** from the **[REDACTED]** for the following purposes in the following amounts:

- approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) is expected to be used to enhance our R&D capabilities and increase investment in product development;
- approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to expand our production capacity to support business growth and new product development;
- approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used for strengthening our business expansion and accelerating global market penetration; and
- approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to provide funding for our general working capital and for general corporate uses.

Please refer to the section headed "Future Plans and Use of **[REDACTED]**" in this document for further details.

RISK FACTORS

Our business is subject to certain risks and uncertainties and there are risks relating to an **[REDACTED]** in the **[REDACTED]**. A summary of certain of these risk factors is set forth below. This summary should be read together with the section headed "Risk Factors" in this document in its entirety. Any of the following developments may have a material adverse effect on our business, results of operations, financial condition and future prospects: (i) our business development is subject to uncertainties in end-market demand and competitive pressures from technological iteration, and failure to maintain technological leadership could materially and adversely affect our operating results and financial condition; (ii) we have invested, and intend to continue investing, significantly in R&D, which may adversely affect our profitability and operating cash flow and may not yield the anticipated results; (iii) failure to develop and launch new products and services could materially and adversely affect our future business, operating results, financial condition, and competitive position; and (iv) the size of our addressable markets and the demand for our products and services may not increase as rapidly as we anticipate due to a variety of factors, which would materially and adversely affect our business, results of operations, financial condition and prospects.

[REDACTED]

The total **[REDACTED]** payable by our Company are estimated to be RMB**[REDACTED]** million and based on an **[REDACTED]** of HK$**[REDACTED]**, accounting for **[REDACTED]**% of gross **[REDACTED]**. Among such estimated total **[REDACTED]**, (i) **[REDACTED]**-related expenses, including **[REDACTED]**, are expected to be RMB**[REDACTED]** million; and (ii) non-**[REDACTED]**-related expenses of RMB**[REDACTED]** million, comprising (a) fees and expenses of the Joint Sponsors, legal advisers and reporting accountants of RMB**[REDACTED]** million; and (b) other fees and expenses of RMB**[REDACTED]** million.

Among the total **[REDACTED]** payable of RMB**[REDACTED]** million, (i) approximately RMB**[REDACTED]** million was charged to the statement of profit or loss during FY2025; (ii) approximately RMB**[REDACTED]** million is expected to be expensed through the statement of profit or loss after the Track Record Period; and (iii) the remaining amount of RMB**[REDACTED]** million is directly attributable to the issue of shares and would be deducted from equity upon the **[REDACTED]**.

The professional fees and/or other expenses related to the preparation of the **[REDACTED]** are currently in estimates for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions.

CONTROLLING SHAREHOLDERS

As at the date of this document, Mr. Zhou controls 48.87% of the voting power at the general meetings of our Company, comprising (1) 5.96% beneficially owned by him directly; (2) 38.34% beneficially owned by Zhongcheng Tianying LP, which is controlled by Mr. Zhou as its general partner; and (3) 2.79% beneficially owned by Zhongzheng Tianying LP, which is controlled by Mr. Zhou as its general partner; and (4) 1.79% beneficially owned by Zhongzhi Tianying LP, which is controlled by Mr. Zhou as its general partner.

Immediately following completion of the **[REDACTED]** and the **[REDACTED]**, the group of our Controlling Shareholders will be, in aggregate, entitled to control the exercise of approximately **[REDACTED]**% of the voting rights and thus remain as a group of Controlling Shareholders.

FILING WITH THE CSRC FOR FULL CIRCULATION

According to the Trial Measures promulgated by the CSRC, for a H-share listed company, shareholders of its Unlisted Shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorise the domestic company to file with the CSRC on their behalf.

In accordance with the Guidance of H-share Companies Applying for "Full Circulation" Business of Unlisted Shares in China (H股公司境內未上市股份申請"全流通"業務指引) announced by the CSRC, an unlisted domestic joint stock company may file with the CSRC for "full circulation" simultaneously when applying for an overseas initial **[REDACTED]**.

We **[REDACTED]** with the CSRC for, and the CSRC **[REDACTED]**, the conversion of **[REDACTED]** Unlisted Shares into H Shares on a one-for-one basis upon completion of **[REDACTED]**.

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings.

"Accountants' Report"	the Report of the Reporting Accountants set out in Appendix I to this document
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on 31 July 2025 with effect from the **[REDACTED]**, and as amended from time to time, a summary of which is set out in Appendix V to this document
"Audit Committee"	the audit committee of the Board
"BIS"	U.S. Department of Commerce, Bureau of Industry and Security
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business to the public

[REDACTED]

"Chairman"	the chairman of our Board, Mr. Zhou
"China" or "PRC"	the People's Republic of China and, except where the context otherwise requires and only for the purpose of this document, and for geographical reference only, references in this document to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan region
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"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, which was last amended on 29 December 2023 to take effect on 1 July 2024

"Company" or "our Company"	Shenzhen HQVT Technology Co., Ltd. (深圳海清智元科技股份有限公司), a limited liability company established in the PRC on 3 April 2013 which was converted into a joint stock company with limited liability on 8 November 2022, formerly known as Shenzhen Haiqing Video Technology Co., Ltd.* (深圳市海清視訊科技有限公司)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, means Mr. Zhou, Zhongcheng Tianying LP, Zhongzheng Tianying LP and Zhongzhi Tianying LP
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Deed of Indemnity"	the deed of indemnity dated 2 June 2026 given by our Controlling Shareholders in favour of our Company regarding certain indemnities, details of which are set out in the paragraph headed "D. Other information — 1. Tax and other indemnities" in Appendix VI to this document
"Deed of Non-Competition"	the deed of non-competition dated 2 June 2026 given by our Controlling Shareholders in favour of our Company regarding certain non-competition undertakings, details of which are set out in the section headed "Relationship with Controlling Shareholders — Non-competition undertaking" in this document
"Designated Bank"	**[REDACTED]** Designated Bank
"Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"EAR"	United States Export Administration Regulations, 15 C.F.R. Parts 730–774
"ECCN"	Export Control Classification Number
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"F&S Report" or "Frost & Sullivan Report"	a market research report commissioned by us and prepared by Frost & Sullivan on the overview of the industry in which our Group operates
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company

[REDACTED]

"FY2023"	the financial year ended 31 December 2023
"FY2024"	the financial year ended 31 December 2024
"FY2025"	the financial year ended 31 December 2025

[REDACTED]

"Group", "we, "us" or "our Group"	our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, our present subsidiaries and the businesses operated by such subsidiaries or their predecessors (as the case may be)

[REDACTED]

"H Share(s)"	overseas **[REDACTED]** ordinary share(s) in the share capital of our Company with a nominal value of RMB0.0125 each (taking into account **[REDACTED]**), which are to be **[REDACTED]** for and **[REDACTED]** in Hong Kong dollars and to be **[REDACTED]** on the Hong Kong Stock Exchange
"HKD", "Hong Kong dollars", "HK$" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

[REDACTED]

"Hong Kong", "HKSAR" or "HK"	the Hong Kong Special Administrative Region of the PRC

[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"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Board
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which, to the best of our Directors' knowledge, information and belief, having made all due and careful enquiries, is/are not a connected person(s) of our Company under the Listing Rules

[REDACTED]

"Joint Sponsor(s)"	the joint sponsor(s) as named in the section headed "Directors and Parties Involved in the **[REDACTED]**" in this document
"Latest Practicable Date"	1 June 2026, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information in this document prior to its publication

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange, as amended, modified and supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange

"Mr. Zhou"	Mr. Zhou Bo (周波), our executive Director, general manager of our Group, and chairman of our Board
"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)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"OFAC"	Office of Foreign Assets Control

[REDACTED]

"Overseas Listing Trial Measures"	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on 17 February 2023 and became effective on 31 March 2023
"Outbound Investment Rule"	"Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern", issued by the U.S. Department of the Treasury on 28 October 2024
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisers"	AllBright Law Offices (Shenzhen)
"**[REDACTED]** Investments"	certain rounds of financing carried out by our Company before the **[REDACTED]**, details of which are set out in the section headed "History, Development and Corporate Structure — **[REDACTED]** Investments" in this document
"**[REDACTED]** Investor(s)"	the investor(s) who participated in the **[REDACTED]** Investments, background and information of which are set out in the paragraph headed "History, Development and Corporate Structure — **[REDACTED]** investment" in this document

[REDACTED]

"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reporting Accountants"	Confucius International CPA Limited
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAT"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局, formerly known as the State Administration of Tax)
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

[REDACTED]

"Share(s)"	Unlisted Share(s) and/or H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)

[REDACTED]

"sq.ft."	square foot
"sq.m."	square metre
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"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 period comprising FY2023, FY2024 and FY2025
"U.S. Legal Advisers"	DeHeng Law Offices, our legal advisers as to United States export controls and sanctions
"**[REDACTED]**"	**[REDACTED]** of 1933, as amended, modified and supplemented from time to time

"**[REDACTED]**"	the **[REDACTED]** and the **[REDACTED]**, details of which are set out in the section headed "**[REDACTED]**" in this document
"**[REDACTED]**"	the **[REDACTED]** and the **[REDACTED]**
"United States" or "U.S."	the United States of America
"Unlisted Share(s)"	existing ordinary shares(s) in the share capital of our Company with a nominal value of RMB1.00 each, and ordinary share(s) in the share capital of our Company of par value of RMB0.0125 per Share (taking into account the **[REDACTED]**), which is/are not **[REDACTED]** or **[REDACTED]** on any stock exchange
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Zhongcheng Tianying LP"	Shenzhen Zhongcheng Tianying Venture Capital Partnership (Limited Partnership)* (深圳市眾誠天盈創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 21 August 2017, an employee shareholding platform and one of our Controlling Shareholders
"Zhongzheng Tianying LP"	Shenzhen Zhongzheng Tianying Venture Capital Partnership (Limited Partnership)* (深圳市眾正天盈創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 8 December 2020, an employee shareholding platform and one of our Controlling Shareholders
"Zhongzhi Tianying LP"	Shenzhen Zhongzhi Tianying Venture Capital Partnership (Limited Partnership)* (深圳市眾知天盈創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 25 February 2022, an employee shareholding platform and one of our Controlling Shareholders
"%"	per cent

Unless expressly stated or the context otherwise requires:

- *all times refer to Hong Kong time and references to years in this document are to calendar years;*
- *the terms "associate(s)", "close associate(s)", "connected person(s)", "core connected person(s)", "connected transaction(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings ascribed to such terms in the Listing Rules;*
- *all data in this document are as at the Latest Practicable Date;*
- *certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding; and*

DEFINITIONS

The English names of the PRC laws, rules, regulations, nationals, entities, governmental authorities, institutions, facilities, certificates and titles etc. mentioned in this document, including those marked with "", are translations from their Chinese names and are for identification purpose only. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain technical terms used in this document as they relate to our Company and as they are used in this document in connection with our business or us. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"architecture (架構)"	The fundamental structure and organisation of a system, defining its components, their relationships, and the principles governing its design and evolution. In AI and computing, it refers to the framework of hardware and software elements.
"AI"	artificial intelligence, simulation of human intelligence by machines.
"AI chip (AI芯片)"	a specialised hardware processor designed to accelerate artificial intelligence workloads, particularly those involving machine learning (ML) and deep learning (DL) algorithms. Unlike general-purpose CPUs, AI chips are optimised for parallel computation, matrix operations, and low-latency inference, making them ideal for training and deploying AI models efficiently.
"AI vision modules (AI視覺模組)"	compact intelligent chip modules that integrate visible light image sensors, processors, software algorithms, and interface components.
"algorithm (算法)"	A well-defined, finite sequence of instructions or rules used to solve a specific problem or perform a computation. In AI, algorithms process data to learn patterns, make predictions, or automate decisions.
"artificial intelligence algorithm(s) (人工智能算法)"	set(s) of instructions or rules that enable machines to perform tasks requiring human-like intelligence, including learning, reasoning, and decision-making. They serve as the foundational mechanisms of AI systems across diverse applications.
"CAGR (複合年增長率)"	compound annual growth rate.
"cloud computing (雲計算)"	the delivery of computing services — including servers, storage, databases, networking, software, and analytics — over the internet ("the cloud") on a pay-as-you-go basis. This model allows users to pay only for the resources they use, offering scalable access without the need for on-premises infrastructure.
"CMOS (互補式金屬氧化物半導體)"	a complementary metal-oxide-semiconductor (CMOS), which is a semiconductor technology used to create integrated circus, such as processors and memory chips.
"CMOS image sensors (CMOS圖像傳感器)"	an image sensor technology based on CMOS fabrication processes. Its core function is to convert incoming light (photons) into electrical signals, which are then processed to form a digital image (i.e. CIS).

GLOSSARY OF TECHNICAL TERMS

"computing power miniaturisation (算力小型化)"	the process of integrating high-performance computing capabilities into smaller, more portable hardware devices, enabling compact and efficient computing resources that meet the demands of edge and mobile devices for high performance.
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2.
"cross band imaging (跨譜段成像)"	An imaging technique that captures and combines data from different parts of the electromagnetic spectrum simultaneously or in a correlated manner. This provides richer information beyond what is possible with single spectral imaging.
"deep learning (深度學習)"	A subset of machine learning that uses artificial neural networks with multiple layers to learn complex patterns and representations from large amounts of data. It excels at tasks like image and speech recognition.
"electromagnetic (電磁)"	Electromagnetic is used to describe phenomena and things related to the interaction between electric fields and magnetic fields. The interaction between electric and magnetic fields can generate electromagnetic waves, which, depending on their wavelength, include various types such as gamma rays, ultraviolet, visible light, infrared, and radio waves.
"facial recognition (人臉識別)"	A biometric technology that identifies or verifies a person's identity by analysing and comparing patterns in their facial features from digital images or video frames.
"lightweight (輕量化)"	The process of designing or optimising models and algorithms to have reduced computational complexity, and memory footprint, enabling efficient deployment on resource-constrained devices.
"ISO"	International Organisation for Standardisation.
"large model (大模型)"	A type of artificial intelligence model, typically based on deep learning neural networks, characterised by having a very large number of parameters and trained on massive datasets. These models exhibit broad capabilities, including complex reasoning and multi-task learning.
"full-chain (全鏈路)"	in the context of AI technology enterprise, means that the company possesses the business capabilities to encompass module R&D, software algorithm development, terminal equipment integration, and tailored scenario-based solutions.
"HtFS"	a filing system developed by our Company, which is designed for vision scenario applications to extend the service life of terminals storage.
"HtOS"	an operating system developed by our Company, which is designed for edge AI computing to fundamentally overcome key technical bottlenecks in computational miniaturisation.

"image sensor(s) (圖像傳感器)"	a device that converts optical images (light) into electronic signals. It is the core component of cameras and imaging systems, enabling the capture of visual information by detecting the intensity and sometimes the wavelength of incoming light. Image sensors are essential in both consumer electronics and industrial/computational vision applications.
"infrared thermal imaging (紅外熱成像)"	a non-contact imaging technology that detects infrared radiation (heat) emitted by objects and converts it into a visible image. The resulting thermographic image represents temperature distribution across the surface of an object or scene, enabling temperature-based analysis, diagnostics, or monitoring.
"IDCs (互聯網數據中心)"	information data centres, refers to centralised physical facilities or spaces designed for the centralised processing, storage, transmission, exchange, and management of information and data.
"IoT (物聯網)"	internet-of-things, refers to a network of physical objects or "things" embedded with sensors, software, and other technologies that enable them to connect and exchange data with other devices and systems over the internet.
"infrared (紅外線)"	Electromagnetic radiation with wavelengths longer than visible light but shorter than microwaves, typically ranging from ~700 nanometres to 1 millimetres.
"machine learning (機器學習)"	A field of artificial intelligence focused on developing systems that can learn from data and improve their performance on a specific task without being explicitly programmed for every scenario.
"MEMS"	Micro-Electro-Mechanical Systems.
"model (模型)"	In the context of AI, a mathematical representation trained on data to recognise patterns, make predictions, or perform specific tasks. Models are the core output of machine learning and deep learning processes.
"multimodal model (多模態模型)"	an artificial intelligence model designed to process and integrate multiple data modalities — such as text, images, audio, video, and structured data — within a unified framework. It enables understanding of complex relationships across diverse inputs, facilitating richer and more context-aware predictions or outputs.
"multispectral (多光譜)"	Relating to the acquisition, processing, and analysis of optical information captured from multiple specific spectral bands to provide more detailed information than standard RGB (visible lights) imaging.

"Multispectral AI Large Model Services (多光譜AI大模型服務)"	model services that integrate multispectral data with domain-specific AI to support training, compression, and secure on-device deployment. Built on a unified architecture, it enables cross-band imaging, analysis, and efficient local inference adapted to the complex needs of the multi-scenario safety sector. It delivers robust algorithmic performance, supporting real-time, secure, and scalable inference across diverse application environments.
"Multispectral AI Modules (多光譜AI模組)"	embedded AI vision modules designed to capture information across multiple spectral bands, including infrared, ultraviolet, and visible light, enabling simultaneous multispectral data acquisition and overcoming the perceptual limits of traditional visible-light imaging.
"Multispectral AI Perception Terminals (多光譜AI感知終端)"	an intelligent terminal device integrating spectral imaging and AI algorithms, capable of capturing data across multiple spectral bands including near-infrared, short-wave infrared and visible for enhanced perception and understanding of object characteristics. It combines optical components, sensors, local storage, and AI processing to enable on-device imaging, analysis, recognition, and inference, overcoming traditional vision system limitations in complex, high-precision scenarios.
"multispectral AI technology (多光譜AI技術)"	the integration of multispectral signal acquisition including ultraviolet, infrared, and visible light with perception, spectral modelling, and intelligent computing into a unified system. It enables on-device closed-loop processing from data capture to preliminary inference, offering ultra-wide spectral sensing and high sensitivity, while also supporting cloud-based services for centralised model training, data aggregation, and remote optimisation.
"multi-scenario safety (泛安全領域)"	a demand-driven market encompassing diverse application areas such as fire safety, food safety, urban surveillance and industrial hazard prevention. It integrates advanced perception, intelligent decision-making, and cost-effective deployment to enable real-time risk detection and rapid response across complex environments.
"nm"	nanometre.
"on-device (端側)"	Refers to the execution of computation directly on an end-user device rather than relying on remote cloud servers. Offers benefits like reduced latency, enhanced privacy, and offline operation.
"on-device AI (端側AI)"	on-device AI enables artificial intelligence to run directly on terminal devices — such as sensors and IoT endpoints — providing localised data processing and real-time decision-making without relying on cloud-based systems.

"optical communication module(s) (光通信模塊)"	an integrated device that enables data transmission via optical fibre by converting electrical signals into optical signals (for transmission) and vice versa (for reception). It typically includes components such as lasers or LEDs, photodetectors, optical fibres, and electronic interface circuits, facilitating high-speed, long-distance, and low-loss communication.
"Other AI Vision Modules (其他AI視覺模組)"	designed for visible-light perception, these compact intelligent chip modules integrate image acquisition, on-device computing, and AI analysis within constrained spaces.
"PCB(s)"	printed circuit board(s), refers to a thin board made of insulating material, typically fibreglass or composite epoxy, that contains conductive pathways (traces) etched or printed onto its surface.
"PCBA(s)"	printed circuit board assembly(ies), refers to the process of mounting and soldering electronic components onto a bare printed circuit board to create a functional electronic circuit.
"perceptual intelligence (感知智能)"	AI technologies — primarily machine learning and computer vision — that emulate human sensory capabilities, enabling machines to perceive, interpret, and respond to their environment through sensors and devices. It is typically classified into visual, auditory, tactile, and other forms of perception based on the type of human sense being simulated.
"private protocol (私有協議)"	a proprietary communication protocol designed and controlled by a specific company or organisation for communication between designated devices or systems within its network environment. Such protocols are not publicly standardised and are typically used to enable secure and efficient data transmission between internal devices and platforms.
"public protocol (公有協議)"	refers to a communication protocol that is publicly available and widely adopted across public networks or the internet, enabling interoperability and data exchange between different systems and devices.
"RGB"	red, green and blue. In visual imaging technology, it is an additive colour model in which these three primary colours of light are combined in varying intensities to reproduce a broad array of colours perceived by the human eye.
"R&D"	research and development.
"SMT"	surface mount technology, refers to a method for assembling electronic components directly onto the surface of a PCB.
"ultraviolet" or "UV"	ultraviolet, a type of electromagnetic radiation with wavelengths shorter than visible light but longer than X-rays, typically ranging from 10 to 400 nanometres.

FORWARD-LOOKING STATEMENTS

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 contains forward-looking statements, including, without limitation, words and expressions such as "aim", "expect", "believe", "consider", "continue", "intend", "plan", "project", "anticipate", "seek", "may", "might", "will", "would", "should", "ought to", "could", "estimate", "potential", "predict" or similar words or statements, in particular, in the sections headed "Industry Overview", "Business" and "Financial Information" in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this document, and the following:

- general political and economic conditions, including those related to PRC;
- 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;
- our business operations and prospects;
- our capital expenditure plans;
- 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 PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- various business opportunities that we may pursue; and
- certain factors set out in the sections headed "Industry Overview", "Business" and "Financial Information" in this document.

We caution you that, subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this

document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

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

An **[REDACTED]** *in our H Shares may involve significant risks. Potential* **[REDACTED]** *should carefully consider all of the information set out in this document and, in particular, should consider the following risks and special consideration associated with an* **[REDACTED]** *in our Company before making any* **[REDACTED]** *decision in relation of the* **[REDACTED]**. *You should pay particular attention to the fact that we primarily conduct our operations in China, the legal and regulatory environment of which in some respects may differ from that in Hong Kong. If any of the possible events as described below materialises, our Group's business, financial position and prospects could be materially and adversely affected and the* **[REDACTED]** *of H Shares could decline due to any of these risks, and you may lose all or part of your* **[REDACTED]**. *The risks and uncertainties identified below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.*

You should carefully consider all of the information in this document, including the following risk factors before making any **[REDACTED]** *decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The market price of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your* **[REDACTED]**. *The information given is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.*

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our business development is subject to uncertainties in end-market demand and competitive pressures from technological iteration, and failure to maintain technological leadership could materially and adversely affect our operating results and financial condition.

We have continuously invested in R&D to develop core advantages in multispectral AI technology, resulting in product and service offerings, including Multispectral AI Modules, Multispectral AI Perception Terminals, and Multispectral AI Large Model Services. However, given the multispectral AI technology sector's fast pace of innovation, we may not be able to timely adapt our R&D focus, successfully launch new products, or achieve our R&D objectives as planned. If our competitors achieve technological breakthroughs that offer cost or performance advantages and we fail to respond effectively, our competitive position and operating results could be materially and adversely affected.

We have invested, and intend to continue investing, significantly in R&D, which may adversely affect our profitability and operating cash flow and may not yield the anticipated results.

We are directing our R&D efforts toward several key products and solutions, including the development of large models and AI chips. In line with this focus, we have committed substantial resources to R&D. For FY2023, FY2024 and FY2025, our R&D expenses amounted to RMB11.1 million, RMB25.2 million and RMB50.8 million, respectively, representing 9.5%, 4.8% and 7.6% of our total revenue for the respective years.

The industries in which we operate are characterised by rapid technological changes. To maintain competitiveness, we must invest significant resources in R&D to enhance our technological capabilities and maintain the market relevance of our products and solutions.

However, there can be no assurance that our R&D initiatives will deliver the expected benefits or achieve market recognition. R&D activities are inherently uncertain, and we may encounter challenges in securing and retaining adequate resources, such as qualified personnel. Emerging technologies could render our existing or developing products obsolete, limiting our ability to recover associated development costs and potentially leading to declines in revenue, profitability, and market share.

Our R&D investments may not contribute meaningfully to our future results of operations or offset the incurred costs. This could materially and adversely affect our business, results of operations, operating cash flow, financial condition, and competitive position.

Failure to develop and launch new products and services could materially and adversely affect our future business, operating results, financial condition, and competitive position.

The sustainability of our operations and R&D capabilities hinges on our ability to develop and commercialise new products or services that align with customer needs, regulatory requirements, and safety specifications in accordance with the latest advancements in multispectral AI technologies.

In pursuing such development, we may encounter significant technical and production challenges, R&D delays, or cost overruns, requiring us to design innovative and differentiated products, maintain collaboration with key partners, and respond promptly to technological market, and regulatory changes.

We face risks in the development, commercialisation, and expansion of new products and services, including potential lack of market acceptance, limited professional expertise, difficulties in talent acquisition, and possible imitation by competitors. Any delays in new product development or impediments to market expansion could significantly and adversely impact our overall operations. As the multispectral AI sector continues to evolve, technological or regulatory changes may require strategic adjustments, and failure to respond effectively could harm our business, financial condition, and results of operations.

The size of our addressable markets and the demand for our products and services may not increase as rapidly as we anticipate due to a variety of factors, which would materially and adversely affect our business, results of operations, financial condition and prospects.

We are pursuing opportunities in markets that are undergoing rapid changes, including technological and regulatory changes, and it is difficult to predict or anticipate the timing and size of the market opportunities for each of our products and services.

Similarly, our internal estimates and forecasts are based on a variety of assumptions, including assumptions regarding market acceptance of multispectral AI products and services and the manner in which those new and rapidly evolving markets will develop. While we believe our assumptions and the data underlying our estimates and forecasts are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates and forecasts may prove to be incorrect. If third-party or internally generated data were proved to be inaccurate or we make errors in our assumptions based on that data, the addressable markets for our products and services may be smaller than we have estimated, our future growth opportunities and sales growth may be smaller than we have estimated, our future business, results of operations and financial condition may be materially and adversely affected.

There is no guarantee that demand for our products and solutions will correlate with that growth if we fail to effectively pursue such opportunities. There is also no guarantee that our business will continue to be successful simply because of the future addressable markets and the trend thereof we have currently identified. If demand does not develop or if we cannot accurately forecast customer demand, then the size of our markets, inventory requirements or our future business, results of operations and financial condition would be adversely affected.

The market in which we operate is highly competitive, which may have a material adverse effect on our business, financial condition and results of operations.

We operate in the highly competitive Multispectral AI technology market in China where existing and potential competitors are competing for market share through diversified and multi-faceted strategies. On the one hand, some competitors continue to increase R&D investment to accelerate technology iteration and product innovation, and expand production capacity to improve market supply capacity and enhance brand equity through extensive marketing strategies. On the other hand, some competitors may adopt competitive pricing strategies to attract customers and stimulate sales growth by lowering the prices of products or services. Perceptual intelligence, which emulates human perceptual faculties through the application of artificial intelligence, is an upstream industry to the Multispectral AI technology market, and consists of the Multispectral AI and other technologies. The other technologies utilised in perceptual intelligence may be in competitions with us. Please see the section headed "Industry Overview" in this document.

The above competitive pressures may directly impact the market demand and pricing strategies and tactics of our products. Maintaining or improving our market position depends on our ability to effectively respond to multiple competitive factors, including competitors' pricing strategies, technological advantages, changes in customer preferences, available resources, and the launch of new or improved products or services. If we were to fail in establishing favourable pricing, obtaining the resources needed to compete or developing new products or services, or market preferences shift to a reliance on other technologies, our competitiveness in acquiring new businesses may decline, thereby materially and adversely affecting our business, financial condition and results of operations.

We may face risks if there are quality issues with our products or services.

Product quality is of significant importance. We are always highly committed to product quality and safety, considering them vital to our operations. Our quality management and risk control systems span across the entire product life cycle, including product design, procurement, production, sales, usage and maintenance. We did not experience any material product quality or safety issues during the Track Record Period. However, given that product quality control involves complex processes and may be difficult to manage, we cannot guarantee that there will not be any quality issues with our products or services.

Any quality issues with our products and services could compromise our product performance, lose customers and/or orders, and reduce our profitability. In severe cases, we may need to recall our products or take other measures. Third parties who have suffered losses may bring claims or legal proceedings against us. Certain product liability claims may arise from low quality raw materials or defective parts and components that we have procured from suppliers. While we may seek remedies from suppliers of these low quality raw materials or defective parts and components, such efforts may be costly, time-consuming and ultimately futile. These suppliers may not be able to fully compensate us, or at all, for the losses we suffer.

If we were unable to retain our existing customers or attract new customers in the future, our business, financial condition and results of operations could be materially and adversely affected.

Our customer base comprises a diverse range of customers, including system integrators, and enterprise-level users. Our product quality and manufacturing capability are widely recognised by domestic and international customers. However, our future success depends significantly on our ability to maintain and enhance such customer relationship, and if we were unable to retain existing customers or attract new customers in the future due to our products failing to meet customer requirements or market demand, or various other factors, our business, financial condition and results of operations will be materially and adversely affected.

We may fail to effectively implement our future investment and acquisition plans, or such plans may not proceed as expected. These initiatives may involve valuation risks, and we may fail to realise the anticipated benefits, synergies, cost savings or efficiencies. Any such failure could have a material adverse effect on our business, reputation, financial condition and results of operations.

We may in the future evaluate and consider a wide array of investments and acquisitions that we believe are complementary to our growth strategies, particularly those that can help us enrich our products and services offerings, enhance our technologies, and expand our customer base. Investment and acquisition processes involve certain known and unknown risks that could impose significant challenges, including but not limited to that:

- we may not be able to identify suitable acquisition candidates or to consummate acquisitions on acceptable terms in a timely and cost-effective manner, or at all;
- we may compete with others to acquire complementary businesses and technologies, which could result in decreased availability of, or increased price for, suitable acquisition candidates;
- we may not be able to obtain the necessary financing on favourable terms, or at all, to finance any or all of our potential acquisitions;
- our results of operations may be harmed due to dilutive issuances of equity securities, the use of our available cash or incurrence of debts; and
- our acquisition activities may be subject to various laws, rules and regulations, including that on antitrust and competition, of the countries in connection with any proposed acquisitions.

Even if a planned acquisition were consummated, we might not be able to realise the anticipated benefits, including expected synergies, cost savings, efficiencies or other strategic objectives. Such benefits may also take longer than expected to materialise or may be offset by operational disruptions, increased organisational complexity, competitive responses, customer attrition or changes in market conditions, due to a number of factors, including but not limited to:

- difficulties in integrating the acquired personnel, products and/or solutions, operations and technologies, or effectively managing the combined business following the acquisition;
- unanticipated costs or liabilities associated with the acquisition that may adversely affect us following the acquisition;
- lack of management control or influence over the controlling partners or shareholders, which may prevent us from achieving our strategic goals;
- new regulatory and compliance risks arising from acquisitions in new industries;
- actual or alleged pre-acquisition misconduct or non-compliance by the acquired company leading to potential investigations or reputational damage;
- potential issues with the acquired company's technologies or internal controls;
- disruptions of our ongoing business and diversion of management's attention;
- harm to our existing relationships with our business partners as a result of the acquisition;

- the loss of our or the acquired business's key employees and established customer relationships; and

- diversion of resources that could have been more effectively deployed in other parts of our business.

If we are unable to realise anticipated benefits, synergies, cost savings or efficiencies, our overall profitability and results of operations may be materially and adversely affected.

We are subject to valuation risks associated with potential investments and acquisitions. Although such transactions may support our growth strategy and enhance our competitive position, the valuation of the targets can be highly uncertain and subject to significant fluctuations due to factors such as market sentiment, technological developments and regulatory changes. In assessing the value, prospects and risks of a target, we may need to rely on assumptions, estimates and limited information which may prove to be inaccurate. If we overestimate a target's value or fail to identify material risks during due diligence, we may overpay for the investment or acquisition or fail to achieve an adequate return on the capital deployed. Any such misjudgement could adversely affect our financial performance and prospects, and may result in goodwill impairment charges, amortisation of intangible assets, other write-downs, the need for significant cash outlays or potentially dilutive issuances of equity securities.

Any negative developments described above could disrupt our existing business and have a material adverse effect on our business, reputation, financial condition and results of operations.

Price fluctuation and inadequate supply of materials and equipment for our production could adversely affect our business, financial condition and results of operations.

As a provider of multispectral AI products and services, we procure key components from domestic suppliers, including image sensors, microprocessor (MPUs) and other components. Price fluctuations and inadequate supply of these key components may have a material adverse impact on our business, financial condition and results of operations. The increase in price of materials and equipment (including key components of our products) could potentially damage our business, results of operations and relationship with customers. In any case, we may not be able to successfully counteract this impact through price increases for our products to transfer the increased costs to our customers at all, or find alternative sources of supply in a timely manner. All the aforementioned factors may adversely impact our business, results of operations and relationship with customers.

Specifically, the supply stability and procurement prices of key components may be affected by uncontrollable factors such as geopolitical disruptions to trade and logistics, heightened demand from other industries, and natural disasters or public health events impacting the supply chain.

The procurement prices of key components fluctuated during the Track Record Period. According to the F&S Report, the average price of microprocessors used in the multispectral field in China increased from RMB28.9 per piece in 2023 to RMB30.2 per piece in 2024, and further to RMB40.1 per piece in 2025. The price is projected to increase continually. The impact of the increase in the average price of microprocessors during the Track Record Period over our procurement costs of microprocessors and gross profit margin was not significant. During FY2023, FY2024 and FY2025, our procurement costs for microprocessors were approximately RMB3.2 million, RMB7.1 million and RMB3.4 million, respectively, while our gross profit margin was 12.2%, 18.8% and 22.3%. The rise in procurement costs in FY2024 was primarily attributable to higher procurement volumes, which were intended to meet increased production needs driver by higher customer orders. Fluctuations in our gross profit margin during the Track Record Period were mainly influenced by a combination of factors, including changes in product mix, customer profile, production scale, and pricing strategy. For details, please see the section headed "Financial Information — Description of Selected Components of Statements of Profit

or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin" in this document. The average price of CMOS image sensors in China decreased from RMB12.4 per piece in 2023 to RMB12.2 per piece in 2024, and further to RMB12.1 per piece in 2025. It is projected to continue the mild downward trend. Please see the section headed "Industry Overview — Overview of China's Multispectral AI Industry - Analysis of Component Prices" in this document for more details.

Abnormal price fluctuations in key components would directly impact gross profit margins, while supply disruptions could halt production, leading to delayed order fulfilment and reduced or loss of customer satisfaction. Additionally, we also procure various equipment required for production from other sources. Failure by equipment suppliers to meet our quality, cost or delivery requirements would further adversely affect our business and production operations.

Our operations may be affected by concentrating on a few key suppliers. Should there be any loss of key suppliers or disruption in their supply, our business and results of operations could be materially and adversely affected.

We rely on a limited number of suppliers for supply of raw materials, components, software services, and others. 54.2%, 66.4% and 62.2% of our total purchase for FY2023, FY2024 and FY2025, respectively, were from our five largest suppliers in each year during the Track Record Period. It generally involves several risks when there is a concentration on a few key suppliers, including the possibility of defective products from a supplier, loss of market share of supplier's products, failure of supplier's products to maintain their competitiveness because of changing industry standards or customers' preference, a shortage of product supply and loss of such suppliers.

We may face project delays if our key suppliers fail to provide materials on time or on acceptable terms. If there is any disruption in their supply of materials to us and we are unable to identify an alternative source of supply with competitive prices and terms and satisfactory quality in a timely manner, our business and results of operations may be adversely affected.

Failure to maintain optimal inventory levels could increase our inventory holding costs or negatively impact our operation results.

Our inventories primarily include (i) raw materials; (ii) work in progress; (iii) finished goods; (iv) outsourced processing materials; and (v) goods in transit. As at 31 December 2023, 2024 and 2025, our inventories amounted to RMB56.0 million, RMB31.6 million and RMB80.2 million, respectively. Our inventory turnover days were 201 days, 44 days and 45 days in FY2023, FY2024 and FY2025, respectively.

We may not be able to effectively manage our inventory level or to identify any excessive build-up or insufficient stock of inventory in our operations. We may also misjudge market demand. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs, and the sale of excess inventory at discounted prices could impair our brand image and harm our gross profit margin. On the other hand, if we underestimate the demand for our products, insufficient stock could result in delays in the shipment of our products, thereby impacting our ability to generate sales and cause damages to our reputation and relationships with our customers. Therefore, failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales, either of which could adversely impact our business, financial condition and results of operations.

Our success depends on our ability to protect our intellectual property rights. Intellectual property infringement by, or disputes with, third parties may adversely affect our business, financial condition and results of operations.

We regard our patents, know-how, proprietary technologies, trademarks, copyrights, domain names and other intellectual properties as critical to our business and operations. We seek to protect these rights through intellectual property laws, contractual arrangements, and internal management measures, but they may still be challenged, invalidated, circumvented or misappropriated, or otherwise fail to provide the competitive advantages we expected. There can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property rights, or that such patents will not be challenged or found by a judicial authority to be invalid and unenforceable. We may not have sufficient intellectual property rights in all countries and regions due to lack of comprehensive intellectual property laws in certain regions, and our ability to protect our intellectual property rights differs by jurisdiction.

The China National Intellectual Property Administration and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalise and submit formal documents, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business.

We may be a party to claims and litigation as a result of infringement by third parties of our intellectual property rights. Even when we sue the parties for such infringement, such lawsuits may have adverse consequences for our business. Any of such lawsuits may be time-consuming and costly to resolve and may divert our management's time and attention from our business. It could also result in a court or governmental agency invalidating, narrowing the scope of, or rendering our patents or other intellectual property rights involved in such lawsuits unenforceable which may significantly harm our business. Our products may infringe issued patents of third parties. If any of our products infringes a valid and enforceable patent, we may be prevented from selling, or choose to cease the sales of related products. Additionally, we may face liabilities to our customers, business partners or third parties for indemnification or other remedies in the event that they are sued for infringement in connection with their use of our products.

We carefully select suppliers and adopt relevant management policies. However, there can be no assurance that such measures will be sufficient to prevent suppliers from providing products with potential intellectual property issues, nor can we guarantee that we will be able to recover all damages or compensation from suppliers in respect of claims by third parties against us for such products or intellectual property infringements. If any of these events occur, our reputation could be damaged, and our business, financial condition and results of operations may be adversely affected.

Our brand may be counterfeited and imitated. We cannot assure that brand counterfeiting or imitation will not occur in the future or, if it does occur, that we will be able to identify or address the problem effectively or in a timely manner. Any occurrence of counterfeiting or imitation of our products or other infringement of our brand could adversely affect our reputation and brand.

Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure that these agreements will not be breached, that we will have adequate remedies for any breach in time, or that our proprietary technology, know-how or other intellectual properties will not otherwise become known to third parties. Similarly, if we recruit employees who breached confidentiality and/or non-compete covenants with

their prior employers, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information in violation of their confidentiality and/or non-compete covenants in a way that unduly benefits us.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our products and services.

There is uncertainty in the legal application of patent protection scope across jurisdictions. Patent laws in China and other countries or their interpretations may change, which may weaken our ability to protect inventions and affect the acquisition, maintenance, enforcement and overall value of intellectual property rights, or even lead to narrowing of patent scope.

We cannot guarantee that current or future patent applications will be granted in specific jurisdictions, nor can we ensure that the claims of granted patents are sufficient to prevent competitors from copying. In addition, claims in patent applications may be significantly reduced before grant, or their protection scope may change after grant due to adjustments in legal interpretation. Even if our current or future patent applications are granted as patents, the granted form may not provide us with any meaningful protection or prevent competition from competitors.

Our insurance coverage may not be sufficient to cover all losses, which may increase our costs of operation.

Our Group has purchased group medical insurance and accident insurance for our employees. We do not, however, carry insurance in respect of certain situations that we believe are not insurable under industry norm, or which are not on commercially acceptable terms. Such uninsured risks include, among others, force majeure events such as natural disasters. Accordingly, there can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. Any damages to our properties, such as fixed assets and inventories, that are not covered by insurance may result in substantial losses for us. Nevertheless, we would remain liable for any bank borrowings or other financial obligations related to these damaged properties. If we incur any loss that is 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 adversely affected.

We incurred net loss in FY2023 during the Track Record Period.

In FY2023, we had net loss of RMB18.4 million. Our net loss in FY2023 was primarily attributable to the softened demand of some of our products and the prevailing macroeconomic headwind during the year.

We may incur net loss in the short term, as we are in the stage of expanding our business and operations in the highly competitive market and are continuously investing heavily in R&D. We may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialisation strategies, compete effectively and successfully and develop new products and solutions. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We expect our costs and expenses to increase in future periods as we continue to expand our business and operations, and invest in R&D. We also expect to incur substantial costs and expenses as a result of becoming a **[REDACTED]** company. If we are unable to generate adequate revenue and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

We have recorded operating cash outflows in FY2024 and FY2025, and may not be able to achieve or subsequently maintain profitability in the near future.

We recorded net cash used in operating activities of RMB6.5 million and RMB129.9 million in FY2024 and FY2025, respectively. For details, see "Financial Information — Liquidity and Capital Resources — Cash Flows". We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as **[REDACTED]** and **[REDACTED]** securities, and/or other sources such as external debt, which may not be available on terms favourable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. As a result, our business, results of operations and financial condition may be adversely affected.

We had long inventory turnover days, long trade receivables turnover days and long cash conversion cycle during the Track Record Period, which may adversely affect our liquidity.

We had long inventory turnover days during a particular year in the Track Record Period, being 201 days in FY2023, which was primarily attributable to the high goods in transit as at 31 December 2023 because of our Multispectral AI Modules and Multispectral AI Perception Terminals products being delivered to our customers pending inspection and acceptance. Please see the section headed "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventory" in this document.

We had long trade receivables turnover days during a particular year in the Track Record Period, being 95 days in FY2025, which were mainly due to some customers with an aggregate amount of approximately RMB67.9 million, which accounted for 34.7% of our trade and notes receivables as at 31 December 2025, were late settling our invoices. Please see the section headed "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Notes Receivables" in this document.

The lengths of our cash conversion cycle were 171 days, 53 days and 98 days in FY2023, FY2024 and FY2025 respectively[(Note)].

We cannot guarantee that we will not continue to incur long inventory days, long trade receivables turnover days or long cash conversion cycle in the future. If we are to record long inventory days, long trade receivables turnover days or long cash conversion cycle again, it may affect our liquidity, as well as our ability to raise funds to meet our cash flow needs. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our results of operations and financial position.

We are subject to credit risk in collecting trade receivables due from customers.

We generally grant a credit period to our major customers. As at 31 December 2023, 2024 and 2025, the balances of our trade receivables amounted to RMB19.0 million, RMB144.8 million and RMB183.4 million, respectively. Our trade receivables turnover days were 68 days, 60 days and 95 days in FY2023, FY2024 and FY2025, respectively. There is no assurance that all such amounts will be settled on time or at all, and we are subject to credit risk in relation to the trade and bills receivables.

Note: For illustrative purposes only, cash conversion cycle is calculated based on the sum of the inventory turnover days in each year/period and the trade receivables turnover days in the respective year/period, less the trade and notes payables turnover days in the respective year/period.

Our performance, liquidity and profitability may be adversely affected if amounts due to us are not settled on time or at all. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

Failure to fulfil our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position.

Our contract liabilities are recognised when payment from a customer is received or is due (whichever is earlier) before we transfer the related goods or services. As at 31 December 2023, 2024 and 2025, we had contract liabilities of RMB21.3 million, RMB20.3 million and RMB75.9 million, respectively. If we are not able to fulfil our obligations with respect to our contract liabilities, the amount of such contract liabilities will not be recognised as revenue. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

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

We have established the ESOP Platforms to offer persons selected by our Company an opportunity to acquire a proprietary interest in the success of our Company, or to increase such interest by acquiring Shares. We recorded share-based payment expenses of RMB0.2 million, RMB2.5 million and RMB8.5 million in FY2023, FY2024 and FY2025, respectively. We believe such share awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share awards in the future. As a result, our share-based payment expenses may increase, which may adversely affect our results of operations and financial condition.

The carrying amount of our intangible assets is subject to potential impairment.

Our intangible assets are approximately RMB37.4 million, RMB62.7 million and RMB111.0 million as at 31 December 2023, 2024 and 2025, respectively, primarily represented our software and system and development costs for our business operations. Intangible assets are reviewed and tested for impairment in accordance with the relevant accounting standards. An impairment loss is recognised in profit or loss if the carrying amount of the intangible asset exceeds its recoverable amount. There is no assurance that we will not incur impairment losses on our intangible assets. Any significant impairment losses could materially and adversely affect our profitability and financial position.

Our success depends to a large extent on the continued service of our senior management and key technical personnel, and the loss of core personnel may adversely affect our business, financial condition and results of operations.

Management level and R&D capabilities are core elements to drive business development and maintain industry leadership. The ability to maintain high-quality senior management team and technology R&D team will directly affect the sustainable development ability of enterprises. The continued growth of our business depends to a large extent on the stability and continuous contribution of our talented team. We attach great importance to the cultivation and introduction of management and technical talents to ensure the effective coordination and successful implementation of various management and R&D work. In order to maintain the enthusiasm and stability of core management and technical personnel, we have formulated corresponding incentive mechanisms to encourage technological innovation, which has better ensured the stability of our R&D system and the continuous improvement of R&D capabilities. However, due to fierce competition for talent, we may face the risk of losing core management and technical personnel. Failure to effectively attract, train and retain key talent could have a material impact on our market competitiveness and future development.

Disruptions in the financial markets and economic conditions could affect our ability to raise capital.

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors, including extreme volatility in securities prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. The occurrence of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

The increasing complexity and volatility of the international situation, such as the Russia-Ukraine conflict continues to have profound impacts on the regional and global political and economic order. For instance, the conflict between Russia and Ukraine has resulted in the imposition by the United States and other nations of sanctions and other restrictive actions against certain banks, companies, and individuals in Russia. Geopolitical conflicts are escalating continuously, intensifying the tensions worldwide, seriously disrupting the international political and economic order and posing great challenges to the recovery and development of the global economy. During the Track Record Period and up to the Latest Practicable Date, we did not have any business operations in Russia or Ukraine which would expose us to any sanctions by the United States or other nations. Our operations are primarily conducted in mainland China, and the majority of our revenues are generated from providing products and services to customers operating in mainland China. Such, our Group's exposure to Russia and Ukraine, through our ordinary course of business or otherwise, is minimal.

In recent years, the United States has expanded export controls restrictions on China through the EAR, as administered by the BIS. In particular, on 7 October 2022, the BIS issued an interim final rule amending the EAR to impose new licensing restrictions on exports, re-exports and in-country transfers of items intended for use in semiconductor fabrication facilities in the PRC and supercomputers located in or destined for the PRC. On 17 October 2023, the BIS issued two interim final rules further amending the EAR to impose new restrictions on the export, re-export or in-country transfer of certain semiconductor and advanced computing items to the PRC, expanding the range of advanced chips and semiconductor manufacturing equipment subject to special licensing requirements. On 12 January 2026, the Remote Access Security Act (H.R. 2683) was passed by the U.S. House of Representatives, and as of the Latest Practicable Date is pending approval by the Senate, which would authorise the BIS to extend export controls to the remote access of U.S. goods, software, or technology, and could potentially affect our Group's provision of AI services to customers in China.

According to the Frost & Sullivan Report, the global multispectral perception market, valued at approximately RMB85.0 billion in 2025, offers significant growth opportunities, particularly in overseas markets such as North America, which commands 24.5% market share in 2025, respectively. As such, we intend to use part of the **[REDACTED]** (i) to increase the recruitment of additional sales and marketing personnel with industry insights, expertise in downstream application industries such as urban safety, beauty sector, and food safety, and deploy them across North America to drive customer acquisition, manage local partnerships, and support brand-building initiatives; and (ii) for other marketing and selling expenses responsive to market developments in North America. In the context of such proposed expansion into the North American market, as advised by our U.S. Legal Advisers, our potential future employment of personnel to support product sales in the United States would not give rise to risks under U.S. economic sanctions laws and regulations, provided that no dealings involve sanctioned persons or prohibited transactions. As further advised by our U.S. Legal Advisers, while our Group's proposed marketing activities in the U.S, including (i) the implementation of online and offline marketing campaigns and brand-building initiatives such as digital advertising, participation in trade shows, and overseas seminars, and (ii) the obtaining of relevant regulatory certifications, are not inherently sanctionable, such activities may incrementally increase our potential exposure to U.S. regulatory scrutiny risks. This is because our proposed marketing activities operate in the field of,

among others, fire monitoring, which may be viewed as part of the broader "security" or "surveillance-related" technology domain under U.S. regulatory frameworks, and such increased market visibility and engagement in the United States may heighten regulatory attention to our products, end users and application scenarios. There is also a potential commercial risk from U.S. tariff policies. Certain of the Company's products, namely Multispectral AI Modules (which may be classified under PRC Harmonised Tariff Schedule code 8543709990), could fall within the scope of the tariffs under Section 301 of the Trade Act of 1974 at an additional rate of 25%, depending on the applicable tariff classifications. In such circumstances, U.S. tariffs may be levied on our downstream customers when they import our products into the United States, depending on applicable product classifications, pricing arrangements, and the scale of exports. This may increase the overall cost of the Company's products in the U.S. market and could result in reduced order volumes, or pricing pressure from customers seeking to offset the tariff burden.

Nevertheless, should we operate in markets where the impact of such geopolitical conflicts become apparent, the aforementioned uncertainties would have a material adverse effect on the stability of the financial markets and economic conditions in such markets, which in turn could have a material adverse effect on our results of operations, cash flow position and long-term development prospects.

If our current and future infrastructure, internal systems, operational processes, and control measures are unable to support our continuous business expansion, our business and prospects may be materially and adversely affected.

Our business has been growing in recent years, so has the scope of our business and number of employees. As we expand our product and service portfolio, customer base and geographical coverage, we will need to work with a larger number of suppliers and partners efficiently. We also need to continuously enhance and upgrade our infrastructure and technology, optimise our supplier management, refine our reporting systems and operational procedures, expand our employee base, train and incentivise our employees, and improve our internal control. All these efforts will require significant managerial, financial and human resources. We cannot assure you that such efforts will be successful. We cannot assure you that our current and future infrastructure, internal systems, operational procedures and internal control measures will be adequate to support our expanding business or that our strategies and new business initiatives will be executed successfully.

In addition, changes and developments in the industry where we operate may also require us to re-evaluate our business model and make significant adjustments to our long-term strategies and business plans. If we fail to adapt to these changes and developments and innovate, this could have a material adverse effect on our business, financial condition and results of operations. Even if we are able to adapt to these changes and developments and innovate, we may still fail to realise the expected benefits of the measures we have taken and our profitability may be adversely affected.

Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming for us to defend or resolve and could result in a negative impact on our reputation.

Our business is subject to the risk of disputes, claims or legal proceedings brought by customers, suppliers, employees, government agencies and others in the form of private, administrative, regulatory or other litigation. The outcome of such litigation may be difficult to assess.

Claimants in such litigation may seek large or uncertain amounts of damages from us, and the scale of potential losses related to such disputes may be unknown for a considerable period of time. The costs of defending against future disputes or litigation may be extremely high, and if we are forced to change our business operations as a result of such disputes and litigation, it could negatively impact our results of operations.

We may be the target of unfair competition, harassment or other harmful behaviour by third parties, including filing complaints with regulatory authorities, posting negative messages on social media and making malicious comments about us, which may damage our reputation and result in loss of market share, customers and revenue.

We may be the target of unfair competition, harassment or other harmful behaviour by third parties. These behaviours include filing complaints with regulatory authorities, posting negative messages on social media and making malicious comments about us. We may be subject to investigation by government or regulatory authorities and may require significant time and expense to respond to these third-party behaviours, and we cannot guarantee that such allegations will be resolved within a reasonable time. Allegations against us, whether or not related to us, may be disseminated by anyone. Social media generally does not verify the accuracy of such information, and we may not have the opportunity to remedy or correct it. The occurrence of any of such event could damage our reputation and ultimately result in our loss of customers and revenue.

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

We may be exposed to fraud or other misconduct committed by our employees, customers, suppliers or third parties that could affect our reputation and subject us to litigation, financial losses and penalties imposed by governmental authorities. Such misconduct could include concealing unauthorised or unlawful activities, such as money laundering or bribery, improperly using or disclosing confidential information, misappropriating funds, conducting unauthorised or excessive transactions, engaging in misrepresentation or other fraudulent or deceptive acts, engaging in unauthorised transactions to the detriment of our customers, or otherwise failing to comply with applicable laws or our internal policies and procedures.

Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, such internal control procedures may be unable to identify all instances of non-compliance or suspicious transactions in a timely manner, or at all. Furthermore, the precautions we take to detect and prevent fraud and other misconduct may not be effective. There is no assurance that we will not be involved in fraud or other misconduct in the future. If such fraud or other misconduct does occur, it may adversely affect our reputation.

We face risks in relation to the build-up of our production capacity.

Our future success and growth potential are dependent on our ability to effectively manage our production capacity and successfully implement our production capacity construction plan. However, there is no assurance that such construction plan will be successfully implemented as scheduled or will be commercially successful. Our production capacity construction plan may also be subject to interruptions caused by risks commonly associated with large construction projects, such as insufficiency of capital, failure to obtain requisite approvals from regulatory authorities, adverse weather conditions, natural disasters, accidents, unforeseen circumstances and problems, and other factors beyond our control. As such, we may not be able to achieve the planned production capacity construction on time, or at all.

Our operations rely on IT systems and networks, and any IT system failures, network disruptions or cybersecurity breaches may affect our business.

Our IT systems are critical to our ability to effectively manage our operations. If these systems were to malfunction, cease or experience interruptions in normal operations, experience security breaches or do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could have an adverse impact on our operations and financial condition. If the software

installed on the computers used by us and our employees is not properly authorised or licenced, we may be subject to claims or litigations from software vendors. We may be subject to IT system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecom failures, acts of terrorism or war, computer viruses, physical or electronic break-ins or other events. We have business continuity and disaster recovery ability, which may or may not be sufficient for managing operational disruptions resulting from circumstances beyond our control.

Our IT systems may be subject to computer viruses, malicious codes, unauthorised access, phishing and other cyberattacks. We continue to assess potential threats and adopt proper measures to address these threats. However, due to the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in implementing adequate preventative measures. To date, we have seen no material impact on our business or operations from these attacks. However, we cannot guarantee that our efforts would prevent attacks or breakdowns to our or our third party providers' databases or systems. If the IT systems, networks or service providers we rely upon were to fail to function properly and we do not effectively address these failures on a timely basis, we may be exposed to business damage as well as litigation and regulatory action, including administrative fines, which could adversely affect our business and financial condition.

Extreme weather events can damage corporate assets, disrupt supply chains and production deliveries, and trigger power shortages that make it difficult for suppliers to meet their contracts, ultimately affecting customer product supply and our business and financial performance.

Extreme weather events, such as floods, typhoons and extreme high temperatures, occurring in areas where our Group has operations may adversely damage corporate assets, disrupt product supply assurance and service delivery, and in severe cases, may cause business operation interruption. In addition, extreme weather may cause power supply shortages that prevent suppliers from meeting their component delivery obligations on time, quality and quantity, limiting our ability to produce and deliver products to customers and end users.

The increase in customer environmental standards and ESG assessment requirements may affect our ability to acquire and retain customers, which in turn may have a material impact on business operations and financial performance.

Changes in customer preferences will induce potential transition risks, reflected in increased customer requirements for supplier's environmental and social risk assessments and higher standards for environmentally friendly products and solutions. If we fail to attract new customers or retain existing customer base accordingly, our business operations, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTION WE OPERATE

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

According to the relevant provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), the statutory tax rate for enterprise income tax is generally 25%. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and several of our subsidiaries in China 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. The tax effect arising from our Group's entitlement to preferential income tax rates approximately amounted to a tax expense of RMB2.1 million in FY2023, a tax credit of RMB3.8 million in FY2024, and a tax credit of RMB2.4 million in FY2025. For details, see

"Financial Information — Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income — Income Tax Credit/(Expenses)." and Accountants' Report set out in Appendix I to this document.

Furthermore, according to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2023 onwards) of their qualifying research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year. During the Track Record Period, we were qualified for this preferential policy and had consistently applied it to reduce its tax liabilities.

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 China may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in China and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in 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. During the Track Record Period and up to the Latest Practicable Date, no overseas tax payable was incurred due to our Group's overseas operations. 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.

We are exposed to risks related to the properties we use that may adversely affect our business operations and financial condition.

We lease certain properties primarily for production facilities, office, R&D centre and warehousing purposes. Pursuant to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As at the Latest Practicable Date, a total of 13 lease agreements of our leased properties in the PRC had not completed the lease registration procedures. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisers have advised us that failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or our right to use such property under PRC laws, but we may be subject to a maximum penalty of RMB10,000 for each non-registered lease if we fail to register such lease agreements within the time frame prescribed by the relevant PRC government authorities. As a result, any imposition of fines due to such failure may adversely affect our business operations and financial condition.

We are subject to various laws, regulations and regulatory standards and any inability to comply with such requirements and standards may subject us to liabilities.

We are subject to various laws and regulations in the PRC and other jurisdictions in which we operate and are required to comply with all relevant requirements and standards. For example, we are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in mainland China. According to the Regulation of the PRC on the Administration of Housing Provident Funds (《中華人民共和國住房公積金管理條例》), a mainland China enterprise is required to set up housing provident fund accounts and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a mainland China enterprise is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full.

During the Track Record Period, we failed to make full contributions to social insurance and housing provident fund for our employees in the PRC as required by relevant laws and regulations in the PRC. During FY2023, FY2024 and FY2025, our unpaid social insurance was approximately RMB3.5 million, RMB2.7 million and RMB3.2 million respectively, while the unpaid housing provident fund during the Track Record Period amounted to approximately RMB1.1 million, RMB1.3 million and RMB1.8 million respectively. As advised by our PRC Legal Advisers, we may be subject to fines imposed by relevant authorities. For details of these non-compliance incidents, see "Business — Employees" in this document.

Under certain circumstances, we may be required to pay outstanding social insurance contributions and housing provident funds within a specified period. Failure to make timely payments may result in penalties. In addition to the above, if we fail to comply with any other relevant labour laws and regulations in mainland China, we may be exposed to penalties or be required to compensate employees. Given the scope, complexity and constant revision of these laws and regulations, our compliance efforts may face significant challenges, requiring significant financial and management resources to build a sound compliance system. The related compliance costs and management requirements may significantly increase the operational burden, and even affect the normal operation of business or cause operational disruption. Non-compliance with the laws and regulations applicable to our operations may even result in, among other things, administrative penalties or fines, rectification orders, or enforcement measures. Such events could impact our results of operations and financial condition.

Developments in social and economic policies, as well as the interpretation and enforcement of laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

We operate in the PRC and therefore our business, financial condition, results of operations and prospects may be affected by local economic, social and legal policies. We cannot guarantee that our business operations will be able to benefit from such measures.

Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection. Any loss or unauthorised access to or release of confidential information, personal data may have significant reputational, financial, legal and operational consequences for us.

Our business involves the utilisation and storage of confidential information, including but not limited to personal information with respect to our employees. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information. In many cases, these laws apply not only to third party transactions, but also may restrict transfers of personal information between us and our subsidiaries. Several jurisdictions have passed laws in this area, and other

jurisdictions are considering imposing additional restrictions. These laws continue to evolve and may be inconsistent from jurisdiction to jurisdiction. Compliance with emerging and changing overseas requirements may incur us substantial costs or require us to change our business practices. Non-compliance could result in significant penalties or legal liability. Any failure by us to comply with other privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which may lead to reputational impacts and significant legal liabilities.

We have implemented systems and processes intended to secure our information technology systems and prevent unauthorised access to or loss of sensitive data, including through the use of encryption and authentication technologies. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents.

In accordance with the current algorithm and AI service regulatory requirements in China, a function of a mobile application of our Multispectral AI Large Model Services, which is yet to be launched, is subject to the requirement of the Generative AI Service (Large-Model) Filing. The said mobile application can employ cameras and sensors for real-time monitoring and analysis, deliver intelligent safety alerts, risk assessments, and decision support. Its users would also be able to monitor environmental changes across multiple scenarios, including construction sites, homes, campuses, and healthcare facilities, and receive safety notifications. We intend to integrate "Zhiyuan Origin Large Model" into the said mobile application in the future, enabling users to independently input plain text to the said mobile application for intelligent question-and-answer interactions, thereby providing personalised safety advice and solutions. As at the Latest Practicable Date, "Zhiyuan Origin Large Model" has yet to be integrated with the said mobile application. In accordance with the Interim Measures for the Administration of Generative Artificial Intelligence Services* (《生成式人工智能服務管理暫行辦法》) and the Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services* (《互聯網訊息服務算法推薦管理規定》), generative AI services possessing public opinion attributes or social mobilisation capabilities may submit filings through the local cyberspace administration department. Pursuant to the Provisions on the Security Assessment of Internet Information Services with Public Opinion Attributes or Social Mobilisation Capabilities* (《具有輿論屬性或社會動員能力的互聯網訊息服務安全評估規定》), internet information services possessing public opinion attributes or social mobilisation capabilities include but are not limited to internet information services that provide channels for public opinion expression or possess the capability to mobilise the public to engage in specific activities. It may not be possible for us to entirely rule out the potential involvement in public discourse attributes due to the information exchange characteristics of our "Zhiyuan Origin Large Model". According to our legal advisers as to PRC data compliance law, our "Zhiyuan Origin Large Model" has been registered with the Cyberspace Administration of China ("**CAC**"). Since the function of the mobile application subject to the Generative AI Service (Large-Model) Filing has yet to be launched, according to our legal advisers as to PRC data compliance law, we comply with the PRC laws and regulations, namely the Internet Information Service Algorithm Recommendation Management Provisions and the Interim Measures for Generative AI Services. In respect of the Internet Information Service Algorithm Filing, we have submitted the filing application for algorithm recommendation and generative AI service involved in multispectral AI technology respectively to the CAC through the Internet Information Service Algorithm Filing System, and the local Provincial Cyberspace Administration Office in person. At present, we have completed the Internet Information Service Algorithm Filing as required and obtained the Algorithm Filing Certificate. Please see the sections headed "Business — Licences, Approvals and Permits — Data Compliance" and "Regulatory Overview — PRC Laws and Regulations — Laws and Regulations in Relation to the Artificial Intelligence Industry" in this document. If the filing is delayed or fails due to failure to pass the review, we may need to rectify relevant technologies, which may affect business continuity and incur additional compliance costs, which in turn adversely affect operating results. At the same time, we must comply with PRC's evolving regulatory framework for algorithms, AI services and data compliance. Failure to meet regulatory requirements in areas such as

algorithmic transparency management, personal information processing, automated decision-making fairness assurance or generated content security controls may expose us to administrative penalties, litigation and business restrictions, resulting in increased compliance costs, goodwill damage and significant adverse effects on financial condition and operating results.

In addition, we assume legal obligations regarding data classification, grading and important data identification in accordance with PRC laws. In accordance with relevant laws and regulations, the Ministry of Industry and Information Technology is responsible for organising the formulation of standards for data classification, grading and identification of important data and core data in the field of industry and information technology. Although the relevant standard framework has been initially established, the catalogue of important data in this field has not yet been published, and the absence of this regulatory detail leads to uncertainty in identifying important data. If processed data is included in the catalogue in the future, we will have to meet stricter data protection obligations (such as localised storage, cross-border transfer security assessment, etc.), which may increase compliance costs and business agreement negotiation costs. If important data were not identified in time due to unclear rules, or the important data catalogue fails to meet the protection requirements after publication, we may face penalties, which will have a significant adverse impact on business and reputation.

Our ability to pay dividends and other obligations is subject to the regulations governing foreign currency exchange.

The conversion of RMB into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the PBOC. The conversion of RMB into Hong Kong dollars and other currencies is subject to regulatory controls and restrictions. We cannot assure you that RMB will not appreciate or depreciate significantly in value against Hong Kong dollars in the future. Any significant appreciation or depreciation of RMB may materially and adversely affect our revenue, earnings and financial position, and the value of, and any dividends payable on, our Shares. For example, to the extent that we need to convert Hong Kong dollars we receive into RMB to pay our operating expenses, appreciation of RMB against the Hong Kong dollars would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against the Hong Kong dollars may significantly reduce the Hong Kong dollars equivalent of our earnings, which in turn could adversely affect the price of our Shares.

During the Track Record Period, a portion of our revenue and expenditures were denominated in Renminbi, while the **[REDACTED]** from the **[REDACTED]** will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi terms of the **[REDACTED]** from the **[REDACTED]**. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our subsidiaries. Where that is the case, such foreign currency exchange losses could have a material and adverse effect on our business, financial performance and result of operations.

You may encounter difficulty in effecting service of process upon us or our Directors who reside in mainland China, or enforcing foreign court judgements against us or them in mainland China.

The legal system of the PRC is based on written statutes and differs from the common law system. Prior court decisions may be cited for reference purposes only and are not legally binding. Since the late 1970s, the PRC government has promulgated a comprehensive body of laws and regulations governing general economic activities, including those relating to investment, corporate organisation and governance, commerce, taxation, and trade. Over the past four decades, such legislative developments have materially enhanced the overall legal protection available to commercial and investment activities in the private sector within mainland China. Nevertheless, as many of these

laws and regulations are relatively new and the PRC legal system continues to evolve rapidly, often with limited prior notice, interpretations of various legal provisions, regulations, and rules may lack consistency, and their practical enforcement remains subject to significant uncertainty.

RISKS RELATING TO THE [REDACTED]

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The **[REDACTED]** and **[REDACTED]** 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 **[REDACTED]** and **[REDACTED]** volatility that are not related to the operating performance of any particular company. The business, results and stock market prices of other companies engaged in similar businesses may also affect the **[REDACTED]** and **[REDACTED]** of our H Shares. In addition to market and industry factors, the **[REDACTED]** and **[REDACTED]** of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, relationships with our business partners, movements or activities of key personnel, actions taken by competitors or regulatory developments. Moreover, shares of other companies **[REDACTED]** on the Stock Exchange 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 business performance.

We may not be able to pay dividends in the foreseeable future after the [REDACTED].

We may not be able to distribute any cash dividends in the foreseeable future. Therefore, **[REDACTED]** in our H Shares should not be relied upon as a source of future dividend income.

Whether we are able to pay dividends depends on various factors, including our ability to generate sufficient earnings. The decision to declare and pay dividends will be made by our Board at its discretion and subject to corporate approval processes. In making such decision, the Board will consider our financial performance, cash flows, operating and capital expenditure requirements, distributable profits under PRC GAAP or IFRS, our Articles of Association and other constitutional documents, the PRC Company Law and other relevant PRC laws and regulations, market conditions, business strategy and projections, contractual obligations, taxation, global regulatory constraints and other factors deemed relevant by our Board. As a result, there can be no assurance as to when and in what form we will pay dividends in the future. Due to the above considerations, we may not be able to pay dividends according to our dividend policy. Please see the section headed "Financial information — Dividend" in this document.

Future [REDACTED] or perceived [REDACTED] or conversion of substantial amounts of our [REDACTED] in the public market, such as conversion of our Unlisted Shares into H Shares, could have a material and adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your [REDACTED].

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, or the **[REDACTED]** of new H Shares or other securities relating to our H Shares, or the perception that such **[REDACTED]** or **[REDACTED]** may occur could all cause a decline in the **[REDACTED]** of our H Shares and the dilution of shareholdings. At the same time, our Company has implemented and may continue to implement the equity incentive plans. Should Shares be **[REDACTED]** under any existing or future equity incentive plans in future, this would result in the further dilution of shareholdings in our Company. Moreover, future **[REDACTED]**, or perceived

[REDACTED], of substantial amounts of our **[REDACTED]** or other **[REDACTED]** relating to our H Shares, including part of any future **[REDACTED]**, could also materially and adversely affect our ability to raise capital in the future at a time and at a price which we deem rational.

Although our Controlling Shareholders are subject to restrictions on their sales of H Shares within 12 months from the **[REDACTED]** as described in the section headed "**[REDACTED]**" in this document, future **[REDACTED]** of a significant number of our H Shares by our Controlling Shareholders or other existing shareholders in the **[REDACTED]** after the **[REDACTED]**, or the perception that these **[REDACTED]** could occur, could cause the **[REDACTED]** of our H Shares to decline and could materially impair our future ability to raise capital through **[REDACTED]** of our H Shares. We cannot assure you that our Controlling Shareholders or other existing shareholders will not dispose of H Shares held by them or that we will not **[REDACTED]** H Shares upon the expiration of restrictions set out above.

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

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and its implementation rules, subject to any applicable tax treaty or similar arrangement between the China and foreign investors' jurisdictions of residence that provide 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 China, or which have an establishment or place of business in China if the relevant income is not effectively connected with such establishment or place of business. Any gains realised 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 China unless a treaty or similar arrangement provides otherwise.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of 20% and gains from PRC sources realised by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in mainland China.

Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011]No. 348) issued by the SAT on 28 June 2011, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of mainland China 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 mainland China and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China 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税的通知》) issued by the Ministry of Finance ("**MOF**") and the SAT on 30 March 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on 31 December 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税有關問題的通知》) (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 had 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.

If mainland China income tax is imposed on gains realised from the transfer of our H Shares or on dividends paid to our non-PRC resident **[REDACTED]**, the value of your **[REDACTED]** in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

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

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

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

Certain information and statistics in this document are derived from official government sources. However, our Directors cannot guarantee the reliability of such source materials. Notwithstanding this, the information from governmental and official sources has not been independently verified by us, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** or their respective affiliates or advisers. Therefore, we make no warranty as to the accuracy of these facts and statistics. Further, we cannot assure our **[REDACTED]** that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our **[REDACTED]** should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgement of our Directors and management and involve a number of risks and uncertainties that could cause actual

results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and **[REDACTED]** should not place undue reliance.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the **[REDACTED]**, we have sought the following waivers from strict compliance with the Listing Rules:

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary, who, by virtue of 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 Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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 laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the 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 Dr. Chai Jian ("**Dr. Chai**") as our joint company secretary with effect from the **[REDACTED]**. Our Group's key operations and principal business activities are conducted outside of Hong Kong. We believe that the company secretary role requires a person to be deeply familiar with our operations and the specific industry context, and to be able to cultivate strong relationships with both the Board and the management. It would be in the best interests of our Company and our corporate governance to have as its board secretary a person such as Dr. Chai who has been with our Company since November 2024. As the executive Director and Board secretary, Dr. Chai is deeply familiar with our operations and is able to cultivate strong relationships with both the Board and the management. Our Directors believe that Dr. Chai's intimate knowledge of our Company and operations is essential for the performance of company secretary duties in the most effective and efficient manner. For biographical details, see "Directors and Senior Management."

Since Dr. Chai does not possess the qualifications stipulated in Rule 3.28 of the Listing Rules, he is not able to fulfil the requirements to act as a company secretary of a **[REDACTED]** stipulated under the Listing Rules. To support Dr. Chai in performing the duties of company secretary, we have appointed Ms. Lui Mei Ka (雷美嘉) ("**Ms. Lui**"), who is a member of the Hong Kong Institute of Certified Public Accountants and meets the requirements under Rule 3.28 of the Listing Rules, as a

joint company secretary to provide assistance for a three-year period from the **[REDACTED]** so as to enable Dr. Chai to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties.

Accordingly, our Company has applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Dr. Chai as our joint company secretary for a period of three years from the **[REDACTED]**. Such waiver has been granted on the conditions that: (i) Dr. Chai is assisted by Ms. Lui, who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as our joint company secretary throughout the three-year waiver period, to discharge his function as a company secretary and gain the relevant experience under Rule 3.28 of the Listing Rules; and (ii) this waiver will be revoked in the event of any material breaches of the Listing Rules by our Company.

In addition, Dr. Chai will comply with the annual professional training requirements under Rule 3.29 of the Listing Rules and enhance his understanding of the Listing Rules during the three-year period from the **[REDACTED]**. Our Company will further ensure that Dr. Chai has access to the relevant training and support to familiarise himself with the Listing Rules and the duties of a company secretary of an issuer **[REDACTED]** on the Stock Exchange. Prior to the expiration of the three-year period, our Company will further evaluate the qualifications and experience of Dr. Chai to determine whether he has satisfied the requirements as stipulated under the Listing Rules and whether he needs further assistance. We will liaise with and seek the Stock Exchange's confirmation on whether Dr. Chai, having benefited from the assistance of Ms. Lui for three-year period, has acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary alone so that a further waiver will not be necessary.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong, which normally means that at least two executive Directors must be ordinarily resident in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, the requirement under Rule 8.12 may be waived at the discretion of the Stock Exchange having regard to, among other considerations, the arrangements for maintaining regular communication with the Stock Exchange.

Our Company does not have two executive Directors who are ordinarily resident in Hong Kong for the purposes of Rule 8.12 of the Listing Rules. Since most of the business operations of our Group are conducted outside of Hong Kong, our Company considers that it would be difficult and unnecessary to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors, which is not in the best interests of our Company and our Shareholders as a whole. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, our Company has applied for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules, on the basis that our Company implements the following arrangements to ensure there is an effective channel of communication between our Company and the Stock Exchange:

(a) **Authorised representatives**: The chairman of our Board, executive Director, general manager, Mr. Zhou, and our executive Director, Board secretary, Dr. Chai, have been appointed to act as the authorised representatives of our Company (the "**Authorised**

Representatives") for the purpose of Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Hong Kong Stock Exchange. The Authorised Representatives possess valid travel documents and are able to renew such travel documents when they expire in order to visit Hong Kong, and accordingly, they will be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice;

(b) **Directors**: each Director will provide his or her mobile phone number, office phone number, facsimile number (if any) and email address to the Authorised Representatives of our Company and the Stock Exchange. In the event that any Director expects to travel or otherwise be out of the office, he or she will provide the phone number of the place of accommodation to the Authorised Representatives.

Each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

(c) **Compliance Adviser**: our Company has appointed China Harbour International Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the Authorised Representatives and our Directors, also act as an additional channel of communication with the Stock Exchange for at least a period from the **[REDACTED]** to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately following the **[REDACTED]**. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will have access at all times to our Authorised Representatives, Directors and senior management. We shall also ensure that our Authorised Representatives, Directors and senior management will promptly provide such information and assistance as the Compliance Adviser may need or may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, Authorised Representatives, Directors, senior management and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between the Stock Exchange and us.

Any meeting between the Stock Exchange and our Directors will be arranged through the Authorised Representatives or the Compliance Adviser or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our Authorised Representatives and/or our Compliance Adviser; and

(d) **Legal Advisers**: we will also engage legal advisers to advise on compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Zhou Bo (周波)	Room A-1313, Xinyu Garden Qianhai Road Nanshan District Shenzhen, Guangdong PRC	Chinese
Mr. Miao Rui (苗瑞)	Room 2502, Block B Building 1, Tianxia Emerald Pearl Garden No. 5 Jinji Road, Nanshan District Shenzhen, Guangdong PRC	Chinese
Dr. Chai Jian (柴劍)	Room 4D, Unit 2 Block D, Building 1 Nanhang Mingzhu Hangcheng Street Bao'an District Shenzhen, Guangdong PRC	Chinese
Mr. Zou Xiaogang (鄒小剛)	A-13D, Yuehai Building Longcheng Road, Nanhai Avenue Nanshan District Shenzhen, Guangdong PRC	Chinese
Mr. Chen Yonggang (陳永剛)	Room 35, 4/F Unit 1, Building 1 No. 368 Jing'an Road Jinjiang District Chengdu, Sichuan PRC	Chinese
Non-executive Directors		
Mr. Yu Lijie (喻立杰)	No. 1010 Shangbu Road Futian District Shenzhen, Guangdong PRC	Chinese
Independent non-executive Directors		
Mr. Chen Haiping (陳海平)	Apartment A, No. 2 South Yanta Road Yanta District Xi'an, Shaanxi PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Residential Address	Nationality
Mr. Zhong Luhuan (鍾陸歡)	Room 501, No. 37, Lane 2777 Langu Road, Gaohang Town Pudong New Area, Shanghai PRC	Chinese
Ms. Ho Ka Cin Verona (何嘉倩)	Flat 1B, Maryland Court 3 Magnolia Road Yau Yat Chuen Kowloon Hong Kong	Chinese (Hong Kong)

For further information regarding our Directors, please see the section headed "Directors and Senior Management" of this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**CMBC International Capital Limited** 34/F, One Exchange Square 8 Connaught Place Central, Hong Kong **SPDB International Capital Limited** 33/F, SPD Bank Tower 1 Hennessy Road Hong Kong
Financial adviser	**China Harbour International Capital Limited** 23A/F, YF Life Centre 38 Gloucester Road Wanchai, Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal advisers to our Company	*As to Hong Kong law* **AllBright Law (Hong Kong) Offices LLP in association with Stevenson, Wong & Co.** Units 1801–08 & 1810, 18/F, Gloucester Tower The Landmark, 15 Queen's Road Central Hong Kong **Stevenson, Wong & Co. in association with AllBright Law (Hong Kong) Offices LLP** Units 1801–08 & 1810, 18/F, Gloucester Tower The Landmark, 15 Queen's Road Central Hong Kong *As to PRC law* **AllBright Law Offices (Shenzhen)** 21, 22, 23/F, Excellence Century Centre Fu Hua 3 Road Futian District Shenzhen, PRC *As to PRC data compliance law* **AllBright Law Offices (Shanghai)** 9/F, 11/F, 12/F Shanghai Tower 501 Yincheng Middle Road Pudong New Area Shanghai, PRC *As to U.S. export controls and sanctions* **DeHeng Law Offices** 12th Floor, Tower B Focus Place, No. 19 Finance Street Xicheng District Beijing, PRC
Legal advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong law* **Loeb & Loeb LLP** 2206–19 Jardine House 1 Connaught Place Central, Hong Kong *As to PRC law* **Jia Yuan (Shenzhen) Law Offices** 45/F, Guangdian Financial Center Pengcheng First Road Futian District Shenzhen, PRC
Auditors and reporting accountants	**Confucius International CPA Limited** Rooms 1501-8, 15/F Tai Yau Building 181 Johnston Road Wanchai, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square No. 1717 West Nanjing Road Jing'an District Shanghai, PRC
Compliance adviser	**China Harbour International Capital Limited** 23A/F, YF Life Centre 38 Gloucester Road Wanchai, Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered office, headquarters and principal place of business in the PRC	3/F, Building 8 Taihua Wutong Industrial Park Gushu Development Zone Xixiang Street, Bao'an District Shenzhen PRC
Principal place of business in Hong Kong	Room 1802, 18th Floor Ruttonjee House, Ruttonjee Centre 11 Duddell Street Central, Hong Kong
Joint company secretaries	Dr. Chai Jian (柴劍) Room 4D, Unit 2 Block D, Building 1 Nanhang Mingzhu Hangcheng Street Bao'an District Shenzhen, Guangdong PRC Ms. Lui Mei Ka (雷美嘉) *(HKICPA)* Flat A, 10/F Tower 2 Providence Bay Phase 1 5 Fo Chun Road Tai Po District Hong Kong
Authorised representatives	Mr. Zhou Bo (周波) Dr. Chai Jian (柴劍)
Strategy and Sustainable Development Committee	Mr. Zhou Bo (周波) *(Chairperson)* Mr. Miao Rui (苗瑞) Ms. Ho Ka Cin Verona (何嘉倩)
Audit Committee	Mr. Chen Haiping (陳海平) *(Chairperson)* Ms. Ho Ka Cin Verona (何嘉倩) Mr. Yu Lijie (喻立杰)
Remuneration and Appraisal Committee	Mr. Chen Haiping (陳海平) *(Chairperson)* Ms. Ho Ka Cin Verona (何嘉倩) Mr. Miao Rui (苗瑞)
Nomination Committee	Mr. Chen Haiping (陳海平) *(Chairperson)* Ms. Ho Ka Cin Verona (何嘉倩) Mr. Miao Rui (苗瑞)

[REDACTED]

CORPORATE INFORMATION

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Company website	**www.hqvt.com** *(information on this website does not form part of this document)*

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1. Overview of China's Perceptual Intelligence Industry

- ***Definition and Classification of Perceptual Intelligence***

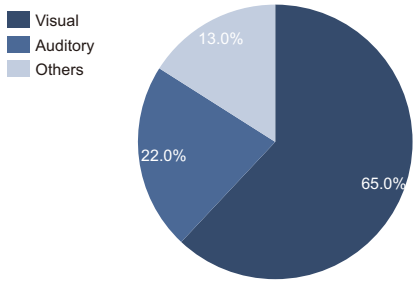
Perceptual intelligence refers to technologies that emulate human perceptual faculties through the application of artificial intelligence, particularly machine learning and computer vision, thereby enabling machines to perceive, interpret and respond to their surroundings via sensors and other devices. Based on the classification method of emulated human sensory, perceptual intelligence can be categorised into visual, auditory, tactile, olfactory and gustatory perceptions.

- ***Market Size of China's Perceptual Intelligence Industry***

As the connection and interaction between AI and the physical world deepens, the perceptual intelligence industry continues to expand at a rapid pace. The market size of perceptual intelligence in China increased from RMB200.1 billion in 2020 to RMB337.0 billion in 2025, with a CAGR of 11.0% during the period. With continued technological advances and further commercialisation in the future, the overall market growth rate is expected to further increase, and the market size is expected to surge to RMB695.2 billion in 2030, with a CAGR of 15.6%.

In 2025, visual perception remains dominant in the perceptual intelligence market, accounting for 65.0% of the total market size. The market size for visual perception can be categorised by product form factor/delivery model. Vision AI modules represent one such product form; in addition to vision AI modules, other products include: integrated systems (terminals), industrial cameras, optics products, lighting systems, software, processor boards and other accessories, etc.. Visual perception is expected to maintain its position, supported by its technological maturity and application base.

China's Market Share of Perceptual Intelligence Segments (2025)



Source: Frost & Sullivan, China Machine Vision Union (CMVU)

- ***Development Trends of Perceptual Intelligence***

Expanding Sensory Boundaries: the perceptual scope of perceptual intelligence is increasingly surpassing human sensory limits. Taking visual perception as an example, multispectral imaging technology breaks through the limitations of human visible light perception and enables the capture of non-visible spectra such as ultraviolet, infrared and terahertz spectra, and then interprets data from beyond human perception with AI algorithms. For example, early signs of mechanical failure can be identified from infrared thermal imaging data, or molecular signatures of substances can be extracted from terahertz spectroscopy.

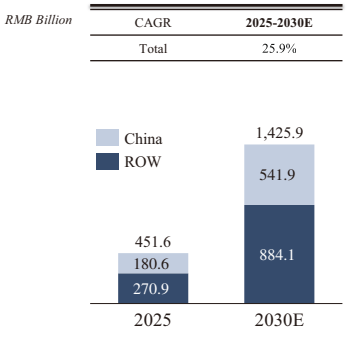
Comprehensive Analysis of Multimodal Data: single-modal analysis is difficult to cope with complex scenarios. The industry tends to build cross-modal feature integration models by using AI algorithms to fuse diverse data types, such as infrared, ultraviolet, visible light, acoustic spectra, electrical signals and others. For example, in industrial risk monitoring, AI can simultaneously analyse spectral images and acoustic signatures from equipment operation to accurately identify early signs of mechanical failure.

Integration of receiving, sensing, processing and judgement capabilities as a key competitive factor: the combination of edge computing and on-device AI is propelling a shift of multispectral imaging systems from "data acquisition–cloud analysis" to "real-time local closed-loop". Leading enterprises are embedding AI algorithms directly into on-device modules, enabling integrated "reception, perception, processing and judgement" of multispectral data. In 2025, for instance, embedded AI modules in smart terminals for multi-scenario safety enabled swift multispectral image analysis and early warnings, reducing latency by 90% compared to traditional cloud-based solutions.

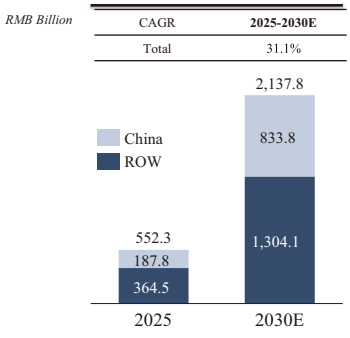
- ***Key Downstream Applications of Perceptual Intelligence***

The multi-scenario safety and robotics markets are key downstream applications of perceptual intelligence, as they require highly reliable perception in complex environments. The multi-scenario safety sector is a demand-driven market encompassing diverse application areas such as fire safety, food safety, urban surveillance and industrial hazard prevention. It integrates advanced perception, intelligent decision-making, and cost-effective deployment to enable real-time risk detection and rapid response across complex environments. The robotics sector currently places higher demands on the ability to perceive the physical world, which is a potential application scenario for perceptual intelligence. The following diagram illustrates the market size of these emerging downstream industries in the perceptual intelligence field:

Market Size of the Multi-scenario Safety Sector, China & ROW, 2025 & 2030E



Market Size of the Robotics Sector, China & ROW, 2025 & 2030E



Source: Frost & Sullivan, National Bureau of Statistics of China, Annual Reports

2 Overview of China's Multispectral AI Industry

2.1 Definition of Multispectral AI

- Multispectral AI technology refers to the integration of multispectral signal acquisition including ultraviolet, infrared, and visible light with perception, spectral modelling, and intelligent computing into a unified system. It enables on-device closed-loop processing from data capture to preliminary reasoning, offering ultra-wide spectral sensing and high sensitivity, while also supporting cloud-based services for centralised model training, data aggregation, and remote optimisation.

- With the features of perception-computing integration, localised decision-making, low power consumption and high safety, this technology is widely used in fire safety, industrial hazard prevention and other complex scenarios. To meet diversified business needs, three business models have been formed, namely, modules, large model services and perception terminals, enabling a closed-loop delivery from algorithms to products.

2.2 Classifications of Multispectral AI

- **Multispectral AI Modules:** embedded AI vision modules designed to capture information across multiple spectral bands, including infrared, ultraviolet, and visible light, enabling simultaneous multispectral data acquisition and overcoming the perceptual limits of traditional visible-light imaging. By integrating AI algorithms for multi-band data fusion and analysis, the module enables high-dimensional perception and on-device decision-making in complex environments. It is widely used in refined scenarios requiring precise recognition of information such as material composition, temperature changes, and hidden defects.

- **Multispectral AI Large Model Services:** multispectral AI large-model services integrate multispectral data with domain-specific AI to support training, compression, and secure on-device deployment. Built on a unified architecture, the services enable cross-band imaging, analysis, and efficient local reasoning adapted to the complex needs of the multi-scenario safety sector.

- **Multispectral AI Perception Terminals:** multispectral AI perception terminals is an intelligent terminal device integrating spectral imaging and AI algorithms, capable of capturing data across multiple spectral bands for enhanced perception and understanding of object characteristics. It combines optical components, sensors, local storage, and AI processing to enable on-device imaging, analysis, recognition, and reasoning.

  Its main target customers are industry solution integrators and enterprise customers. Multispectral AI companies directly sell front-end perception devices in integrated software-hardware form, which are capable of on-device integrated computing and perception capabilities.

- The core values of multispectral AI compared to visible light vision include:

Rich Data Dimensions: multispectral imaging captures object information across diverse spectral bands, such as infrared, ultraviolet and visible light. Compared with traditional single-spectrum imaging, it can capture more comprehensive and detailed spectral features. When coupled with AI deep learning algorithms, the spectral data can be efficiently processed and analysed.

High-Precision Recognition: the combination of multispectral data and AI algorithms enables highly accurate object recognition. In 2025, in the multi-scenario safety sector, the AI multispectral fire warning platform uses ultraviolet light, infrared thermal imaging and visible light to conduct multi-spectrum monitoring, which can detect early signs of ignition, electric arcs and abnormal heat spikes 10-20 minutes in advance, with false alarms reduced by 90%.

Real-Time Responsiveness: the integration of multispectral data with AI enables rapid analysis and decision-making, as demonstrated by the fire warning platform's early detection capabilities. This supports time-critical applications in healthcare, and industrial monitoring.

2.3 Analysis of Multispectral AI Industry Chain

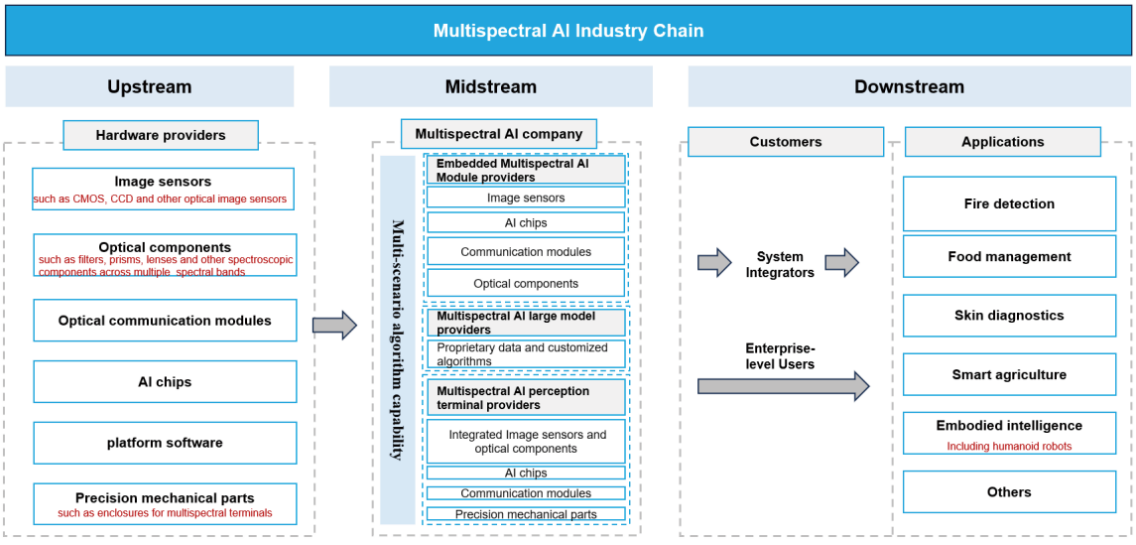
- The industrial chain of multispectral AI covers upstream suppliers of core materials and key components, midstream multispectral companies offering diverse multispectral AI technological services, and downstream industry applications, all of which collaborate closely.

- The upstream segment provides critical components for devices and platform software, including precision mechanical parts, image sensors, optical elements, imaging modules, computing units, and AI chips.

- The midstream segment comprises multispectral AI technology companies who mainly provide technical services tailored to various customer needs, including Multispectral AI Modules, multispectral perception terminals, multispectral AI algorithms and large model services.

- The downstream segment includes the primary application scenarios of multispectral AI, such as fire detection, food quality management, skin diagnostics, and embodied intelligence, and serves key customer groups including system integrators and enterprise-level users.

- As multispectral AI is increasingly applied in areas such as multi-scenario safety, the industry is moving toward vertical integration across the perception, understanding, and decision chain. This shift is fostering a comprehensive closed-loop system from optical imaging to algorithm-driven intelligence, encompassing full-chain capabilities that span the entire process from optical components and signal acquisition to data processing, analysis, and decision-making.



Source: Frost & Sullivan

2.4 Market Size of China's Multispectral AI Market

- In recent years, the market of China's multispectral AI industry has experienced sustained growth. The China's multispectral AI market increased from RMB6.3 billion in 2020 to RMB20.0 billion in 2025, with a CAGR of 26.0% during the period. Driven by technological advances, this momentum is expected to accelerate further, and the market size is expected to surge to RMB79.4 billion in 2030, with a CAGR of 31.8%.

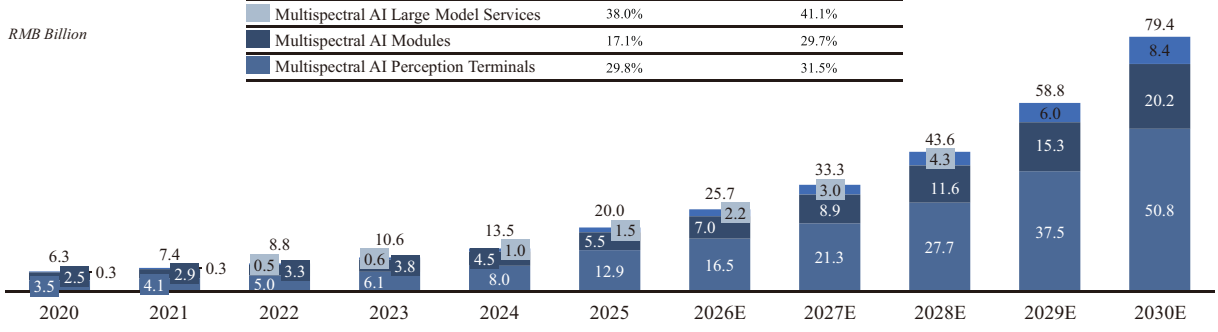
- The market of China's multispectral AI modules industry increased from RMB2.5 billion in 2020 to RMB5.5 billion in 2025, with a CAGR of 17.1% during the period. Driven by technological advances, this momentum is expected to accelerate, and the market size is expected to surge to RMB20.2 billion in 2030, with a CAGR of 29.7%.

- China's multispectral AI large model services market has grown rapidly, increasing from RMB0.3 billion in 2020 to RMB1.5 billion in 2025, with a CAGR of 38.0% during the period. Driven by technological advances, this momentum is expected to accelerate further, and the market size is expected to surge to RMB8.4 billion in 2030, with a CAGR of 41.1%.

- Downstream applications of multispectral AI are primarily found in multi-scenario safety sector, which encompass common requirements for quality and safety across a variety of sub-scenarios. These can be further subdivided into areas such as security and disaster prevention, industrial quality inspection, healthcare, and food safety. Among these, security and disaster prevention represent the most mature sub-scenarios, specifically including fire detection and hazardous material detection in urban areas, energy facilities, data centres, and commercial premises. In addition to multi-scenario safety sector, multispectral AI is also being continuously applied in the perception layer of autonomous driving and embodied intelligence, helping vehicles and robots to better understand the physical world. China's multispectral AI perception terminals market increased from RMB3.5 billion in 2020 to RMB12.9 billion in 2025, with a CAGR of 29.8% during the period. With the continuous expansion of downstream application scenarios, this momentum is expected to accelerate further, and the market size is expected to surge to RMB50.8 billion in 2030, with a CAGR of 31.5%.

Multispectral AI Market Size in China, 2020–2030E

CAGR	2020-2025	2025-2030E
Total	26.0%	31.8%
Multispectral AI Large Model Services	38.0%	41.1%
Multispectral AI Modules	17.1%	29.7%
Multispectral AI Perception Terminals	29.8%	31.5%

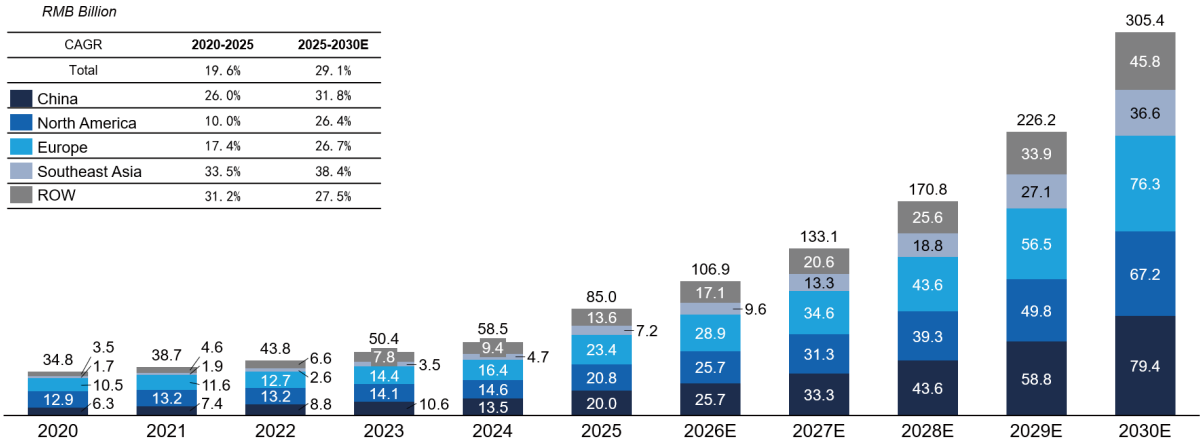


Source: Frost & Sullivan, China Machine Vision Union (CMVU), Annual Reports

2.5 Overview of the Overseas Multispectral AI Market

Driven by increasing demand for sensing capabilities across industries such as security, industrial applications and healthcare, the global multispectral AI market has experienced rapid growth in recent years. The global multispectral AI market increased from RMB34.8 billion in 2020 to RMB85.0 billion in 2025 and is expected to reach RMB305.4 billion by 2030, representing a CAGR of 29.1% during the forecast period. Market demand for multispectral AI is growing rapidly worldwide, which is driven by the growth of the major regions, mainly, China, North America, Europe and South-East Asia. The chart below shows the market size and forecast growth rates for major regions worldwide.

Global Multisepctral AI Market Size, 2020-2030E



Source: Frost & Sullivan, Annual Reports

- ***North America Market***

Market demand in North America comes mainly from the United States. There are a significant number of multispectral AI companies in the United States, totalling more than 150, including business units of large technology groups, medium-sized multispectral AI firms, and a number of specialist start-ups. The North American multispectral AI market is characterised by strengths in sensor technologies, optical components and AI algorithms, while remaining relatively less advanced in the design and customisation of end-user hardware products.

- ***Europe Market***

In Europe, Germany, France and the United Kingdom account for the bulk of market demand, whilst countries such as Finland and the Netherlands possess a competitive edge in multispectral technology. There are around 60 to 80 multispectral AI companies in the European market, which hold a competitive edge in optical imaging technology.

- ***Southeast Asia Market***

Within the Southeast Asian market, Indonesia, Thailand, Vietnam and Malaysia are developing at a relatively faster pace, whilst Singapore is the most technology-intensive country in the region. There are no more than 30 multispectral AI companies in the Southeast Asian market, the majority of which rely on sourcing core multispectral technology from other developed markets to integrate into their solutions.

2.6 Introduction and Market Size of AI Vision Modules

- AI vision modules refer to compact intelligent chip modules integrating image sensors, processors, software algorithms and interface components. Depending on the technology routes of integrated perception technology, it can be divided into multispectral AI modules and other AI vision modules.

  - **Multispectral AI Modules:** embedded AI vision modules designed to capture information across multiple spectral bands, including infrared, ultraviolet, and visible light, enabling simultaneous multispectral data acquisition and overcoming the perceptual limits of traditional visible-light imaging.

  - **Other AI Vision Modules:** designed for visible-light perception, these compact intelligent chip modules integrate image acquisition, on-device computing, and AI analysis.

	Other AI Vision Modules	Multispectral AI Modules
Simple examples of recognition ability	"This apple is red and round." "This metal part looks scratched."	"This apple is starting to rot even though it looks fine." "This material has changed slightly even if the surface looks perfect."
Functionality	Use three RGB channels with mature and efficient model architectures. Limited identification under low-visibility conditions.	Capture multispectral information, enabling fusion across multiple bands. Enhanced identification under low-visibility conditions.
Applications	Used for common visual task scenarios such as target recognition	Used in the multi-scenario safety sector like fire risk perception or food and material detection.

Source: Frost & Sullivan, China Machine Vision Union (CMVU)

- Market Size of China's AI Vision Modules

  - The market of China's AI vision module industry increased from RMB22.6 billion in 2020 to RMB38.1 billion in 2025, with a CAGR of 11.0% during the period. This momentum is expected to accelerate further in the future, and the market size is expected to increase to RMB98.3 billion in 2030, with a CAGR of 20.9%.

2.7 Key Drivers and Development Trends of Multispectral AI Industry

- **Integrated technological capabilities as the core competitive advantage:** multispectral AI is transitioning from an early-stage module-based segmented product model to a full-chain model with system integration capabilities. Companies who have full-chain capabilities in embedded modules, large models and integrated hardware terminals possess greater delivery flexibility, broader customer reach and more integrated technical solutions, and will have unique advantages in the future industry through platformisation and integrated delivery.

- **Miniaturisation of computing power:** the core element lies in delivering superior application performance at lower cost and reduced computing power requirements. For example, leading companies use underlying C-language optimisation and task decomposition capabilities to eliminate redundant images and avoid invalid calculations, thereby significantly reducing computing power requirements.

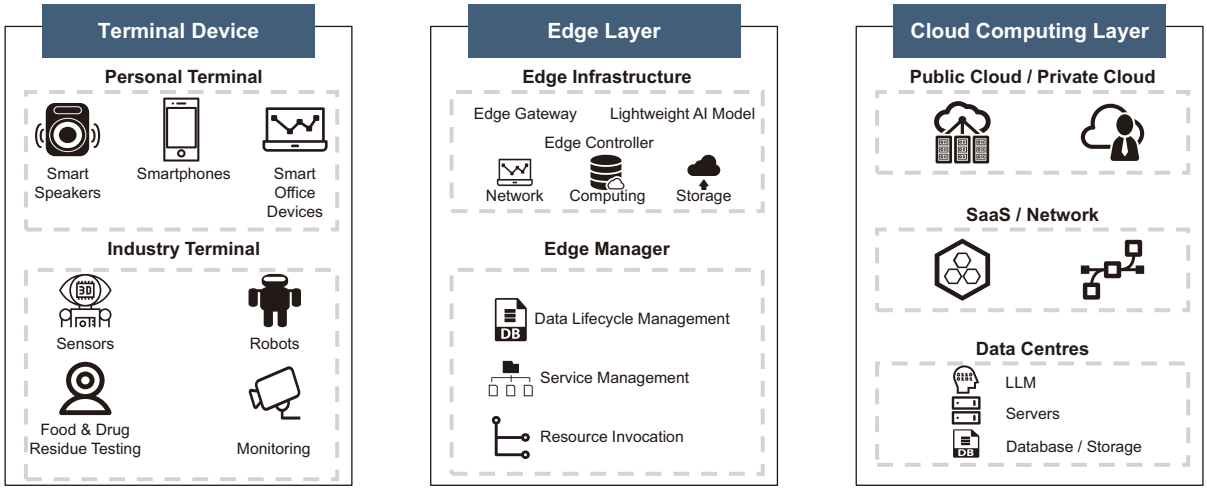
- **Sensor integration:** improvements in sensor integration and optical stacking allow ultraviolet, infrared, and other visible spectra to be combined within compact, low-power modules, enabling multispectral perception to be deployed across consumer, industrial and automotive terminals.

- **Edge AI computing architectures:** advancements in edge AI computing architectures — including lightweight neural networks, on-device computing and high-efficiency DSP/NPU designs — enable real-time fusion of multispectral data, significantly enhancing performance in scenarios such as low-light imaging, material recognition and safety monitoring.

- **Rising degree of customisation is adapting to complex industrial scenarios:** in the field of multispectral AI, the growing demand for customised solutions is driving customised services to become a mainstream trend. In 2024, 55% of multispectral AI large model applications adopted customised delivery models, primarily serving large enterprises and other types of users.

2.8 On-device AI Technology and Cloud-Edge-Device Architecture

The adoption of on-device AI technology and cloud-edge-device architecture is one of the important features of multispectral AI. The cloud-edge-device architecture is a distributed model that integrates cloud computing, edge computing and terminal devices. The cloud typically undertakes complex computations and large-scale data storage, such as AI model training. The edge layer handles real-time local analysis, including industrial quality inspection and fire warnings. The terminal layer is further divided into personal terminals (such as smart speakers, smartphones and smart office devices) and industry-specific terminals (including industrial sensors, robotics and surveillance equipment). On-device AI technology enables the deployment of artificial intelligence capabilities onto a wide array of terminal devices such as sensors and IoT endpoints, empowering them with localised data processing and decision-making capabilities. This technology supports devices in executing AI tasks either independently or in conjunction with the cloud, and allows for data processing at the data source, thus reducing latency, enhancing privacy and optimising bandwidth usage while maintaining compatibility with the cloud-based architecture.



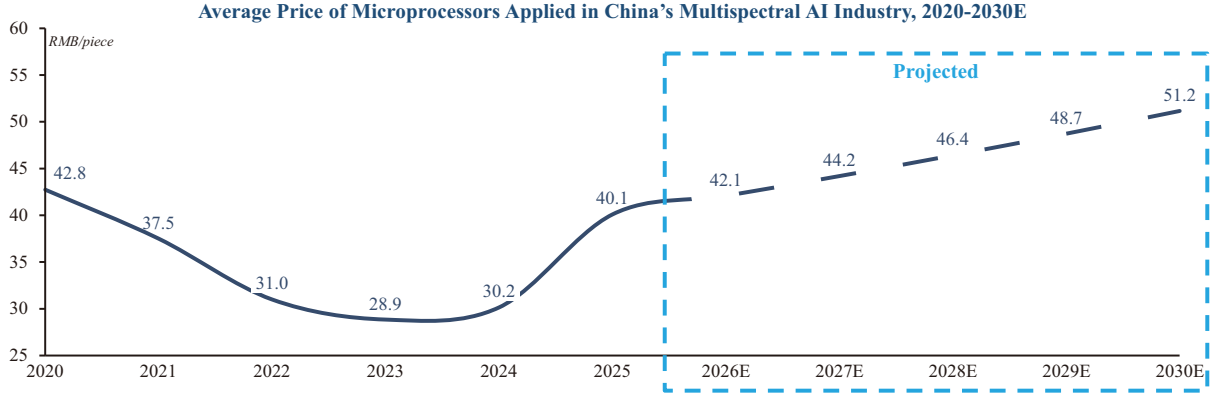
Source: Frost & Sullivan, Expert Interview

2.9 Analysis of Component Prices

The key raw materials and components for multispectral AI products include microprocessors, CMOS image sensors, printed circuit boards (PCBs), power management modules, optical elements, precision mechanical parts, and imaging modules among others. Microprocessors and CMOS image sensors are the most impactful cost items due to their higher cost contribution and price fluctuations. In 2024, microprocessors account for 15–30% of the product cost and CMOS image sensors account for 10–20% of the product cost.

Historically, the price of microprocessors used in the multispectral field were relatively stable. As the industry requirements for microprocessor technology capabilities increase and low-quality production capacity is phased out, costs are expected to gradually return to an upward trend. This trend will place higher demands on the supply chain negotiation capabilities of companies in the multispectral AI industry.

Average Price of Microprocessors Applied in China's Multispectral AI Industry, 2020-2030E



Source: Frost & Sullivan, Expert Interview

The price of CMOS image sensors (CIS) in China experienced a gradual decline from approximately RMB 13.1 per piece in 2020 to around RMB 12.1 per piece by 2025, but overall the fluctuations at this price level are not significant. This downward trend was largely driven by intense market competition and continuous improvements in production technology, which enabled manufacturers to reduce costs and enhance efficiency. At the same time, the intensified trend of domestic substitution has also brought about more intense price competition, causing prices to fall. Domestic substitution refers to the accelerated replacement of imported CMOS image sensors (CIS) with products supplied by Chinese manufacturers. This trend is driven by improvements in domestic suppliers' technology, increased supply chain security requirements and the need for cost-competitive components across downstream applications. The intensified pace of substitution led to heightened supply competition in the domestic market. Consequently, the average selling price of CIS decreased, reflecting both capacity expansion and more aggressive pricing strategies associated with domestic substitution. However, as the potential for further technological upgrades diminished by 2024, the rate of cost reduction began to moderate. This stabilisation is expected to make costs more predictable and manageable for multispectral AI companies, which rely on these sensors for various applications.

Source: Frost & Sullivan, Expert Interview

3 Market Competition Analysis

3.1 Rankings of Multispectral AI Enterprises in China

- In 2025, as measured by revenue, the Company ranked No. 1 among multispectral AI companies in China, accounting for a market share of 3.3%. The following chart illustrates the market shares of the top five market players.

Rankings of Multispectral AI Companies in China, by Revenue (2025)

Rank	Name	Revenue (RMB million)	Market Share (%)
1	The Company	657.0	3.3%
2	Company A	542.0	2.7%
3	Company B	180.0	0.9%
4	Company C	121.0	0.6%
5	Company D	103.0	0.5%
Total		19,978.1	100%

Source: Frost & Sullivan, Annual Reports, Expert Interview

* *Multispectral AI enterprises: Companies with multispectral-related revenue accounting for 50% or more are defined as multispectral AI companies.*

Notes:

1. All figures in the above table have been rounded.
2. Company A, is a publicly listed company headquartered in the United States. It provides advanced sensing and imaging solutions — including X-ray, infrared, multispectral, and industrial vision systems — serving sectors such as aerospace, defence, healthcare, and industrial automation in the China market.
3. Company B, is a privately held company headquartered in China. It specialises in hyperspectral imaging systems and intelligent spectral analysis technologies, serving applications in agriculture, food safety, environmental monitoring, and industrial inspection.
4. Company C, is a privately held company headquartered in China. It focuses on the development of large language models and generative AI platforms, enabling enterprise-level applications in education, research, finance, and public services.
5. Company D, is a privately held company headquartered in China. It develops edge AI vision systems including 3D and depth-sensing cameras, supporting intelligent perception applications in robotics, smart vehicles, and industrial automation.

3.2 Rankings of Multispectral AI Modules Enterprises in China

- In 2025, as measured by revenue, the Company ranked No. 4 in the multispectral AI module market in China, accounting for a market share of 3.8%. The following chart illustrates the market shares of the top five market players.

Rankings of Multispectral AI Module Companies in China, by Revenue (2025)

Rank	Name	Revenue (RMB million)	Market Share (%)
1	Company A	530.0	9.6%
2	Company E	421.0	7.6%
3	Company F	352.0	6.4%
4	The Company	209.0	3.8%
5	Company B	165.0	3.0%
Total		5,530.0	100.0%

Source: Frost & Sullivan, Annual Reports, Expert Interview

Notes:

1. All figures in the above table have been rounded.
2. Company E, is a publicly listed company headquartered in China. It develops CMOS image sensors widely used in smartphones, surveillance, automotive electronics, machine vision, and consumer devices.
3. Company F, is a privately held regional branch of a Swiss company headquartered in China. It provides ARM-based system-on-modules and embedded computing platforms for applications in industrial automation, medical equipment, and transportation.

3.3 Rankings of Multispectral AI Large Model Services Enterprises in China

- In 2025, as measured by revenue, the Company ranked No. 1 in the multispectral AI large model services market in China, accounting for a market share of 23.0%, demonstrating significant market leadership. The following chart illustrates the market shares of the top five market players.

Rankings of Multispectral AI Large Model Services Companies in China, by Revenue (2025)

Rank	Name	Revenue (RMB million)	Market Share (%)
1	The Company	355.4	23.0%
2	Company G	113.0	7.3%
3	Company A	111.0	7.2%
4	Company C	98.0	6.3%
5	Company D	45.0	2.9%
Total		1,545.1	100.0%

Source: Frost & Sullivan, Annual Reports, Expert Interview

Notes:

1. All figures in the above table have been rounded.
2. Company G, is a publicly listed company headquartered in China. It develops foundational AI algorithms and platforms in computer vision.

3.4 Rankings of Multispectral AI Perception Terminals Enterprises in China

In 2025, the Company ranked No. 4 in the multispectral AI perception terminal market in China, accounting for a market share of 0.7%. The following chart illustrates the market shares of the top five market players.

Rankings of Multispectral AI Perception Terminal Companies in China, by Revenue (2025)

Rank	Name	Revenue (RMB million)	Market Share (%)
1	Company H	953.0	7.4%
2	Company I	634.0	4.9%
3	Company J	503.0	3.9%
4	The Company	92.6	0.7%
5	Company K	70.0	0.5%
Total		12,903.0	100.0%

Source: Frost & Sullivan, Annual Reports, Expert Interview

Notes:

1. All figures in the above table have been rounded.
2. Company H, is a publicly listed company headquartered in Wuhan, China. Its business covers military equipment, industrial detection, public safety, and smart hardware.
3. Company I, is a privately held high-tech enterprise in ICT and smart devices filed, headquartered in Shenzhen, China. Its business covers telecommunications, cloud computing, AI, and intelligent terminals.
4. Company J, is a publicly listed company headquartered in the United States. Its business covers industrial manufacturing, safety systems, and energy efficiency.
5. Company K, is a privately held company headquartered in Hangzhou, China. Its business covers fire prevention, industrial diagnostics, public safety, and smart sensing.

4 Market Entry Barriers

4.1 Technological Barrier

This industry integrates multiple disciplines such as optics, electronics, software development, automatic control, digital image processing, artificial intelligence and pattern recognition, mechanical design and manufacturing, and is a typical technology-intensive industry. Entry into this industry requires not only high-end technical talents and management teams with the above expertise and practical experience, but also relies on a large number of R&D personnel to promote technological upgrades as well as process personnel to continuously optimise product quality. Meanwhile, technological breakthroughs require long-term and continuous R&D investment. Currently, only leading companies in the industry have strong independent innovation capabilities and can quickly respond to market changes, develop high-quality new products and seize market opportunities, thus forming significant technical barriers for new entrants.

4.2 Talent Barrier

This industry involves a wide range of disciplines, including mechanics, optoelectronics, automation, computers and other basic disciplines. Therefore, companies require a large number of R&D talents with complex backgrounds to achieve multidisciplinary integration.

In addition, due to the highly customised nature of products demands, R&D personnel need to conduct feasibility assessments and develop process plans. The entire production process is characterised by clear professional division, complex technology and strong system coordination. Customised production imposes high talent requirements across technical R&D, after-sales support and marketing. Relevant talent training and team building require long-term accumulation, thus forming a significant talent barrier.

4.3 Capital Barrier

This industry is a capital- and technology-intensive industry, and its products involve high-tech. In order to meet customers' demand for precision and quality, products require continuous technological iteration and rely on substantial R&D investment and financial support. Meantime, large-scale production requires a large number of testing and process equipment, and a comprehensive sales and service network requires considerable capital investment, thus forming a significant capital barrier.

4.4 Data Barrier

Multispectral AI data includes not only conventional image data, but also the original spectral information collected in different bands. The collection of such data is costly and requires specialised hardware and on-site deployment, along with professional annotation teams to construct scenario-based semantic layers. Meantime, the high-dimensional nature of spectral data with more than hundreds of dimensions makes data cleaning and augmentation more complicated. Long-term operating companies have built proprietary data asset pools tightly coupled with model iteration through closed-loop data collection and feedback mechanisms in real-world scenarios, thus forming a notable data entry barrier.

4.5 Downstream Know-how Barriers

The application of multispectral AI technology in downstream industries relies heavily on the long-term accumulation of industry-specific knowledge. Enterprises must have a profound understanding of the downstream industry's business processes, inspection standards, anomaly patterns, and response mechanisms to achieve precise alignment between perception algorithms and scenario requirements, thereby enhancing system practicality and robustness.

Additionally, customers often have differentiated needs for model customisation, interface integration, and terminal adaptation, requiring technology providers to possess cross-industry engineering experience and rapid response capabilities. Such experience cannot be acquired through short-term imitation but must be gradually accumulated through long-term service to leading customers, participation in scenario validation, and iterative optimisation. Leading enterprises build industry-specific knowledge systems that are deeply intertwined with customer operations through continuous project delivery, creating significant downstream know-how barriers that pose high entry thresholds for new entrants.

SOURCES OF INFORMATION

This section includes information from the F&S Report, a report commissioned by us from Frost & Sullivan, as we believe such information imparts a greater understanding of the industry. Frost & Sullivan is a global consulting company and an independent third party. Frost & Sullivan provides market research on a variety of industries, among other services. We have agreed to pay Frost & Sullivan a total of RMB500,000 in fees for its commissioned undertakings, which we believe to be consistent with market rates. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the F&S Report.

In preparing the F&S Report, Frost & Sullivan performed both primary research which involved conducting interviews with leading industry participants and experts and secondary research which involved reviewing company reports, independent research reports and data based on Frost & Sullivan's research database. Frost & Sullivan also assumed that China's economy is likely to maintain its steady growth in the forecast period, and that China's social, economic and political environment is likely to remain stable in the forecast period.

DIRECTORS' CONFIRMATION

After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no detrimental change in the market information demonstrated in the F&S Report since the date of the report that may qualify, contradict or have an impact on the information in this document.

This section sets out a summary of the laws and regulations which are relevant to the business and operations of our Group. The principal objective of this summary is to provide potential **[REDACTED]** *with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential* **[REDACTED]**. **[REDACTED]** *should note that the following summary is based on laws and regulations in force as at the date of this document, which may be subject to change.*

PRC LAWS AND REGULATIONS

This section sets out a summary of the laws and regulations, which are relevant to the business and operations of our Group.

Laws and Regulations in Relation to the Artificial Intelligence Industry

According to the Provisional Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (the "**Interim Measures**") jointly promulgated by the Cyberspace Administration of China (the "**CAC**"), the NDRC, the Ministry of Education, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, the MPS, and the National Radio and Television Administration on 10 July 2023 and implemented on 15 August 2023, services that use generative artificial intelligence technology to provide content generation of text, images, audio, video and other content to the public within the territory are managed, and it stipulates the obligations and responsibilities of providers in terms of technological development and governance, service standards and other aspects. Any provider of generative artificial intelligence services with attribute of public opinions or capable of social mobilisation shall conduct security assessment in accordance with the relevant provisions of the State, and complete the formalities for algorithm filing, change or deregistration in accordance with the Administrative Provisions on the Recommendation of Internet-based Information Service Algorithms (《互聯網信息服務算法推薦管理規定》).

According to the Administrative Provisions on Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》) promulgated by the CAC, the Ministry of Industry and Information Technology, the MPS, and the SAMR on 31 December 2021 and implemented on 1 March 2022, algorithmic recommendation service providers are required to disclose basic principles, purposes and operating mechanisms, and prevent algorithmic discrimination or manipulation of user choices and an algorithm recommendation service provider with public opinion attribute or social mobilisation ability shall, within ten working days from the date of provision of services, fill in such information as the service provider's name, service form, application field, algorithm type, algorithm self-assessment report and content to be disclosed via the internet information service algorithm record-filing system to go through record-filing formalities.

According to the Administrative Provisions on Deep Synthesis of Internet-based Information Services (《互聯網信息服務深度合成管理規定》) promulgated by the CAC, the Ministry of Industry and Information Technology, and the MPS on 25 November 2022 and implemented on 10 January 2023, providers and users of deep synthesis services are regulated. Providers of deep synthesis services are required to implement the main responsibility for information security management, establish and improve management systems and technical safeguard measures, and ensure the security, legality and compliance of deep synthesis services. Deep synthesis service providers with public opinion attributes or social mobilisation capabilities, along with their technical supporters, shall comply with algorithmic filing procedures as required by relevant regulations and prominently display their filing numbers with accessible links on public-facing platforms.

According to the Promulgation of the Measures for the Review of Sci-tech Ethics (for Trial Implementation) (《科技倫理審查辦法(試行)》) promulgated by the Ministry of Science and Technology, the Ministry of Education, the Ministry of Industry and Information Technology, the Ministry of Agriculture and Rural Affairs, the National Health Commission, the Chinese Academy of Sciences, the Chinese Academy of Social Sciences, the Chinese Academy of Engineering, the China Association for Science and Technology, and the Science and Technology Commission of the Central Military Commission on 7 September 2023 and implemented on 1 December 2023, scientific and technological activities utilising data and algorithms are clearly included in the review scope. Enterprises engaged in artificial intelligence and other technological activities should be subject to scientific and technological ethics review.

According to the Guiding Opinions on Accelerating Innovation in Scenarios to Promote High-level Economic Development through High-level Application of Artificial Intelligence (《關於加快場景創新以人工智能高水平應用促進經濟高質量發展的指導意見》) promulgated and implemented by the Ministry of Science and Technology, the Ministry of Education, the Ministry of Industry and Information Technology, the Ministry of Transport, the Ministry of Agriculture and Rural Affairs, and the National Health Commission on 29 July 2022, the state takes promoting the deep integration of artificial intelligence with the real economy as the main line, takes promoting the opening of scenario resources and enhancing scenario innovation capabilities as the direction, strengthens entity cultivation, increases application demonstration, innovates institutional mechanisms, improves scenario ecology, accelerates artificial intelligence technology research, product development and industrial cultivation, explores new models and new paths for artificial intelligence development, and promotes high-quality economic development with high-level application of artificial intelligence.

The NPC promulgated and implemented the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Long-Range Objectives for 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) (the "**Outline**") on 12 March 2021. The Outline points out that China should target frontier fields such as artificial intelligence, quantum information, integrated circuits, life and health, brain science, biological breeding, aerospace science and technology, and deep earth and deep sea, and implement a series of forward-looking and strategic major national science and technology projects. Emphasis will be placed on key areas such as high-end chips, operating systems, key artificial intelligence algorithms, and sensors, accelerating the promotion of research and development breakthroughs and iterative applications in basic theories, basic algorithms, equipment materials and other areas.

The Guidelines for the Development of National Open Innovation Platforms for Next Generation Artificial Intelligence (《國家新一代人工智能開放創新平台建設工作指引》) promulgated and implemented by the Ministry of Science and Technology on 1 August 2019 points out that "openness and sharing" are important concepts for promoting China's artificial intelligence technology innovation and industrial development, encouraging companies to open innovation platform test datasets, form standardised and modular models, middleware and application software, and provide open sharing services of software and hardware to society through open interfaces, model libraries, algorithm packages and other means. The Guidelines for the Construction of the National New Generation Artificial Intelligence Innovation and Development Pilot Zone (Revised Version) (《國家新一代人工智能創新發展試驗區建設工作指引(修訂版)》) promulgated and implemented by the Ministry of Science and Technology on 29 September 2020 emphasises creating an institutional environment conducive to artificial intelligence innovation and development, promoting artificial intelligence infrastructure construction, and strengthening the conditional support for artificial intelligence innovation and development.

The NDRC promulgated the Guidance Catalogue for Industrial Structure Adjustment (2024 Version) (《產業結構調整指導目錄(2024年本)》) on 27 December 2023, which was implemented on 1 February 2024. It encourages the development of artificial intelligence in the following directions:

artificial intelligence chips, intelligent manufacturing key technology equipment, intelligent manufacturing factories, park transformation, intelligent robots, smart homes, intelligent security, video and image identity recognition systems, intelligent transportation, intelligent transport vehicles, intelligent health and elderly care, intelligent education, intelligent environmental protection, and smart cities.

Laws and Regulations in Relation to Consumer Protection

Law of the People's Republic of China on the Protection of Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》), which was promulgated by the SCNPC on 31 October 1993, last amended on 25 October 2013 and implemented on 15 March 2014, was aimed at protecting consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods or provide services to customers. Under the amendments made on 25 October 2013, all business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any personal information of consumers obtained during their business operations.

The Implementing Regulation for the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法實施條例》) was promulgated by the State Council of the People's Republic of China (the "**State Council**") on 15 March 2024 and implemented on 1 July 2024 (the "**Regulations on the Implementation of the Law on the Protection of Consumer Rights and Interests**"). The Regulations on the Implementation of the Law on the Protection of Consumer Rights and Interests mainly refine and supplement the obligations of operators and improve the relevant provisions on online consumption, strengthen the obligations of prepaid consumer operators, regulate the behaviour of consumer claims and clarify the responsibilities of the government for the protection of consumer rights and interests.

Laws and Regulations in Relation to Tendering and Bidding

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

According to the Implementation Regulations for the Law of the People's Republic of China on Tenders and Bids (《中華人民共和國招標投標法實施條例》), which was promulgated by the State Council on 20 December 2011, last amended on 2 March 2019 and implemented on the same day, where the tender invitation and bidding activities of a project required by law to call for tenders violate the provisions of the Tendering and Bidding Law and such regulations, and have a substantive influence on the outcome of award of tender, if it is impossible to adopt remedial measures to rectify the tender invitations, the bidding and award of tender shall be void, and the tender exercise or bid evaluation shall be organised anew pursuant to the law.

Laws and Regulations in Relation to Data, Network and Information Security

The Chinese government has promulgated laws and regulations in relation to internet information security and the protection of personal information from abuse and unauthorised disclosure. To maintain national security, internet information is regulated in China. The Decision on Maintaining Internet Security (《關於維護互聯網安全的決定》) promulgated and implemented by the SCNPC on 28 December 2000 and amended and implemented on 27 August 2009 pursues criminal liability against

persons who engage in the following acts: (i) illegally intruding into computers or systems of strategic importance; (ii) disseminating politically harmful information; (iii) leaking state secrets; (iv) disseminating false commercial information; or (v) infringing others' intellectual property rights.

According to the Administrative Measures on Security Protection for International Connections to Computer Information Networks (《計算機信息網絡國際聯網安全保護管理辦法》) promulgated by the State Council on 16 December 1997, effective on 30 December 1997, and last amended and implemented on 8 January 2011, it is prohibited to use the internet to (among other things) leak state secrets and disseminate content that disrupts social order. The MPS has supervisory and inspection authority, and local public security bureaus may also exercise jurisdiction. If internet information service providers violate any of such administration measures, the competent authorities may revoke their business licences and shut down their websites.

According to the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) jointly promulgated and implemented by the MPS, the National Administration of State Secrets Protection, the State Cryptography Administration Office of Security Commercial Code Administration and the Informatisation Work Office of the State Council on 22 June 2007, the entities that operate and use information systems are required to fulfil the obligation of protection the information system at multi-level. The entities that operate the information systems at above Grade II shall, within 30 days since the date when its security protection grade is determined, handle the record-filing procedures at the local public security authority.

According to the Administrative Measures for Personal Information Protection Compliance Audits (《個人信息保護合規審計管理辦法》) promulgated by the CAC on 12 February 2025 and implemented on 1 May 2025, the personal information processors processing data of over 10 million individuals shall conduct personal information protection compliance audits at least once every two years.

According to Article 39 of the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on 30 July 2021 and implemented on 1 September 2021, where an operator fails to report as required or fails to establish and improve relevant mechanisms and systems, etc., the competent authority shall, in accordance with its duties, order corrections and issue a warning; if the operator refuses to make corrections or such acts result in consequences such as endangering cybersecurity, a fine ranging from RMB100,000 to RMB1,000,000 shall be imposed, and the directly responsible personnel in charge shall be fined between RMB10,000 and RMB100,000.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**") promulgated by the SCNPC on 7 November 2016 and implemented on 1 June 2017, network operators must comply with applicable laws and administrative regulations and fulfil their obligations to safeguard cyber security in conducting business and providing services. For the construction and operation of the network or the provision of services through the network, technical and other necessary measures shall be taken as required by laws, administrative regulations and the compulsory requirements of national standards to ensure the safe and stable operation of the network, respond to cyber security incidents effectively, prevent illegal and criminal network activities, and maintain the integrity, confidentiality and usability of network data.

According to the Administrative Provisions on Security Vulnerabilities of Cyber Products (《網絡產品安全漏洞管理規定》) jointly promulgated by the MIIT, the CAC and the MPS on 12 July 2021 and implemented from 1 September 2021, network product providers, network operators as well as organisations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to the provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. In response to the Cyber Security Law, network

product providers are required to report relevant information of security vulnerability of network products with the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") was promulgated by the SCNPC on 10 June 2021 and implemented on 1 September 2021. The Data Security Law stipulates the measures to support and promote data security and development, to establish and optimise the national data security management system, and to clarify organisations' and individuals' responsibilities in data security. The Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used.

The Cybersecurity Review Measures (2021) (《網絡安全審查辦法(2021)》) was jointly promulgated by the CAC and other certain Chinese regulatory authorities on 28 December 2021 and implemented on 15 February 2022. Critical Information Infrastructure Operator purchasing network products and services, and online platform operators carry out data processing activities that affect or may affect national security, shall conduct cyber security review according to the Cyber Security Review Measures. In addition, an online platform operator in possession of more than one million users' personal information must report to the cyber security review office for a cyber security review if it intends to list its securities abroad.

According to the Regulation on Network Data Security Management (《網絡數據安全管理條例》) promulgated by the State Council on 24 September 2024 and implemented on 1 January 2025, when the network data processors carry out network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant national regulations.

According to the Measures for Data Cross-border Transfer Security Assessment (《數據出境安全評估辦法》) promulgated by the CAC on 7 July 2022 and implemented on 1 September 2022, where a data processor transfers data abroad, the data processor shall apply to the national cyberspace administration for a data cross-border transfer security assessment through the local cyberspace administration at the provincial level when: (i) a data processor transfers important data abroad; (ii) a critical information infrastructure operator and a data processor processing the personal information of more than one million persons transfers personal information abroad; (iii) a data processor has provided a total of 100,000 persons' personal information or 10,000 persons' sensitive personal information to overseas since 1 January of the previous year; and (iv) other circumstances in which the data processor shall apply for a data cross-border transfer security assessment as stipulated by the national cyberspace administration.

According to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Civil Cases Relating to the Use of Facial Recognition Technologies to Process Personal Information (《最高人民法院關於審理使用人臉識別技術處理個人信息相關民事案件適用法律若干問題的規定》) (the "**Face Recognition Provisions**") promulgated by the Supreme People's Court of China on 27 July 2021 and implemented on 1 August 2021. The Face Recognition Provisions apply to civil disputes arising from the use of face recognition technology to deal with facial information between civil subjects. The Face Recognition Provisions clarify the nature and responsibilities of the abuse of utilising face recognition technologies to process facial information. To process the facial information of a natural person, the individual consent of such natural person or his/her guardian must be obtained.

According to the Administrative Measures for the Application Security of Facial Recognition Technology (《人臉識別技術應用安全管理辦法》) jointly promulgated by the CAC and the MPS on 13 March 2025 and implemented on 1 June 2025, the aim is to regulate the application scenarios of facial recognition technology and protect the rights and interests of personal information. They apply to activities within the territory that use facial recognition technology to process facial information, excluding research and development and algorithm training activities.

According to the Ninth Amendment 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 29 August 2015 and implemented on 1 November 2015, any internet service provider that fails to fulfil the obligations related to the internet information security administration as required by the applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty. According to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》) issued and implemented on 23 April 2013, Article 253 of the Criminal Law of the PRC (《中華人民共和國刑法》), and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《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》) issued on 8 May 2017 and took effect on 1 June 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing a citizen's personal information collected legitimately to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of relevant rules and regulations in the process of performing duties or providing services; or (iv) obtaining a citizen's personal information by purchasing, accepting or exchanging such information in violation of relevant rules and regulations.

According to the provisions of the Civil Code (《民法典》) promulgated by the NPC on 28 May 2020 and implemented on 1 January 2021, natural persons' personal information shall be protected by law, and any organisations and individuals shall legally collect personal information and ensure the security of personal information collected. It is not allowed to illegally collect, use, process or transfer the personal information, or illegally buy or sell, provide or make public the personal information of others. Personal information of natural persons refers to all kinds of information that are recorded in electronic or other ways and that can be used alone or in combination with other information to identify a specific natural person, including the natural persons' names, dates of birth, ID numbers, biometric information, addresses, telephone numbers, e-mails, health information, whereabouts, etc.. The processing of personal information shall be subject to the principle of legitimacy, rightfulness and necessity, with no excessive processing, and shall meet the following conditions: (i) with the consent of the natural person or the guardian thereof, unless otherwise provided by laws or administrative regulations; (ii) expressly stating the purpose, method and scope of information to be processed; and (iii) not violating the provision of the laws and administrative regulations and the agreement of both parties. The Civil Code (《民法典》) has revised the Internet tort liability and further elaborated on "safe harbour" rule with respect to an internet service provider from both the aspects of notice and counter-notice, including (i) upon receiving notice from the right holder, promptly adopting necessary measures such as deletion, screening or disconnection of hyperlinks and reefing right holder's notice to disputed internet user; and (ii) upon receiving counter-notice from the disputed internet user, referring such counter-notice to the claiming right holder and informing him/her to take other corresponding measures such as filing complaints with competent authorities or suits with courts. The Civil Code (《民法典》) has also provided that where the internet service provider who knew or should have known the infringing acts of the internet user fails to take necessary measures, it shall be severally liable with such internet user.

Laws and Regulations in Relation to Enterprise Investment Projects

According to Administrative Regulations on Approval and Filing of Projects Invested by Enterprises (《企業投資項目核准和備案管理條例》) promulgated by the State Council on 30 November 2016 and implemented on 1 February 2017, the Chinese government exercises approval management over fixed asset investment projects that are invested in construction by enterprises within the territory of China, are related to national security, and involve major production capacity layout, strategic resource development and significant public interests. The specific project scopes, approval authorities and approval powers are implemented according to the catalogue of investment projects approved by the government, while other projects are subject to filing management.

The Notice of the State Council on Issuing the Catalogue of Investment Projects Subject to Governmental Approval (2016 Version) (《國務院關於發佈政府核准的投資項目目錄(2016年本)的通知》) promulgated and implemented by the State Council on 20 December 2016 stipulates the projects that may be subject to approval.

Laws and Regulations in Relation to Intellectual Property

Trademarks

The Trademark Law of the People's Republic of China (《中華人民共和國商標法》) (the "**Trademark Law**") promulgated by the SCNPC on 23 August 1982, effective on 1 March 1983, and last amended on 23 April 2019 and implemented on 1 November 2019, and the Implementation Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, effective on 15 September 2002, and last amended on 29 April 2014 and implemented on 1 May 2014 provide the basic legal framework for regulating trademarks in the PRC. According to relevant laws and regulations, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The validity period of a registered trademark is ten years, calculated from the date of approval for registration.

Patents

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) promulgated by the SCNPC on 12 March 1984, last amended on 17 October 2020 and implemented on 1 June 2021, and the Implementation Regulations of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) promulgated by the State Council on 15 June 2001, last amended on 11 December 2023 and implemented on 20 January 2024, there are three types of patents, namely, invention, utility model and design. Invention patents are valid for 20 years, design patents are valid for 15 years and utility model patents are valid for 10 years from the date of application.

Copyright and software copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) promulgated by the SCNPC on 7 September 1990, last amended on 11 November 2020 and implemented on 1 June 2021, and the Implementing Regulations of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》) promulgated by the State Council on 2 August 2002, last amended on 30 January 2013 and implemented on 1 March 2013, Chinese citizens, legal persons or other organisations enjoy copyright protection over their works, whether published or not, in the domain of literature, art and science. In addition, internet activities, products disseminated over the internet and software products also enjoy copyright.

According to the Regulations on Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on 4 June 1991, effective on 1 October 1991, last amended on 30 January 2013 and implemented on 1 March 2013, the software registration authority shall grant certificates of registration to computer software copyright applicants in compliance with the Regulation on Protection of Computer Software.

Domain names

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

Laws and Regulations in Relation to Labour Protection, Social Insurance and Housing Provident Funds

Labour security

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

Social insurance

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

Housing provident fund

According to the Regulations on the Housing Provident Fund (《住房公積金管理條例》) passed by the State Council on 3 April 1999, last amended and implemented on 24 March 2019, each employer and individual in the PRC shall make contributions to housing provident fund. Where, in violation of

the provisions of the regulations, an employer is overdue in the contribution of, or underpays, the housing provident fund, the competent PRC government authorities shall order it to make contributions to the housing provident fund within a stipulated period. If the payment is not made within such stipulated period, an application may be made to the People's Court for compulsory enforcement.

Regulations on Equity Incentive Plans

According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) promulgated and implemented by the SAFE on 15 February 2012 and other relevant regulations, directors, supervisors, senior management and other employees participating in any equity incentive plan of an overseas listed company who are PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, subject to certain exceptions, are required to handle matters such as foreign exchange registration with SAFE, account establishment, funds transfer and remittance through a domestic agency.

Laws and Regulations in Relation to Foreign Exchange

According to the Foreign Exchange Control Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulations**") promulgated by the State Council on 29 January 1996, effective on 1 April 1996, and last amended and implemented on 5 August 2008, international payments and transfers under the current accounts in PRC shall not be subject to any restriction. Foreign currency transactions under the capital accounts, such as direct investment and capital contribution, are still restricted and require approvals from, or registration with, the foreign exchange administrative authorities. In addition, according to the Notice of the PBOC and the SAFE on Issues Concerning the Administration of Capital Management of Domestic Enterprises in Overseas Listing (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), which was issued by the PBOC and the SAFE on 24 December 2025 and implemented on 1 April 2026, a domestic enterprise listed overseas shall, within 30 working days from the first trading day of its overseas listing or upon completion of the over-allotment, submit the prescribed documents to a bank in its registered province or municipality separately listed on the State plan to apply for overseas listing registration. Proceeds from overseas listings shall, in principle, be repatriated to the PRC in a timely manner. If such proceeds are to be retained overseas for the purpose of overseas direct investment, overseas securities investment, or overseas lending, the enterprise shall obtain the approval or filing documents from the competent authorities prior to the completion of the overseas issuance and listing or the completion of the over-allotment and shall comply with the relevant cross-border capital administration regulations.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated by SAFE and implemented on 9 June 2016, and the Circular of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated by SAFE and implemented on 4 December 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual needs of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under

capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions' foreign exchange receipts under the capital accounts and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the state. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments or wealth management other than banks' principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

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

Laws and Regulations in Relation to Taxation

Enterprise Income Tax Law

According to the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (the "**CIT Law**") promulgated on 16 March 2007, effective on 1 January 2008, and last amended and implemented on 29 December 2018, and the Implementing Regulations of the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) (the "**Implementing Regulations of the CIT Law**") promulgated on 6 December 2007, effective on 1 January 2008, last amended on 6 December 2024, and effective on 20 January 2025, enterprise income taxpayers shall include resident and non-resident enterprises. Resident enterprise refers to an enterprise established within China or is established under the law of a foreign country (region) but whose actual institution of management is within China. Non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not within China but has offices or establishments within China, or which does not have any offices or establishments within China but has incomes sourced from China. The rate of enterprise income tax shall be 25%. Qualified small low-profit enterprises are given the reduced enterprise income tax rate of 20%. High-tech enterprises in need of key support from the State may enjoy a reduced enterprise income tax rate of 15%.

Value-added tax

According to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法》) (the "**VAT Law**") promulgated by the SCNPC on December 25, 2024 and became effective on January 1, 2026, and the Implementation Rules for the Value-Added Tax Law of the PRC (《中華人民共和國增值税法實施條例》) promulgated by the State Council and became effective as of the same date of the VAT Law, all enterprises and individuals that engage in the sale of goods, the provision of

processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 0%, 6%, 9% and 13% for the different goods it sells and different services it provides, except when specified otherwise.

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

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

Laws and Regulations in Relation to Environmental Protection and Fire Control

Environment protection

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

Environmental impact appraisal

According to the Administrative Regulations on Environmental Protection for Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on 29 November 1998, last amended on 16 July 2017 and implemented on 1 October 2017, and according to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on 28 October 2002 and last amended and implemented on 29 December 2018, the construction employer is required to submit an environmental impact report or an environmental impact statement, or file a registration form depending on the seriousness of effect that may be exerted on the environment.

Pollutant discharge

According to the Categorised Management Catalogue of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated and implemented by the MEE on 20 December 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

Acceptance inspection on environmental protection facilities

According to Administrative Regulations on Environmental Protection for Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council and implemented on 29 November 1998, last amended on 16 July 2017 and implemented on 1 October 2017, upon completion of construction for which an environment impact report or environment impact statement is formulated, the constructor shall conduct acceptance inspection of the environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council and formulate the acceptance inspection report.

Laws and Regulations in Relation to Import and Export of Goods

Foreign Trade Law of the PRC

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on 12 May 1994 and implemented on 1 July 1994, and last amended and implemented on 27 December 2025 and effective on 1 March 2026, the consignee or consignor of imported or exported goods applying for filing should obtain the qualification of the market entity, but no filing for foreign trade operators is required.

Customs Law of the PRC

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the NPCSC on 22 January 1987, and implemented on 1 July 1987, and last amended and implemented on 29 April 2021, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the customs in accordance with the law.

Administration of Recordation of Customs Declaration Entities of the PRC

According to the Administrative Provisions of the Customs of the People's Republic of China on Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the GACC of the PRC on 19 November 2021, and implemented from 1 January 2022, where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filing, it shall obtain the qualification of market entities.

Administrative Provisions of the Customs of the PRC on the Declaration of Imported and Exported Goods

According to the Administrative Provisions of the Customs of the People's Republic of China on Declaration of Imports and Exports (《中華人民共和國海關進出口貨物申報管理規定》) promulgated by GACC on 18 September 2003 and implemented on 1 November 2003, and last amended on 27 March 2025 and implemented on 1 May 2025, consignors or consignees of import and export goods may either make declarations to the customs themselves or entrust a customs brokerage enterprise. Consignors or consignees of import and export goods handling customs declaration procedures, and entrusted customs brokerage enterprises, shall complete the record-filing formalities with the customs in accordance with the law in advance.

I. Principal Laws and Regulations in Relation to Foreign Investment

(I) Foreign Investment Law of the People's Republic of China and Implementation Regulation of the Foreign Investment Law of the People's Republic of China

Foreign invested entities in the PRC are subject to the foreign investment laws and regulations including the Foreign Investment Law of PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which was promulgated by the National People's Congress and became effective on 1 January 2020, and the Regulations on Implementing the Foreign Investment Law of PRC (《中華人民共和國外商投資法實施條例》), which were promulgated by the State Council on 26 December 2019 and became effective on 1 January 2020. According to the Foreign Investment Law, the PRC adopts a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended, or released upon approval by the State Council, from time to time.

(II) Special Administrative Measures for Access of Foreign Investment (Negative List)

On 6 September 2024, the NDRC and the Ministry of Commerce of the PRC ("**MOFCOM**") jointly issued the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) 《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**"), which came into effect on 1 November 2024. The 2024 Negative List uniformly sets forth the ownership requirements, requirements for senior executives, and other special administrative measures for the access of foreign investment. Fields not on the 2024 Negative List shall be administered under the principle of equal treatment for both domestic and foreign investment. As of the Latest Practicable Date, our business does not fall within the scope of the 2024 Negative List.

(III) Catalogue of Industries for Encouraging Foreign Investment

On 2 February 2026, the MOFCOM and the NDRC promulgated the Catalogue of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Encouraging Catalogue**"), which came into effect on 1 January 2023. The Encouraging Catalogue lists the industries that encourage foreign investment. As of the Latest Practicable Date, our business falls within the scope of (XXII) Computer, telecommunication and other electronic equipment manufacturing under the Encouraging Catalogue.

Laws and Regulations in Relation to Overseas Listing

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five relevant guidelines promulgated by the CSRC on 17 February 2023 and implemented on 31 March 2023, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, shall file with the CSRC and submit relevant information within three business days after submitting the application documents for issuance and listing overseas.

Laws and Regulations in Relation to the H Share [REDACTED]

Our Company shall comply with regulations on the H share **[REDACTED]** to **[REDACTED]** its domestic shares into H shares and **[REDACTED]** on the Stock Exchange. According to the Guidelines on Application for **[REDACTED]** of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請**[REDACTED]**業務指引》) (the "**[REDACTED] Guidelines**") promulgated and implemented by the CSRC on 14 November 2019, and last amended and effective on 10 August 2023, **[REDACTED]** represents the shareholders of domestic unlisted shares of domestic companies (including the unlisted domestic shares held by domestic shareholders before overseas listing, the

unlisted domestic shares additionally issued in the territory after overseas listing and the unlisted shares held by foreign shareholders) are listed and circulated on the Stock Exchange. An unlisted domestic joint stock company may file with the CSRC for "full circulation" at the time of its initial **[REDACTED]** and listing overseas.

Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC and entrust the domestic company to file with the CSRC.

U.S. LAWS AND REGULATIONS

This section sets out a summary of certain aspects of laws and regulations of the U.S., which are relevant to the business and operations of our Group.

U.S. Export Restrictions

The U.S. has implemented export control laws and regulations, including the EAR administered by the BIS of the U.S. Department of Commerce. BIS regulates the export, reexport and in-country transfer of items that are "subject to the EAR." The following items are subject to the EAR: (i) all U.S.-origin items wherever they are located in the world; (ii) any item physically in or moving in transit through the United States or U.S. Foreign Trade Zone (including items of foreign origin); (iii) any foreign-made item containing more than a de minimis amount of certain controlled U.S.-origin content ("**de minimis rule**"); and (iv) certain non-U.S.-produced "direct products" of specified "technology" and "software"; and certain non-U.S.-produced products of a complete plant or any major component of a plant that is a "direct product" of specified "technology" or "software" ("**Foreign Direct Product Rule**" , "**FDP rule**" or "**FDPR**"). According to the FDP rules, certain non-U.S. origin items are still subject to the EAR under specific circumstances. A transaction involving a non-U.S.-produced item incorporating certain U.S. controlled software or technology may require a licence if it meets the product scope and end-user or country scope. Building upon the FDPR, the BIS has further expanded its jurisdiction through the advanced computing and supercomputer-related FDP rule. These controls primarily target advanced computing items, including high-performance integrated circuits, computers, and related assemblies. In addition to product scope, such rules incorporate broad destination, end-use, and end-user concepts. In particular, licensing requirements may be triggered where the exporter has "knowledge" that the relevant items are destined for use in connection with advanced computing, semiconductor manufacturing, or supercomputing activities involving the PRC (including Macau) or PRC-headquartered entities, regardless of where such activities occur. As a result, certain non-U.S.-origin items may still be subject to the EAR and require a licence under these expanded jurisdictional rules. Generally, foreign-made items that incorporate controlled U.S.-origin content accounting for less than 25% of the value of such items are not subject to the EAR when exported, reexported or transferred (in-country) to any country except for Cuba, Iran, North Korea or Syria (for which the de minimis threshold is 10%), unless the controlled content is of a certain type for which there is no de minimis threshold. For purposes of the de minimis analysis, any item that by itself requires a destination-based licence to be exported to, reexported to or transferred (in-country) within the country at issue is considered to be a controlled item. BIS maintains the Commerce Control List ("**CCL**") which includes items (i.e., commodities, software, and technology) subject to the authority of the BIS. Items are identified by their Export Control Classification Numbers ("**ECCNs**") on the CCL. In addition, those items subject to the EAR but not identified on the CCL are identified by the designator "EAR99". EAR99 items generally consist of low-level technology, consumer goods, etc. and do not require a licence in most situations for exports, re-exports, or transfers (in-country). However, if the proposed export, re-export, or transfer of an EAR99 item is to an embargoed country, to an end user of concern, or is in support of a prohibited end use, a BIS licence may be required.

BIS maintains several restricted party lists, which include companies, organisations, and individuals that may be subject to additional licensing requirements regardless of an item's ECCN. For example, parties listed on the Entity List under Supplement No. 4 to Part 744 of Title 15 of the Code of Federal Regulations are generally prohibited from receiving certain or all items subject to the EAR without prior BIS authorisation. Licence requirements for such parties may apply to specific ECCNs of concern or, in some cases, to all items subject to the EAR.

In recent years, the United States has expanded export controls restrictions on China through the EAR, as administered by the BIS. In particular, on 7 October 2022, the BIS issued an interim final rule amending the EAR to impose new licensing restrictions on exports, re-exports and in-country transfers of items intended for use in semiconductor fabrication facilities in the PRC and supercomputers located in or destined for the PRC. The rule amends the U.S. EAR to add new export control entries to the Commerce Control List for advanced computing integrated circuits and the computers, electronic assemblies, and components that contain them. Specifically, new ECCNs 3A090 (for certain high-performance integrated circuits), 4A090 (for computers and assemblies containing such integrated circuits) and 3B090 (for advanced semiconductor manufacturing equipment) were added. On 17 October 2023, the BIS issued two interim final rules further amending the EAR to impose new restrictions on the export, re-export or in-country transfer of certain semiconductor and advanced computing items to the PRC, expanding the range of advanced chips and semiconductor manufacturing equipment subject to special licensing requirements. Specifically, the rule revises the scope of ECCN 3A090 by amending how performance criteria and control parameters for advanced computing integrated circuits are defined and applied, including adjustments to the metrics used to determine whether a given product meets the controlled performance thresholds.

On 16 January 2025, the BIS issued an interim final rule (the "**January 2025 DD IFR**") further refining controls on advanced computing items. Notably, the January DD 2025 IFR introduced "Note 1 to ECCN 3A090.a," establishing a rebuttable presumption that "applicable advanced logic integrated circuits" defined as those produced at the 16/14 nanometer node or below, or utilising non-planar transistor architecture are classified under ECCN 3A090.a and deemed "designed or marketed for data centres". This presumption applies to exports, re-exports, or in-country transfers by front-end fabricators or Outsourced Semiconductor Assembly and Test ("**OSAT**") companies. To overcome this presumption, parties must provide specific attestations or documentation, such as: (i) confirmation from an authorised designer that the item does not meet specified Total Processing Performance ("**TPP**") or Performance Density ("**PD**") thresholds; (ii) evidence that packaging occurs outside of Macau or Country Group D:5 destinations and meets specific transistor count (e.g., below 30 billion) or high-bandwidth memory limits; or (iii) utilisation of approved OSATs listed in the EAR. Failure to rebut this presumption subjects the items to the stringent licensing requirements of ECCN 3A090.a, potentially restricting the movement of finished wafers between fabricators and OSATs. Our current business operations do not involve semiconductor fabrication, assembly, or testing activities, including outsourced semiconductor assembly and test (OSAT) processes. Accordingly, the IFR and the associated presumption under Note 1 to ECCN 3A090.a are not applicable to our business activities and are not expected to have a material impact at this time.

U.S. Economic Sanctions

The OFAC is the key agency of the U.S. government responsible for administering and enforcing economic sanctions programmes. These programmes target countries and groups of individuals, such as terrorists and narcotics traffickers. Sanctions may be comprehensive or selective, and typically use asset blocking and trade restrictions to accomplish foreign policy and national security goals.

U.S. economic sanctions are generally categorised into "primary sanctions" and "secondary sanctions". Whether a transaction triggers primary or secondary sanctions primarily depends on whether it involves a U.S. nexus. Primary sanctions typically involve a U.S. nexus (such as U.S. persons,

U.S.-origin products/software/technology, or if it causes or involves activity within the U.S. territory such as transactions involving the U.S. financial system or U.S. commodity brokers) and a sanctioned person (including individuals and entities) or a sanctioned jurisdiction. Non-U.S. persons may violate U.S. primary sanctions by engaging in U.S.-nexus transactions. For transactions without any U.S. nexus, the U.S. government may still threaten to impose secondary sanctions (such as designation to relevant sanction lists) to deter non-U.S. persons from engaging in specific activities involving sanctioned countries, industries, and/or persons. The comprehensive sanctions programmes of OFAC are currently applicable to Cuba, Iran, North Korea, the Crimean Region, as well as the self-proclaimed Luhansk People's Republic and Donetsk People's Republic. In addition to the comprehensive sanctions programmes, the U.S. maintains "list-based" sanctions programmes against targeted regimes, entities and individuals that have been found to have taken actions contrary to U.S. foreign policy or national security interests. OFAC also prohibits U.S. persons from engaging in transactions with the persons and entities identified on the List of Specially Designated Nationals and Blocked Persons (the "**SDN List**"). Entities owned (defined as holding a 50% or greater ownership interest, solely or jointly, directly or indirectly) by persons on the SDN List are also blocked, regardless of whether such entities are explicitly listed on the SDN List.

U.S. Tariffs

Under Section 301 of the Trade Act of 1974, the Office of the U.S. Trade Representative may impose tariffs or other trade restrictions if it determines that a foreign government has engaged in unfair trade practices. Under Section 232 of the Trade Expansion Act of 1962, the Secretary of Commerce is authorised to investigate the effects of imports of any article on the national security of the United States. If the Secretary's investigation indicates that imports of the article in question threaten to impair national security, and the President concurs with the findings, the statute grants authority to adjust the imports of the article in question and its derivatives, or to take other lawful action as deemed necessary. Under Section 122 of the Trade Act of 1974, the President is given authority to impose temporary import surcharges of up to 15% and implement temporary import quotas, to address serious balance-of-payments deficits or significant declines in the value of the U.S. dollar. Such temporary measures generally cannot exceed 150 days unless extended through other trade authorities, and the administration must consult with the United States Congress.

The trade and tariff tension between the U.S. and China intensified since early 2025 and negotiations on tariffs between the two countries are still ongoing, creating uncertainties on trades and exports between the U.S. and China. In 2025, President Donald J. Trump, exercising authority under IEEPA, imposed a series of additional tariffs. On 20 February 2026, the Supreme Court of the United States issued a decision holding that the President lacks authority under the IEEPA to impose tariffs. As a result, tariffs imposed pursuant to IEEPA, were held to be unlawful and invalid, after which the White House issued an executive order terminating the tariffs previously imposed under IEEPA. Also on 20 February 2026, the White House issued a Presidential Proclamation, "Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems," pursuant to Section 122 of the Trade Act of 1974, imposing a 10% temporary global import surcharge on most imports into the United States effective 24 February 2026, and set to remain in effect for up to 150 days. Depending on the latest development of the trade negotiations between the U.S. and China, the level and number of products subject to additional tariffs may change over time.

Outbound Investment Rule by the U.S. Department of the Treasury

On 28 October 2024, the U.S. Department of the Treasury issued the Outbound Investment Rule, implementing the Executive Order 14105 of 9 August 2023 titled "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern" which addresses U.S. investments in certain national security technologies and products in countries of concern. The Outbound Investment Rule became effective on 2 January 2025.

The Outbound Investment Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductor and microelectronics, (ii) quantum information technologies, and (iii) AI systems (collectively defined as "**Covered Foreign Persons**"). U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions", and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Outbound Investment Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections (the "**Publicly Traded Securities Exemption**").

OVERVIEW

We are a multispectral AI technology enterprise in China, specialising in the acquisition, processing, and analysis of optical information captured from multiple specific spectrum bands to provide more comprehensive data than visible-light imaging. Leveraging our proprietary technology in multispectral perception and AI algorithms, we offer products and services designed to detect both visible and invisible spectral information to human eyes, which includes Multispectral AI Modules, Multispectral AI Perception Terminals and Multispectral AI Large Model Services. Our solutions deliver enhanced perception and safety monitoring, providing additional information decisions for multi-scenario safety and intelligent perception purposes for diverse customers who are mainly engaged in business related to software and information technology services, electronic products, IDCs, intelligent driving systems, telecommunication operators, IoT, system integration, and construction. Our technologies have been widely applied across numerous application scenarios beyond traditional safety solutions, including smart cities, intelligent campus management, IDC safety optimisation, industrial and commercial safety and loT-enabled facility management, showcasing the applicability of our multispectral AI solutions.

Key Development Milestones

The following table outlines our key development milestones:

Year	Key development milestones
2013	• Our Company was established in Shenzhen in the PRC.
2015	• We launched our AI vision scenario training technology.
	• We were recognised as a High and New Technology Enterprise (高新技術企業).
2016	• We launched the HtFS file system specifically designed for vision scenario applications, significantly extending the service life of terminals storage.
2018	• We launched the HtOS operating system, designed for edge AI computing, which fundamentally overcame key technical bottlenecks in computational miniaturisation.
2020	• We entered into a capital increase agreement with Series A investors led by Zheshang Capital.
	• We launched the multispectral AI perception-computing integration technology.
2021	• We entered into a capital increase agreement with Series B investors led by Gaoxintou.
	• We leased and established the Shenzhen production facility.
2022	• We released the prototype of the fire computing product.

Year	Key development milestones
	• We launched our AI computing power miniaturisation modules solution.
	• We completed the conversion of our Company from a limited liability company into a joint stock company with limited liability.
	• We were accredited as a National-level Specialised 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.
	• Our Shenzhen production facility officially commenced production.
2024	• We launched the Multispectral AI anomalous fire source detector.
	• We achieved commercialisation and recorded first revenue from our Multispectral AI Large Model Services.
	• Our "Zhiyuan Origin Large Model" (智元起源大模型) passed the ninth batch of Deep Synthesis Service Algorithm Filing by the CAC.
	• We leased and established the Zhejiang production facility in Longyou Economic Development Zone.
	• We entered into a capital increase agreement with Series C investor and Series C+ investor, respectively.
2025	• Our "Zhiyuan Origin Large Model" (智元起源大模型) was selected for Guangdong Province's first batch of AI industry models by the Department of Industry and Information Technology of Guangdong Province.
	• We were enlisted in the "List of Typical Application Scenarios and Cases of Robot + (First Batch) in Guangdong Province (廣東省"機器人+"典型應用場景案例名單(第一批))" by the Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳).
	• We entered into a capital increase agreement with Series D investor.
	• Our Zhejiang production facility officially commenced production.
	• We were accredited as a National-level Specialised and Sophisticated "Little Giant" Enterprise (國家級專精特新「小巨人」企業) and a National-level Specialised and Sophisticated Key "Little Giant" Enterprise (國家級專精特新重點「小巨人」企業) by the Ministry of Industry and Information Technology (工業和信息化部).

OUR MAJOR SUBSIDIARIES

As at the Latest Practicable Date, we carried out our business through our Company and our major operating subsidiaries in the PRC. Set out below is the corporate information of our major subsidiaries that made a material contribution to our performance during the Track Record Period:

1. Shenzhen Haiqing Digital Technology Co., Ltd.* (深圳市海清數字技術有限公司)

Shenzhen Haiqing Digital Technology Co., Ltd.* (深圳市海清數字技術有限公司) was established as a limited liability company under the laws of the PRC on 9 November 2021 with a registered share capital of RMB20 million ("**Haiqing Digital**"). It is a wholly-owned subsidiary of our Company. This subsidiary is primarily responsible for R&D, product innovation, and process optimisation. It has leased a factory premise located in Shenzhen, Guangdong. As at the Latest Practicable Date, the Shenzhen production base mainly undertakes the subsequent production processes after SMT automated assembly, including sensor optical calibration and firmware programming, product configuration and assembly, quality sampling and automated testing, product ageing and packaging and warehousing. In addition, the Shenzhen production base can also undertake activities including R&D as required.

2. Zhejiang Haiqing Zhiyuan Technology Co., Ltd.* (浙江海清智元科技有限公司)

Zhejiang Haiqing Zhiyuan Technology Co., Ltd.* (浙江海清智元科技有限公司) was established as a limited liability company under the laws of the PRC on 26 June 2024 with a registered share capital of RMB10 million ("**Zhejiang Haiqing**"). It is a wholly-owned subsidiary of our Company. This subsidiary has leased a production facility located in Longyou Economic Development Zone, Zhejiang. Following the relocation of the SMT automated assembly lines and as at the Latest Practicable Date, the Zhejiang production base performs the full range of production processes, including SMT automated assembly, sensor optical calibration and firmware programming, product configuration and assembly, quality sampling and automated testing, product ageing and packaging and warehousing.

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

1. Establishment of our Company and Early Shareholding Arrangements

Our Company was established as a limited liability company under the laws of the PRC on 3 April 2013, with Mr. Zhou as our founder and ultimate beneficial owner. At establishment, our registered share capital of RMB1.00 million was held by Mr. Zhou (through his two nominees).

During the early stage of our Company's development in 2014, Mr. Zhou sought to strengthen our Company's capital base and support its long-term growth by introducing additional shareholders. Specifically, through a series of equity transfers agreed among Mr. Zhou and the then existing Shareholders, the equity interests in our Company were as follows: (a) 6.00% to Mr. Chen Yonggang (陳永剛) (being a key early employee of our Company), (b) 60.00% to Zhongcheng Chuangzhan, which served as our Company's initial employee shareholding platform, (c) 25.00% to Beward Invest Limited* (畢沃德貿易(深圳)有限公司) ("**Beward**") and 3.00% to Shenzhen Langke Investment Co., Ltd.* (深圳市朗科投資有限公司) ("**Langke Investment**"), both as external shareholders introduced for the purpose of their industry resources and potential strategic cooperation.

The shareholding structure of our Company at the early stage of development was as follows:

Name of Shareholders	Equity interests in our Company
Mr. Zhou *(Note)*	6.00%
Mr. Chen Yonggang *(Note)*	6.00%
Zhongcheng Chuangzhan	60.00%
Beward	25.00%
Langke Investment *(Note)*	3.00%

Note:

For administrative conveniences, the shareholding of Mr. Zhou, Mr. Chen Yonggang and Langke Investment was held by two nominees, namely Ms. He Shubing (何淑兵) (mother of Mr. Zhou) and Mr. Pu Minjun (蒲敏軍) (employee of our Company). These shareholding nominee arrangements were terminated in 2020.

2. Lebo Technology Equity Swap and Equity Transfers

Hunan Lebo Technology Co., Ltd.* (湖南樂泊科技有限公司) ("**Lebo Technology**") is a company established in the PRC principally engaged in AI research, development and production of enterprise and car parking big data operation platforms, and provision of smart parking solutions. In 2016, Mr. Xia Dong (夏東), chairman of Lebo Technology, became acquainted with us at a trade exhibition. In late 2017, the shareholders of our Company were anticipating a proposed equity swap with Lebo Technology, pursuant to which, all original shareholders of our Company would sell their equity interests in our Company to Lebo Technology in exchange for a portion of the equity interests in Lebo Technology (the "**Equity Swap Transaction**").

Prior to the finalisation of the contract terms of the Equity Swap Transaction, on 28 November 2017, Beward transferred a total of 10.00% equity interests in our Company (5.00% each to Mr. Zhou and Mr. Xia Dong) at a total consideration of RMB1.9 million. Having considered the future prospect of our Company, Mr. Xia acquired the 5% equity interests in our Company from Beward as his own investment based on arm's length negotiations. Mr. Xia Dong has not been involved in the management of our Company since he became a shareholder of our Company. On 18 December 2017, for the purpose of business development and capital needs, our Company's registered capital was increased from RMB1.0 million to RMB6.0 million, with each Shareholder subscribing for their respective portions. On 21 December 2017, all Shareholders at the time agreed to transfer their equity interests to Lebo Technology, which became the sole Shareholder of our Company. It was agreed that the senior management of our Company would stay after the Equity Swap Transaction.

In January 2020, in view of the non-materialisation of the anticipated synergy and strategic benefits arising from differences in the long-term business development focus on products and services between our Company's original shareholders and those of Lebo Technology, the original shareholders of our Company and Lebo Technology mutually agreed to unwind the Equity Swap Transaction in its entirety. As a result, our Company's equity interests, as well as all original considerations paid by Lebo Technology in connection with the Equity Swap Transaction, were fully unwound and our Company's equity interests were ultimately transferred back to the original shareholders of our Company. The Equity Swap Transaction and the subsequent unwinding did not have any material adverse impact to our business operations as our Company was managed by the same senior management during the relevant time.

As a result, the shareholding structure of our Company was as follows:

Name of Shareholders	Equity interests in our Company
	(%)
Mr. Zhou	11.00%
Mr. Chen Yonggang	6.00%
Zhongcheng Tianying LP *(Note 2)*	60.00%
Beward *(Note 1)*	15.00%
Mr. Xia Dong	5.00%
Langke Investment	3.00%
Total	**100.00%**

Notes:

(1) Beward's 15.00% equity interest was legally held by Mr. Gao Xiaochun (the legal representative of Beward) as its nominee. Such nominee shareholding arrangement was unwound in December 2020.

(2) Zhongcheng Tianying LP was a newly formed employee shareholding platform to take up the equity interests of our Company previously held by Zhongcheng Chuangzhan.

3. Series A Financing in November 2020

On 30 November 2020, we entered into a capital increase agreement with our Series A investors and increased our registered capital from RMB6,000,000 to RMB6,774,193 ("**Series A Financing**"). Details of our Series A Financing is set out below:

Subscriber	Registered capital	Consideration
	(RMB)	*(RMB)*
Shenzhen Taolue New Energy Equity Investment Fund Partnership Enterprise (Limited Partnership)* (深圳韜略新能源股權投資基金合夥企業(有限合夥)) ("**Taolue New Energy**")	580,645	30 million
Shenzhen Kaiying No. 8 Venture Capital Partnership (L.P.)* (深圳凱盈八號創業投資合夥企業(有限合夥)) ("**Kaiying No. 8**")	96,774	5 million
Shenzhen Kaiying No. 9 Venture Capital Partnership (Limited Partnership)* (深圳凱盈九號創業投資合夥企業(有限合夥)) ("**Kaiying No. 9**")	96,774	5 million
Total	**774,193**	**40 million**

4. Equity Transfers to Employee Shareholding Platform in December 2020

On 21 December 2020, Mr. Zhou transferred 0.71% equity interest in our Company to Zhongzheng Tianying LP at a consideration of RMB637,700, Beward (through Mr. Gao Xiaochun as his nominee) transferred 0.53% equity interest in our Company to Zhongzheng Tianying LP at a consideration of RMB478,300, Mr. Xia Dong transferred 0.18% equity interest in our Company to Zhongzheng Tianying LP at a consideration of RMB159,500 and Zhongcheng Tianying LP transferred 2.13% equity interest in our Company to Zhongzheng Tianying LP at a consideration of RMB1,913,100. This transfer was implemented to establish Zhongzheng Tianying LP as a separate employee shareholding platform, enabling a new group of employee participants to benefit from equity incentives

under a dedicated structure. It was decided by the Shareholders at the time, based on discussions among them, that only certain Shareholders, namely Mr. Zhou, Beward, Mr. Xia Dong and Zhongcheng Tianying LP, would transfer shares to Zhongzheng Tianying LP.

5. Series B Financing in July 2021

On 30 July 2021, we entered into a capital increase agreement with our Series B investors, resulting in the increase of our registered capital from RMB6,774,193 to RMB7,903,225 ("**Series B Financing**"). Details of our Series B Financing are set out below:

Subscriber	Registered capital	Consideration
	(RMB)	*(RMB)*
Shenzhen HTI Venture Capital Co., Ltd.* (深圳市高新投創業投資有限公司) ("**Gaoxintou**")	225,806	20.0 million
Chengdu Shengao Investment Zhongxiaodan Entrepreneurship Equity Investment Fund Partnership Enterprise (Limited Partnership)* (成都深高投中小擔創業股權投資基金合夥企業(有限合夥)) ("**Chengdu Zhongxiaodan**")	191,935	17.0 million
Shenzhen Shenrong Ruihe Venture Capital Partnership (Limited Partnership)* (深圳深蓉瑞合創業投資合夥企業(有限合夥)) ("**Shenrong Ruihe**")	33,871	3.0 million
Shenzhen City Talent Innovation Venture II Equity Investment Fund Partnership (L.P.)* (深圳市人才創新創業二號股權投資基金合夥企業(有限合夥)) ("**Rencai No. 2**")	90,323	8.0 million
Shenzhen Xiaohe Investment Partnership (L.P.)* (深圳市小禾創業投資合夥企業(有限合夥)) ("**Xiaohe Investment LP**")	22,581	2.0 million
Shenzhen Taolue Xinwang Venture Capital Partnership Enterprise (Limited Partnership)* (深圳韜略信旺創業投資合夥企業(有限合夥)) ("**Taolue Xinwang**")	112,903	10.0 million
Shenzhen Kaiying No. 10 Venture Capital Partnership Enterprise (Limited Partnership)* (深圳凱盈十號創業投資合夥企業(有限合夥)) ("**Kaiying No. 10**")	158,065	14.0 million
Mr. Zhu Zhenkui (朱振奎)	225,806	20.0 million
Shenzhen Fuquan No. 1 Investment Partnership Enterprise (Limited Partnership)* (深圳福泉壹號投資合夥企業(有限合夥)) ("**Fuquan No. 1**")	67,742	6.0 million
Total	**1,129,032**	**100.0 million**

6. Equity Transfer to Employee Shareholding Platform in April 2022

On 2 April 2022, Zhongcheng Tianying LP transferred 1.95% equity interest in our Company to Zhongzhi Tianying LP for a total consideration of RMB6,825,000. This transfer was implemented to establish Zhongzhi Tianying LP as a separate employee shareholding platform, enabling a new group of employee participants to benefit from equity incentives under a dedicated structure.

As a result, the shareholding structure of our Company was as follows:

Name of Shareholders	Approximate equity interests in our Company
Zhongcheng Tianying LP	41.78%
Beward	10.93%

Name of Shareholders	Approximate equity interests in our Company
Mr. Zhou	7.74%
Mr. Chen Yonggang	4.55%
Mr. Xia Dong	3.64%
Zhongzheng Tianying LP	3.04%
Langke Investment	2.28%
Kaiying No. 8	1.22%
Kaiying No. 9	1.22%
Taolue New Energy	7.35%
Gaoxintou	2.86%
Chengdu Zhongxiaodan	2.43%
Shenrong Ruihe	0.43%
Rencai No. 2	1.14%
Xiaohe Investment LP	0.29%
Taolue Xinwang	1.43%
Kaiying No. 10	2.00%
Mr. Zhu Zhenkui	2.86%
Fuquan No. 1	0.86%
Zhongzhi Tianying LP	1.95%
Total	**100.00%**

7. Conversion into a Joint Stock Limited Company in November 2022

On 8 November 2022, our Company was converted into a joint stock company and was renamed as Shenzhen HQVT Technology Co., Ltd. (深圳海清智元科技股份有限公司), with a registered capital of RMB7,903,225 and divided into 7,903,225 Shares with a nominal value of RMB1.00 each.

8. Series C Financing in October 2024

On 18 October 2024, we entered into a capital increase agreement with Series C investor, resulting in the increase in our registered capital from RMB7,903,225 to RMB8,407,686 ("**Series C Financing**"). Details of our Series C Financing is set out below:

Subscriber	Number of Shares	Consideration
		(RMB)
Jinhua Jinlan Sunshine Strategy Venture Capital Partnership (Limited Partnership)* (金華市金蘭陽光韜略創業投資合夥企業(有限合夥)) ("**Jinlan Sunshine**")	504,461	60.0 million

9. Series C+ Financing in December 2024

On 31 December 2024, we entered into a capital increase agreement with Series C+ investor and our registered capital increased from RMB8,407,686 to RMB8,491,763 ("**Series C+ Financing**"). Details of our Series C+ Financing is set out below:

Subscriber	Number of Shares	Consideration
		(RMB)
Shenzhen Panhui Investment Development Co., Ltd.* (深圳市攀輝投資發展有限公司) ("**Panhui Investment**")	84,077	10.0 million

10. Share Transfers in May 2025

On 12 May 2025, following the triggering of (i) certain performance-based covenants originally agreed with Series A investors, whereby Mr. Zhou and Mr. Chen Yonggang undertook to adjust the shareholding proportions of the Series A investors by way of transfer of their shareholdings to the Series A investors at nominal consideration based on adjusted valuation if our aggregate net profits for 2020, 2021 and 2022 is less than a prescribed amount, and (ii) the equality treatment covenants originally agreed with Series B investors, whereby Series B investors may receive the same preferential rights or benefits given to other shareholders or investors of our Company, Mr. Zhou and Mr. Chen Yonggang entered into an agreement with relevant investors. Pursuant to such agreement, which was entered into based on negotiations among Mr. Zhou, Mr. Chen Yonggang and the relevant Series A and Series B investors, and Mr. Zhou and Mr. Chen Yonggang agreed to transfer portions of their shareholdings to certain Series A and Series B investors each at a nominal consideration, as share compensation for such investors.

Specifically, (i) Mr. Zhou agreed to transfer an aggregate of approximately 98,474 shares to 11 institutional investors, including Taolue New Energy, Kaiying No. 9, Kaiying No. 8, Gaoxintou, Chengdu Zhongxiaodan, Rencai No. 2, Xiaohe Investment LP, Taolue Xinwang, Kaiying No. 10, Fuquan No. 1 and Shenrong Ruihe, each at a nominal consideration of RMB1.00; and (ii) Mr. Chen Yonggang agreed to transfer an aggregate of approximately 62,815 shares to the same group of investors, each at a nominal consideration of RMB1.00.

Upon completion of the transfers, the registered capital of our Company remained unchanged at RMB8,491,763. The equity interest of Mr. Zhou in our Company decreased from approximately 7.21% to 6.05%, and that of Mr. Chen Yonggang decreased from approximately 4.24% to 3.50%. Each of the transferee shareholders increased their respective shareholdings accordingly.

Transferor(s)	Transferee(s)	Number of Shares
Mr. Zhou	Taolue New Energy	44,906
	Kaiying No. 9	7,484
	Kaiying No. 8	7,484
	Gaoxintou	9,650
	Chengdu Zhongxiaodan	8,204
	Rencai No. 2	3,857
	Xiaohe Investment LP	964
	Taolue Xinwang	4,829
	Kaiying No. 10	6,757
	Fuquan No. 1	2,893
	Shenrong Ruihe	1,446
Mr. Chen Yonggang (陳永剛)	Taolue New Energy	28,641
	Kaiying No. 9	4,774
	Kaiying No. 8	4,774
	Gaoxintou	6,157
	Chengdu Zhongxiaodan	5,232
	Rencai No. 2	2,466
	Xiaohe Investment LP	616
	Taolue Xinwang	3,074
	Kaiying No. 10	4,307
	Fuquan No. 1	1,849
	Shenrong Ruihe	925

11. Share Transfers to Kezhihua in May 2025

Pursuant to share transfer agreements entered into in May 2025, six existing shareholders, namely Beward, Gaoxintou, Chengdu Zhongxiaodan, Shenrong Ruihe, Rencai No. 2, and Xiaohe Investment LP, agreed to transfer an aggregate of approximately 174,082 Shares to Hainan Kezhihua Digital Technology Co., Ltd.* (海南科智華數字技術有限公司) ("**Kezhihua**") for a total consideration of RMB20,705,000. The consideration was agreed among the six existing shareholders and Kezhihua based on arm's length negotiations.

Details of the transfers are as follows:

Transferor	Transferee	Number of Shares Transferred	Consideration
			(RMB)
Beward	Kezhihua	4,246	505,000
Gaoxintou		67,934	8,080,000
Chengdu Zhongxiaodan		57,743	6,868,000
Shenrong Ruihe		10,191	1,212,000
Rencai No. 2		27,175	3,232,000
Xiaohe Investment LP		6,793	808,000
Total		**174,082**	**20,705,000**

Upon completion of the transfers, Kezhihua became a shareholder of our Company holding approximately 2.05% of our Company's equity interest and the registered capital of our Company remained unchanged at RMB8,491,763.

12. Series D Financing in July 2025

On 18 July 2025, we entered into a capital increase agreement with Series D investor and our registered capital increased from RMB8,491,763 to RMB8,613,074 ("**Series D Financing**"). Details of our Series D Financing are set out below:

Subscriber	Number of Shares	Consideration
		(RMB)
Shanghai No. 9 Private Investment Fund Partnership Enterprise (Limited Partnership)* (上海值得九號私募投資基金合夥企業(有限合夥)) ("**Zhide No. 9**")	121,311	50.0 million

13. Share Subdivision

Immediately prior to the **[REDACTED]**, we expect to implement the Share Subdivision, pursuant to which each of our Share with par value of RMB1.00 was subdivided into 80 Shares with par value of RMB0.0125 each. Upon completion of such **[REDACTED]**, the registered capital of our Company, which is RMB8,613,074, was divided into 689,045,920 Shares with par value of RMB0.0125 per Share, which was subscribed by all our then Shareholders in proportion to their respective equity interests in our Company immediately before the **[REDACTED]**, and the number of our issued Shares will be **[REDACTED]**, without taking into consideration the new Shares to be issued for the **[REDACTED]**.

[REDACTED] INVESTMENTS

The following table summarises the key terms of the **[REDACTED]** Investments to our Company made by the **[REDACTED]** Investors:

	[REDACTED] Investment	Date of relevant [REDACTED] agreement	Date of last payment of consideration	Number of Shares subscribed/ acquired	Number of Shares subscribed/ acquired as adjusted by the Share Subdivision	Implied post-money valuation(Note 1)	Consideration paid
1.	**Series A**	30 November 2020	7 December 2020	774,193 Shares	61,935,440 Shares	RMB350,000,000	RMB40,000,000
2.	**Series B**	30 July 2021	24 September 2021	1,129,032 Shares	90,322,560 Shares	RMB700,000,000	RMB100,000,000
3.	**Series C**	18 October 2024	9 June 2025	504,461 Shares	40,356,880 Shares	RMB1,000,000,000	RMB60,000,000
4.	**Series C+**	31 December 2024	14 January 2025	84,077 Shares	6,726,160 Shares	RMB1,010,000,000	RMB10,000,000
5.	**Series D**	18 July 2025	25 July 2025	121,311 Shares	9,704,880 Shares	RMB3,550,000,000	RMB50,000,000

Notes:

(1) The implied post-money valuation is calculated based on (i) the cost per Share paid to our Company for the corresponding round of the **[REDACTED]** Investment and (ii) the total registered share capital or issued shares of our Company immediately following the corresponding round of the **[REDACTED]** Investment.

The consideration for each round of the **[REDACTED]** Investments was determined based on arm's length negotiation among the respective **[REDACTED]** Investors and our Group after taking into consideration of the timing of the investments and the status of our business operations.

Pursuant to the applicable PRC law, within the 12 months following the **[REDACTED]**, all existing Shareholders (including the **[REDACTED]** Investors) cannot dispose of any of the Shares held by them.

We utilised the **[REDACTED]** from the **[REDACTED]** Investments for the principal business of our Group, including but not limited to the growth and expansion of our Group's business within the PRC and the general working capital purposes. As at the Latest Practicable Date, the funds raised from the **[REDACTED]** Investments have not been fully utilised.

At the time of the **[REDACTED]** Investments, our Directors were of the view that our Company could benefit from the additional capital provided by the **[REDACTED]** Investors' investments in our Company, as well as the **[REDACTED]** Investors' knowledge and experience. Our Directors were also of the view that our Company could benefit from the **[REDACTED]** Investors' commitment to our Company as their investment demonstrates their confidence in the operations of our Group and serves as an endorsement of our Company's performance, strengths and prospects.

Further details of the investment of each of our **[REDACTED]** Investors are set out below:

	Name of Shareholders	Number of Net Shares subscribed/acquired *(Note 3)*	Number of Net Shares subscribed/acquired as adjusted by the [REDACTED]	Net Consideration (RMB)	Cost per Share*(Notes 1, 3)*	Discount to the [REDACTED] *(Notes 2, 3)*
1	Kaiying No. 9	109,032 Shares	8,722,560 Shares	RMB5,000,000	RMB0.57	**[REDACTED]**%
2	Kaiying No. 8	109,032 Shares	8,722,560 Shares	RMB5,000,000	RMB0.57	**[REDACTED]**%
3	Taolue New Energy	654,192 Shares	52,335,360 Shares	RMB30,000,000	RMB0.57	**[REDACTED]**%
4	Gaoxintou	173,679 Shares	13,894,320 Shares	RMB11,920,000	RMB0.86	**[REDACTED]**%
5	Chengdu Zhongxiaodan	147,628 Shares	11,810,240 Shares	RMB10,132,000	RMB0.86	**[REDACTED]**%
6	Shenrong Ruihe	26,051 Shares	2,084,080 Shares	RMB1,788,000	RMB0.86	**[REDACTED]**%
7	Rencai No. 2	69,471 Shares	5,557,680 Shares	RMB4,768,000	RMB0.86	**[REDACTED]**%
8	Xiaohe Investment LP	17,368 Shares	1,389,440 Shares	RMB1,192,000	RMB0.86	**[REDACTED]**%
9	Taolue Xinwang	120,806 Shares	9,664,480 Shares	RMB10,000,000	RMB1.03	**[REDACTED]**%
10	Kaiying No. 10	169,129 Shares	13,530,320 Shares	RMB14,000,000	RMB1.03	**[REDACTED]**%
11	Mr. Zhu Zhenkui	225,806 Shares	18,064,480 Shares	RMB20,000,000	RMB1.11	**[REDACTED]**%
12	Fuquan No. 1	72,484 Shares	5,798,720 Shares	RMB6,000,000	RMB1.03	**[REDACTED]**%
13	Jinlan Sunshine	504,461 Shares	40,356,880 Shares	RMB60,000,000	RMB1.49	**[REDACTED]**%
14	Panhui Investment	84,077 Shares	6,726,160 Shares	RMB10,000,000	RMB1.49	**[REDACTED]**%
15	Kezhihua	174,082 Shares	13,926,560 Shares	RMB20,705,000	RMB1.49	**[REDACTED]**%
16	Zhide No. 9	121,311 Shares	9,704,880 Shares	RMB50,000,000	RMB5.15	**[REDACTED]**%

Note:

(1) The cost per Share is calculated based on dividing the net consideration by the net number of Shares subscribed or acquired, taking into account the share transfers to Series A and Series B investors as compensation shares and share transfers to Kezhihua in May 2025, as adjusted by the **[REDACTED]** to be undertaken immediately prior to the **[REDACTED]**.

(2) The discount to the **[REDACTED]** is calculated based on the **[REDACTED]** of HK$**[REDACTED]** per H Share.

(3) The number of net shares subscribed/acquired set out in the table may differ from the original number of shares initially subscribed or acquired by the relevant **[REDACTED]** Investors at the time of the respective **[REDACTED]** Investments for reasons that (i) investors of Series A Financing and certain investors of Series B Financing subsequently acquired Shares from Mr. Zhou and Mr. Chen Yonggang in May 2025, and (ii) certain investors of Series B financing transferred a portion of their shareholdings to Kezhihua in May 2025. For details, please refer to the subsections headed "Establishment and Development of Our Company — 10. Share Transfers in May 2025" and "Establishment and Development of Our Company — 11. Share Transfers to Kezhihua in May 2025". The number of net shares subscribed/acquired set out in the

table is the number of Shares held by the **[REDACTED]** Investors after Series D Financing in July 2025, taking into account the aforementioned Share transfers in May 2025, which is also reflected in the calculations of the cost per Share and discount on the **[REDACTED]** in the table, resulting in the different cost per Share of investments among investors of Series B Financing.

Special Rights of the [REDACTED] Investors

In connection with the **[REDACTED]** Investments, our **[REDACTED]** Investors were granted certain special rights, including, among others, right of co-sale and redemption right against Mr. Chen Yonggang and our Controlling Shareholders, information right and anti-dilution right against Mr. Chen Yonggang, our Controlling Shareholders and our Company, and pre-emptive right and liquidation preference right against our Company. In anticipation of the **[REDACTED]**, all such special rights granted to our **[REDACTED]** Investors have been terminated prior to the filing of the **[REDACTED]** application by our Company with the Stock Exchange in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

In relation to special rights of the **[REDACTED]** investments, anti-dilution right and liquidation preference right against our Company, were irrevocably terminated upon the filing of the **[REDACTED]** application by our Company with the Stock Exchange, and shall not be reinstated under any circumstances. For the vast majority of **[REDACTED]** Investors, the remaining special rights, namely redemption right, anti-dilution right, pre-emptive right, right of first refusal, right of co-sale, equality treatment right and information right against Mr. Chen Yonggang, our Controlling Shareholders and/or our Company, as the case may be, will be reinstated if (i) the **[REDACTED]** application is withdrawn, rejected, returned or lapses and a new application is not submitted within six months; or (ii) our Company fails to complete the **[REDACTED]** within 18 months after the submission of the **[REDACTED]** application to the Stock Exchange. For one **[REDACTED]** Investor, namely Mr. Zhu Zhenkui, the remaining special right, namely redemption right, will be reinstated if the **[REDACTED]** application is withdrawn, rejected, returned, terminated or lapses and a new application is not submitted within 12 months thereafter. Our Company did not provide any guarantee or enter into any side agreement with the **[REDACTED]** investors in respect of the aforementioned redemption rights granted to **[REDACTED]** investors against Mr. Zhou, Mr. Chen Yonggang and our Controlling Shareholders. Our Company is not obligated to repurchase or settle the relevant amounts considering that it is not a party to the relevant clauses of the relevant agreements. The redemption rights do not constitute financial liabilities to our Company as they are private arrangements among Mr. Zhou, Mr. Chen Yonggang, our Controlling Shareholders and each of the **[REDACTED]** Investors, and no liability regarding such redemption rights was recorded during the Track Record Period. For details, please refer to Note 33(d) to the Accountants' Report set forth in Appendix I to this document.

On the basis that (i) all special rights of the **[REDACTED]** Investors were terminated upon the filing of the **[REDACTED]** application by our Company, (ii) certain special rights of the **[REDACTED]** Investors will only be reinstated under circumstances that the **[REDACTED]** does not complete, and (iii) no effective special rights of the **[REDACTED]** Investors will exist after the **[REDACTED]**, the treatment of special rights of the **[REDACTED]** Investors are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

OUR EMPLOYEE SHAREHOLDING PLATFORMS

To recognise the contributions of our employees and to further incentivise them to promote our Group's development, we established three employee shareholding platforms under PRC law, namely Zhongcheng Tianying LP, Zhongzheng Tianying LP and Zhongzhi Tianying LP (collectively the "**ESOP Platforms**").

As at the Latest Practicable Date, all of the awards under the ESOP Platforms had been granted, and the grantees held the limited partnership interests in the respective ESOP Platforms. Pursuant to the relevant partnership agreements, the general partner is responsible for the management and administration of each ESOP Platform.

Each of the ESOP Platforms is structured as a limited partnership, with Mr. Zhou, our founder and executive Director, acting as the sole general partner. Mr. Zhou hold approximately 35.05% of the partnership interest in Zhongcheng Tianying LP, approximately 3.22% partnership interest in Zhongzheng Tianying LP, and approximately 18.46% partnership interest in Zhongzhi Tianying LP. The limited partners of the ESOP Platforms are primarily employees of our Group.

As at the date of this document, Zhongcheng Tianying LP, Zhongzheng Tianying LP, and Zhongzhi Tianying LP held 38.34%, 2.79%, and 1.79% of the issued share capital in our Company, respectively.

Zhongcheng Tianying LP

Zhongcheng Tianying LP is a limited partnership established under the laws of the PRC on 21 August 2017. As at the Latest Practicable Date, Mr. Zhou is the general partner and holds approximately 35.05% of the partnership interests, with the remaining approximately 64.95% held by limited partners, of which Mr. Zou Xiaogang (鄒小剛), Mr. Chen Yonggang (陳永剛), Mr. Miao Rui (苗瑞) and Dr. Chai Jian (柴劍), each a Director, holds approximately 7.33%, 25.56%, 6.67% and 2.39% of the partnership interests, respectively. There are no limited partners who individually holds more than 30% partnership interests in Zhongcheng Tianying LP.

Zhongzheng Tianying LP

Zhongzheng Tianying LP is a limited partnership established in the PRC on 8 December 2020. As at the Latest Practicable Date, Mr. Zhou is the general partner and holds approximately 3.22% of the partnership interests, and the remaining approximately 96.78% is held by limited partners. Other than Mr. Zhou, no Director holds any partnership interests in Zhongzheng Tianying LP, and there are no limited partners who individually holds more than 30% partnership interests in Zhongzheng Tianying LP.

Zhongzhi Tianying LP

Zhongzhi Tianying LP is a limited partnership established in the PRC on 25 February 2022. As at the Latest Practicable Date, Mr. Zhou is the general partner and holds approximately 18.46% of the partnership interests, and the remaining approximately 81.54% is held by limited partners. Other than Mr. Zhou, no Director holds any partnership interests in Zhongzhi Tianying LP, and there are no limited partners who individually holds more than 30% partnership interests in Zhongzhi Tianying LP.

Joint Sponsors' Confirmation

On the basis that (i) the **[REDACTED]**, being the first day of **[REDACTED]** of the H Shares on the Stock Exchange, will take place no earlier than 120 clear days after completion of the **[REDACTED]** Investments; and (ii) the special rights of the **[REDACTED]** Investors have been terminated immediately before submission of the first **[REDACTED]** application as disclosed in "— Special Rights of the **[REDACTED]** Investors" above, the Joint Sponsors confirm that the **[REDACTED]** Investments are in compliance with the **[REDACTED]** Investment Guidance as defined in Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information about our [REDACTED] Investors

Set out below is a description of our **[REDACTED]** Investors as at the date of this document, most of them being private equity funds and strategic investment corporations, which have made meaningful investments in our Company. To the best knowledge of our Directors, each of the following **[REDACTED]** Investors is an Independent Third Party.

Langke Group (朗科投資系)

Kaiying No. 8 is registered venture capital fund established as a limited partnership in the PRC on 15 February 2015. Kaiying No. 9 is a registered venture capital fund established as a limited partnership in the PRC on 13 June 2018. Kaiying No. 10 is a registered venture capital fund established as a limited partnership in the PRC on 29 September 2020. The general partner of these funds is Shenzhen Kingcaptial-TC Investment Management Partnership (Limited Partnership)* (深圳凱盈天成投資管理合夥企業(有限合夥)), an Independent Third Party, whose general partner, Shenzhen Kaiying Jicheng Investment Management Co., Ltd.* (深圳凱盈吉成投資管理有限公司), an Independent Third Party, is controlled by Langke Investment.

Langke Investment is a limited liability company established in the PRC on 1 December 2014 and principally engaged in venture capital, and related advisory services. Langke Investment is 99% owned by Wanwuwei (Shenzhen) Entrepreneurship Investment Centre (Limited Partnership)* (萬物為(深圳)創業投資中心(有限合夥)), whose general partner is Everything For Smart Industry (Shenzhen) Co., Ltd.* (萬物為智慧產業(深圳)有限公司), which is ultimately controlled by Pu Zuli (蒲祖麗), an Independent Third Party.

As at the date of this document, Langke Investment, together with Kaiying No. 8, Kaiying No. 9 and Kaiying No. 10 (collectively, "**Langke Group**"), collectively held approximately 6.59% of the total issued share capital of our Company. To the best of our Directors' knowledge, the limited partners of Kaiying No. 8, Kaiying No. 9 and Kaiying No. 10 are Independent Third Parties, and save for Mr. Li Zhe (李哲) and Mr. Li Jian (李建), each an individual investor, who directly holds 55.67% and 43.89% of the partnership interests in Kaiying No. 9, respectively, there are no individuals or entities which individually controls or holds more than 30% partnership interests in Kaiying No. 8, Kaiying No. 9 and Kaiying No. 10.

Zheshang Capital Group (浙商創投系)

Zheshang Venture Capital Co., Ltd.* (浙商創投股份有限公司) ("**Zheshang Capital**"), is an Independent Third Party and a private equity and venture capital fund manager established in the PRC. Zheshang Capital is listed on the National Equities Exchange and Quotations (stock code: 834089). Its business primarily focuses on venture capital investments in high-technology enterprises, with an emphasis on manufacturing, digital intelligence, and industrial upgrades. As at the date of this document, the following three entities affiliated with Zheshang Capital collectively held approximately 14.86% of the share capital of our Company:

- Taolue New Energy**:** 7.60% of the share capital of our Company;
- Taolue Xinwang: 1.40% of the share capital of our Company;
- Jinlan Sunshine: 5.86% of the share capital of our Company.

(together with Zheshang Capital and Zhejiang Business Venture, collectively the "**Zheshang Capital Group**").

Each of the above funds is managed by Zhejiang Business Venture Capital Management (Shenzhen) Co., Ltd.* (浙商創業投資管理(深圳)有限公司) ("**Zhejiang Business Venture**"), an Independent Third Party, which serves as the general partner. Zhejiang Business Venture is a registered private fund manager in PRC and is a non-wholly owned subsidiary of Zheshang Capital, which holds 51% of its equity interest.

Taolue New Energy is a registered venture capital fund established as a limited partnership in the PRC on 8 January 2018, Taolue Xinwang is registered venture capital fund established as a limited partnership in the PRC on 17 December 2020 and Jinlan Sunshine is a venture capital fund established as a limited partnership in the PRC on 25 March 2022. These funds are managed and advised by the same investment team under Zheshang Capital and adopt unified investment strategies across their portfolio companies.

To the best of our Directors' knowledge, all limited partners of these funds are Independent Third Parties, and save for (i) Zheshang Capital (a) directly holding approximately 34.21% of the partnership interests in Taolue New Energy, and (b) indirectly holding approximately 0.51% of the partnership interests in Taolue New Energy through its 51.00% interests in Zhejiang Business Venture, which in turn holds 1.00% interests in Taolue New Energy, (ii) Du Qinde (杜勤德), an individual investor, directly holding 50.00% of the partnership interests in Taolue Xinwang, and (iii) Shenzhen Shihai Taolue Venture Capital Partnership Enterprise (Limited Partnership)* (深圳世海韜略創業投資合夥企業(有限合夥)), a registered venture capital funds established as a limited partnership in the PRC on 6 January 2021, holding 42.00% of the partnership interests in Jinlan Sunshine, there are no individuals or entities which individually controls or holds more than 30% partnership interests in Taolue New Energy, Taolue Xinwang and Jinlan Sunshine.

Shenzhen HTI Group (高新投集團系)

As at the date of this document, a group of PRC institutional investors affiliated with Shenzhen HTI Group Co., Ltd.* (深圳市高新投集團有限公司) ("**HTI Group**"), collectively held approximately 4.54% of the issued share capital of our Company. These investors comprise the following entities:

- Gaoxintou was established as a limited liability company in the PRC on 29 June 2010 and is an Independent Third Party and a wholly owned subsidiary of HTI Group, and a PRC state-owned venture capital enterprise principally engaged in equity investments in technology and innovation-driven sectors. As at the date of this document, it held approximately 2.02% of the share capital in our Company.

- Chengdu Zhongxiaodan is a registered private equity investment fund established as a limited partnership in the PRC on 9 December 2020 and its general partner is Chengdu Shengao Investment Zhongxiaodan Equity Investment Management Co., Ltd.* (成都深高投中小擔股權投資管理有限公司), an Independent Third Party and a non-wholly owned subsidiary of HTI Group. The fund held approximately 1.71% of the share capital in our Company as at the date of this document.

- Rencai No. 2 is registered venture capital fund established as a limited partnership in the PRC on 18 April 2017. Its general partner is Shenzhen High-Tech Investment and Equity Investment Fund Management Co., Ltd.* (深圳市高新投人才股權投資基金管理有限公司), an Independent Third Party and a non-wholly owned subsidiary of HTI Group. As at the date of this document, it held approximately 0.81% of the share capital in our Company.

Each of the above entities is ultimately controlled by HTI Group, which in turn is controlled by Shenzhen Investment Holdings Co., Ltd.* (深圳市投資控股有限公司), a municipal state-owned assets supervision and administration entity under Shenzhen Municipal People's Government State-owned

Assets Supervision and Administration Commission (深圳市人民政府國有資產監督管理委員會) (together with HTI Group, Gaoxintou, Chengdu Zhongxiaodan and Rencai No. 2, collectively the "**Shenzhen HTI Group**").

To the best of our Directors' knowledge, all limited partners of Chengdu Zhongxiaodan and Rencai No. 2 are Independent Third Parties, and save for (i) Shenzhen Huabai Chuangfu Investment Enterprise (Limited Partnership)* (深圳華柏創富投資企業(有限合夥)) directly holding 40.00% of the partnership interests in Rencai No. 2, and (ii) Chen Xingpeng (陳醒鵬), an Independent Third Party, (a) directly holding 2.00% of the partnership interests in Rencai No. 2, (b) indirectly holding 39.60% of the partnership interests in Rencai No. 2 through his 99% partnership interests in Shenzhen Huabai Chuangfu Investment Enterprise (Limited Partnership)* (深圳華柏創富投資企業(有限合夥)), and (c) indirectly holding approximately 0.13% of the partnership interests in Rencai No. 2 through his 30% interests in Shenzhen Jianfu Investment Co., Ltd.* (深圳市健富投資有限公司), which in turn holds 90% interests in Shenzhen Waratah Group Limited Company* (深圳華特爾集團有限公司), which in turn holds 100% interests in Shenzhen Qianhai Zhaohuan Capital Co., Ltd.* (深圳前海肇紂齒行桓資本有限公司), which in turn holds 49% interests in Shenzhen High Tech Investment and Equity Investment Fund Management Co., Ltd.* (深圳市高新投人才股權投資基金管理有限公司), which in turns hold 1% of the partnership interests in Rencai No. 2, there are no individuals or entities which individually controls or holds more than 30% partnership interests in Chengdu Zhongxiaodan and Rencai No. 2.

Xiaohe Investment LP

Xiaohe Investment LP is a limited partnership established in the PRC on 15 June 2018 under the laws of the PRC. The fund is primarily engaged in equity investment using its proprietary capital. Its business scope includes venture capital, investment consulting, business information consulting and enterprise management consulting (excluding financial, securities, insurance, banking or other regulated businesses). The general partner of Xiaohe Investment LP is Liu Lili (劉麗麗), who directly holds a 70% partnership interest. The remaining 30% interest is held directly by Ji Jiajun (紀佳君). To the best of our Directors' knowledge, each of Liu Lili and Ji Jiajun is an Independent Third Party.

Xiaohe Investment LP holds approximately 0.20% of the share capital in our Company as at the date of this document.

Shenrong Ruihe

Shenrong Ruihe is a limited partnership established in the PRC on 5 January 2021. The fund is primarily engaged in equity investment using its proprietary capital. The fund is managed and controlled by its general partner, Zhang Huaxue (張華雪), an Independent Third Party who directly holds 55.00% partnership interests in Shenrong Ruihe. The fund's business scope includes proprietary investment, investment management, and investment advisory. As at the date of this document, Shenrong Ruihe held approximately 0.30% of the share capital in our Company.

To the best of our Directors' knowledge, (i) all limited partners of Shenrong Ruihe are Independent Third Parties, and (ii) save for Zhang Huaxue (張華雪), there are no individuals or entities which individually controls or holds more than 30% partnership interests in Shenrong Ruihe.

Zhu Zhenkui 朱振奎

Zhu Zhenkui (朱振奎) is an individual independent financial investor who subscribed in the Series B financing. As at the date of this document, he held approximately 2.62% of the share capital in our Company.

Fuquan No. 1

Fuquan No. 1 is a private equity investment fund established as a limited partnership in the PRC on 21 June 2021. The partnership was established for the purpose of private equity investment. The general partner of the fund is Shenzhen Fountain Investment Management Ltd* (深圳福泉投資管理有限公司), an Independent Third Party which is held as to 47.5% by Wu Xiong (吳雄), 32.5% by Shenzhen Guofang Venture Capital Co., Ltd.* (深圳市國方創投有限公司) and 20% by Xiao Yajun (肖亞軍), each an Independent Third Party. Shenzhen Guofang Venture Capital Co., Ltd.* (深圳市國方創投有限公司) is in turn held as to 60% by Shen Hao (申昊) and 40% by Pan Hongfen (潘紅芬), each an Independent Third Party. As at the date of this document, Fuquan No. 1 held approximately 0.84% of the share capital of our Company.

To the best of our Directors' knowledge, (i) all limited partners of Fuquan No. 1 are Independent Third Parties, and (ii) there are no individuals or entities which individually controls or holds more than 30% partnership interests in Fuquan No. 1.

Panhui Investment

Panhui Investment is a limited liability company established in the PRC on 8 December 2010. Its principal business includes equity investment, investment in industrial projects, investment management and consulting, as well as domestic trading activities. Panhui Investment is wholly privately owned, with Huang Suqin (黃素琴), an Independent Third Party, holding a 70% equity interest and acting as supervisor, and Weng Wenbing (翁文炳), an Independent Third Party, directly holding a 30% equity interest and serving as its executive director and general manager. As at the date of this document, Panhui Investment held approximately 0.98% of the share capital of our Company.

Kezhihua

Kezhihua is a limited liability company established in the PRC on 17 March 2025. Its principal business scope includes data processing and storage support services, information technology consulting, and enterprise management consulting. Its equity is held as to 70% by Zhang Ying (張英), an Independent Third Party and who serves as general manager, and 30% by Zhang Sujiang (張蘇江), an Independent Third Party and who serves as director and chief financial officer. Both shareholders are PRC nationals and, to the best of our Company's knowledge, are Independent Third Parties. As at the date of this document, Kezhihua held approximately 2.02% of the share capital of our Company.

Zhide No. 9

Zhide No. 9 is a private equity investment fund established under the laws of the PRC on 27 April 2025, principally engaged in private equity investments. Its general partner is Shanghai Worth Asset Management Co., Ltd.* (上海盈科值得私募基金管理有限公司), an Independent Third Party, which was owned as to 40% by Yingke Innovation Asset Management Co., Ltd.* (盈科創新資產管理有限公司), an Independent Third Party, 35% by Shanghai Qianchang Investment Management Co., Ltd.* (上海錢昶投資管理有限公司), an Independent Third Party, (which was owned as to 50% by Liao Jianfeng (廖劍鋒), an Independent Third Party) and 25% by Shanghai Zhiji Enterprise Management Co., Ltd.* (上海知及企業管理有限公司) (an Independent Third Party ultimately controlled by Huang Zhongshao (黃忠燒), an Independent Third Party). As at the date of this document, Zhide No. 9 held approximately 1.41% of the share capital of our Company.

To the best of our Directors' knowledge, all limited partners of Zhide No. 9 are Independent Third Parties, and save for (i) Shenzhen Qiansheng Optoelectronics Co., Ltd.* (深圳市仟晟光電有限公司) ("**Qiansheng Optoelectronics**") directly holding 39.60% of the partnership interests in Zhide No. 9,

and (ii) Yang Puli (楊普禮), an Independent Third Party, indirectly holding 39.60% of the partnership interests in Zhide No. 9 through Qiansheng Optoelectronics, there are no other limited partners who individually controls or holds more than 30% partnership interests in Zhide No. 9.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Our Company had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

PUBLIC FLOAT AND FREE FLOAT

The **[REDACTED]** Unlisted Shares that will not be converted into H Shares (representing approximately **[REDACTED]**% of our total issued Shares upon the **[REDACTED]**) will not be considered as part of the public float as such Unlisted Shares will not be converted into H Shares and will not be **[REDACTED]** on the Stock Exchange following the completion of the **[REDACTED]**, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares.

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

(a) **[REDACTED]** H Shares (representing approximately **[REDACTED]**% of our total issued Shares upon the **[REDACTED]**) will not be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules upon the **[REDACTED]** as such H Shares are held by Mr. Zhou, Zhongcheng Tianying LP, Zhongzheng Tianying LP, Zhongzhi Tianying LP, Mr. Chen Yonggang, Taolue New Energy, Taolue Xinwang and Jinlan Sunshine, the core connected persons of our Company; and

(b) the remaining **[REDACTED]** H Shares (representing approximately **[REDACTED]**% of our total issued Shares upon the **[REDACTED]**) will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules after the **[REDACTED]** as such Shareholders are not core connected persons of our Company upon the **[REDACTED]** nor accustomed to take instructions from our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company's core connected persons.

See "Share Capital — Conversion of our Unlisted Shares into H Shares" for more details of the H Shares to be converted from Unlisted Shares and **[REDACTED]** on the Stock Exchange following the completion of the **[REDACTED]**, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares.

Pursuant to Rule 19A.13A of the Listing Rules, the minimum percentage of the H Shares to be held by the public at **[REDACTED]** if the expected market value of the class of shares to which H Shares belong at the time of **[REDACTED]** does not exceed HK$6,000 million, shall be 25%, which is applicable to our Company based on the expected market value calculated based on the **[REDACTED]** of HK$**[REDACTED]**. Immediately upon completion of the **[REDACTED]**, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares, taking into account **[REDACTED]** H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**, an aggregate of **[REDACTED]** H Shares will count towards the public float of our Company, representing **[REDACTED]**% of the total issued Shares of our Company, which is higher than the prescribed percentage of H Shares required to be held in public hands under Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules, and accordingly, our Company will be able to meet the minimum public float requirements under Rules 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules.

Pursuant to Rule 19A.13C of the Listing Rules, where a new applicant is a PRC issuer with no other **[REDACTED]** shares at the time of **[REDACTED]**, this will normally mean that the portion of H shares for which **[REDACTED]** 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 **[REDACTED]**, 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 **[REDACTED]** of not less than HK$50,000,000; or (b) have an expected market value at the time of **[REDACTED]** of not less than HK$600,000,000. On the basis that there are no cornerstone **[REDACTED]**, **[REDACTED]** H Shares, which are to be newly **[REDACTED]** under the **[REDACTED]** (representing **[REDACTED]**% of our total issued Shares immediately upon **[REDACTED]**) will be freely tradable and will count towards the free float of our Company for the purpose of Rule 19A.13C of the Listing Rules, and our Company will satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

PREVIOUS A SHARE LISTING PLAN

In 2021, following the continued growth in our scale of business and with a view to broadening our investor base, we commenced preparatory work for a potential listing on the Shenzhen Stock Exchange or the Shanghai Stock Exchange. In connection with this initiative, we entered into a cooperation agreement with Minsheng Securities Co., Ltd. (民生證券股份有限公司) ("**Minsheng Securities**"), for the A share listing plan for a term of three years commencing from 18 March 2021. The cooperation agreement was a framework agreement which establishes the cooperation relationship between our Company and Minsheng Securities prior to entering into further agreements for Minsheng Securities to provide our Company with financial advisory, **[REDACTED]** guidance, sponsorship and **[REDACTED]** services. We did not enter into any such further agreements with Minsheng Securities.

We did not enter into any formal tutoring agreement in respect of such A share listing plan, nor did we file notice of pre-listing tutoring for A-share listing application (上市輔導備案申請) with the CSRC or any of its local offices. As such, no formal guidance process was initiated or undertaken, and no application for A share listing was submitted to any PRC stock exchange. The contemplated A share listing did not proceed as we decided that the Hong Kong Stock Exchange would be a more suitable venue for the **[REDACTED]** of our Company, for reasons further elaborated below, and the relevant preparatory work was subsequently terminated.

As at the Latest Practicable Date, our Group has not submitted any formal application for an A share **[REDACTED]**, and no definitive timetable or material steps towards the implementation of the A share listing plan have been undertaken.

In view of our strategic development and internationalisation, we subsequently decided to pursue a **[REDACTED]** on the Stock Exchange. We believe that the Stock Exchange would provide us with access to the international equity market, enhance our brand awareness in both domestic and overseas markets, and improve our corporate governance in line with global standards. Following the completion of the **[REDACTED]**, we will continue to monitor such opportunities, subject to market conditions and compliance with applicable rules, and any proposal to seek a **[REDACTED]** of the Shares in the PRC will be subject to the approval of the Shareholders and will comply with all applicable rules.

Our Directors confirm that they are not aware of any other matters in relation to the previous A Share listing plan that need to be brought to the attention of the Stock Exchange and potential investors.

Based on the due diligence work conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to cast doubt in any material respect with the Directors' view above.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

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

CAPITALISATION OF OUR COMPANY

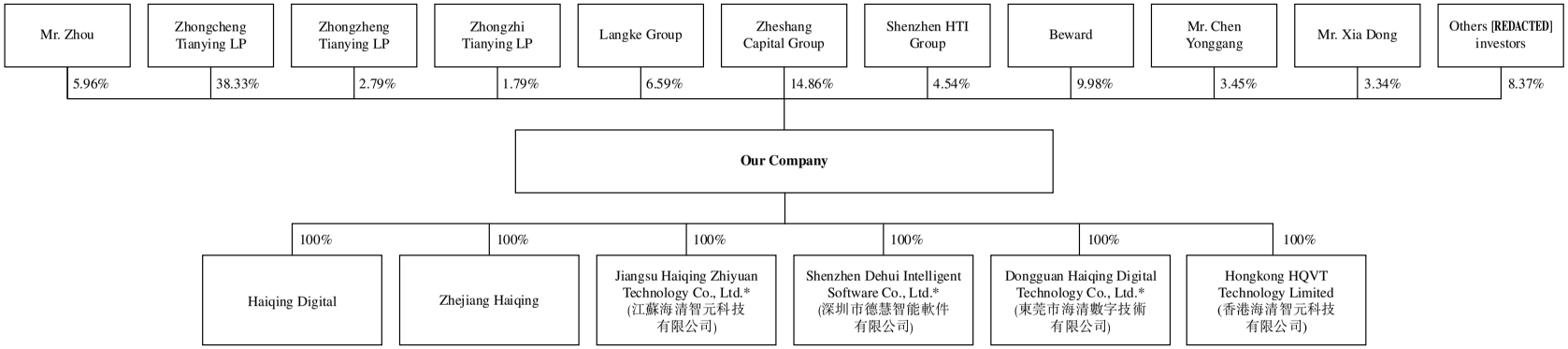
Following completion of the **[REDACTED]**, the **[REDACTED]** and the conversion of our Unlisted Shares into H Shares, our Unlisted Shares and H Shares that will be held by each of our existing Shareholders are set forth as below:

Name of Shareholders	Number of Shares as at the date of this document	Ownership percentage as at the date of this document	Number of H Shares upon the [REDACTED]	Ownership percentage in H Shares upon the [REDACTED]	Number of Unlisted Shares upon the [REDACTED]	Ownership percentage in Unlisted Shares upon the [REDACTED]	Total Number of Shares upon the [REDACTED]	Ownership percentage in Total Shares upon the [REDACTED]
		(%)		*(%)*		*(%)*		*(%)*
Controlling Shareholders								
Mr. Zhou	513,526	5.96%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhongcheng Tianying LP	3,301,887	38.33%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhongzheng Tianying LP	240,000	2.79%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhongzhi Tianying LP	154,113	1.79%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
	4,209,526	48.87%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Langke Group								
Langke Investment	180,000	2.09%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Kaiying No. 9	109,032	1.27%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Kaiying No. 8	109,032	1.27%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Kaiying No. 10	169,129	1.96%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
	567,193	6.59%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zheshang Capital Group								
Taolue New Energy	654,192	7.60%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Taolue Xinwang	120,806	1.40%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Jinlan Sunshine	504,461	5.86%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
	1,279,459	14.86%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Shenzhen HTI Group								
Gaoxintou	173,679	2.02%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Chengdu Zhongxiaodan	147,628	1.71%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Rencai No. 2	69,471	0.81%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
	390,778	4.54%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

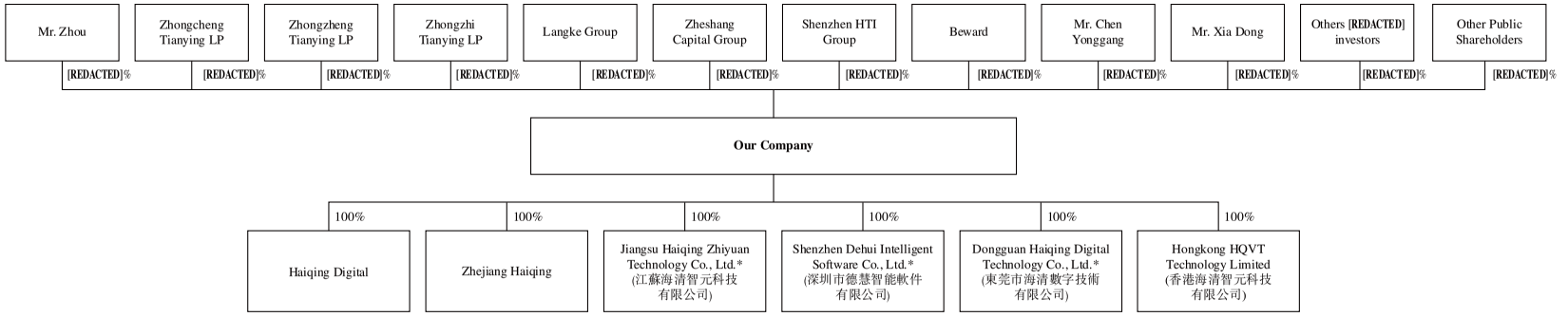
Name of Shareholders	Number of Shares as at the date of this document	Ownership percentage as at the date of this document	Number of H Shares upon the [REDACTED]	Ownership percentage in H Shares upon the [REDACTED]	Number of Unlisted Shares upon the [REDACTED]	Ownership percentage in Unlisted Shares upon the [REDACTED]	Total Number of Shares upon the [REDACTED]	Ownership percentage in Total Shares upon the [REDACTED]
		(%)		*(%)*		*(%)*		*(%)*
Others								
Beward	859,754	9.98%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Mr. Chen Yonggang	297,185	3.45%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Mr. Xia Dong	288,000	3.34%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Mr. Zhu Zhenkui	225,806	2.62%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Shenrong Ruihe	26,051	0.30%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Xiaohe Investment LP	17,368	0.20%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Fuquan No. 1	72,484	0.84%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Panhui Investment	84,077	0.98%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Kezhihua	174,082	2.02%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Zhide No. 9	121,311	1.41%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Other Public Shareholders	—	—	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
	2,166,118	25.14%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Total	**8,613,074**	**100.00%**	[REDACTED]	**100.00%**	[REDACTED]	**100.00%**	[REDACTED]	**100.00%**

CORPORATE AND SHAREHOLDING STRUCTURE

The following chart sets out our corporate and shareholding structure immediately prior to completion of the **[REDACTED]** and the **[REDACTED]**:



The following chart sets out our corporate and shareholding structure immediately after completion of the **[REDACTED]** and the **[REDACTED]**:



OVERVIEW

Who We Are

We are a multispectral AI technology enterprise in China, specialising in the acquisition, processing, and analysis of optical information captured from multiple specific spectrum bands to provide more detailed information than visible lights imaging. Leveraging our proprietary technology in multispectral perception and AI algorithms, we offer products and services designed to detect both visible and invisible spectral information to human eyes, which includes (1) Multispectral AI Modules, which are embedded hardware components that collect and process multispectral data (including visible light, infrared, and UV) through AI algorithms for integration into third-party devices; (2) Multispectral AI Perception Terminals, which are devices that integrate multispectral sensors, enhanced multispectral AI algorithms, and standard hardware components, to provide real-time perception insights; and (3) Multispectral AI Large Model Services, which are large model solutions with our proprietary "Zhiyuan Origin Large Model". Our solutions deliver enhanced perception and safety monitoring, providing additional information decisions for multi-scenario safety and intelligent perception purposes for diverse customers who are mainly engaged in business related to software and information technology services, electronic products, IDCs, intelligent driving systems, telecommunication operators, IoT, system integration, and construction. Our technologies have been widely applied across numerous application scenarios beyond traditional safety solutions, including smart cities, intelligent campus management, IDC safety optimisation, industrial and commercial safety and IoT-enabled facility management, showcasing the applicability of our multispectral AI solutions.

According to Frost & Sullivan, multispectral AI modules and multispectral AI large model services are subsets of the multispectral AI market, which forms a segment of the broader perceptual intelligence market.

The following diagram illustrates our achievements.

Note:

[1] According to the Frost & Sullivan Report, in terms of market share as measured by revenue in 2025

We were certified by the Ministry of Industry and Information Technology (工業和信息化部) as a National-Level Specialised and Sophisticated "Little Giant" Enterprise (國家級專精特新「小巨人」企業) in 2022, and as a National-level Specialised and Sophisticated "Little Giant" Enterprise (國家級專精特新「小巨人」企業) and National-level Specialised and Sophisticated Key "Little Giant" Enterprise (國家級專精特新重點「小巨人」企業) in 2025. Our major customers include a leading state-owned telecommunication operator and a leading listed AI company in China. Since our establishment in 2013, we have built a full-chain products and services offering encompassing Multispectral AI Modules, Multispectral AI Perception Terminals and Multispectral AI Large Model Services. Our technological expertise spans a wide range of fields, including AI, optical electronics, integrated circuits, embedded systems, safety engineering and cloud computing. As at the Latest Practicable Date, we have actively contributed to the drafting and formulation of around ten national and association standards in the multi-scenario safety industry.

During the Track Record Period, our revenue for FY2023, FY2024 and FY2025 was approximately RMB117.1 million, RMB522.6 million and RMB668.5 million, respectively, with a CAGR of approximately 138.9%. Notably, we recorded a net loss of approximately RMB18.4 million for FY2023, but achieved a turnaround to a net profit of approximately RMB40.4 million and RMB29.4 million in FY2024 and FY2025, respectively.

Our Core Technologies and Innovations

Our Multispectral AI Technologies

Our multispectral AI technologies focus on multispectral imaging and processing, which are designed to capture and analyse data from various light wavelengths across the electromagnetic spectrum. Our multispectral AI technology is an integration of perceptual intelligence and on-device AI, establishing a unified system that facilitates collection of spectral bands information and reasoning. Our perceptual intelligence accurately captures multispectral signals (covering ultraviolet, infrared, and visible spectra) with spectral fusion, while on-device AI enables real-time, low-latency decision-making through locally optimised performance in offline or low-bandwidth environments, thereby ensuring uninterrupted safety protection in latency-sensitive or communication-constrained scenarios.

Our multispectral AI technology enables real-time processing, and efficient analysis of multispectral data across the electromagnetic spectrum via a unified framework. Combined with our extensive expertise in the multispectral AI sector, our technologies offer applicability across various scenarios, such as industrial risk prevention, smart city management, power system inspections.

Our multispectral AI technology provides multiple key performance metrics. Specifically:

- **Multispectral Sensing Capabilities.** We capture and interpret data from light wavelengths beyond the visible range of the human eye. The perceptual intelligence facilitates the detection of hidden details, such as heat patterns or environmental dynamics, through self-adaptive adjustments in challenging conditions and improved anti-interference features, thereby ensuring efficient and secure processing even in environments with limited power.

- **Accuracy in Data Recognition and Analysis.** Our machine learning algorithms enable in-depth perception of material characteristics and dynamic states in anomaly detection. In safety-oriented applications, drawing on our proprietary datasets and internal evaluations, our technology identifies early indicators of risks, such as fire ignition or unusual heat increases, with minimised false alarms.

- **Real-Time Processing and Decision-Making.** To support uninterrupted operations, our AI technologies complete the entire process of data capture, spectral fusion to on-device reasoning and output generation, also known as "optics-sensor-imaging-computing", on a low-latency basis. This is achieved through integrated sensing-compute mechanisms that enable closed-loop processing directly on customer devices, without reliance on cloud infrastructure while improving performance in poor network connection settings.

- **Technologies with Significant Application Potential.** Our AI models are trained and optimised within a hybrid framework blending on-device and cloud-based elements, enabling stable support for analyses of large datasets. These models find wide application in emerging domains, such as urban traffic safety, construction safety governance and IDC safety projects.

Our multispectral AI technology is built upon our "Optics-Sensor-Imaging-Computing" technology architecture. The key elements of our architecture are as follows:

- **Optics:** We design specialised optical components, including lenses and optical films, with detailed parameters specifying light path configurations, and selective wavelength filtering. Our components use advanced materials to enhance long-term stability and higher transmittance for targeted spectral bands with reduced lens distortion. These enhancements improve backend AI algorithm recognition accuracy in diverse conditions, such as intense sunlight or low-visibility environments, and are produced by manufacturers to our precise specifications.

- **Sensor:** We optimise multispectral sensor chips by designing and modifying the register parameters, in order to improve the signal-to-noise ratio in complex light environments as compared to default settings. These modifications, coordinated with backend image signal processing algorithms, adjust parameters, including target tracking exposure, auto white balance, strong light suppression, 2D/3D noise reduction, to meet scenario-specific requirements (e.g., urban traffic or construction safety). In 2024, we initiated the development of MEMS infrared sensor chips with proprietary features, such as night-vision capabilities and precise temperature measurement.

- **Imaging:** Our proprietary algorithms is designed to enable real-time preprocessing of raw multispectral images at the device level, filtering noise to improve the signal-to-noise ratio, addressing common imaging limitations in multispectral environments like adverse weather or low-light conditions, ensuring high-quality spectral data for subsequent analysis.

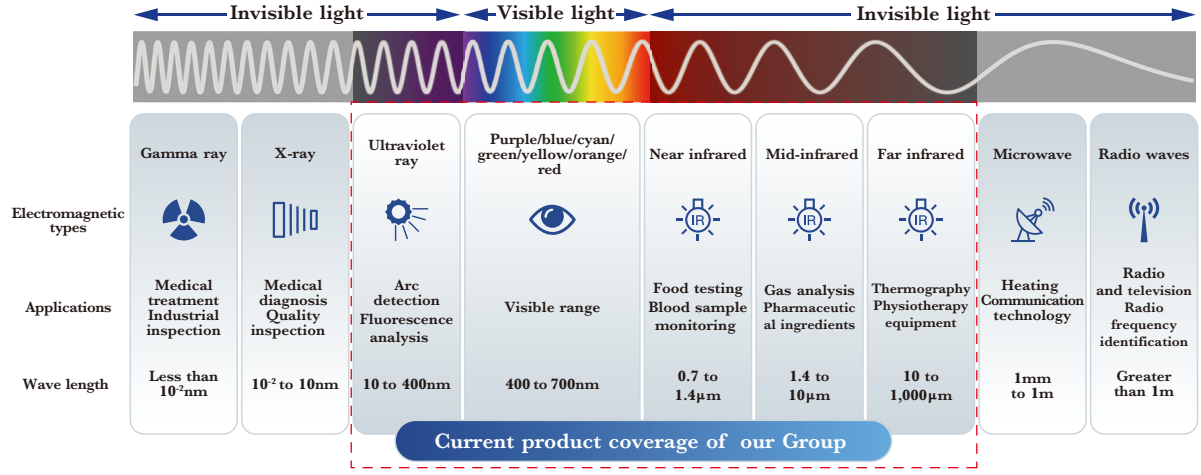
- **Computing:** Our lightweight computing units, optimised through proprietary designs, execute with high efficiency at the on-device level, achieving inference speeds of approximately 50 milliseconds for real-time analysis in safety-critical applications, surpassing industry averages of 100–200 milliseconds for comparable edge-computing models. The model is trained on a comprehensive dataset comprising over 10 million multispectral perception data points, 100,000 hazardous event records, and 10,000 safety engineering knowledge graphs, aligning with the dataset scope of industry peers (typically 5–15 million data points) whilst providing a competitive advantage through safety-specific multispectral data. These units ensure low-latency performance in offline or low-bandwidth environments, enhancing reliability over generic computing solutions.

The "Optics-Sensor-Imaging-Computing" technology architecture also includes our three core technologies as follows:

(1) Multispectral perception-computing integration

Multispectral perception is a detection technology that utilises multiple specific spectral bands (including visible and invisible light) for information collection. Visible light is the part of the electromagnetic spectrum perceptible to the human eye, comprising the primary colours of light (including red, green and blue light) and their combinations whose wavelengths typically range from 400 to 700 nm. However, visible light constitutes only a fraction of the entire electromagnetic spectrum, and a substantial amount of information is hidden in wider spectral bands, such as infrared and ultraviolet. Our integrated approach extends beyond these limitations to access information embedded in electromagnetic spectrum ranges.

Our multispectral perception-computing integration technology integrates the accurate capture of multispectral signals (covering ultraviolet, infrared, and visible spectra) with spectral fusion, real-time processing, and AI-driven analysis capabilities directly at the device level. This technology is mainly integrated into Multispectral AI Modules and Multispectral AI Perception Terminals, and contributes to "optics-sensor-imaging-computing" part of our technology architecture, as specified below:



(2) Lightweight on-device AI computing

Our lightweight on-device AI computing technology enables autonomous on-device AI processing through optimised small models deployed directly at device level, with optional supplementation from multispectral AI large model in the backend if needed.

Devices equipped with our lightweight on-device AI computing possess smart processing, self-supervised learning, and decision-making capabilities. Our lightweight architecture eliminates the need for hardware equipped with powerful AI chips, allowing deployment on standard computing devices while still able to accurately execute tasks such as targeted feature analysis, and converts computational results into standardised alert signals. The small model maintains full functionality during network instability or interruptions, ensuring reliable performance independent of backend connectivity. Our lightweight on-device AI computing technology allows us to deliver empowered modules and terminals with reduced operational costs to our customers. Our lightweight on-device AI computing technology enables comprehensive monitoring coverage in situations that require compact designs. These situations include, but are not limited to, automobile transportation racks or cargo containers. As a result, this technology resolves common problems associated with traditional sensing devices, including delayed responses and areas that cannot be monitored.

(3) Multispectral AI large model platform

Our Multispectral AI large model platform underpins our Multispectral AI Large Model Services, enabling customers to process and analyse data from multispectral devices, including our Multispectral AI Perception Terminals, or conventional vision devices. With autonomous learning capabilities, the model platform continuously improves its algorithms by leveraging real-time multispectral data during local operations. Since all data processing and iterations are conducted exclusively on the customer's premises, comprehensive data privacy and security are guaranteed. This platform supports a wide range of industries, delivering scalable and efficient solutions for complex safety scenarios.

Scenario-specific data for model training: our proprietary "Zhiyuan Origin Large Model" uses scenario-specific datasets, developed through in-house efforts and collaborations with academic institutions. In the multi-scenario safety domain, the model is trained on over 10 million multispectral perception data points, 100,000 real-world hazardous event records, and 10,000 safety engineering knowledge graphs. For the development process of our "Zhiyuan Origin Large Model", please refer to "Research and Development — R&D Models" in this section below. This dataset scope is comparable to industry peers, who typically train on datasets of similar size, but our focus on multispectral data tailored for safety scenarios provides a competitive edge. Our model delivers over 95% accuracy in detecting early fire signatures, matching or exceeding industry-leading models (90–95% average).

Catering to diverse customer needs: This platform powers our Multispectral AI Large Model Services across diverse industries. It supports rapid deployment to customer servers. The platform incorporates self-supervised learning, allowing continuous model improvement to address evolving customer needs. Our hybrid "on-device to cloud" architecture offers flexibility for multi-site deployments, distinguishing it from models that prioritise cloud-only or on-device-only processing.

Our Market Opportunities

Our product and service portfolio mainly comprises three multispectral AI core products and services: (1) Multispectral AI Modules; (2) Multispectral AI Perception Terminals; (3) Multispectral AI Large Model Services. In addition to these, our product and service portfolio also includes Other AI Vision Modules. According to the Frost & Sullivan Report, the market size of the multispectral AI industry in China is expected to surge from RMB20.0 billion in 2025 to RMB79.4 billion in 2030, with a CAGR of 31.8%. We provide customers with the flexibility to either integrate these products into an all-in-one solution or purchase each product category independently. Our core competitiveness lies in building AI-driven multi-scenario safety systems.

Our customer base is diversified, and our products and services have been widely applied across various scenarios, including smart cities, intelligent campus management, IDC safety optimisation, industrial and commercial safety and IoT-enabled facility management. We serve customers from various industries, including software and information technology services, electronic products, IDCs, intelligent driving systems, telecommunication operators, IoT, system integration, and construction.

Currently, multispectral AI technology is gradually transitioning from an early-stage, module-based segmented product model to solutions characterised by system integration capabilities. The industry trend is shifting from a focus on algorithmic performance improvement to solving real-world problems, and addressing the essential needs of various application scenarios. Multispectral AI-enabled on-device intelligent technologies, through advancements such as computing power miniaturisation, model compression, and integrated perception-computing, have eliminated reliance on traditional cloud computing, thereby enabling more localised deployment and real-time responsiveness.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths and advantages are key factors to our success to date.

Proprietary technology in the multispectral AI industry

Leveraging years of technological accumulation and a technical approach combining optics, sensors, imaging and computing, we have established a full-chain technical architecture which we believe provides us with a significant competitive advantage in China's multispectral AI industry.

Firstly, in terms of multispectral perception-computing integration technology, our team of experts in AI algorithms, algorithmic chips, embedded systems, optics and safety engineering R&D enable us to provide end-to-end capabilities from design to manufacturing. We possess a registered invention patent related to infrared imaging achieving high conversion efficiency, high resolution, and low noise, and a registered utility model patent of facial recognition lens employing five precision glass lenses to effectively correct optical aberrations, thereby enhancing system performance and image quality. By optimising optical design, material processes, and the underlying technology of sensors, we have enhanced the transmittance of light in target spectral bands. Additionally, through AI algorithms, we have significantly improved the signal-to-noise ratio of imaging data in ultraviolet, infrared and visible light imaging data, increasing environmental perception capability and image computation accuracy.

Secondly, we have a self-developed core operating system and file system being HtOS and HtFS respectively, for lightweight on-device AI computing technology. By reducing computational requirements, compressing memory usage, and deploying localised models on the on-device, we enable direct data processing on low-compute terminals, thereby eliminating reliance on cloud services. We possess a registered invention patent of flame detection methods and equipment to achieve a more accurate localisation of the flame's source direction through the conversion of light signals into electrical signals.

Thirdly, we have developed an advanced multispectral AI large model specifically engineered for multi-scenario safety applications, leveraging extensive data from diverse safety scenarios and spectral perception. This model is designed for general applicability and continuous evolution, enabling scalable deployment across a range of critical sectors, including industrial safety, intelligent driving systems, value-added communication services, and construction. The model exhibits a competitive technological edge, distinguished by its wide spectral range, high modality, and robust generalisation capabilities.

Our proprietary lightweight computing units, optimised through innovative designs, execute this multispectral AI large model with exceptional efficiency at the on-device level. These units achieve inference speeds of approximately 50 milliseconds for real-time analysis in safety-critical applications, outperforming industry averages of 100–200 milliseconds for comparable edge-computing models. The model is trained on a dataset focused on the multi-scenario safety industry comprising over 10 million multispectral perception data points, 100,000 hazardous event records, and 10,000 safety engineering knowledge graphs. This dataset scope is consistent with that of industry peers, who typically utilise datasets of 5–15 million data points, yet our focus on safety-specific multispectral data provides a distinct competitive advantage.

These computing units ensure low-latency performance in offline or low-bandwidth environments, offering enhanced reliability compared to generic computing solutions, thereby reinforcing our leadership in delivering high-performance, safety AI solutions.

A diversified customer base

During the Track Record Period, we served over 2,500 customers across different regions in China and overseas. Our customer base covers a wide array of industries, including electronic products, software and information technology services, IDC, intelligent driving systems, telecommunication operators, IoT, system integration, and construction. Our major customers include a leading state-owned telecommunication operator and a leading listed AI company in China.

We have established strategic partnerships with prominent large Chinese companies, and our solutions are applied beyond traditional safety solutions, including smart cities, intelligent campus management, IDC safety optimisation, industrial and commercial safety and IoT-enabled facility management, supporting our continued business growth and market presence.

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

	FY2023		FY2024		FY2025	
	RMB'000	*% of Total Revenue*	*RMB'000*	*% of Total Revenue*	*RMB'000*	*% of Total Revenue*
PRC	110,186	94.1	517,567	99.0	662,554	99.1
Overseas[(1)]	6,877	5.9	5,001	1.0	5,965	0.9
Total	117,063	100.0	522,568	100.0	668,519	100.0

Note:

(1) Our overseas markets primarily comprised India, Brazil, the United Arab Emirates, and South Africa. These markets collectively accounted for approximately 93.0%, 82.5% and 77.1% of our total overseas revenue in FY2023, FY2024 and FY2025, respectively.

Stable R&D and innovation capabilities

We have an in-house R&D team, comprising 156 members, representing approximately 43.1% of our total employees as at 31 December 2025, including industry experts, postdoctoral fellows and employees with master's degrees. Our R&D team possesses expertise across a wide array of disciplines including AI algorithms, algorithmic chips, embedded systems, optics and safety engineering R&D. As at the Latest Practicable Date, we have registered 101 invention patents and 46 software copyrights, and have been certified by the Ministry of Industry and Information Technology (工業和信息化部) as a National-level Specialised and Sophisticated "Little Giant" Enterprise (國家級專精特新「小巨人」企業) in 2022, and as a National-level Specialised and Sophisticated "Little Giant" Enterprise (國家級專精特新「小巨人」企業) and National-level Specialised and Sophisticated Key "Little Giant" Enterprise (國家級專精特新重點「小巨人」企業) in 2025.

We have also established collaborations with three universities, namely Huazhong University of Science and Technology, Xi'an University of Science and Technology, and Changchun University of Science and Technology, to carry out research on cutting-edge multispectral AI, multi-scenario safety large models, and precision optical films, and have achieved a number of R&D results. For example, our collaboration with Xi'an University of Science and Technology was honoured with the "Special Teaching Achievement Award (教學成果特等獎)" by the Shaanxi Provincial People's Government.

Established mass production and quality delivery capabilities

Our production bases in Shenzhen and Zhejiang are equipped to respond promptly to the needs of new product development and provide support for our R&D activities. Meanwhile, by adopting automated manufacturing technologies, we have enhanced production efficiency, reduced cycle times, and maintained consistent quality and output. We have implemented a proprietary digital manufacturing system covering key processes such as firmware programming and automated testing, which enables transparent management of production processes and facilitates the traceability of each product and equipment, thereby supporting reliable product delivery.

To further ensure product quality, we have established an end-to-end quality management system and obtained the "Quality Management System Certification Certificate (《質量管理體系認證證書》)" issued by China Quality Certification Centre (中國質量認證中心). At the same time, we have also established a supplier qualification and access assessment mechanism and maintained stable partnerships with high-quality suppliers. We carry out strict incoming material inspections on key components to ensure a transparent and reliable supply chain.

Experienced senior management team and strategic investors

Our experienced senior management team has an average of over 15 years of industry experience. The core members of our senior management team possess professional backgrounds in engineering, computer science and applied science. Mr. Zhou, our founder and Chairman, is an experienced and visionary leader with 25 years of experience in computer vision and AI. He has participated in the drafting and formulation of multiple national technical standards, co-authored or participated in editing books on machine vision and digital construction. Mr. Miao Rui, our executive Director and deputy general manager, is primarily responsible for overall R&D, procurement and sales. He has extensive experience in embedded software product development and AI model optimisation. Mr. Zou Xiaogang, our executive Director and supply chain director, has over 15 years of experience in technology development and has a strong technical background in hardware development and process automation. Mr. Chen Yonggang, our executive Director and technical expert, possesses over 28 years of experience in technology development. His expertise in electronic systems, video detection technologies, and digital video solutions significantly strengthens the capabilities of our management team.

We have attracted a number of experienced private equity and strategic investors, many of whom have a proven track record in China's technology sectors. The participation of these investors reflects our recognised capabilities in multispectral AI technology and market competitiveness, and reinforce our ability to drive the development of our business.

OUR BUSINESS STRATEGIES

With the aim of further developing our business and continuing our growth, we will implement the following strategies:

Enhancing R&D capabilities and increasing investment in product development

We will continue to invest in the R&D of multispectral AI large model algorithms, and chip design and development, as well as launch next-generation intelligent perception products on an ongoing basis, including the purchase of servers for computing power for accelerating the iteration of large model, and cooperation with chip companies in the co-design of high-performance chips and the tape-out process. These initiatives will enable us to accelerate the development and commercialisation of new products and intelligent solutions and drive innovation across multispectral intelligent terminal products and next-generation safety solutions, in order to meet the specific needs of industries emerged from time to time. At the same time, we will further expand our R&D facilities and capabilities, and attract highly educated and qualified professional talents locally and from overseas, thereby supporting our long-term growth and reinforcing our competitive advantages. Such investment reflects the transition from establishing core technologies to scaling R&D for global market opportunities, ensuring our solutions remain competitive and responsive to emerging demands.

We also plan to strengthen our cooperation with universities and collaborate with research institutions to strengthen our R&D capabilities and ensure our products and services remain responsive to market changes. In particular, we will invest in the establishment of joint laboratories and collaborate with technology companies that complement our technology. By leveraging joint laboratories and shared resources, we aim to stay at the forefront of industry trends and emerging technologies, and to accelerate the convergence of innovative technologies both internally and externally. To ensure effective cooperation, we will collaborate with laboratories and partners that satisfy our selection criteria, including reputable qualifications, strong financial standing, robust infrastructure, experienced talent pools, aligned research objectives, and mature management structures. As at the Latest Practicable Date, our Group has identified one potential university partner from the PRC.

We further plan to establish overseas R&D centres in regions and countries, such as Hong Kong and Singapore, to further strengthen our global R&D capabilities. These collaborative efforts will enhance our ability to anticipate and respond to market needs, enrich our innovation ecosystem, and support the sustainable development of our business. Please refer to the section headed "Future Plans and Use of **[REDACTED]**" in this document for further details.

Expanding production capacity to support business growth and new product development

We anticipate that our ongoing business expansion, overseas market development and strategic collaborations will increase demand for production capacity. In order to meet these needs, we plan to increase the number of production staff and expand our production bases as appropriate in the future, including leasing of new facilities, and upgrading existing production lines. Our further expansion ensures alignment with the demand growth, supports timely fulfilment of customer orders, and mitigates risks of supply bottlenecks in a competitive market.

We further plan to procure equipment and core components, and secure raw materials, such as MEMS infrared sensor chips, optoelectronic components, and microprocessors, for new and existing production lines. With enhanced production capacity and operational flexibility, we can respond promptly to new product development needs, support business expansion, and maintain product quality. Please refer to the section headed "Future Plans and Use of **[REDACTED]**" in this document for further details.

Pursuing strategic investments and M&As to enhance our industrial layout and technological strengths

Leveraging our strategic vision and industry expertise, we plan to focus on acquiring companies in downstream application industries to achieve expansion of our industrial chain, enhance synergies, and broaden our market presence. Downstream application industries, including urban safety, energy, household applications, and beauty sectors, are characterised by high safety requirements and strong technological dependency, aligning closely with our multispectral AI products. Distinct from cooperation with universities to establish joint laboratories, acquisitions entail full ownership and integration of target companies. This approach internalises proprietary technologies and broadens our product portfolio, enabling rapid integration into our business to address technology and market gaps. We will prioritise acquisition targets with established market presence, financial stability, strategic alignment with our business, and strong management and technical teams. As at the Latest Practicable Date, no investment target has been identified.

Through these initiatives, we seek to share R&D benefits, create a more stable and predictable market for our core products and services, and further strengthen our overall technological capabilities and business development. In addition, we plan to pursue investments and collaborative opportunities in emerging cross-disciplinary technologies (such as skin diagnostics, optical electronics and food engineering), including collaborations with several universities and intellectual property holders in large model training and chip development.

Our M&A initiatives and strategic collaborations will facilitate the integration of our technical expertise, including multispectral perception, embedded AI, and the Zhiyuan Origin Large Model, with the resources and technical capabilities of acquired businesses and strategic partners. In doing so, we expect to accelerate innovation mainly in large model training and chip design, thereby strengthening our multispectral AI platform technology and overall competitiveness.

Strengthening business expansion and accelerating global market penetration

According to the Frost & Sullivan Report, the global multispectral perception market, valued at approximately RMB85.0 billion in 2025, offers significant growth opportunities, particularly in overseas markets such as North America and Europe, which command 25% and 28% market shares in 2025, respectively. To further accelerate our market expansion and enhance our international competitiveness, we will continue to implement business development strategies targeting both domestic and global markets. Our objective is to increase our market share and brand recognition while expanding our presence in key overseas markets and reinforce our global footprint.

We plan to further optimise and expand our domestic marketing team, and establish dedicated overseas marketing and sales teams to enhance local responsiveness and customer trust. In line with these efforts, we will conduct in-depth research into consumer needs and market trends both in China and abroad, enabling us to respond promptly to evolving customer demands. We intend to increase investment in marketing and brand-building activities, including both online and offline campaigns, to enhance our brand visibility and reputation.

Furthermore, we would continuously expand the application scenarios of our core multispectral AI products and intelligent solution offerings, focusing on sectors such as beauty and skincare, food safety and home health management. By broadening the reach and impact of our solutions, we aim to address the diverse needs of our global customer base and support sustainable business growth. Please refer to the section headed "Future Plans and Use of **[REDACTED]**" in this document for further details.

OUR PRODUCTS AND SERVICES

Our three core multispectral products and services consist of: (1) Multispectral AI Modules, which are embedded hardware components that collect and process multispectral data (including visible light, infrared, and UV) through AI algorithms for integration into third-party devices; (2) Multispectral AI Perception Terminals, which are devices that integrate multispectral sensors, enhanced multispectral AI algorithms, and standard hardware components to provide real-time perception insights; and (3) Multispectral AI Large Model Services, which are large model solutions with our proprietary "Zhiyuan Origin Large Model". Our products also include Other AI Vision Modules.

Together, our core multispectral products and services form a comprehensive, integrated platform that empowers our customers to deploy intelligent multispectral perception systems across diverse industries, including software and information technology, electronic products, IDCs, intelligent driving systems, telecommunication operators, IoT, system integration, and construction.

The following table sets forth a breakdown of our revenues by products, in absolute amounts and as a percentage of total revenues, for the years indicated:

	FY2023		FY2024		FY2025	
	RMB'000	*% of Total*	*RMB'000*	*% of Total*	*RMB'000*	*% of Total*
Multispectral AI						
Multispectral AI Modules	99,121	84.6	299,228	57.3	209,044	31.3
Multispectral AI Perception Terminals	12,586	10.8	61,229	11.7	92,638	13.9
Multispectral AI Large Model Services	—	—	113,791	21.8	355,364	53.1
	111,707	95.4	474,248	90.8	657,046	98.3
Others						
Other AI Vision Modules	5,150	4.4	47,080	9.0	10,258	1.5
Others	206	0.2	1,240	0.2	1,215	0.2
	5,356	4.6	48,320	9.2	11,473	1.7
Total	**117,063**	**100.0**	**522,568**	**100.0**	**668,519**	**100.0**

The following table outlines the key features of our core offerings, namely Multispectral AI Modules, Multispectral AI Perception Terminals, and Multispectral AI Large Model Services:

	Multispectral AI Modules	Multispectral AI Perception Terminals	Multispectral AI Large Model Services
Key Characteristics	Embedded hardware components with multispectral AI capabilities	Standalone devices installed with scenario-specific multispectral AI models, providing real-time multispectral perception insights	Large model solution leveraging our "Zhiyuan Origin Large Model" for advanced analytics and centralised safety management, with hybrid on-device and cloud deployment
Functionalities	For integration into third-party devices to collect and process multispectral data (visible light, infrared, UV), enabling real-time environmental monitoring within third-party systems	Captures and analyses multispectral data to deliver real-time, actionable safety insights	Processes multispectral data from Multispectral AI Perception Terminals or third-party devices to provide predictive insights, real-time alerts, and centralised dashboards for safety management
Core Technologies	Multispectral perception-computing integration[(1)]	Multispectral perception-computing integration[(1)], and lightweight on-device AI computing[(2)]	Multispectral AI large model platform trained with scenario-specific data catering customers' needs[(3)]
Structural Components	• Self-developed lenses, optical films, and multispectral sensors • Algorithmic processing unit • Other components	• Self-developed lenses, optical films, and multispectral sensors • Algorithmic processing unit with pre-installed scenario-specific AI models • Other components	• Cloud-based platform for large-scale device management • "Zhiyuan Origin Large Model" • Other components
Common Application Scenarios	• IoT-enabled facility management system to monitor equipment status • Energy sector safety operations by identifying operational anomalies of facilities		• Enterprise-scale safety management (e.g., manufacturing, energy, urban infrastructure), • R&D in next-generation autonomous driving technologies

Notes:

(1) For details, please refer to "Overview — Our Core Technologies and Innovations — Our Multispectral AI Technologies — (1) Multispectral perception-computing integration" in this section of this document.

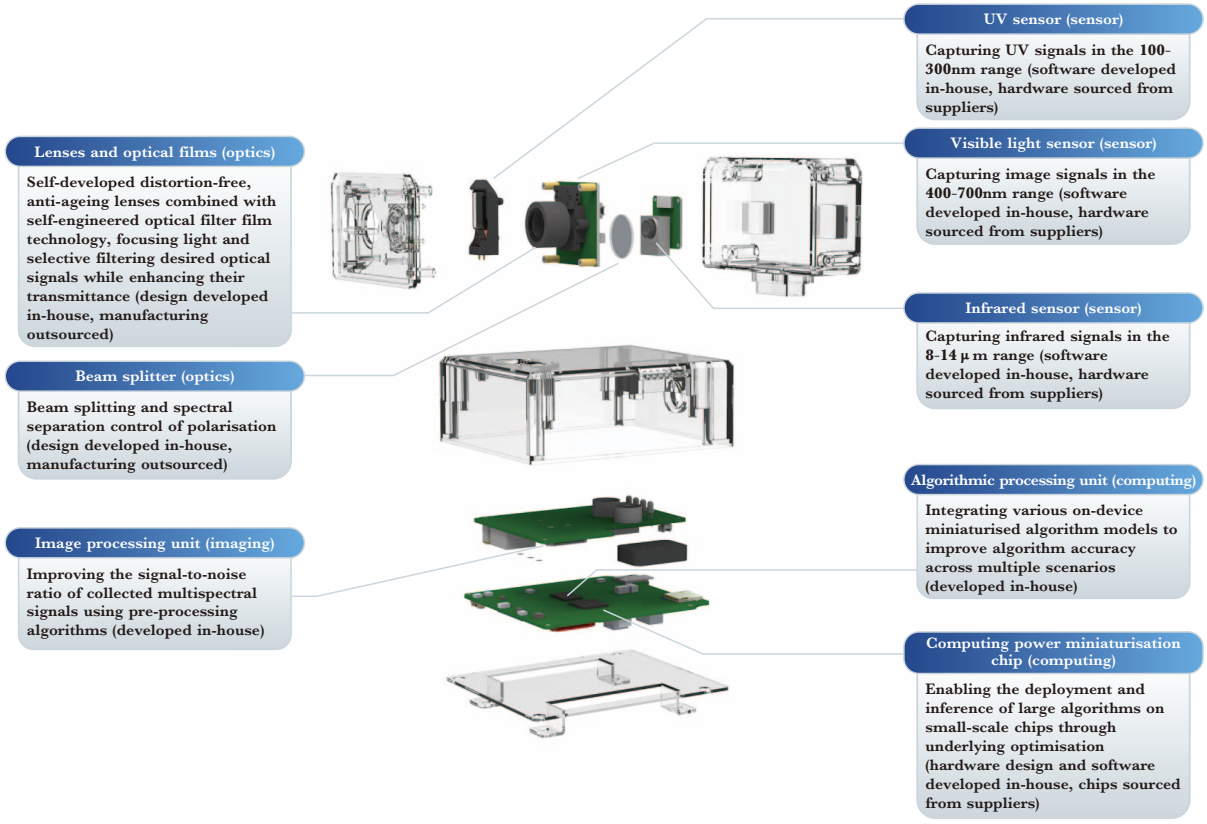
(2) For details, please refer to "Overview — Our Core Technologies and Innovations — Our Multispectral AI Technologies — (2) Lightweight on-device AI computing" in this section of this document.

(3) For details, please refer to "Overview — Our Core Technologies and Innovations — Our Multispectral AI Technologies — (3) Multispectral AI large model platform" in this section of this document.

Multispectral AI Modules

Our Multispectral AI Modules are embedded hardware components that collect and process multispectral data (including visible light, infrared, and UV) through AI algorithms for integration into third-party devices, designed to serve as the foundational building blocks for our core multispectral products and services. These modules function as the "eyes and brain" of a system, capturing data across multiple spectral bands from complex environments and processing it to generate real-time responses. Unlike off-the-shelf modules, we have optimised our Multispectral AI Modules by fine-tuning the requisite AI parameters, thereby ensuring adaptive performance across various environmental scenarios, and achieving higher accuracy in AI detection.

The following picture illustrates our Multispectral AI Modules and their composition:



Our Multispectral AI Modules are sold as fully integrated units, which can be embedded into third-party devices, with all components pre-assembled to ensure system integrity and performance consistency. They are highly standardised, which enables sophisticated AI capabilities cost-effectively while reducing development time and technical risks. For instance, a customer developing IoT-enabled facility management system can integrate our modules to monitor the facility environment without significant in-house R&D investment.

Compared to traditional single-spectrum sensors available in the market, our Multispectral AI Modules integrate sensors with multispectral perception technology, processing units and AI chips integrated with multi-signal fusion algorithms, powered by our "Optics-Sensor-Imaging-Computing" technology architecture.

Serving as the foundational layer of our technological architecture, the Multispectral AI Modules play a strategic entry role in our product system. They are designed for large-scale deployment and are widely used in third-party devices as a universal interface for the application of our technologies. This product line not only expedites the deployment of our AI technology in the market, but also lays an integrated foundation for the subsequent expansion to higher-value products, such as our Multispectral AI Perception Terminals. The deployment capability of the Multispectral AI Modules is a critical pillar in our long-term strategy to build a modular and upgradeable AI infrastructure.

Multispectral AI Perception Terminals

Our Multispectral AI Perception Terminals are devices that integrate Multispectral AI Modules with multispectral sensors, enhanced multispectral AI algorithms, and standard hardware components (including audio input and output interfaces), to provide real-time perception insights for precise detection of environmental conditions. These terminals capture and analyse multispectral data, delivering real-time, actionable responses. Engineered for rapid deployment across diverse operational environments, these terminals serve as advanced safety monitoring solutions with different models tailored to customer needs. Unlike Multispectral AI Modules, which are embedded components for third-party integration, these terminals are fully assembled products with pre-installed scenario-specific AI models, offering enhanced functionality for immediate use in safety-critical applications.

Multispectral AI Perception Terminal | Rear cover | Multispectral AI Module, including main control circuitry | Front cover

Our Multispectral AI Perception Terminals leverage our "Optics-Sensor-Imaging-Computing" technology architecture, integrating sensors with multispectral perception technology and computing chips with multi-signal fusion algorithms. This enables detection of complex safety anomalies, such as ultraviolet signatures of incipient flames or abnormal thermal gradients, that traditional single-spectrum devices cannot identify.

During the Track Record Period, our key models of Multispectral AI Perception Terminals included:

- **Multispectral Fire Hazard Computing Terminals:** Deployed in industrial safety (such as the energy sector) to detect thermal anomalies and early fire risks using specialised sensor combinations, using infrared, UV, and visible light sensors with algorithms trained on over 10 million multispectral data points and 100,000 hazardous event datasets.

- **Multispectral Biometric Identification Terminals:** Used in security systems (e.g., financial institutions) for real-time identity verification under challenging lighting conditions, using infrared and visible light sensors with algorithms trained on facial identification datasets.

- **Multispectral Target Identification Terminals:** Applied in, for example, traffic management systems to classify objects or vehicles in low-visibility environments, using specialised sensor combinations and target detection algorithms.

Customers can select models based on specific needs and opt for value-added system upgrades to enhance functionality, such as integration with our Multispectral AI Large Model Services for advanced analytics or remote monitoring.

The terminals are designed for standalone operation or seamless integration with legacy and modern safety systems, with authoritative certifications ensuring durability in harsh environments (e.g., outdoor settings). They are ideal for industries such as IDC safety management, software and information technology services, and IoT-enabled facility management.

Multispectral AI Large Model Services

Our Multispectral AI Large Model Services deliver a large model solution through a software platform with our proprietary "Zhiyuan Origin Large Model", that can be deployed either on a cloud environment or within the customers' local data centres, and extracts, processes and analyses multispectral data collected from our Multispectral AI Perception Terminals or other third-party devices. Distinct from our Multispectral AI Perception Terminals, which are standalone devices with pre-installed scenario-specific AI models, our Multispectral AI Large Model Services act as a "central control hub", collecting and analysing data with recognition algorithms to provide advanced analytics and predictive insights for safety management across diverse industries. For instance, detecting risks such as equipment overheating, fire hazards, or vehicle and pedestrian recognition, and delivering real-time alerts via app notifications, phone calls, or centralised dashboards.

By way of illustration, equipping a large industrial park with an "intelligent security steward" — capable of perceiving through "eyes", reasoning via a "brain", executing through "hands and feet", and interfacing with various existing park devices — would involve the deployment of a complete system in the following manner:

- **"Eyes and Ears" (Data Acquisition Layer):** This layer is responsible for connecting two categories of devices: (i) our proprietary Multispectral AI Perception Terminals, deployed throughout the park to capture visible light, temperature measurements, and flame detection; and (ii) the park's existing standard cameras and fire alarms. The objective is to aggregate all available on-site perceptible information.

- **"Brain" (Large Model Inference and Decision-Making Layer):** Typically deployed within the park's server room, the "Brain" receives all information and performs in-depth analysis. For instance, it can not only detect an elevated temperature reading from a piece of

equipment, but also correlate this with video footage to ascertain whether personnel are present in the vicinity or whether the area contains flammable materials. This enables the system to assess whether a genuine fire hazard exists and to determine the appropriate alert level.

- **"Command Centre" (Platform Management and Integration Hub):** Co-located with the "Brain", the Command Centre serves as the management backend, responsible for managing all devices, updating the "Brain's" knowledge base, and disseminating the "Brain's" early warnings to the park's central display screen, duty officers' mobile applications, or existing security systems for unified command.

Data Collection and Processing

Data is collected through our proprietary Multispectral AI Perception Terminals, which perform preliminary analysis to identify events such as temperature anomalies, electrical sparks or suspected smoke. Alternatively, the park's existing standard devices provide raw video feeds or alarm signals.

For imminent hazards, our on-site Multispectral AI Perception Terminals may trigger local alarms immediately. Where more sophisticated analysis is required, all collected information converges at the "Brain", which synthesises multiple data types for cross-validation. For instance, should a standard smoke detector be activated, the "Brain" retrieves the thermal imaging feed from the Multispectral AI Perception Terminal at that location to verify the presence of a hot spot, and then examines the visible light feed to determine whether the event may be attributable to dust. This process significantly reduces false alarms and enables more precise early warnings.

To enable the "steward" to communicate efficiently with different devices, we employ two distinct protocol types: (i) private protocol for our proprietary smart devices, which functions like a special code, which enables fast, secure, and advanced communication, allowing features like remote upgrades and rapid response; and (ii) public protocol for other third-party devices, which functions like a universal language, which allows easy connection with other branded devices, protecting the customer's investment in their existing equipment and enabling quick deployment.

Cloud-Based versus On-Premises Deployment

Deployment within the customer's on-premises data centre — i.e., the "Brain" located in the customer's own server room — represents the most commonly adopted approach among our customers. In such a configuration, all data (including surveillance video and alarm records) remains within the park's network, thereby mitigating data leakage risks and offering the highest level of privacy protection. The customer provides the servers, and we supply the software installation package for deployment. During operation, the system is capable of autonomous learning, progressively acquiring more specific knowledge regarding the particular characteristics of that park.

The hybrid "on-device-cloud" deployment architecture optimises computational efficiency by distributing tasks between local devices for low-latency responses and cloud infrastructure for advanced analytics, ensuring reliable performance in offline or low-bandwidth environments. Whilst Multispectral AI Modules and Multispectral AI Perception Terminals are hardware products delivering fixed, single-point perception and real-time judgement capabilities, Multispectral AI Large Model Services constitute a software platform and service offering scalable, centralised capabilities for data value extraction, system management, and self-training AI algorithm models. Its automatic over-the-air (OTA) remote download function enables deployment to terminals or modules, optimising scene recognition performance. They serve as the core "value-added" brain for clients building intelligent security management systems.

Value-Added Services provided by our Multispectral AI Large Model Services

Our service offering extends beyond the software and hardware products themselves, delivering continuous evolution as a core value proposition to customers. The platform leverages the customer's on-site data to continuously optimise and remotely upgrade deployed terminal algorithms without operational disruption. Consequently, the customer's entire perception system is no longer static, but instead becomes a continuously evolving value-creation engine.

Furthermore, the platform functions not merely as a connector but also as a "Brain". By employing multispectral fusion and knowledge graph enhancement, it delivers deep scenario understanding, risk assessment, and predictive insights. The platform generates graded early warnings and precise recommended actions, thereby elevating the customer's security management from a reactive model to one characterised by proactive early warning and intelligent decision-making.

The Multispectral AI Large Model Services are particularly suited for large-scale enterprise applications, allowing centralised safety management for industries like manufacturing, energy, and urban infrastructure. By providing real-time alerts for unusual conditions, failure prediction analysis, and environmental parameter monitoring, these services enhance operational safety and efficiency, positioning them as a key component of our technological ecosystem. For instance, a customer developing IoT-enabled facility management system can integrate our modules to monitor equipment status without significant in-house R&D investment.

Zhiyuan Origin Large Model

Our proprietary "Zhiyuan Origin Large Model", developed by our R&D team, integrates multispectral perception and multi-signal fusion algorithms within our "Optics-Sensor-Imaging-Computing" framework. The "Zhiyuan Origin Large Model" is trained on extensive datasets, including over 10 million multispectral perception data points, 100,000 hazardous event records, and 10,000 safety engineering knowledge graphs. For the development process of our "Zhiyuan Origin Large Model", please refer to "Research and Development — R&D Models" in this section below.

We undertook 22 and 41 Multispectral AI Large Model Services projects, with an average price of approximately RMB5.2 million and RMB8.7 million per project during FY2024 and FY2025, respectively. Given the customised nature of each engagement, individual project revenue varies. There were no loss-making Multispectral AI Large Model Services projects during FY2024 and FY2025.

Other AI Vision Modules

Our Other AI Vision Modules are embedded hardware components designed for visible light perception, providing standardised visual capture and preliminary processing for cost-effective applications. These modules focus exclusively on visible light data, integrating image sensors, processing units, and compatible interfaces with basic AI algorithms for on-device analysis. They are sold as integrated units to ensure system integrity, enabling easy integration into customer devices.

These modules are tailored for less complex scenarios requiring efficient visual processing. For instance, in a smart city application, a module embedded in a traffic management systems can analyse visible light data to detect vehicle patterns, delivering real-time alerts.

Typical Application Scenarios of Our Products and Services

We provide comprehensive and modular intelligent perception solutions designed for diverse safety-critical scenarios in industrial, and multi-dimensional environments. Below are examples illustrating the application of our three core products and services across typical scenarios:

1. Application of Multispectral AI Modules in Urban Safety Prevention and Control Projects

With the acceleration of urbanisation in China, urban planning initiatives have consistently prioritised public safety in recent years, thereby creating substantial demand for urban safety prevention and control projects. Our Multispectral AI Modules were installed in our customers' terminals deployed in urban safety prevention and control projects, demonstrating applicability, which typically include construction safety governance, urban traffic safety, and hydrological disaster prevention projects. These scenarios often occur in complex environments where accurate perception and efficient identification are essential.

According to the Frost & Sullivan Report, traditional visible light vision systems encounter notable limitations in complex environmental conditions, including: (i) misidentification of safety helmet reflections due to strong light interference; (ii) inability of night-time infrared imaging to distinguish protective clothing materials; and (iii) distorted water level monitoring during adverse weather conditions (such as rain or fog). These limitations have substantially impaired the quality and operational effectiveness of urban safety prevention and control projects.

Our Multispectral AI Modules are designed to address these challenges. In contrast to traditional systems, which capture only limited visible bands and are prone to errors caused by lighting variations, background interference, or similar surface colours, our Multispectral AI Modules acquire multiple spectral bands — including near-infrared, red-edge, and specific visible narrow bands. These modules operate effectively under difficult lighting conditions, such as intense light, low light, shadows, or complex environments, thereby providing more stable spectral data. Furthermore, the Multispectral AI Modules integrate lightweight on-device AI computing units that facilitate real-time data analysis and decision-making. These units effectively enhance the signal-to-noise ratio of ultraviolet and infrared-visible imaging data through our proprietary AI algorithms, thereby improving environmental perception and computational accuracy.

Our Multispectral AI Modules are installed in relevant terminals deployed in the following safety projects, customised to meet the specific requirements of each scenario:

- In construction safety governance projects, our Multispectral AI Modules integrated in our customers' devices are able to capture the construction sites in real time through visible light detection and thermal imaging. The system can accurately identify protective clothing with damaged reflective strips and identify smoking employees at construction sites.

- In urban traffic safety projects, our Multispectral AI Modules, installed in our customers' safety products deployed at community entrances and exits, instantaneously detect the helmet-wearing status of e-bike riders. Non-compliant individuals would trigger intelligent interception accompanied by audio-visual alerts, decreasing the likelihood of traffic accidents and injuries.

- In hydrological disaster prevention projects, our Multispectral AI Modules, installed in our customers' safety products deployed along riverbanks, monitor floating debris accumulation using visible light, analyse changes in water turbidity with near-infrared, and detect abnormal undercurrent temperatures through thermal imaging. This enables early warnings for piping risks, abnormal currents and water levels.

Our Multispectral AI Modules translate technological strengths into improved efficiency in social governance, empowering our customers to deliver superior projects and achieve leadership in the urban safety and prevention construction sector. Key features that support these outcomes include a multi-dimensional alarm system and visualisation of risk liability tracing. The multi-dimensional alarm system enables our Multispectral AI Modules to conduct localised intelligent analysis. Upon detection of a risk, operators are notified through multiple channels, including audio-visual alarms and remote platform push notifications, facilitating immediate response.

In addition, the visualisation of risk liability tracing allows images, temperature data, and alarm records generated during operations to be uploaded in real time to the customers' monitoring platform, improving the process of insurance claims and liability determination.

The application of our Multispectral AI Modules in urban safety prevention and control projects generated revenue ranging from 78.6% to 78.8% of the total revenue of our Multispectral AI Modules during the applicable Track Record Period.

2. Application of Multispectral AI Perception Terminals in Energy Sector Safety Operations

Comprehensive energy organisations in the PRC operate in high-risk industries subject to stringent regulatory oversight, encompassing activities such as coal mining, clean energy production, and power supply management. These organisations impose rigorous requirements on underground operational safety, particularly the reliable functioning of coal mine air compressors, as well as the stability of power equipment and the efficiency of emergency responses.

Our Multispectral AI Perception Terminals provide monitoring solutions tailored to the unique challenges of these industries. Coal mine air compressors serve as vital components in underground operations, powering pneumatic tools, maintaining mine ventilation, driving equipment, and supplying air to safety systems. Disruptions in their operation can result in severe outcomes, including oxygen shortages, exhaust system failures, or shutdowns of core equipment, thereby posing substantial safety hazards and economic losses. Traditional monitoring methods, which rely on manual inspections and handheld temperature devices, are limited by low detection frequency, incomplete coverage, and high rates of overlooked issues, rendering them inadequate for the demanding safety standards of integrated energy enterprises.

Our Multispectral AI Perception Terminals offer a comprehensive solution through real-time monitoring of operational anomalies. By employing on-device imaging, analysis, recognition, and inference, the terminals may identify leakage discharges and equipment ageing, mitigating the risks of shutdowns arising from abnormal equipment behaviour. Furthermore, the terminals' multispectral infrared perception capabilities enable continuous temperature monitoring of air compressor vents, ensuring that temperature fluctuations remain within acceptable limits. This functionality is essential for preventing abrupt underground temperature changes caused by compressor malfunctions.

In addition to temperature and leakage monitoring, the terminals can autonomously detect other critical anomalies, such as dust accumulation on air compressor fans and oil leakage from transformers. Through continuous, automated, and precise oversight, these terminals eliminate blind spots, minimise missed detections, and substantially improve overall safety and operational efficiency.

The application of our Multispectral AI Perception Terminals in energy sector safety operations generated revenue ranging from 5.3% to 6.7% of the total revenue of our Multispectral AI Perception Terminals during the applicable Track Record Period.

3. Application of Multispectral AI Large Model Services for IDC Safety Scenarios and R&D in Next Generation Intelligent Driving Systems

IDC Safety Scenarios

Our Multispectral AI Large Model Services are procured by our customers in the big data industry for enhancing safety management in IDCs. Our customers have established IDCs in multiple cities, which address information data risks associated with critical infrastructure, including network equipment, and power systems. The operational security of IDCs directly impacts information assurance and service continuity.

Our Multispectral AI Large Model Services deliver real-time perception and analysis of multispectral data. This is accomplished using our Multispectral AI Perception Terminals or third-party devices that installed our Multispectral AI Modules, which are installed in our customers' IDCs. Our Multispectral AI Large Model Services integrate multispectral data (including ultraviolet, infrared, and visible light) with multi-scenario safety sector knowledge. The large model efficiently processes and analyses data from multiple devices, delivering constant safety insights by detecting risks, identifying anomalies, and providing real-time predictive insights specific to IDC operations.

Trained on extensive safety-related datasets and built upon deep learning frameworks, the large model achieves high accuracy in identifying early-stage fire spectral signatures and abnormal equipment status. Customers can centrally monitor and manage risks through a unified interface, enabling rapid response and data-driven decision-making across their IDC operations. The services incorporate pre-installed scenarios and visual dashboards, facilitating integration with external systems. Designed for multi-terminal collaboration, the large model enables unified safety management across multiple IDC sites, providing real-time alerts for unusual conditions.

The application of our Multispectral AI Large Model Services in IDC safety scenarios generated revenue ranging from 13.8% to 75.4% of the total revenue of Multispectral AI Large Model during the applicable Track Record Period.

R&D in Next Generation Intelligent Driving Systems

According to Frost & Sullivan, existing intelligent driving systems primarily rely on visual cameras or radar sensors to acquire and analyse environmental data in real time. During adverse weather conditions (including dense fog, torrential rain, sandstorms, intense backlighting, or complete darkness), such systems may face operational limitations: visible-light cameras may experience reduced light transmission, potentially impairing their ability to detect lane markings, preceding vehicles, and traffic signage; while radar signals may be scattered or absorbed by dense precipitation, potentially compromising system reliability. In these circumstances, our Multispectral AI Large Model Services can be deployed to address the pain points in existing intelligent driving systems.

Our Multispectral AI Large Model Services are procured by our customers in the automotive industry for R&D in intelligent driving systems. These services address the safety hazards that may arise from potential failures or degradation of visual cameras and radar technologies under extreme weather conditions. As a key enabling technology for enhancing autonomous driving safety, our services can integrate with existing autonomous driving systems, enabling joint fusion and real-time intelligent analysis of data streams.

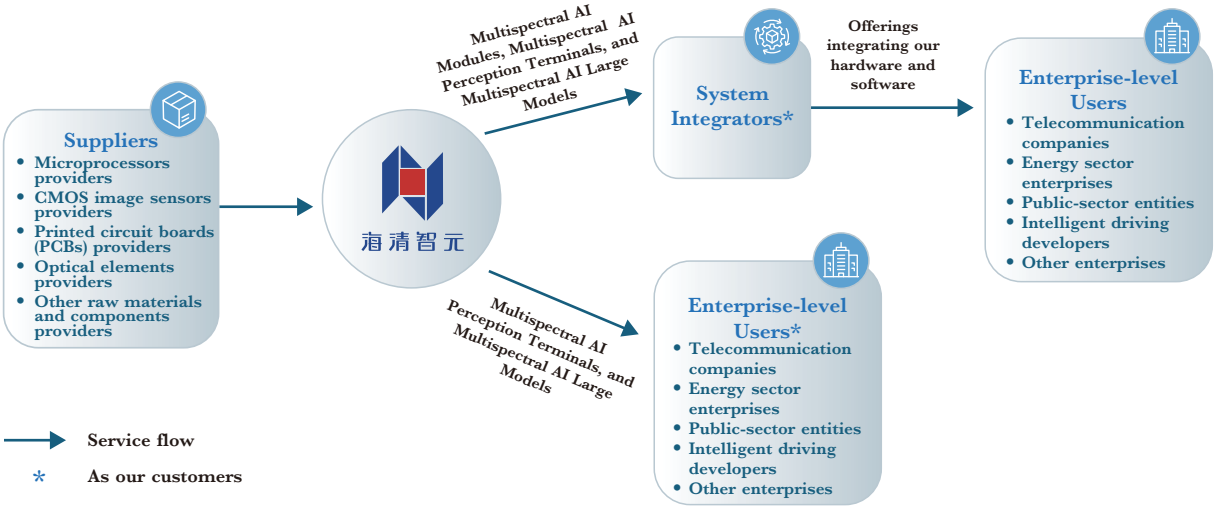
The application of our Multispectral AI Large Model Services in R&D for next generation intelligent driving systems generated revenue ranging from 19.6% to 20.2% of the total revenue of our Multispectral AI Large Model Services during the applicable Track Record Period.

OUR BUSINESS MODEL

We adopt a vertically integrated business model which covers full-chain AI perception solutions, building on modular design, and multi-scenario scalability. Our core capabilities cover upstream multispectral optics and embedded AI hardware development to downstream application software development, which enable us to deliver deployable, adaptable and comprehensive perception intelligent solutions tailored to various multi-scenario safety sector user cases.

Our product system and service portfolio comprised three core multispectral AI products that underpins our capabilities, covering the full product stack from hardware to application software. We may offer these three core multispectral AI products as an integrated unit or separate components, depending on customer needs. Our customers may directly use our three core products to solve their own production or multi-scenario safety needs. Alternatively, they may incorporate our products into their AI solutions.

The following diagram illustrates our business model as well as the service flow in relation to our products and services:



Specifically, our customers during the Track Record Period included: (i) system integrators that integrated our products and services into their offerings to enterprise-level users; and (ii) enterprise-level users that used our products and services directly.

RESEARCH AND DEVELOPMENT

R&D Centres and Teams

Our ability to develop new technologies, design new products and solutions, and continually optimise existing products and services is central to maintaining our market position. We established our R&D centre in Shenzhen equipped with specialised laboratories, focusing on sensors, optical integration and reliability tests. In the future, we will further expand our R&D centres and increase our site area and staffing to carry out related work such as large-model training and chip design.

As at 31 December 2025, our R&D team comprised 156 members, representing approximately 43.1% of our total number of employees. The core members of our R&D team include postdoctoral fellows and master's degree holders. Our R&D personnel have an average working experience of over three years, and mainly possess professional backgrounds in communication engineering, automation, electronic information engineering, computer science and technology, etc..

R&D Models

We have established a R&D framework primarily based on in-house capabilities, supplemented by strategic outsourcing for non-core tasks. This dual approach optimises resource allocation, safeguards proprietary intellectual property, and accelerates the commercialisation of our core products and services. In terms of product development, we adopted an integrated project-based model for our core products and services, overseen by a cross-functional product decision committee.

(1) In-house R&D

Our Group's in-house R&D capabilities are demonstrated as follows:

- **Lightweight On-Device AI Computing:** Our in-house R&D has pioneered lightweight on-device AI computing technology, which achieved device level autonomous AI processing, with backend support from our multispectral AI large model. The lightweight architecture executes precise tasks, such as targeted feature analysis, and generates standardised alert signals. Notably, the small model sustains full functionality during network disruptions, ensuring reliable performance without backend dependency. This innovation allows our Group to deliver cost-effective, empowered modules and terminals, enabling comprehensive monitoring in compact-design scenarios like automobile transportation racks or cargo containers. It thereby resolves key drawbacks of traditional sensing devices, including response delays and blind spots, while boosting operational efficiency and safety.

- **Development of Proprietary AI Large Models:** The cornerstone of our innovation is the "Zhiyuan Origin Large Model", a safety-sector specific AI model built on open-source frameworks and enriched with proprietary industry data. Our in-house team refines this model through code modifications, algorithmic adjustments, and self-training modules. Deployed in real-world applications, it undergoes continuous optimisation to deliver high-performance, commercially viable solutions for safety-critical scenarios.

- **Design and Optimisation of Advanced Hardware Components:** Our Group designs and optimises multispectral components by adjusting parameters such as exposure, dynamic range, light suppression, and noise reduction to enhance signal-to-noise ratios across diverse lighting conditions. Third parties manufacture these components based on our specifications, after which undergo register initialisation to meet the specifications of our products. In the development of our MEMS infrared sensor chips, we adopt advanced material selection to enable superior night-vision capability, and precise temperature measurement.

To support these capabilities, we collaborate with leading academic institutions, including but not limited to Huazhong University of Science and Technology, Xi'an University of Science and Technology, and Changchun University of Science and Technology. These partnerships facilitate cooperative research, joint talent development, and access to advanced experimental resources. Such collaborations enhance our understanding of industry trends and emerging technologies, enabling the integration of cutting-edge innovations into our proprietary technologies. For scenarios with limited market scale, our in-house team conducts initial third-party validation before allocating R&D resources for scalable development.

(2) Outsourcing to External Parties

To enhance the efficiency of our product commercialisation, we strategically outsource certain non-core tasks, such as internal product lifecycle management, data annotation and scenario-specific application logic development, to external software development teams and university laboratories:

- **Internal product lifecycle management system:** this involves the development of a full-lifecycle operational platform for our R&D staff to more efficiently manage the process from initial concept to product operation.

- **Scenario-Specific Application Logic:** This task involves developing tailored software logic, customised for specific industry applications. For instance, in a data centre, such application logic defines operational rules, such as the parameters for triggering alerts in response to equipment anomalies, including notification formats and response thresholds. Additionally, the application logic facilitates integration between our products and our customers' existing systems, enabling connectivity to mobile applications. These software modules demand significant customisation to align with individual customer requirements, rendering them resource-intensive but less technically complex than our core algorithm development.

- **Data Annotation:** Data annotation entails the systematic labelling and categorisation of data, such as multispectral images or sensor outputs, to prepare datasets for training our proprietary "Zhiyuan Origin Large Model". Such process is critical for enabling the large model to accurately identify patterns, such as hazardous conditions in safety applications. Data annotation is labour-intensive and requires adherence to our stringent specifications to ensure dataset consistency and quality. By outsourcing this task to third-party providers, we preserve our in-house resources for core development activities, such as algorithm design and model training, while external teams efficiently deliver the substantial volumes of standardised data required for effective model performance.

This approach enables our in-house R&D team to concentrate on high-value activities, including the design of proprietary algorithms and the optimisation of core components integral to our core products and services. By leveraging external expertise for non-core tasks, we optimise resource allocation, accelerate development timelines, and maintain control over critical intellectual property, ensuring our solutions meet the diverse needs of industries. Our outsourcing strategy supports cost-effective scalability and rapid deployment of our products, ensuring we maintain a competitive edge while addressing the evolving demands of our customers in safety-critical applications. According to Frost & Sullivan, it is in line with market practice to outsource such tasks to optimise R&D performance, resource allocation, enhance efficiency and control over overall project cost-effectiveness.

The key terms of the agreements between our Group and the collaborating partners, such as academic institution, are set out below:

- **Roles and obligations of our Group and the collaborating partners:** Our Group collaborates with academic institution to jointly establish and operate the joint R&D centre. The counterparty provides scientific theoretical support and expert guidance in new product development, technologies, processes, and materials, while our Group contributes resources, facilities, and funding to support the operations.

- **Background of the collaborating partner:** Our Group collaborates with academic institution in China, recognised for the expertise in fields such as optics, optoelectronics, laser technology, and advanced engineering.

- **The ownership of the relevant intellectual property rights:** Intellectual property rights, technical secrets, and achievements originally owned by either party remain with the original owner. For any research results jointly completed, unless otherwise agreed, the intellectual property rights are shared equally, with each party holding 50%.

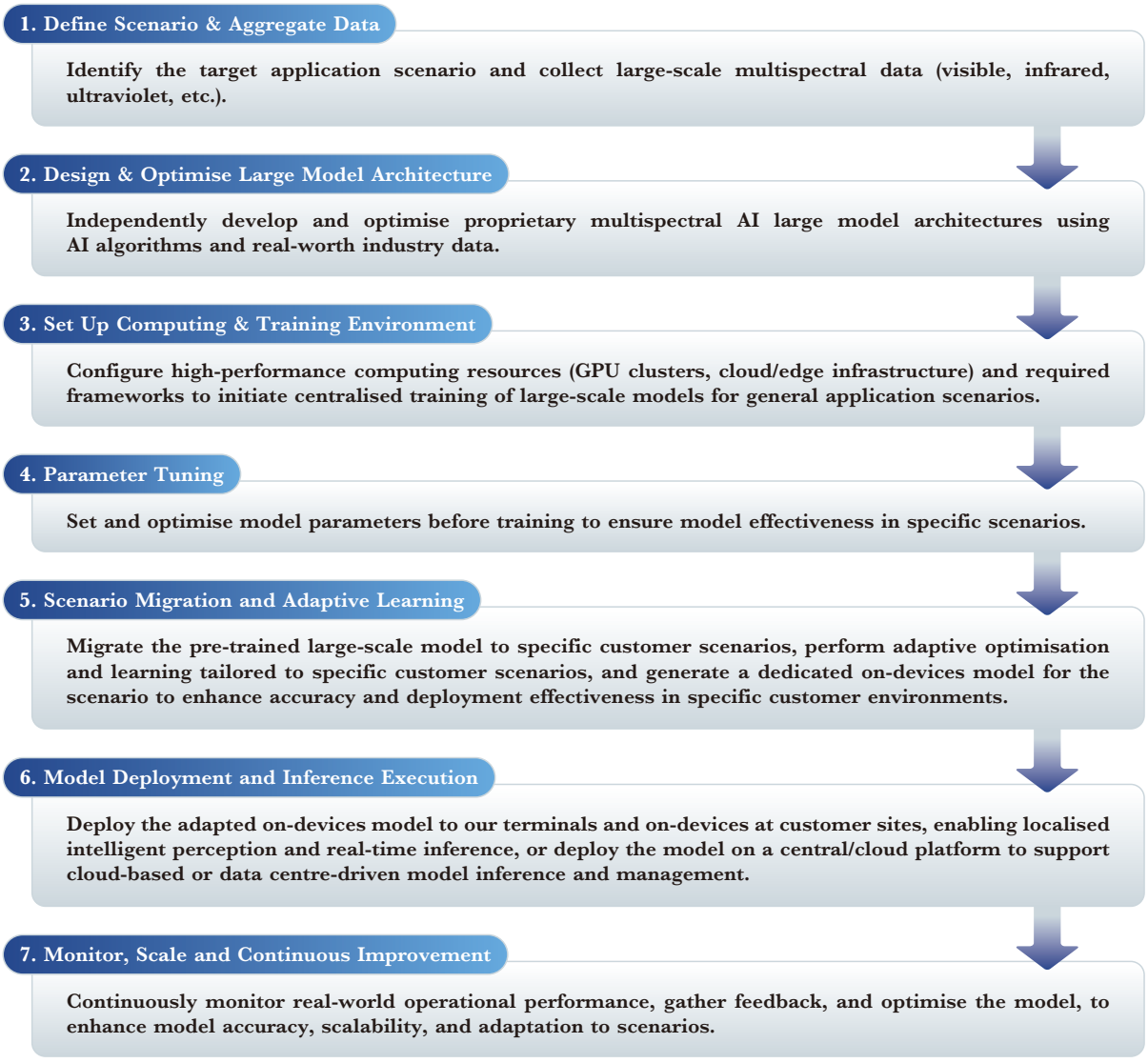
Development and Deployment of Our Multispectral AI Large Model Services

Our R&D team designs and optimises our proprietary large model architecture, integrating multispectral perception, including ultraviolet, infrared, visible light, with AI algorithms. The model designed to support both general-purpose and scenario-specific applications, addressing the complex requirements of multi-scenario safety management, biometric identification, and target detection.

During model training, we perform parameter tuning to optimise the model's performance for specific scenarios. The training of our large model leverages extensive real-world datasets collected from diverse sensing devices in operational environments. For example, in the multi-scenario safety domain, our model was trained on over 10 million multispectral perception data points, the data of more than 100,000 real-world hazardous events, and more than 10,000 safety engineering knowledge graphs. These datasets, including multispectral data derived from both simulated scenarios and real-world events (such as experimental data and photographs), are primarily made available through collaborations with academic institution specialising in safety research, as well as through our in-house development. These datasets are used to train our algorithmic models, enhancing their performance and reliability. To safeguard privacy and data integrity, data processing, model inference and scenario-adaptive learning can be conducted within customer's private domain networks whenever required.

We deploy and manage our large models using a robust platform that supports large-scale device management, model versioning, online updates, and dynamic allocation of computing resources across multiple data centres. Our workflow allows for efficient training, rapid scenario adaptation, and seamless remote upgrades to deployed devices, eliminating the need for manual intervention or device disassembly. This integrated approach ensures continuous model improvement and supports our customers' operational needs across industries.

The following illustrates the main steps involved in the development, training, and deployment of our proprietary multispectral AI large model.



R&D Investment

We continue to allocate substantial capital to product development and innovation. In FY2023, FY2024 and FY2025, our research and development expenses (including of R&D expenses capitalised) were RMB30.8 million, RMB55.3 million, and RMB105.3 million respectively, accounting for 26.3%, 10.6% and 15.7% of the total revenue in the corresponding years, respectively. The increase in R&D expenses in FY2023 to FY2024 was driven by strategic initiatives aligned with our competitive strengths. Such increase was primarily due to the accelerated development of our AI large model services, notably the "Zhiyuan Origin Large Model".

The following table sets forth the details of our R&D expenses (including of R&D expenses capitalised):

	FY2023		FY2024		FY2025	
	RMB million	*%*	*RMB million*	*%*	*RMB million*	*%*
In-house R&D	30.5	99.1	25.5	46.1	45.1	42.8
Outsourcing to external parties	0.3	0.9	29.8	53.9	60.2	57.2
Total	30.8	100	55.3	100	105.3	100

(1) In-House R&D Expenses

In-house R&D expenses primarily support our core innovation efforts, including algorithm design, model training, and the enhancement of proprietary components such as the "Zhiyuan Origin Large Model". These expenses totalled RMB30.5 million in FY2023, RMB25.5 million in FY2024, and RMB45.1 million in FY2025, representing 99.1%, 46.1%, and 42.8%, of total R&D expenses for the respective years.

(2) Outsourcing to External Parties Expenses

Outsourcing expenses facilitate efficient execution of non-core, resource-intensive tasks, allowing our internal team to focus on high-value activities. These expenses amounted to RMB0.3 million in FY2023, RMB29.8 million in FY2024, and RMB60.2 million in FY2025, representing 0.9%, 53.9%, and 57.2%, of total R&D expenses for the respective years.

The increase in outsourcing service fees in FY2024 and FY2025 was a direct and strategic result of our Company's focused investment in the accelerated development and commercial deployment of our Multispectral AI Large Model Services. As the development of AI algorithms for use in our Multispectral AI Large Model Services commencing from FY2024 relies heavily on labour-intensive tasks, we outsource such tasks to optimise resource allocation, enhance efficiency, and control overall project cost-effectiveness, thereby allowing the Company to concentrate its internal resources on core technological research and development revolving around large model algorithms. This includes making adjustments to algorithmic frameworks, optimising algorithmic parameters, and improving algorithmic accuracy. Our clients come from various industries, who often require complete and comprehensive solutions. As a result, our core technologies alone may not be sufficient to efficiently address the requirements of specific application scenarios, and therefore certain tasks are outsourced so as to accelerate our delivery process and overall efficiency.

The increase in outsourcing service fees in FY2024 and FY2025 in particular was primarily driven by several large-scale R&D projects, which includes the following:

- **the development and customisation of internal product lifecycle management system** — a full-lifecycle operational platform for R&D teams for product management purposes, managing everything from documentation and parts to bills of materials (BOM), 2D and 3D blueprint management and change control. Its core purpose is to standardise processes and components, thereby reducing redundancy and improving efficiency from initial concept to product operation;

- **data tagging and annotation services** — for internal large model development. This is a critical internal support function where raw data is tagged and prepared to create high-quality training datasets, which are essential for training core AI models. The resulting models are then packaged into tailored solutions for customers; and

- **the research and development of a customised system for our customers** — involves adapting and deploying core large-model technology to meet specific client needs. We focus on developing the core AI and algorithm components internally, while outsourcing the development of surrounding application software to third-party partners to create complete, bespoke systems for customers.

For details, please refer to "Financial Information — Year-to-Year Comparison of Results of Operations — FY2025 Compared to FY2024 — Research and Development Expenses" and "Financial Information — Year-to-Year Comparison of Results of Operations — FY2024 Compared to FY2023 — Research and Development Expenses" in this document.

Key R&D Focus Area

We plan to focus our R&D on below key areas of technologies:

- Perception-computing integration: Continuously improving platform computing, integrating perception intelligence enhance our storage and communication capabilities to offer differing needs in elastic computational requirements;

- Machine learning algorithms: Utilising the latest advancement in machine learning algorithms to upgrade our technologies after successful testing and implementation in large-scale industry applications; and

- Data-centric training: Optimising our computational framework by improving our algorithms and processing tools for processing industry data, thereby allocating greater compatibility with machine learning algorithms and optimisation of targeted large models efficiently.

Intellectual Property

Our Directors believe that our intellectual property rights are of vital importance to our future business development and operations. As at the Latest Practicable Date, we had 158 registered patents in China (including 101 inventions, 21 utility models and 36 designs), 36 domestic patent applications (including 29 inventions which revolve around our core R&D capabilities developed in-house, five utility models and two designs) and one U.S. invention patent application. We held 64 registered trademarks in the PRC, three registered trademarks in Hong Kong and had three registered trademarks in the United States. We also had 46 registered software copyrights in China, and had 2 registered domain names in China which, in the opinion of our Directors, are material to our business. For further information, please see the section "Statutory and General Information — Further Information about Our Business — 2. Intellectual property rights" in Appendix VI to this document.

To protect our trade secrets and other proprietary technologies, we have installed encryption software on the computers of our selected technical personnel. Decryption and external transmission of any data require approval from designated personnel. Our employees' labour contracts contain confidentiality clauses, pursuant to which any inventions, designs, technologies or other intellectual property developed or acquired by our employees using our technologies, materials or business information during their employment shall be owned by us. Meanwhile, certain key technical know-how is stored under heighten confidential protection and can only be accessed by selective R&D personnel.

In addition, we proactively protect and enforce our intellectual property rights by signing agreements with confidentiality clause with our suppliers, customers, industry organisations and academic institutions. We conduct appropriate investigations, reasonable evidence collection, warnings and lawsuits against infringements to protect our legitimate rights and interests.

During the Track Record Period and up to the Latest Practicable Date, we are not aware of (i) any material infringement by us of any intellectual property rights of third parties, or (ii) any material infringement by any third party of intellectual property rights owned by us. During the Track Record Period and up to the Latest Practicable Date, we are not aware of any pending or potential legal claims against our Group in connection with any infringement of intellectual property rights of third parties.

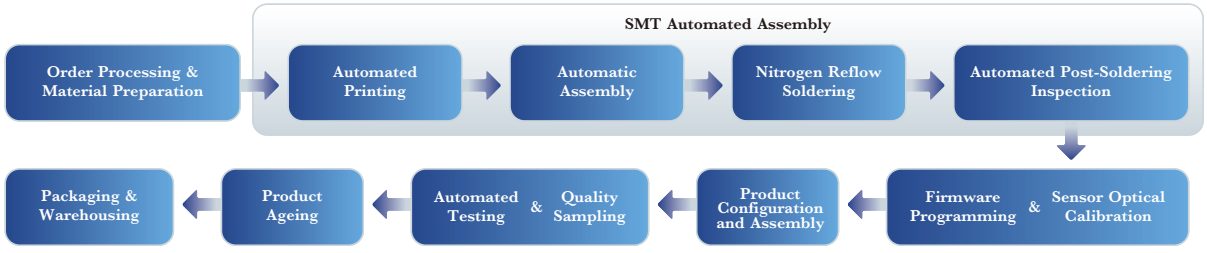
PRODUCTION

We arrange our production by taking into account customer orders and market conditions. By aggregating production quantity, delivery deadlines and other information relating to customer orders by the sales department, we will determine production tasks and arrange our production schedule based on the production capacities of our production facilities bases and prevailing supply chain environment.

Production Process

Our production process is designed to enhance operational efficiency. We maintain full control over the production workflow, which encompasses order processing and material preparation, SMT automated assembly, sensor optical calibration and firmware programming, product configuration and assembly, quality sampling and automated testing, product ageing, packaging and warehousing.

The following flowchart outlines the key steps of our production process for Multispectral AI Modules, Multispectral AI Perception Terminals and Other AI Vision Modules:



1. Order processing and material preparation

We process orders and formulate production plans in accordance with the sales contracts entered into with our customers, and procure raw materials by assessing customer orders and considering overall demand. We adopt a just-in-time procurement inventory system, whereby raw materials are purchased and delivered just before they are needed in the production process, thereby minimising our inventory costs. After inspecting and accepting delivery of such incoming raw materials, the materials would be arranged for warehousing.

2. SMT automated assembly

Based on order schedules, we issue work orders and distribute materials to the SMT workshop. After initial inspection, batch assembly is arranged. The PCBs are then assembled through SMT and soldering processes, forming fully functional printed circuit board assemblies (PCBAs) with specific functions. Following the SMT process, devices incorporating multispectral perception units (such as visible light, ultraviolet and infrared) are subject to strict optical axis alignment and sensor fusion calibration to ensure signal accuracy and consistency. After the calibration process is completed, PCBAs are arranged for storage. The lead time for this step is usually approximately 10 minutes.

3. Sensor optical calibration and firmware programming

Our production lines further perform pre-processing on the PCBAs, including multispectral AI firmware programming, parameter configuration and dispensing. During firmware programming, each device is assigned a unique identification code, followed by system boot testing. The lead time for this step is usually within five minutes.

4. Product configuration and assembly

Following the production of the PCBAs, we commence the assembly and production of the final products. The lead time for this step is usually within 10 minutes. Upon completion, the products are cured, which usually takes approximately two hours. Afterwards, the cured products are transferred to the testing phase.

5. Quality sampling and automated testing

Our products shall undergo automated functional testing process, as well as ex-factory tests, including sensor response performance, wireless communication stability and power regulation reliability. Upon passing these tests, the products undergo random quality control sampling inspections to ensure the compliance with quality standards. The lead time for this step is usually within five minutes.

6. Product ageing

After passing testing and sampling inspection, the products are placed in the ageing chamber. The ageing process typically takes eight hours to identify and eliminate potential failures that might not be detected during product configuration and assembly or initial testing.

7. Packaging and warehousing

We conduct customised packaging of the products according to the specifications of customers stated in the sales contracts, and finally weigh and arrange the finished goods for warehousing.

Our Production Bases

As at the Latest Practicable Date, our production facilities are located in two key regions in China, namely Shenzhen and the Longyou Economic Development Zone in Zhejiang Province. Our SMT automated assembly lines were first installed and put into operation at our Shenzhen production base in mid-2022. In April 2025, we relocated the SMT automated assembly lines to our Zhejiang production base. This relocation was driven by the objective of utilising the Zhejiang base's expanded floor space and facilities to expand production capacity to meet growing customer demand and to benefit from lower operational costs, including reduced labour and utility expenses. The Zhejiang base delivers at least a 20% reduction in operating costs, including rent, labour, and water, as compared with that of the Shenzhen base. Even after accounting for the additional transportation costs associated with using our Zhejiang base, it remains a more cost-effective option overall. Moreover, the Zhejiang base supported our expansion in the Yangtze River Delta region. Since the establishment of our Zhejiang base, the number of our new customers in the Yangtze River Delta region increased by at least 50% from FY2024 to FY2025.

As at the Latest Practicable Date, the Zhejiang production base undertakes the full range of production processes, including SMT automated assembly, sensor optical calibration, firmware programming, product configuration and assembly, quality sampling, automated testing, product ageing, packaging, and warehousing. The production department at the Shenzhen production base is also

responsible for developing production plans for implementation at the Zhejiang production base, facilitating centralised coordination. Meanwhile, the Shenzhen production base focuses on subsequent production processes post-SMT assembly, including sensor optical calibration, firmware programming, product configuration, assembly, quality sampling, automated testing, product ageing, packaging, and warehousing. As a result, the two production bases function as an integrated system, under a unified production planning model, forming a seamless and orderly chain of operations. From our system controls, we are able to monitor the rate of production at our Zhejiang production base in real-time from our Shenzhen production base, and track dispatched goods which are generally due to arrive within one day, allowing for cross-site visual management. Additionally, the Shenzhen production base supports R&D activities due to its proximity to our R&D centre, facilitating the rapid integration of R&D results into mass production and enhancing our innovation efficiency.

This dual-base structure allows us to combine efficient mass delivery capabilities with technological flexibility and innovation incubation. As our business continues to expand, we plan to further expand our production capacity in the future for the following reasons: (i) purchase intents for Multispectral AI Modules, Multispectral AI Perception Terminals and Other AI Vision Modules for FY2026 received from several of our customers; (ii) an increase in production volume of Multispectral AI Modules, Multispectral AI Perception Terminals and Other AI Vision Modules for the four months ended 30 April 2026 as compared to that for the same period in 2025; (iii) favourable industry growth projections from Frost & Sullivan in the multispectral AI modules and multispectral AI perception terminals markets, with expected CAGR of 29.7% and 31.5%, from 2025 to 2030, respectively; (iv) trend of our organic customer base expansion from FY2023 to FY2025, which is expected to continue in the coming years; and (v) anticipated growth in demand from new application scenarios such as optoelectronics, food safety and skin diagnostics, at a CAGR of 43.7%, 86.1% and 44.0%, respectively, from 2025 to 2030 according to Frost & Sullivan.

Shenzhen Production Base

We established our Shenzhen production base since September 2021. The SMT automated assembly lines were installed and became operational at the Shenzhen production base in mid-2022, and took over the original mass production tasks from Dongguan production base (see details of our Dongguan production base below), supporting the mass production of Multispectral AI Modules, Multispectral AI Perception Terminals, and Other AI Vision Modules. As part of our ongoing production optimisation and capacity expansion, in April 2025, the SMT automated assembly lines were relocated to our Zhejiang production base. After the relocation and as at the Latest Practicable Date, the Shenzhen production base mainly undertakes the subsequent production processes after SMT automated assembly, including sensor optical calibration and firmware programming, product configuration and assembly, quality sampling and automated testing, product ageing and packaging and warehousing. In addition, the Shenzhen production base also undertakes R&D activities as required, as it is located in close proximity to our Company's R&D centre. These functions accelerate the introduction of new products into mass production processes, which allows us to swiftly transit cutting-edge R&D results into actual products and enhances our innovation efficiency.

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, the Shenzhen production base has not been subject to any material regulatory or compliance issues, including litigation, arbitration, or significant penalties, that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, or results of operations.

Zhejiang Production Base

We established a production base in Longyou Economic Development Zone, Zhejiang since September 2024. Since April 2025, the SMT automated assembly lines have relocated to the Zhejiang production base from the Shenzhen production base. As at the Latest Practicable Date, the Zhejiang production base performs the full range of production processes, including SMT automated assembly, sensor optical calibration and firmware programming, product configuration and assembly, quality sampling and automated testing, product ageing and packaging and warehousing. Since the transfer, this production base was officially put into production, undertaking the production of Multispectral AI Modules, Multispectral AI Perception Terminals and/or Other AI Vision Modules. Together with our Shenzhen production base, the Zhejiang production base supports our coordinated production operations and is capable of fulfilling the monthly delivery demands of our customers.

Production Capacity and Utilisation

The following table sets forth the details of our leased Shenzhen and Zhejiang production bases (in aggregate), and their designed production capacity, actual production volume and utilisation rates in FY2023 and FY2024 and FY2025:

	FY2023			FY2024			FY2025		
Products	Designed Production Capacity[(1)]	Actual Production Volume[(2)]	Utilisation Rate[(3)]	Designed Production Capacity[(1)]	Actual Production Volume[(2)]	Utilisation Rate[(3)]	Designed Production Capacity[(1)]	Actual Production Volume[(2)]	Utilisation Rate[(3)]
Multispectral AI Modules	—	184,400	—	—	591,100	—	—	360,276	—
Multispectral AI Perception Terminals	—	15,437	—	—	97,886	—	—	45,782	—
Other AI Vision Modules	—	11,100	—	—	80,700	—	—	29,518	—
Total	880,000	210,937	24%	880,000	769,686	87%	880,000	435,576	49%

Notes:

(1) Designed production capacity is calculated based on the hourly production rate of our SMT automated assembly lines operating 12 hours a day for 300 working days a year for FY2023, FY2024 and FY2025. Starting from April 2025, the SMT automated assembly process was shifted from the Shenzhen production base to Zhejiang production base, commencing operations on 8 April 2025. As at the Latest Practicable Date, while the Zhejiang production base handles the SMT automated assembly process, both the Zhejiang and Shenzhen production bases are responsible for firmware programming, sensor optical calibration, product configuration and assembly, quality sampling and automated testing, product ageing, and packaging processes.

(2) Actual production volume refers to actual output for the relevant year.

(3) The utilisation rate is calculated by dividing actual production volume by the designed production capacity in the same year. In 2024, the utilisation rate of the Shenzhen production base increased significantly to 87%, driven by increased orders and production demands.

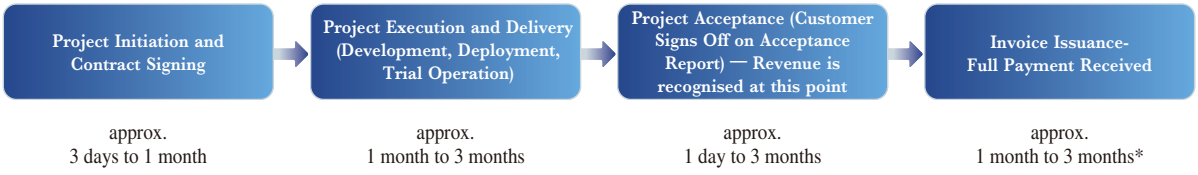
(4) The relatively low utilisation rate for the FY2025 was primarily attributable to a reduction in the production quantity of our Multispectral AI Modules, Multispectral AI Perception Terminals and Other AI Vision Modules as represented by the decrease in the sales volume from 587,183 to 364,350, 62,969 to 53,045, and 146,902 to 30,661, respectively, from FY2024 to FY2025. Such reduction in production quantity was primarily attributable to our strategic reallocation of sales and operational resources and personnel toward our Multispectral AI Large Model Services. As a result, we did not prioritise the production of Multispectral AI Modules, Multispectral AI Perception Terminals and Other AI Vision Modules; whereas our Multispectral AI Large Model Services were principally delivered as pure software solutions or were integrated with third-party hardware (such as high-performance computing (HPC) servers), and thus have not placed significant demands on the capacity of our production facilities.

(5) All of our product types (i.e. Multispectral AI Modules, Multispectral AI Perception Terminals and other AI Vision Modules) are manufactured utilising the same SMT automated assembly lines. As a result, the designed production capacity is measured by the aggregate output of these lines irrespective of product type, as it is not practicable to calculate the theoretical production capacity or utilisation rate for each individual product category.

Principal stages of our Multispectral AI Large Model Services

Our Multispectral AI Large Model Services are project-based services delivering a large model solution with our proprietary "Zhiyuan Origin Large Model" to our customers. In general, a project begins with the initiation and contract signing stage. It then moves into the execution and delivery stage, which involves development, deployment and trial operation. Our customers are then asked to sign off an acceptance report, and we will also issue our final bill to our customers. A project is closed upon receipt of the final payment from our customers.

The period from project initiation and contract signing to project acceptance varies for each project due to the complexity or availability of data or range of hardware equipment specifications. In general, these stages take approximately one month to seven months. The payment collection stage may require an additional one to three months. The approximate timeframe for each of the principal stages of rendering our services is set out below.



* *Based on the credit period normally granted to our customers specified in contracts*

MARKETING, SALES AND CUSTOMERS

Sales and Marketing

During the Track Record Period, our products and services were sold through direct sales. As at the Latest Practicable Date, we have a sales team based in the PRC, dedicated to managing our sales to different customers pursuant to geographical locations of these customers.

Our Customers

During the Track Record Period, our customers for our products and services primarily comprise the following categories, each leveraging our Multispectral AI Modules, Multispectral AI Perception Terminals, and Multispectral AI Large Model Services to enhance safety and operational efficiency:

- **System integrators**: These customers integrated our products and services into their offerings to enterprise-level users. They focus on hardware-centric operations and the development of customised, scenario-specific safety solutions, integrating our Multispectral AI Modules to manufacture complete devices, or utilising our Multispectral AI Modules, Multispectral AI Perception Terminals, and Multispectral AI Large Model Services to enhance the development of their hardware and software, delivering tailored systems for targeted sectors such as education, manufacturing, or smart cities. Their expertise lies in hardware engineering, system integration, and project-specific enhancements, with minimal reliance on significant software customisation for hardware-focused integrations or emphasis on software-driven designs for solution-oriented projects. The downstream customers of system integrators are enterprise-level users, including large enterprises or government entities; and

- **Enterprise-level users**: These customers used our products and services directly. They are the ultimate end-users who deploy our products and services directly within their operations. Spanning industries such as energy, infrastructure, and government services, many of these customers undertake high-impact projects requiring advanced safety and efficiency solutions. They leverage our Multispectral AI Perception Terminals and Multispectral AI Large Model Services for applications including internal safety monitoring, risk prevention, and predictive analytics.

Our Group employs a systematic and multi-faceted approach to acquire potential customers (including system integrators and enterprise-level users).

- **Industry Exhibitions and Professional Conferences:** Our Group actively participates in key domestic and international industry exhibitions and technical forums, where we can showcase product capabilities, share technological insights and present case studies. Such a platform serves as a primary channel for direct engagement with high-potential prospects, enabling us to gather industry intelligence while generating qualified leads. Our approach involves targeted pre-event invitations and post-event follow-ups to maximise the conversion of business opportunities.

- **Digital Marketing and Content Dissemination:** We utilise a combination of content marketing, and targeted social media engagement to attract potential customers. By consistently publishing expert knowledge and representative application cases of multispectral AI technology on our corporate website, professional platforms, and within industry communities, we establish thought leadership and build trust with our target customers, thereby cultivating a pipeline of sales leads.

- **Industry Client Development:** We establish strategic partnerships with system integrator clients specialising in specific vertical industries such as energy, power, IDC and emergency management. Through joint bidding, we provide core AI technologies and product solutions, whilst such system integrators leverage their industry expertise, project experience and resources to expand into niche markets for the benefit of both sides.

To the best knowledge of our Directors, contingent upon the essence of our customers' needs and the scenario-specific deliverables, certain enterprise-level users would engage system integrators when selecting suppliers or service providers. Such system integrators would then procure hardware and/or software solutions from companies like us, and implement software plus hardware solutions for end users with uniform standards. System integrators usually provide various types of assistance in project implementation, such as selecting suppliers, integrating the products of different suppliers and managing the implementation. According to Frost & Sullivan, it is an industry norm for enterprise-level users to engage system integrators to implement their projects.

The following table sets forth a breakdown of our revenues by customer type to the best knowledge of our Directors:

	FY2023		FY2024		FY2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
System Integrators						
Multispectral AI Modules	98,158	83.9	298,074	57.0	208,232	31.2
Multispectral AI Perception Terminals	12,521	10.6	60,459	11.6	92,002	13.8
Multispectral AI Large Model Services	—	—	101,471	19.5	310,258	46.4
Other AI Vision Modules	5,141	4.4	47,064	9.0	10,230	1.5
Others	201	0.2	1,235	0.2	1,208	0.2
	116,021	99.1	508,303	97.3	621,930	93.1

	FY2023		FY2024		FY2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Enterprise-level Users						
Multispectral AI Modules	963	0.8	1,154	0.2	812	0.1
Multispectral AI Perception Terminals	65	0.1	770	0.1	636	0.1
Multispectral AI Large Model Services	—	—	12,320	2.4	45,106	6.7
Other AI Vision Modules	9	0.0	16	0.0	28	0.0
Others	5	0.0	5	0.0	7	0.0
	1,042	0.9	14,265	2.7	46,589	6.9
Total	**117,063**	**100.0**	**522,568**	**100.0**	**668,519**	**100.0**

The following table sets forth a breakdown of our revenues by product and customer sector:

	FY2023		FY2024		FY2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Multispectral AI						
Multispectral AI Modules						
— Private sector	98,979	84.6	262,162	50.2	193,991	29.0
— Public sector	142	0.1	37,066	7.1	15,053	2.3
	99,121	84.7	299,228	57.3	209,044	31.3
Multispectral AI Perception Terminals						
— Private sector	12,094	10.3	53,544	10.2	92,201	13.8
— Public sector	491	0.4	7,685	1.5	437	0.1
	12,585	10.7	61,229	11.7	92,638	13.9
Multispectral AI Large Model Services						
— Private sector	—	—	71,575	13.7	306,352	45.8
— Public sector	—	—	42,216	8.1	49,012	7.3
	—	—	113,791	21.8	355,364	53.1
Others						
Other AI Vision Modules						
— Private sector	5,149	4.3	47,012	8.9	10,252	1.4
— Public sector	1	0.1	68	0.1	6	0.1
	5,150	4.4	47,080	9.0	10,258	1.5
Others						
— Private sector	207	0.2	1,240	0.2	1,215	0.2
	117,063	100.0	522,568	100.0	668,519	100.0

During the Track Record Period, our revenue from the five largest customers in each year accounted for 38.3%, 59.0% and 46.8% of our total revenue during the same years, respectively. We maintained stable business relationships with our five largest customers in each year.

The table below sets forth the details of our five largest customers for each year during the Track Record Period:

Customer	Customer type[3]	Background	Registered capitals[4]	Revenue	% of total revenue	Principal place of business[4]	Credit terms	Year of commencement of business relationship	Main products and services purchased from us
				(RMB'000)	*(%)*				
FY2023									
Customer A[1] .	System integrators	A private company established in 2010, primarily engaged in the development and sale of electronic products and other domestic trade.	RMB500,000	23,002	19.6	Shenzhen, PRC	payment in advance	2017	Multispectral AI Modules, Multispectral AI Perception Terminals, Other AI Vision Modules
Customer B[2] .	System integrators	A private company established in 2012, primarily engaged in the software and information technology services industry, with business scope including computer-related technology development, computer and accessories.	RMB10.1 million	9,535	8.1	Shanghai, PRC	payment in advance or 120 days	2016	Multispectral AI Modules, Multispectral AI Perception Terminals
Customer C . .	System integrators	A private company established in 2016, primarily engaged in the development and sale of computer software and hardware, and the provision of technical services, computer system integration, data processing and storage services.	RMB1.0 million	4,348	3.7	Chengdu, PRC	120 days	2020	Multispectral AI Modules, Multispectral AI Perception Terminals, Other AI Vision Modules
Customer D . .	System integrators	A company established in 2008, serving as a subsidiary of a company listed on the Hong Kong Stock Exchange and the New York Stock Exchange, primarily engaged in the sale of intelligent robots and industrial automatic control system equipment, as well as in the software and information technology services sector.	RMB1.0 billion	4,064	3.5	Hangzhou, PRC	10 working days	2021	Multispectral AI Modules, Other AI Vision Modules
Customer E . .	System integrators	A private company established in 2011, primarily engaged in the development and sale of software, internet data services, big data services, information system integration services, and information system operation and maintenance services.	RMB10 million	3,939	3.4	Hefei, PRC	payment in advance	2022	Multispectral AI Modules
Total				44,888	38.3				

Customer	Customer type[3]	Background	Registered capitals[4]	Revenue	% of total revenue	Principal place of business[4]	Credit terms	Year of commencement of business relationship	Main products and services purchased from us
				(RMB'000)	*(%)*				
FY2024									
Customer F . .	System integrators	A group of companies, primarily engaged in the research and development, production, and sale of communication electronics and related products.	RMB50.0 million	185,659	35.5	Shiyan, PRC	90 working days	2024	Multispectral AI Modules, Multispectral AI Perception Terminals, Other AI Vision Modules
Customer G . .	System integrators	A group of companies, being subsidiaries of a company listed on the Hong Kong Stock Exchange, primarily engaged in the provision of telecommunications services.	RMB254.1 billion	42,004	8.0	Beijing, PRC	14 days to 35 working days	2022	Multispectral AI Modules, Multispectral AI Perception Terminals, Multispectral AI Large Model Services, Other AI Vision Modules
Customer H . .	System integrators	A public company listed on the Shenzhen Stock Exchange, established in 1999, primarily engaged in optical communication, 5G infrastructure and related integrated services.	RMB900.3 million	29,896	5.7	Hong Kong	15 days	2023	Multispectral AI Large Model Services
Customer I . .	System integrators	A public company listed on the Shanghai Stock Exchange, established in 2014, primarily engaged in the business of algorithms, chips and big data in the field of artificial intelligence.	RMB355.1 million	27,989	5.4	Shenzhen, PRC	15 working days	2022	Multispectral AI Modules
Customer J . .	System integrators	A group of companies, primarily engaged in the provision of software-focused intelligent driving solutions.	RMB20.4 million	23,009	4.4	Suzhou, PRC	30 working days	2024	Multispectral AI Large Model Services
Total				308,557	59.0				

Customer	Customer type[3]	Background	Registered capitals[4]	Revenue	% of total revenue	Principal place of business[4]	Credit terms	Year of commencement of business relationship	Main products and services purchased from us
				(RMB'000)	*(%)*				
FY2025									
Customer K . .	System integrators	A private company established in 2015, primarily engaged in AIoT (Artificial Intelligence of Things) solutions for industrial, urban, and living applications.	RMB3.7 billion	94,000	14.1	Beijing, PRC	payment in advance or 7 working days	2025	Multispectral AI Large Model Services
Customer F . .	System integrators	A group of companies, primarily engaged in the research and development, production, and sale of communication electronics and related products.	RMB50.0 million	71,777	10.7	Shiyan, PRC	90 working days	2024	Multispectral AI Modules
Customer J . .	System integrators,	A group of companies, primarily engaged in the provision of software-focused intelligent driving solutions.	RMB20.4 million	65,765	9.8	Suzhou, PRC	180 working days	2024	Multispectral AI Large Model Services

Customer	Customer type[3]	Background	Registered capitals[4]	Revenue	% of total revenue	Principal place of business[4]	Credit terms	Year of commencement of business relationship	Main products and services purchased from us
				(RMB'000)	*(%)*				
Customer L . .	System integrators,	A group of companies, primarily engaged in internet-related services, software development, data processing, and the manufacturing of electronic and communication equipment.	RMB132.8 million	44,005	6.6	Xiamen, PRC	30 days	2024	Multispectral AI Large Model Services
Customer M . .	System integrators	A private company established in 2017, primarily engaged in smart manufacturing and industrial big data solutions.	RMB22.4 million	37,403	5.6	Shenzhen, PRC	payment in advance or 180 working days	2025	Multispectral AI Perception Terminals
Total				312,950	46.8				

Notes:

(1) Customer A is a subsidiary wholly and directly held by Beward (one of our Shareholders during the Track Record Period).

(2) Based on our Directors' knowledge, Ms. Tan Qiongli (談瓊莉), the executive director and legal representative of Customer B, was a former limited partner of Zhongcheng Tianying LP, one of the Controlling Shareholders. As at the Latest Practicable Date, Ms. Tan Qiongli no longer holds any interest in Zhongcheng Tianying LP.

(3) To the best knowledge of our Directors, system integrators would procure our Multispectral AI Modules, Multispectral AI Perception Terminals, Multispectral AI Large Model Services, and Other AI Vision Modules from us and integrate into its services and/or products offerings to its downstream customers. For details, please refer to "Marketing, Sales and Customers — Our Customers" in this section of this document.

(4) Based on publicly available information and/or to the best knowledge of our Directors.

During the Track Record Period, our top five customers contributed 38.3%, 59.0%, and 46.8% of our total revenue in FY2023, FY2024 and FY2025, respectively. Among these, Customer F was a key revenue contributor, accounting for 35.5% of total revenue in FY2024 and 10.7% in FY2025, as well as Customer K, accounting for 14.1% of total revenue in FY2025. While Customer F and Customer K represent a relatively significant portion of our revenue in FY2024 and FY2025, respectively, our Directors believe the concentration risk associated with these customers is mitigated by our active diversification of our customer portfolio. This includes pursuing direct relationships with enterprise-level users in industries such as smart city infrastructure and industrial automation, and expanding engagements with system integrators and enterprise-level users, thereby reducing reliance on any single customer. As at the Latest Practicable Date, there have been no disputes or indications of material changes in our relationship with Customer F or Customer K, and our Directors expect these relationships to remain stable, supported by our tailored offerings and consistent delivery performance.

Customer A, as one of our five largest customers in FY2023, was established in the PRC on 29 October 2010 and was directly wholly-owned by Beward (one of our shareholders during the Track Record Period) since 11 January 2021. Transactions between our Group and Customer A during the Track Record Period were conducted on an arm's length basis, with terms consistent with those offered to our independent third-party customers, as confirmed by our Directors.

Except for Customer A, to the best of our Director's knowledge, all of our five largest customers in each year during the Track Record Period are independent third parties, and none of our Directors, related persons of our Directors, or Shareholders holding more than 5% of the issued shares of our Company had any interest in any of the top five customers of our Company. Additionally, there were no material disputes between us and our customers during the aforementioned period.

Terms of Sales Contracts

We generally enter into individual sales contracts with our customers. The terms of our sales contracts are generally consistent, save for variations in product specifications and order quantities to address particular customer needs. The salient terms and conditions of our sales contracts are set out below:

Product specification	Product types or the requested technical solutions are specified depending on the products or services to be sold.
Order quantity	The quantity of products to be ordered is specified.
Pricing	For more details of pricing, see "— Marketing, Sales and Customers — Pricing Policy" in this section.
Payment settlement and shipment	Payment terms and shipment arrangements are determined based on the specific requirements of each contract. Customers generally make payments in advance or within 10 to 120 days from the invoice date by way of wire transfer, depending on the agreed credit terms.
Logistics	We are generally responsible for arranging the delivery of our products to locations mutually agreed upon with our direct sales customers.
Acceptance	Customers may raise objections regarding the quantity or quality of the products within the specified acceptance period. Failure to raise objections within this period shall be deemed acceptance of the products as satisfactory.

Pricing Policy

Our Group employs a cost-based pricing approach tailored to the specific requirements of customers and the characteristics of our products and services. This approach ensures competitiveness, alignment with market trends, and sustainable profitability. Pricing is determined, among others, by the following key factors:

- **Multispectral AI Modules**: pricing is based on the quantity and type of modules ordered;
- **Multispectral AI Perception Terminals**: pricing reflects the complexity of terminal types, accounting for tailored configurations or integration efforts; and
- **Multispectral AI Large Model Services**: pricing depends on the complexity of application scenarios and the extent of customisation or model tuning required.

Pricing incorporates costs for raw materials, components, and equipment, as well as expenses related to integration into customer-specific environments. For customised solutions, pricing accounts for the estimated effort required by our Group's research and development team. To ensure competitiveness, our Group conducts market research to benchmark pricing against comparable products and services, reflecting the technological sophistication of its offerings.

During the Track Record Period, pricing policies were applied consistently across customer categories and product types, with variations driven by product specifications, order quantities, and customisation requirements. Pricing is negotiated case-by-case, using historical profit margins as a

benchmark. In order to explore new opportunities and to achieve economies of scale, from time to time we offer new customer discount and volume-based discount to our new customers and customers with sizeable orders, respectively. These customers are generally considered our strategic partners with whom we aim to build long-term relationships. Our Directors are of the view that our competitors adopt similar policies. This is in line with our strategy to ensure our competitiveness and will promote business and profit sustainability by gaining new customers. To mitigate raw material cost fluctuations, our Group monitors market trends and includes price adjustment clauses in certain supply agreements, ensuring stable profit margins while maintaining fairness and consistency in pricing practices.

Marketing

We seek to identify and expand the applications of our core multispectral AI products and services by maintaining and strengthening relationships with our existing and potential customers. To this end, we implement a range of marketing initiatives including, among others, industry exhibitions, digital marketing and content dissemination. We engage with our community through a diverse array of content, with the aim of fostering interactive discussions with our customers. As at 31 December 2025, our sales and marketing team consisted of around 54 members with relevant industry expertise, who are primarily responsible for marketing and research, brand promotion, and marketing campaign execution.

Our customer strategy extends beyond initial acquisition and also focuses on maintaining and strengthening long-term relationships with existing customers. Our sales and marketing team engages in regular online and offline communication to cultivate customer loyalty and encourage satisfied customers to provide referrals, leveraging our established client network to generate new business opportunities. This positive feedback loop facilitates the ongoing expansion of our customer base.

Customer Services

We have a dedicated customer service team responsible for responding promptly to customer inquiries, which underscores our commitment to stringent product quality control and helps build greater customer recognition of and trust in our products. Our customer services include:

- Installation guidance and technical delivery support: we provide deployment manuals, technical training and on-site or remote debugging support to facilitate the smooth delivery and implementation of our hardware and platform systems.

- Warranty services: all of our hardware products are covered by a standard warranty policy, which generally lasts for one year from the date of delivery. We offer parts replacement and repair services in accordance with the relevant contract terms and technical service specifications.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material incidents related to product recalls, exchanges or liability claims that had a significant adverse impact on our business, financial condition or results of operations.

RAW MATERIALS, COMPONENTS AND SUPPLIERS

Raw Materials and Components

During FY2023, FY2024 and FY2025, our direct material costs were RMB72.0 million, RMB382.2 million and RMB477.2 million, respectively, amounted to 69.9%, 90.1% and 91.9% of the cost of sales during the same periods.

The key raw materials and components for our products and services include microprocessors, CMOS image sensors, printed circuit boards (PCBs), power management modules, optical elements, precision mechanical parts, and software services and carriers. These components enable advanced image processing and AI-driven analytics for applications in urban safety and energy.

We procure software services and carriers to support our products and services which require advanced AI analytics and cloud-based processing. Software services and carriers refer to platform software licences that support the operation and integration of our Multispectral AI Modules, Multispectral AI Perception Terminals, and Multispectral AI Large Model Services. Software services include proprietary algorithms, cloud-based computing platforms, and data processing tools essential for enabling AI-driven analytics in our products. The carriers procured by our Group are hardware components, such as servers, that serve as foundational platforms for embedding our AI vision modules and ensuring their functionality across diverse applications, including urban safety and energy.

Our Suppliers

We have established stable relationships with suppliers including but not limited to domestic semiconductor component manufacturers, optical and sensor manufacturers, printed circuit board manufacturers, and outsourced assembly and testing service providers. We became acquainted with our suppliers through a combination of industry referrals, participation in trade exhibitions and conferences focused on optoelectronics, and targeted outreach based on market research into suppliers capable of meeting our technical specifications. This process ensures alignment with our operational needs and supply chain requirements. These relationships ensure product quality, supply chain continuity and delivery efficiency, covering all types of our hardware product lines.

Our supplier selection process includes technical review, price negotiation, delivery capability assessment and ongoing quality control mechanisms. We have established a supplier admission and evaluation mechanism, involving the review of business licences, ISO certifications, and compliance documents. Prior to formal collaboration, all suppliers are required to sign a quality assurance agreement, clarifying the intellectual property ownership, data security and confidentiality clauses. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any significant supply chain disruptions.

During the Track Record Period, our purchases from the top five suppliers in each year accounted for 54.2%, 66.4% and 62.2% of our total purchases during the same years, respectively. We maintained stable business relationships with our top five suppliers in each year. For details related thereto, see "Risk Factors — Risks Relating to Our Industry and Business — Our operations may be affected by concentrating on a few key suppliers. Should there be any loss of key suppliers or disruption in their supply, our business and results of operations could be materially and adversely affected" in this document.

The table below sets forth the details of our five largest suppliers for each year during the Track Record Period:

Supplier	Background[(1)]	Registered capitals[(1)]	Procurement amount	% of total purchases	Principal place of business[(1)]	Credit period	Year of commencement of business relationship	Types of our procurement
			(RMB'000)	*(%)*				
FY2023								
Supplier A . .	A private company established in 2022, primarily engaged in the sales of electronic products, retail of computer hardware and software and auxiliary equipment, and sale of communication devices.	RMB4.0 million	18,799	18.6	Xinyi, PRC	15 working days	2023	Software services and carriers
Supplier B . .	A private company established in 2017, primarily engaged in the development of computers, software and auxiliary equipment, communication devices, and software, and the production of electronic components.	RMB1.0 million	15,582	15.4	Shenzhen, PRC	15 working days	2023	Software services and carriers
Supplier C . .	A private company established in 2016, primarily engaged in the technical development and sales of electronic components, integrated circuits, photoelectric products.	RMB10.0 million	8,120	8.1	Shenzhen, PRC	payment in advance	2021	Lease payment and utility fees for production base
Supplier D . .	A private company established in 2008, primarily engaged in the wholesale of computer hardware and software and auxiliary equipment, and sales of artificial intelligence hardware.	RMB5.0 million	7,954	7.9	Shenzhen, PRC	payment in advance or 60 days	2017	Sensors and processing units, electronic components, structural parts, packaging materials and ancillary materials, software services and carriers
Supplier E . .	A private company established in 2000, which is a comprehensive IT solutions provider and financial intelligent equipment R&D and manufacturing enterprise, specialising in high-tech research and development, application and services in the field of information technology.	RMB26.8 million	4,197	4.2	Shenzhen, PRC	30 days	2023	Structural parts, packaging materials and ancillary materials
Total			54,652	54.2				

Supplier	Background[1]	Registered capitals[1]	Procurement amount	% of total purchases	Principal place of business[1]	Credit period	Year of commencement of business relationship	Types of our procurement
			(RMB'000)	*(%)*				
FY2024								
Supplier F	A company established in 2003, serving as a subsidiary of a company listed on the Hong Kong Stock Exchange, primarily engaged in the technical development of communication electronic products.	RMB100.0 million	152,386	39.9	Shenzhen, PRC	90 working days	2024	Sensors and processing units
Supplier G	A private company established in 2023, primarily engaged in the design, tape-out, packaging, testing and chip-mounting of domestic storage control chips.	RMB5.0 million	37,486	9.8	Shenzhen, PRC	180 working days	2024	Electronic components
Supplier H	A group of companies, primarily engaged in the four major informatisation sectors and industries, namely financial special printing equipment, internet of things, medical informatisation and IT outsourcing services.	RMB92.0 million	28,496	7.5	Shenzhen, PRC	payment in advance or 30 to 60 working days	2024	Software services and carriers
Supplier I	A private company established in 2019, primarily engaged in the software and information technology services.	RMB1.0 million	18,172	4.8	Shenzhen, PRC	15 days	2024	Software services and carriers
Supplier J	A private company established in 2012, primarily engaged in the integrated communication network optimisation, communication equipment and line construction and maintenance.	RMB20.0 million	16,966	4.4	Shenzhen, PRC	15 days	2024	Software services and carriers
Total			253,506	66.4				

Supplier	Background[1]	Registered capitals[1]	Procurement amount	% of total purchases	Principal place of business[1]	Credit period	Year of commencement of business relationship	Types of our procurement
			(RMB'000)	*(%)*				
FY2025								
Supplier K	A private company established in 2014, primarily engaged in the technical development, sales, and import/export of software and electronic products.	RMB10.0 million	100,457	18.5	Shenzhen, PRC	7 to 30 days	2025	Software services and carriers, and GPU servers
Supplier L	A company established in 2018, serving as a subsidiary of a company listed on the Shenzhen Stock Exchange, primarily engaged in data services, software development, and the sales of construction materials and electronic products.	RMB50.0 million	76,779	14.2	Shenzhen, PRC	7 days	2025	Software services and carriers

Supplier	Background[(1)]	Registered capitals[(1)]	Procurement amount	% of total purchases	Principal place of business[(1)]	Credit period	Year of commencement of business relationship	Types of our procurement
			(RMB'000)	*(%)*				
Supplier F . .	A company established in 2003, serving as a subsidiary of a company listed on the Hong Kong Stock Exchange, primarily engaged in the technical development of communication electronic products.	RMB100.0 million	68,094	12.6	Shenzhen, PRC	90 working days	2024	Sensors and processing units
Supplier D. . .	A private company established in 2008, primarily engaged in the wholesale of computer hardware and software and auxiliary equipment, and sales of artificial intelligence hardware.	RMB5.0 million	47,129	8.7	Shenzhen, PRC	payment in advance or 60 days	2017	Sensors and processing units, electronic components, structural parts, packaging materials and ancillary materials, software services and carriers
Supplier M . .	A company established in 2022, primarily engaged in the manufacturing and sales of display devices, electronic components, and smart wearable equipment.	RMB125.5 million	44,211	8.2	Zhejiang, PRC	90 working days	2025	Integrated circuits
Total.			336,670	62.2				

Note:

(1) Based on publicly available information and/or to the best knowledge of our Directors.

The significant change in the composition of our top suppliers during the Track Record Period, was primarily attributable to a shift in the composition of our customer base, particularly a surge in demand from our clients, including Customer F, for our Multispectral AI Modules and Multispectral AI Perception Terminals. This necessitated the procurement of additional components, prompting our Group to engage new suppliers to better align with these evolving requirements. Prior to initiating these new business relationships with the suppliers, our Group conducted comprehensive due diligence on each prospective supplier, including thorough background investigations to assess their operational integrity, financial stability, and compliance with relevant industry standards. Additionally, we evaluated prototype samples to verify their quality, reliability, and compatibility with our production processes. These measures ensured that the subsequent significant purchases from each of the top five suppliers meet our stringent specifications and delivery timelines. Payment terms and shipment arrangements are determined based on the specific requirements of each contract. We generally make payments by way of wire transfer, depending on the agreed credit terms.

During the Track Record Period and as of the Latest Practicable Date, none of our Directors, their respective associates, or any shareholder who, to the knowledge of our Directors, owns more than 5% of the issued shares of our Company had any interests in the top five suppliers of our Company. Our Directors confirm that, there is no past or present relationship between our suppliers and our Company or our subsidiaries, our respective shareholders, directors, senior management or any of their respective associates, other than being a supplier of our Group. As at the Latest Practicable Date, we had not been involved in any material disputes with any suppliers.

Impact of U.S. Export Restrictions and Sanctions

In relation to the export restrictions, tariffs and tax policies imposed by the U.S. government against U.S. technology, software, equipment and origin commodities, and US-based chip manufacturers for the chip sales to China, our Directors confirm that, to their knowledge, there is no material actual or potential impact, including any second-order effects, on our Group's operations, financial performance, sales order volume, sales pricing, consumer demand, order cancellations and renegotiations, or access to products and procurement costs for the following reasons: (i) our supply chain predominantly relies on suppliers based in the PRC, which are not subject to U.S. tax policies, thereby ensuring stable access to critical components and consistent procurement costs; (ii) during the Track Record Period, we provided Multispectral AI Modules to a limited number of customers in the United States for testing, which were not intended for commercial sale; and (iii) the chips required for our Multispectral AI Modules and related products are specialised components tailored for image processing and AI analytics, which are mainly sourced from PRC suppliers that meet our technical and cost requirements, insulating us from disruptions caused by U.S.-based chip manufacturers.

U.S. Export Restrictions

The United States has expanded export control restrictions on China through the EAR, which is administered by the BIS, including the U.S. imposed controls and restrictions on limiting the PRC from accessing U.S. technology in advanced computing, semiconductors and related items used in the manufacturing of semiconductors. We purchase certain U.S.-origin chips that are incorporated into our Multispectral AI Perception Terminals and Other AI Vision Modules. The unit cost of such chips accounts for approximately 1% to 24% of the sales value of our products. As advised by our U.S. Legal Advisers, and based on confirmations from our suppliers, we understand that the aforementioned chips are classified as EAR99, which generally consist of low-level technology, consumer goods and other items that are not subject to licence requirements in most export, re-export, or in-country transfer scenarios. Accordingly, our procurement and use of such EAR99-classified chips are generally not subject to restrictions under the EAR. The training of our Multispectral AI Large Model Services is supported by computing services provided by two universities located within the PRC. The servers operated by such universities are understood to incorporate certain U.S.-origin integrated circuits. However, as advised by our U.S. Legal Advisers, our engagement is limited to the procurement of cloud computing services, which are not generally subject to the EAR. Furthermore, our products (i) are not of U.S. origin; (ii) are not in the U.S. or moving in transit through the U.S; and (iii) are subject to neither the de minimis rule nor any foreign direct product rules under the EAR.

In addition to country-based restrictions, BIS maintains lists of persons that are subject to enhanced export control restrictions, one such list, being the Entity List (set forth in Supplement No.4 to Part 744 of the EAR). The restrictions applicable to Entity List parties include licensing requirements for exports, reexports, or transfers of items on lists of controlled items maintained by the U.S. government, which in most cases prevents these named entities from receiving essentially any item subject to U.S. export controls. Five of our customers have been designated on the U.S. Entity List. Among such five customers, three customers are identified within the Entity List Footnote 4 under 15 C.F.R. §734.9(e)(2) (the Entity List Foreign Direct Product Rule). One of these five customers is Customer I, which was ranked among our top five customers for FY2024. However, the items that we sold to these customers do not involve the transfer, export or reexport of items subject to the EAR.

Therefore, as advised by our U.S. Legal Advisers, (i) we have not engaged in any unauthorised procurement of items subject to the EAR; and (ii) our products are generally not subject to the EAR. Furthermore, our business activities, including the sale of our products and the provision of related services, have not been subject to U.S. export control laws and regulations during the Track Record Period.

U.S. Sanctions

In addition to the United States export control restrictions, the United States have, through executive orders, legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or regions, targeted industry sectors, companies and persons. Most notably, these include U.S. economic sanctions as implemented by the OFAC. During the Track Record Period, our Group has had no business operations in a country sanctioned by the United States and was not included in any U.S. economics sanction list. Furthermore, two of our customers are included on the U.S. Department of the Treasury's Non-SDN Chinese Military-Industrial Complex Companies List ("**NS-CMIC List**"), which imposes restrictions on U.S. persons with respect to transactions involving publicly traded securities of such designated entities. However, as advised by our U.S. Legal Advisers, such restrictions are not applicable to our Group because our transactions with such designated entities do not involve any trading in publicly traded securities and our Company is not a U.S. person. In addition, four of our customers are included on the Chinese military companies ("**CMC**") List maintained by the U.S. Department of War pursuant to Section 1260H of the National Defence Authorisation Act. CMC-listed entities are subject to limitations on contracting with the U.S. Department of War. As advised by our U.S. Legal Advisers, our Group has no nexus with the U.S. Department of War. Accordingly, the restrictions associated with the CMC List are not applicable to our transactions with such customers. Save for as mentioned above, no other customers of our Group were subject to any U.S. trade restriction lists. In view of the foregoing, U.S. sanctions are not reasonably expected to have a material adverse impact on the Group's operations. Moreover, as advised by our U.S. Legal Advisers, our expansion of customers into North America does not give rise to any risks under the U.S. economic sanctions regulations.

Having considered the view of our U.S. Legal Advisers, our Directors are of the view, and the Joint Sponsors concur, that our Group's business activities had complied with U.S. laws and regulations on export control. For further details of the EAR, please see the section headed "Regulatory overview — U.S. Law and Regulations" of this document. As a result of these factors, the U.S. export restrictions and tariffs have had no material actual or potential adverse impact on our operations, financial performance, and procurement processes.

U.S. Outbound Investment Regulations

In relation to the Outbound Investment Rule addressing U.S. investments in certain national security technologies and products in countries of concern, as set out in the section headed "Regulatory overview — U.S. Law and Regulations" of this document, our Group was not engaged in any "covered activities" falling within the definition of "prohibited transaction". However, the application of our AI systems in urban fire monitoring scenarios may potentially fall within the scope of a "covered activity" that falls within the definition of a "notifiable transaction" under the Outbound Investment Rule as the U.S. Department of the Treasury emphasises that a U.S. person's acquisition of equity that is not yet publicly traded for the purposes of facilitating an initial **[REDACTED]** would not fall under the publicly traded securities exception and could be a "covered transaction". Therefore, as advised by our U.S. Legal Advisers, U.S. persons who have acquired our **[REDACTED]** that are not yet publicly **[REDACTED]** for the purposes of facilitating the **[REDACTED]** are obligated to conduct a "reasonable and diligent inquiry" in assessing whether it is subject to any compliance and/or notification obligations in connection with the Outbound Investment Rule. Following the completion of the **[REDACTED]**, it is expected that U.S. persons will be able to **[REDACTED]** in our H Shares traded on a public securities exchange without the notification obligations based on the publicly traded securities exception under the Outbound Investment Rule as long as the **[REDACTED]** made does not afford a U.S. person certain rights that are not standard minority shareholder protections. Furthermore, an investment by a U.S. person in publicly traded securities is excepted by the Outbound Investment Rule (such as subscribing for our H Shares in the **[REDACTED]** and the **[REDACTED]** of our H Shares on the Stock Exchange following the completion of the **[REDACTED]**), regardless of whether it is an **[REDACTED]** in a person of a country of concern, or whether the underlying activities

undertaken are covered activities. Accordingly, U.S. persons are permitted to **[REDACTED]** for our H Shares in the **[REDACTED]** and to **[REDACTED]** our H Shares on the Stock Exchange following the completion of the **[REDACTED]**. As such, our U.S. Legal Advisers and, having considered the advice of our U.S. Legal Advisers, our Directors are of the view that the Outbound Investment Rule will not have material adverse actual or potential impact on our operations, financial performance, the **[REDACTED]**, our **[REDACTED]** plan or our **[REDACTED]** prospects.

Overlapping of Customers and Suppliers

During the Track Record Period, certain entities acted as both customers and suppliers to our Group. These relationships, driven by strategic partnerships with technically capable entities and the need for complementary products like software and network services, streamline our supply chain and foster stable cooperation.

Customer B was one of our five largest customers in FY2023. During the Track Record Period, revenue generated from Customer B in each year amounted to approximately RMB9.5 million, RMB6.5 million and RMB5.6 million, respectively, representing 8.1%, 1.2% and 0.8% of our total revenue for the same years, respectively; procurement amount from Customer B in each year amounted to nil, approximately RMB28,000 and RMB2,000, respectively, representing nil, less than 0.1% and less than 0.1% of our total purchases for the same years, respectively. During the Track Record Period, our sales to Customer B were primarily in relation to the Multispectral AI Modules, Multispectral AI Perception Terminals and Other AI Vision Modules that we provided for it. During the Track Record Period, we primarily purchased software services and carriers from Customer B to support our multispectral AI technology development and production processes. In addition, in each year during the Track Record Period, our gross profit of this supplier-customer amounted to approximately RMB133,000, RMB535,000 and RMB887,000 in FY2023, FY2024 and FY2025, respectively.

Customer C was one of our five largest customers in FY2023. During the Track Record Period, revenue generated from Customer C in each year amounted to approximately RMB4.3 million, RMB2.9 million and RMB6.2 million, respectively, representing 3.7%, 0.6% and 0.9% of our total revenue for the same years, respectively; procurement amount from Customer C in each year amounted to approximately RMB181,000, RMB88,000 and RMB80,000, respectively, representing approximately 0.2%, less than 0.1% and less than 0.1% of our total purchases for the same years, respectively. During the Track Record Period, our sales to Customer C were primarily in relation to the Multispectral AI Modules, Multispectral AI Perception Terminals and Other AI Vision Modules that we provided for it. During the Track Record Period, we primarily purchased software services and carriers from Customer C to support our multispectral AI technology development and production processes. In addition, in each year during the Track Record Period, our gross profit of this supplier-customer amounted to approximately RMB390,000, RMB460,000 and RMB1,108,000 in FY2023, FY2024 and FY2025, respectively.

Customer G was one of our five largest customers in the FY2024. During the Track Record Period, revenue generated from Customer G in each year amounted to approximately RMB14,000, RMB42.0 million and RMB32.0 million, respectively, representing less than approximately 0.1%, 8.0% and 4.8% of our total revenue for the same years, respectively; purchases from Customer G in each year amounted to approximately RMB13,000, nil and nil, respectively, representing less than 0.1%, nil and nil of our total purchases for the same years, respectively. During the Track Record Period, our sales to Customer G were primarily in relation to the Multispectral AI Modules, Multispectral AI Perception Terminals and Multispectral AI Large Model Services that we provided for it. During the Track Record Period, we primarily purchased software services and carriers from Customer G to support our multispectral AI technology development and production processes. In addition, in each

year during the Track Record Period, our gross profit of this supplier-customer amounted to approximately RMB3.8 million in FY2024, and RMB29.6 million in FY2025, respectively, while gross loss amounted to RMB0.1 million in FY2023.

Supplier D was one of our five largest suppliers in FY2023, and was also our customer in FY2023. During the Track Record Period, procurement amount from Supplier D in each year amounted to approximately RMB8.0 million, RMB13.0 million and RMB47.1 million, respectively, representing 7.9%, 3.4% and 8.7% of our total purchases for the same years, respectively; revenue generated from Supplier D in each year amounted to approximately RMB33,000, nil and nil, respectively, representing less than 0.1%, nil and nil of our total revenue for the same years, respectively. During the Track Record Period, our sales to Supplier D were primarily in relation to the Multispectral AI Modules that we provided for it. During the Track Record Period, we primarily purchased sensors, processing units, electronic components, software services, carriers, structural parts, packaging materials, and ancillary materials from Supplier D for integration into our AI vision modules. In addition, our gross loss of this supplier-customer amounted to RMB21,000 in FY2023.

Our Directors confirm that the terms of sales to and purchases from the above overlapping customer-suppliers were negotiated independently and on normal commercial terms, and that the respective transactions were conducted separately and were consistent with those entered into with other independent third parties. We purchased products from Customers B, C and G primarily due to their technical capabilities and product compatibility that complement our own offerings. Frost & Sullivan advised that it is not uncommon in the industry for market participants to collaborate in various roles across the supply chain, such that a party may act as both a supplier and a customer in different transactions, as they allow companies to streamline supply chains, foster stronger business relationships, and promote mutual long-term cooperation.

INVENTORY CONTROL

Our inventories mainly include raw materials, work in progress, finished goods, outsourced processing materials, and goods in transit. We procure the majority of our raw materials from local suppliers in China. As at 31 December 2023, 2024 and 2025, our inventories amounted to RMB56.0 million, RMB31.6 million and RMB80.2 million, respectively.

We manage our inventory tracking and production scheduling by utilising the enterprise resource planning system for managing procurement, inventory control, and internal resource allocation. We adopt a just-in-time procurement inventory system, whereby materials are purchased and delivered just before they are needed in the production process, which minimises our inventory costs. We also periodically review the level of inventories for slow-moving inventories and minimise risks of obsolescence or declines in market value. Impairment is made against when the net realisable value of inventories falls below the costs.

QUALITY CONTROL

We are devoted to maintaining high product quality and implementing enhanced quality management procedures throughout our production process. Our production quality team is responsible for implementing testing strategies, conducting sampling inspections, identifying and managing defects, and ensuring compliance with applicable laws and regulations. We perform quality control throughout our production process. In particular, our finished products are tested and are inspected to ensure that they have met our product specifications and quality standards. We have been accredited with ISO 9001: 2015 which is a globally recognised standard for quality management that specifies requirements for our Group to improve performance and meet our customer expectations and demonstrate our continuing commitment to quality.

PROPERTIES

As at the Latest Practicable Date, we did not hold any land use rights nor own any properties in the PRC and leased 22 properties in the PRC, including but not limited to Shenzhen and Zhejiang with a total gross floor area of 18,897.99 sq.m. which were used as our office premises, warehouses and staff dormitories for R&D, production and accommodation purposes. These leased properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. We do not own single property interest that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01B(2) of the Listing Rules.

As at the Latest Practicable Date, we have not filed 13 of these leases for registration at the relevant PRC governmental authorities. As advised by our PRC Legal Advisers, while there is a risk that the relevant PRC governmental authorities may make an order for rectification and impose a fine for failure to complete the registration procedure, the same shall not affect validity of the leases. As advised by our PRC Legal Advisers, if we fail to register such leases as required by the relevant PRC governmental authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered leases. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant PRC governmental authorities.

As advised by our PRC Legal Advisers, there is no material legal risk associated with the continued use of such leased properties, the defects of such leased properties would not materially and adversely affect our business or the validity of the relevant lease agreement.

COMPLIANCE AND CERTIFICATIONS

Our production bases in Shenzhen and Zhejiang have formulated product inspection protocols in accordance with national (GB) and international certification standards (e.g., CE, RoHS, IP66), applicable to our Multispectral AI Perception Terminals and safety sensing equipment.

Our AI algorithms and large model platforms also undergo regular model validation and retraining to ensure their performance stability, fairness control, and continuous compliance with the cybersecurity and data protection laws and regulations of China. Relevant models have undergone security assessments in accordance with relevant national regulations, completed the filing procedures through the Internet Information Service Algorithm Filing System, and we commit to actively completing the required filing work for generative artificial intelligence services (large models) in accordance with regulatory requirements.

We have also established a comprehensive product recall management mechanism and formulated internal institutional norms for product recalls. During the Track Record Period and up to the Latest Practicable Date, we have not received any significant product-related complaints nor faced regulatory penalties due to product quality issues. During the Track Record Period, our product return rate remained below industry averages, with product returns amounting to approximately RMB855,900, RMB422,500 and RMB4.5 million, representing 0.73%, 0.08% and 0.67% of total sales, respectively; with no recalls or widespread after-sales service disruptions.

AWARDS AND RECOGNITIONS

As at the Latest Practicable Date, we had been granted various awards and recognitions including the following:

Year	Award/Recognition	Issuing entity
2023	Top 100 IoT Companies (物聯企業100強)	China IoT Application Industry Alliance (中國物聯網應用產業聯盟)

Year	Award/Recognition	Issuing entity
2023	Top 50 Investment-worthy Specialised and Sophisticated "Little Giant" Enterprises (專精特新小巨人企業「投資價值榜TOP 50」)	China Electronic Industry Science and Technology Exchange Centre (中國電子工業科學技術交流中心)
2024	Specialised, Sophisticated and Innovative Small and Medium Enterprises (專精特新中小企業)	Shenzhen Municipal Service Bureau of Small and Medium Enterprises* (深圳市中小企業服務局)
2024	Typical Innovation Case for Enterprises in Guangdong Province in 2024 (2024年度廣東省企業典型創新案例)	Guangdong Association for Science and Technology (廣東省科學技術協會)
2024	Pioneer Enterprise on China's Emergency Industry Leaderboard for 2024 (2024年度中國應急產業先鋒榜先鋒企業)	Organising Committee of Shenzhen Emergency Industry Expo (深圳應急產業博覽會組委會)
2025	Zhiyuan Origin Large Model Selected for Guangdong Province's First Batch of AI Industry Models (智元起源大模型入選廣東省人工智能行業大模型名單(第一批))	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
2025	List of Typical Application Scenarios and Cases of Robot + (First Batch) in Guangdong Province (廣東省「機器人+」典型應用場景案例名單(第一批))	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
2025	National-level Specialised and Sophisticated Key "Little Giant" Enterprise (國家級專精特新重點「小巨人」企業)	Ministry of Industry and Information Technology (工業和信息化部)
2025	National-level Specialised and Sophisticated "Little Giant" Enterprise (國家級專精特新「小巨人」企業)	Ministry of Industry and Information Technology (工業和信息化部)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our operations are subject to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and other PRC environmental requirements (for further details and other material environmental laws, please see the section headed "Regulatory overview — Laws and regulations in relation to environmental protection and fire control" of this document).

As confirmed by our Directors and our PRC Legal Advisers after conducting relevant public searches and/or having obtained relevant compliance certificate issued by the competent PRC government authority, during the Track Record Period and up to the Latest Practicable Date, we had not received any material administrative penalties from any environmental protection departments of the PRC due to any failure to comply with any environmental laws and regulations.

Our Group's governance regarding ESG-related matters

We have adopted as our long-term strategic goal to promote environmental sustainability, support and participate in socially responsible projects, and adhere to a high standard of corporate governance. To effectively manage ESG issues, we have established a ESG committee, comprising of our Board and our management team.

Our Directors are the major personnel in charge of ESG-related matters, taking the overall responsibility for our ESG strategy. The members of ESG committee possess expertise and knowledge in the management of ESG matters related to safety, environmental protection, occupational health and other areas. They are directly involved in setting up our overall ESG governance management policies, strategies, priorities and targets, reviewing our ESG policies on an annual basis to ensure its effectiveness, and fostering a culture of acting in accordance with our core ESG values. The ESG Committee will also prepare ESG report of our Group on an annual basis for the approval of the Board. This will allow our Board to analyse and disclose material ESG issues, risk management and performance of our group. Our Group will comply with ESG reporting requirements upon Listing pursuant to Rule 13.91 of the Listing Rules, and disclose qualitative and quantitative information and data pursuant to ESG Reporting Code of Appendix C2 to the Listing Rules.

Our Group has adopted a board diversity policy that aims to achieve a balanced composition of directors in terms of gender, age, cultural background, educational qualifications, and professional experience. The policy sets out specific targets for gender diversity, requiring at least one female director on the Board. The Board will regularly review its composition to ensure diversity and alignment with our Company's strategic objectives.

Identification, assessment and management of environmental, social and climate-related risks

To better identify, assess and manage our ESG risks, we have established a systematic analysis pathway to form a materiality matrix, comprising four sequential steps: (1) identification: Based on the consideration of our business nature, assessments conducted by our ESG Taskforce, as well as materiality maps provided by well-known external institutions including the ESG Industry Materiality Map by MSCI and SASB Standards by Sustainability Accounting Standards Board, we have identified the material ESG issues highly related to our business, and monitored on related performances. In addition, our Group will conduct an enterprise risk assessment at least once a year, upon **[REDACTED]** and where appropriate, to cover the current and potential risks that arose in our business including, but not limited to, the risks arising from the ESG aspects and strategic risk around disruptive forces such as climate change. When overseeing strategic decisions and material transactions, the Board evaluates potential ESG risks and opportunities, such as environmental impact assessments for new projects and social considerations in supply chain management. The ESG Taskforce provides recommendations to the Board on integrating ESG factors into decision-making processes; (2) research: we collected responses from internal and external stakeholders through interviews and questionnaires; (3) ranking: we analysed the research results and then ranked the issues by their materiality to both us and external stakeholders; (4) confirmation: taking into account guidance from our management and external experts, we formulated our ESG materiality matrix that demonstrates the importance of each issue to our stakeholders as well as to the business. Through stakeholder surveys and industry analysis, we determine our Group's material issues and focus on them during our business development process. The most important ESG topics we have identified include adaptation to climate change, ecological protection, labour management, occupational health and safety, business ethics and anti-corruption.

Our Board will also assess or engage qualified independent third parties to evaluate the risks and review our Group's existing strategy and internal control, and necessary improvement will be implemented to manage and mitigate such risks.

Impact of environmental, social and climate-related issues and opportunities

We acknowledge that climate-related issues pose a certain level of threat to us. Climate-related risks identified by us can be classified into two major categories: physical risk and transition risk.

Potential physical risks can arise from extreme weather events such as flooding and typhoons and extreme heat. If such disasters were to occur in the regions where we operate, our assets as well as delivery of products and solutions could be adversely affected and disrupted. Furthermore, extreme weather conditions may also cause power shortage and our suppliers may fail to deliver components as required in terms of time, cost, quality and quantity, which may in turn adversely impact our ability to produce and deliver products and solutions to our customers and end-users. Striving to reduce the unforeseen impacts of emergency situations on our operations, we have business continuity measures stipulated in our ESG policy, which outlines the mitigation measures of enabling our key operation to be resumed under such extreme weather events. For the extreme heat circumstances, we have stipulated our occupational health and safety guidelines, work arrangement plan and respective protection measures for our operational employees in our ESG policy. Regular training is also provided to operational employees to ensure their occupational safety.

Potential transition risks may also result from the change in our customers' preference in terms of increasing demand of environmental and social risk assessment on their suppliers and more stringent requirements on environmentally friendly products and solutions. If we fail to attain new customers and/or retain existing customers, our business, financial conditions and results of operation may be materially and adversely affected. Our Group continues to monitor the regulatory environment to ensure that our products and solutions meet the demands and expectations of our customers and regulators.

Regulators may impose more stringent environmental requirements and standards on us. During FY2023 and FY2024 and FY2025, we incurred compliance costs in connection with applicable environmental rules and regulations of RMB22,000, RMB10,000 and RMB21,000, respectively, representing environmental certification expenses.

ENVIRONMENTAL MATTERS

We have established ESG policy and put in place various measures to govern, manage and mitigate environmental, social and climate-related issues, which includes greenhouse gas ("**GHG**") emissions and resource consumption. The ESG policy has been established with reference to the standards of Appendix C2 to the Listing Rules.

To achieve efficient resource utilisation and GHG emission management targets, our ESG policy includes the following measures: (i) monitoring and evaluating environmental performance indicators such as fuel, electricity, and water consumption; (ii) encouraging employees to minimise unnecessary lighting usage and power down idle machinery and equipment to conserve energy and reduce costs; and (iii) implementing a machinery and equipment management programme involving regular inspections, repairs, and maintenance to ensure optimal operational condition and reliability.

GHG Emission

Our GHG emissions consist of (i) direct GHG emissions (scope 1), including the GHG emissions mainly from fuel consumption of our Group's vehicles; and (ii) energy indirect GHG emissions (scope 2), including the GHG emissions mainly from the usage of purchased electricity. The GHG emissions data is presented in terms of tonnes carbon dioxide equivalent ("**tCO_2e**"). The following table sets out a breakdown of our GHG emissions by scope and intensity for the years ended 31 December 2023, 2024 and 2025:

	FY2023	FY2024	FY2025
Direct GHG emissions (Scope 1) *(tCO_2e)*	5.11	8.80	7.36
Energy indirect GHG emissions (Scope 2) *(tCO_2e)*	451.38	436.22	492.87
Total GHG emissions *(tCO_2e)*	456.49	445.02	500.23
Total GHG emissions intensity *(tCO_2e/million RMB revenue)*	3.90	0.85	0.75

For scope 2 emissions, the emissions in 2024 were relatively stable compared to that of 2023, while the increase in 2025 as compared to that in 2024 is due to the rise in our purchased electricity consumption resulting from the extra leasing area at our Shenzhen office for the increase in staff number attributable to continuing growth of our operating scale. Considering our Group's business development and the latest available full-year data, we have set an emission target of limiting the increase in our total GHG emissions intensity to be not more than 20% in the next three years, using the intensity level in the year ended 31 December 2025 as the baseline. We expect to reduce electricity consumption by more efficient use of electricity in our business operations. In the long term, we are committed to reducing our carbon intensity in order to achieve full carbon neutrality by 2030 and net-zero emissions by 2050.

With respect to Scope 3 greenhouse gas emissions, as the nature of our business mainly comes from employee business travel, we are in the process of establishing more detailed metrics and targets after consulting with relevant professional ESG consultants and taking reference to the results of our carbon mapping and relevant data of industry peers.

Resource Consumption

Our resource consumption principally comprises energy consumption and water consumption so as to support our business operations.

Energy Consumption

The major types of energy consumed were direct energy consumption and indirect energy consumption. Direct energy consumption represents fuel consumption of our Group's vehicles and indirect energy consumption represents purchased electricity. The following table sets out a breakdown of our energy consumption by type and intensity for the years ended 31 December 2023, 2024 and 2025:

	FY2023	FY2024	FY2025
Direct energy consumption *(MWh)*	20.96	36.14	30.23
Indirect energy consumption *(MWh)*	1,023.85	989.95	1,067.08
Total energy consumption *(MWh)*	1,044.81	1,026.09	1,097.31
Total energy consumption intensity *(MWh/million RMB revenue)*	8.93	1.96	1.64

For indirect energy consumption, it was maintained at a relatively stable level for the years ended 31 December 2023, 2024 and 2025. Considering our Group's business development and the latest available full-year data, we have set an emission target of limiting the increase in our total energy consumption intensity to be not more than 10% in the next three years, using the intensity level in the year ended 31 December 2025 as the baseline. We will design a highly efficient and flexible lighting control system in our office. We will instal intelligent sensor LED lights in non-working areas, which have an automatic shut-off control function to reduce the energy consumption of lighting and air conditioning.

Water Consumption

Due to the nature of our business, all of our wastewater discharges in the course of our operations are domestic sewage. The following table sets out a breakdown of our water consumption by type and intensity for the years ended 31 December 2023, 2024 and 2025:

	FY2023	FY2024	FY2025
Water Consumption *(Cubic metres)*	3,959.54	4,119.85	4,265.70
Total water consumption intensity *(Cubic metres/million RMB revenue)*	33.82	7.88	6.38

For water consumption, it was maintained at a relatively stable level for the years ended 31 December 2023, 2024 and 2025. We will encourage employees to not leave the tap running for long periods and to remind them to turn off the faucet to reduce wastewater. The Company will implement water-saving measures, such as replacing an old, inefficient faucet in office, with the aim of limiting the increase in our total water consumption intensity to be not more than 20% in the next three years, using the intensity level in the year ended 31 December 2025 as the baseline.

SOCIAL MATTERS

We plan to actively engage in philanthropic initiatives, such as public welfare donations and volunteer services, to contribute to the community and social well-being. While we have not previously participated in social charity donations, we are now committed to integrating charitable practices into our ESG strategy, striving to create sustainable social value alongside our environmental efforts.

Recruitment policy and training

We normally recruit employees through online recruitment platforms and posting recruitment notices. We use our best endeavours to attract and retain appropriate and suitable workers to serve our Group. Our policy also aims to provide equal opportunities for employees regardless of gender, age, race or any other social or personal characteristics. We prohibit all forms of discrimination based on gender, age, disability and race. After recruitment, we provide or arrange various types of training to our employees, including environmental protection, quality and occupational safety and health training, emergency response and rescue training, specialised skills training and management skills training. We will provide them with our training manual which we update from time to time.

As at 31 December 2025, we had 362 employees, all of whom are based in the PRC. The following table sets out a breakdown of the number of our employees by gender and age group:

Gender	As at 31 December 2025
Male	216
Female	146
Total	**362**

Age Group	As at 31 December 2025
40 years old or below	315
41 to 60 years old	46
61 years old or above	1
Total	**362**

Labour union and employee relationship

Our employees have set up internal labour unions to maintain routine communication with our Company. Our Directors believe that we had maintained good relationships with our employees and during the Track Record Period and up to the Latest Practicable Date, there had been no complaint or claims from employees or labour dispute which materially and adversely affected, or was likely to have a material adverse effect on our operations.

Remuneration policy

Remuneration for our employees includes basic wages, discretionary bonuses and other staff benefits. We participate in social insurance schemes and provide housing provident funds for our employees in accordance with applicable regulations. Save as disclosed in the paragraph headed "Compliance" in this section, we have made payments to social insurance and housing provident funds for our qualified employees.

Occupational health and safety

We have adopted a set of Occupational Health and Safety Policies ("《職業健康安全內部政策》") as managed by our management department which continuously seek to improve our system to reduce the risk of such accidents. To the best of our Directors' knowledge and belief, during the Track Record Period and up to the Latest Practicable Date, our Group experienced no work-related injuries in relation to accidents and no case of fatality.

Supply Chain Management

We have strengthened our safety measures and provided safety training to our employees particularly relating to operational safety to demonstrate our commitment on protecting our employees' health and safety. We also require the appointment of safety officer and on-site safety responsible officer for every factory to monitor safety levels and to check and keep records before and after work.

In order to ensure the production and safety of factory workers, our Group implements environmental, health, safety, and industrial risk identification, assessment, analysis and control management of operating conditions, etc. To prevent and control accidents and occupational diseases from occurring, Occupational Health and Safety Policies ("《職業健康安全內部政策》") was established

to be responsible for protecting legal rights of workers, providing guidance on occupational safety awareness and capabilities, as well as providing training on labour protection items for employees. During the Track Record Period and up to the Latest Practicable Date, there was no material claims or legal proceedings against us with respect to accident.

Our suppliers are evaluated on their ESG practices through a comprehensive rating system, which includes criteria such as environmental compliance, labour standards, and ethical business conduct. Suppliers failing to meet minimum standards are required to implement improvement plans. We have implemented the Supply Chain ESG Policy ("《供應鏈ESG政策和制度》") to integrate environmental, social, and governance criteria into supplier management.

Anti-Corruption

We have provided anti-corruption training to all employees, covering bribery prevention and ethical business behaviour. We will continue to provide relevant training to all employees as and when required. Furthermore, we have established a confidential whistleblowing hotline for the purpose of reporting suspected violations and investigating and addressing all complaints.

LICENCES, APPROVALS AND PERMITS

We have business operations in the PRC. We have obtained all material requisite licences, approvals and permits for our business operations during the Track Record Period and as at the Latest Practicable Date. We have obtained the following certifications which are material to our business operations:

Certification	Issuing authority	Holding entity	Validity period
Quality Management System Certificate . .	China Quality Certification Centre (中國質量認證中心)	Our Company	3 August 2025 to 11 June 2026 *(Note)*
Environmental Management System Certificate	China Quality Certification Centre (中國質量認證中心)	Our Company	11 July 2025 to 18 June 2026 *(Note)*
Information Security Management System Certificate	China Quality Certification Centre (中國質量認證中心)	Our Company	7 January 2025 to 21 December 2027
"Zhiyuan Origin Large Model" Registration .	Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)	Our Company	From 20 April 2026

Note:

As of the Latest Practicable Date, two of our certificates held by our Company are currently under renewal. As advised by our PRC Legal Advisers, there are no legal impediments to the renewal of these certificates.

Data Compliance

We attach paramount importance to the protection of user data and are committed to compliance with relevant data protection regulations, including the Data Security Law, the Personal Information Protection Law, and the Cybersecurity Law of the People's Republic of China. Our business primarily provides enterprise users with smart perception solutions, multispectral AI intelligent perception terminals, and cloud services. Our products and services are typically delivered through hardware deployment, software implementation, and software-as-a-service models. Except for collecting

necessary account and device data from app users to enable software functionality, and retaining essential permissions (such as for operational maintenance) to provide enterprise users with software platform services, we do not collect or utilise additional enterprise user data.

The training data for our Company's AI large model is derived from two legitimate primary sources: internally generated synthetic data and real-world simulated security incident data provided by academic institution. The external data is obtained under scientific research collaboration agreements. Accordingly, our data sourcing practices are established on a lawful basis and are not in violation of applicable regulations or third-party rights to our knowledge. Our Group's AI large model has undergone a security assessment in compliance with current laws and regulations, including the Internet Information Service Algorithm Recommendation Management Provisions and the Interim Measures for Generative Artificial Intelligence Services. According to our legal advisers as to PRC data compliance law, our "Zhiyuan Origin Large Model" has been registered with the CAC.

Upon delivery of the Multispectral AI Modules and Multispectral AI Perception Terminals, our Group explicitly states in the product manual that all visual and sensor data are stored solely locally on the device using hardware-encrypted and permission isolation, ensuring that no third party — including our Group — can remotely access any data without physical access and user authorisation, and that all device access permissions are configured and managed entirely by the user without our Group's involvement. In addition, when providing AI multispectral fire warning solutions, SaaS, application services, integrated hardware and software terminals, algorithm modules, or related technical support, our Group explicitly characterises its AI products as "auxiliary security management tools" and provides clear risk warnings to users regarding the accuracy and reliability of model outputs, advising that decisions should be made based on comprehensive field verification and professional judgement. Therefore, our legal adviser as to PRC data compliance is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations in relation to data privacy, cybersecurity and data security protection and algorithm compliance in all material respects. Our operations and financial condition are not adversely impacted by these laws and regulations.

Our current data compliance framework encompasses the following measures:

- Established internal management systems and organisational structures for cybersecurity, data security, personal information protection, and scientific data management in compliance with legal requirements;

- Implemented user authorisation mechanisms for data collection, protocol-controlled safeguards for external data interactions, and permission-based data processing workflows;

- Deployed technical measures including regular security inspections, protection against computer viruses and cyberattacks, safeguards against cybersecurity vulnerabilities, malicious programmes, security flaws, access controls, and real-time monitoring/recording of network operations and security incidents;

- Adopted data backup and encryption protocols, alongside a classified data protection system based on data categorisation;

- Obtained ISO 27001 Information Security Management System certification and established an information security risk management framework aligned with international and domestic standards;

- Conducted regular internal audits and commissioned third-party assessments when deemed necessary;

- Allocated appropriate resources to provide training and awareness programmes for all employees on cybersecurity, data security, and personal information protection;

- Instituted mechanisms for periodic personal information protection compliance audits and personal information impact assessments;

- Developed incident response plans, emergency management protocols, and reporting procedures for cybersecurity incidents, data breaches, and personal information security events, with defined roles and responsibilities, supplemented by regular drills.

For potential overseas expansion plans, we have established cross-border data compliance management systems to ensure data transfers align with privacy protection and regulatory requirements in both China and destination countries/regions.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data security incidents (such as significant data breaches or losses) nor have we been subject to litigation, arbitration, or material regulatory penalties in relation to data security. During the Track Record Period and up to the Latest Practicable Date, we have taken all reasonable measures to maintain compliance with all applicable data security and privacy laws and regulations. Please see the section headed "Regulatory Overview — PRC Laws and Regulations — Laws and Regulations in Relation to Data, Network and Information Security" in this document. As advised by our legal advisers as to PRC data compliance law, there are no material violations to the relevant data laws and regulations that would prevent the business from operating and being rectified. Our Group will continue to carry out compliance work to meet the evolving laws, regulations, and regulatory requirements in this field within PRC.

COMPETITION

We operate in a highly competitive multispectral AI industry in the PRC, characterised by rapid technological advancements and growing demand for innovative sensing, imaging, and AI-driven solutions. We compete with both foreign and domestic companies engaged in the development and provision of multispectral AI technologies, modules, and large model services. Our competition primarily revolves around technological innovation, product performance, market share, cost-efficiency, and the ability to address sector-specific requirements. According to the Frost & Sullivan Report, in 2025, the top five players in the overall multispectral AI enterprises segment in the PRC accounted for an aggregate market share of approximately 8.0% by revenue, with our Company ranking first and holding approximately 3.3%. This positions us as a market leader. We remain committed to leveraging our technological expertise, leadership in key segments, customer-oriented solutions, and operational efficiencies to sustain and strengthen our competitive position in the market.

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. 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 and up to the Latest Practicable Date, we have maintained social insurance for our employees in the PRC to provide protection against employees' risks of work-related injuries and occupational diseases. In line with general market practice, we do not maintain certain policies that are not generally required by laws. See "Risk Factors — Risks Relating to Our Industry and Business — Our insurance coverage may not be

sufficient to cover all losses, which may increase our costs of operation." During the Track Record Period and up to the Latest Practicable Date, we had not made and had not been subject to any material claim of insurance.

EMPLOYEES

As at 31 December 2025, we had 362 full-time employees based in the PRC. The following table sets out our full-time employees by function as at 31 December 2025.

Function	Number	Percentage of total number (%)
R&D	156	43.1
Production	122	33.7
Sales and marketing	54	14.9
Finance and administration	30	8.3
Total	**362**	**100.0**

During the Track Record Period and as at the Latest Practicable Date, we did not make full social insurance contributions and housing provident fund contributions for employees. We estimated that the shortfall of our social insurance contributions for FY2023, FY2024 and FY2025 amounted to approximately RMB3.5 million, RMB2.7 million and RMB3.2 million respectively, whereas the shortfall of our housing provident funds for FY2023, FY2024 and FY2025 were approximately RMB1.1 million, RMB1.3 million and RMB1.8 million, respectively.

As advised by our PRC Legal Advisers, pursuant to Law on Social Insurance of the PRC (《中華人民共和國社會保險法》) employers who fail to pay social insurance contributions in full and on time may be ordered to pay the outstanding amounts within a prescribed time limit by the relevant social insurance authorities, with an additional late fee being 0.05% of the outstanding amounts calculated on a daily basis from the date on which such amounts are payable. Employers who fail to settle the overdue payment(s) within the stipulated period will be subject to a fine from one to three times the total amount of overdue payment(s). Our PRC Legal Advisers further advised that, pursuant to Regulations on Administration of House Provident Fund (《住房公積金管理條例》), employers who fail to make payment in full and on time shall be ordered by the Housing Provident Fund Management Centre to settle overdue payment(s) within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement of the outstanding payment amounts.

Our PRC Legal Advisers confirmed that, during the Track Record Period and up to the Latest Practicable Date (i) neither our Company nor our subsidiaries were subject to any enforcement actions or pending actions by the relevant social insurance authorities or housing provident fund authorities, and (ii) , no record of administrative penalties or rectification order was found against us upon public inquiry. Given that (a) credit reports of our Company and our subsidiaries issued by the relevant local authorities are obtained and we were not subject to any administrative penalties due to any other breaches of PRC laws and regulations relating to labour and social security or housing provident fund during the Track Record Period and up to the Latest Practicable Date; (b) no administrative penalties had been imposed on us in connection with the shortfalls for the social insurance and housing provident funds; (c) we will pay any shortfall within a prescribed time period if demanded so by relevant competent authorities, our PRC Legal Advisers are of the view that, given no material changes to the current policies and no employee's complaints had been filed against us, the risk of us being ordered to pay and imposed administrative penalties by the relevant competent authorities for not paying social insurance and housing provident fund contributions for our employees in full is remote.

Our Directors believe such non-compliance would not have a material adverse effect on our business and results of operations, considering that: (i) to the best knowledge of our Directors, we had not been subject to any administrative penalties due to failure to fully contributing to social insurance during the Track Record Period and up to the Latest Practicable Date; (ii) we were neither aware of any material employee complaints filed against us nor involved in any material labour disputes with our employees with respect to social insurance during the Track Record Period and up to the Latest Practicable Date; and (iii) as stated above, our PRC Legal Advisers are of the view that the risk that we will be subject to material administrative penalties for failure to make full social insurance contributions is relatively low. As a result, we did not make any provisions in connection with these non-compliances during the Track Record Period and up to the Latest Practicable Date, and our Reporting Accountants concur with the above.

Mr. Zhou has irrevocably undertaken to make up for any outstanding contributions as well as fines or penalties incurred in connection with the shortfalls in social insurance and housing provident fund contributions, in accordance with the amount approved by the competent authorities, and to compensate our Group in full for any economic losses caused by such matters.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks in our operations. Please refer to the section headed "Risk Factors" in this document for a discussion of various operational risks and uncertainties we face. It is the responsibility of our Board to ensure that our Group maintains sound and effective internal controls to safeguard the Shareholders' investments and our Group's assets at all times. We have adopted a series of internal control policies and procedures designed to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

Financial reporting risk management

We have in place accounting policies in connection with our financial reporting risk management. We have also implemented our financial reporting management system to safeguard the implementation of our accounting policies. In addition, we provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our operations.

Regulatory compliance and legal risk management

We have established and implemented strict internal procedures to ensure our compliance with relevant laws and regulations, in particular, on anti-fraud, anti-corruption, anti-money laundering and conflict of interest. We require our employees, especially those involved in procurement, sales and marketing to abide by our compliance requirements, and make necessary representations and warranties to our Company. We have provided and will provide regular anti-corruption and anti-bribery compliance training for our Directors, senior management and employees in order to enhance their knowledge and compliance of applicable laws and regulations. We also communicate our anti-bribery and anti-corruption principles to our customers and suppliers.

Going forward, we will continually improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. After **[REDACTED]**, our compliance adviser will advise us on compliance matters in relation to the Listing Rules. All Directors and employees will be required to attend training to refresh their understanding of relevant regulatory requirements and our policies at least annually. We will also retain legal advisers to advise us on compliance with applicable laws and regulations.

Internal control risk management

In preparation for **[REDACTED]**, our Group engaged an independent internal control adviser ("**IC Consultant**") to conduct a review of our internal control system and assist our Board and management of our Group in reviewing the internal control systems associated with the major business processes of our Group.

Our IC Consultant reviewed our internal control policies and procedures including but not limited to entity-level controls, compliance management cycle, financial reporting cycle, sales and receipts cycle, cash management cycle, purchases and payments cycle, inventory management cycle, information system general control cycle, human resources and payroll management cycle, capital expenditure, intangible assets and intellectual property management cycle and tax management cycle. Our IC Consultant performed the work and put forward recommendations based on the review of our internal control policies.

Having considered the findings and recommendations of the IC Consultant, we have taken actions to improve our risk management and internal control system. The IC Consultant has performed follow-up reviews on the status of our actions to address the findings in the abovementioned evaluation, and reported that the deficiencies identified have been remedied. Based on the above, our Directors are of the view that our Group has taken reasonable steps to establish internal control systems and procedures to manage the risks to which we are exposed and enhance the control environment at both the daily operation and management levels. Accordingly, our Directors are of the view that the internal control systems currently implemented by our Group are adequate and effective as far as our operation is concerned. We will carry out periodic reviews at both the management and the Board levels to ensure effective implementation of our risk management and internal control policies, procedures and measures and timely rectification of the issues identified.

COMPLIANCE

We are subject to a wide range of PRC laws and regulations in the ordinary course of our business and operations. For details, see "Regulatory Overview". We have been advised by our PRC Legal Adviser that during the Track Record Period and up to the Latest Practicable Date, save as disclosed under "Properties", and "Employees" in this section, and "Risk Factors — Risks Relating to Conducting Business in the PRC — We are subject to various laws, regulations and regulatory standards and any inability to comply with such requirements and standards may subject us to liabilities." in this document, we had complied with the relevant laws and regulations in all material respects that are material to our business and operations in China, and there were no material breaches or violations of the laws or regulations applicable to us that would have a material adverse effect on our business, financial condition or results of operations.

LEGAL PROCEEDINGS

During the Track Record Period and as at the Latest Practicable Date, there was no material litigation, arbitration or administrative proceedings pending or threatened against our Company or any of our Directors which could have a material and adverse effect on our financial condition or results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OVERVIEW

As at the date of this document, Mr. Zhou controls 48.87% of the voting power at the general meetings of our Company, comprising (1) 5.96% beneficially owned by him directly; (2) 38.34% beneficially owned by Zhongcheng Tianying LP, which is controlled by Mr. Zhou as its general partner; and (3) 2.79% beneficially owned by Zhongzheng Tianying LP, which is controlled by Mr. Zhou as its general partner; and (4) 1.79% beneficially owned by Zhongzhi Tianying LP, which is controlled by Mr. Zhou as its general partner.

Immediately following completion of the Share Subsdivision and the **[REDACTED]**, our Controlling Shareholders will be, in aggregate, entitled to control the exercise of approximately **[REDACTED]**% of the voting rights and thus remain as our Controlling Shareholders.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

As at the Latest Practicable Date, none of our Controlling Shareholders, their respective close associates, and our Directors had any interest in a business that competes or was likely to compete, either directly or indirectly, with our business, which would be subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on our business independently from our group of Controlling Shareholders and their respective close associates after **[REDACTED]**.

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. We consider that our Board and senior management will function independently from our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) 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 Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in forming quorum subject to the provision of the Articles of Association;

(c) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under the Articles of Association and/or the Listing Rules; and

(d) our Group has established our own finance, human resources, supply chain centre and marketing centre departments which are responsible for daily operations of our Group.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently from members of our Controlling Shareholders Group and their respective close associates after the **[REDACTED]**.

Operational independence

We have established our own organisational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on our Controlling Shareholders. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licences and owns all relevant intellectual property and R&D facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and suppliers.

Based on the above, our Directors believe that we are capable of carrying on our business independently of our group of Controlling Shareholders and their respective close associates.

Financial independence

We have an independent financial system. Our Group's accounting and finance functions are independent of our Controlling Shareholders and their close associates. Our Group makes financial decisions according to our own business needs. Our Group's major finance operations are handled by our financial management department, which operates independently from our Controlling Shareholders and their close associates. We do not share any other functions or resources with any of our Controlling Shareholders or their close associates.

During the Track Record Period, Mr. Zhou had been providing guarantees (the "**Connected Guarantees**") as security for certain of our Group's banks loans (collectively, the "**Guaranteed Loans**"). To the best knowledge of our Directors, it is a common market practice in the PRC for banks to require personal guarantees from the de facto controllers of private enterprises before extending loans or facilities. As at the Latest Practicable Date, the total Guaranteed Loans amounted to approximately RMB181.7 million and all Connected Guarantees are expected to be released upon **[REDACTED]**.

Based on the above, our Directors believe that our Group is able to operate with financial independence from our Controlling Shareholders and their respective close associates.

NON-COMPETITION UNDERTAKING

Each of our Controlling Shareholders (the "**Covenantors**") has entered into a Deed of Non-competition in favour of our Company (for itself and as trustee for our subsidiaries) on 2 June 2026. Subject to the terms and conditions of the Deed of Non-competition, the Covenantors irrevocably and unconditionally undertake to and covenant with our Company (for itself and as trustee for our subsidiaries) that, during the period in which the Covenantors are subject to the provisions of the Deed of Non-competition:

(i) it will not, and will procure its close associates and/or the companies controlled by it (other than members of our Group) not to, directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be engaged in, invest in, acquire, hold or provide any form of assistance to any person, firm or company (except members of our Group) to conduct (in each case whether as

a shareholder, director, partner, agent, employee or otherwise and whether for interest, return or otherwise) any business which is or may be similar to or in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time, including but not limited to the sales and provision of our multispectral AI modules, multispectral AI perception terminals, multispectral AI large model services or AI vision modules (the "**Restricted Business**");

(ii) if it and/or any of its close associates has received, is offered or has identified any business investment or other business opportunity that competes or may compete, directly or indirectly, with the Restricted Business (the "**New Business Opportunity**"), it and/or any of its close associates shall (i) immediately give a notice in writing to our Company in respect of such New Business Opportunity, setting out all reasonably necessary information for our Group to make an informed assessment; and (ii) use its best efforts to assist our Company in acquiring such New Business Opportunity at terms and conditions no less favourable than those available to it and/or its close associates;

(iii) neither it nor any of its close associates, directly or indirectly, carries out, participates or is engaged in, invests in, acquires or holds (in each case whether as a shareholder, director, partner, agent, employee or otherwise and whether for interest, return or otherwise) or is otherwise involved (other than through our Group) in the Restricted Business;

(iv) it will provide all necessary information for our Directors (including our independent non-executive Directors) to review its compliance with and implementation of the Deed of Non-competition on an annual basis and, if necessary, make annual statements in respect of its compliance with and implementation of the Deed of Non-competition in the annual reports of our Company;

(v) it will allow our Directors, their respective representatives and auditors to have full access to its records and/or will procure its close associates to use their best efforts to allow our Directors, their respective representatives and auditors to have full access to their records, in order for him/her/it to meet the terms and conditions of the Deed of Non-competition; and

(vi) for so long as it or any of its close associates, either alone or as a whole, remains the Controlling Shareholders of our Company (within the meaning of the Listing Rules) or a Director: (1) it will not participate in, carry on or invest in any project or business opportunity that competes or may compete, directly or indirectly, with the business conducted by our Group from time to time; (2) it will, in accordance with the Articles of Association and the Listing Rules, declare its interests and, where required, abstain from voting at any board meeting and/or general meeting of our Company and not be counted as quorum where required, if there is any actual or potential conflict of interests; (3) it and its close associates (other than our Group) will not solicit any existing or then existing employee of our Group; (4) without the consent of our Company, it will not use any information pertaining to the business of our Group which may have come to its knowledge in its capacity as the Controlling Shareholders of our Company and/or a Director for any purposes; and (5) it will procure its close associates (other than our Group) not to participate in, carry on or invest in any project or New Business Opportunity mentioned above (except pursuant to paragraph (a) below).

The non-competition undertakings made by each of the Covenantors do not apply in the following circumstances:

(a) if the information on the principal terms of the Restricted Business, project or New Business Opportunity has been made available to our Group and our Directors, the principal terms in accordance with which the relevant Covenantor(s) or its/their close associates participate in, carry on or invest in such Restricted Business, project or New Business Opportunity are approximately the same or are no more favourable than these offered to our Company, and our Company has confirmed that it, after review by our Directors (including our independent non-executive Directors, provided that the resolution shall be approved by the majority of our independent non-executive Directors at a meeting in the absence of Directors who have beneficial interest in the project or business relating to such project or business), will refuse to operate, participate in or carry on such Restricted Business relating to such New Business Opportunity, then any close associate of the Covenantors (other than our Group) has the right to participate in, carry on or invest in any Restricted Business relating to such New Business Opportunity that has previously been offered to our Group, irrespective of the value of such business. Subject to the foregoing, if the Covenantors or any of its close associates has decided to directly or indirectly participate in, carry on or invest in any Restricted Business relating to such New Business Opportunity, it/they shall be subject to any conditions imposed by our independent non-executive Directors and shall disclose to our Company the terms under which it/they operate, participate or carry on such Restricted Business as soon as practicable; and

(b) without prejudice to the principle of (a) above, the undertakings made by the Covenantors do not apply to any of the following: (i) holding of shares or other securities issued by our Company or our subsidiaries; and (ii) where a company is a company listed on any stock exchange recognised by national laws and holds the shares or securities in any company participating in any Restricted Business, the total interest (within the meaning of Part XV of SFO) held by each of the Covenantors and its close associates is less than 5% of the share capital of such company.

The non-competition undertakings given by each of our Controlling Shareholders of our Company will take effect from the date on which **[REDACTED]** in our H Shares first commence on the Stock Exchange and will cease to have any effect upon the earlier of the date on which:

(a) any of our Controlling Shareholders and its/their close associates and/or successor, individually and/or collectively, cease to own 30% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as Controlling Shareholders of our Company; or

(b) our H Shares cease to be **[REDACTED]** on the Stock Exchange (except for temporary suspension of our H Shares due to any reason).

CORPORATE GOVERNANCE MEASURES

We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders and safeguard the interest of our Shareholders, including:

(i) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(ii) our Company has established internal control mechanism to identify connected transactions. After the **[REDACTED]**, our Company will comply with the requirements in connection with connected transactions under the Listing Rules;

(iii) where our Directors reasonably request the advice of independent professionals, such as independent financial advisers, the appointment of such independent professional will be made at our Company's expense;

(iv) we have appointed China Harbour International Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

(v) we have established the Strategy and Sustainable Development Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;

(vi) our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and

(vii) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the **[REDACTED]**, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares, the following persons will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of SFO, or who will be directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

Name	Capacity/Nature of Interest	Number of Shares held at the date of this document [(1)]	Percentage of shareholding as at the date of this document	Number of Shares held/interested in after completion of Share Subdivision and [REDACTED] [(1)]	Percentage of Shareholding after completion of Share Subdivision and [REDACTED]
Mr. Zhou	Beneficial owner	513,526 Unlisted Shares (L)	5.96%	**[REDACTED]** H Shares (L)	**[REDACTED]**%
	Interest in controlled corporation[(2)]	3,696,000 Unlisted Shares (L)	42.91%	**[REDACTED]** H Shares (L)	**[REDACTED]**%
Zhongcheng Tianying LP[(2)]	Beneficial owner	3,301,887 Unlisted Shares (L)	38.33%	**[REDACTED]** H Shares (L)	**[REDACTED]**%
Zhongzheng Tianying LP[(2)]	Beneficial owner	240,000 Unlisted Shares (L)	2.79%	**[REDACTED]** H Shares (L)	**[REDACTED]**%
Zhongzhi Tianying LP[(2)]	Beneficial owner	154,113 Unlisted Shares (L)	1.79%	**[REDACTED]** H Shares (L)	**[REDACTED]**%
Zhejiang Business Venture	Interest in controlled corporation [(3)]	1,279,459 Unlisted Shares (L)	14.86%	**[REDACTED]** H Shares (L)	**[REDACTED]**%
Zheshang Capital	Interest in controlled corporation [(3)]	1,279,459 Unlisted Shares (L)	14.86%	**[REDACTED]** H Shares (L)	**[REDACTED]**%

Notes:

(1) The letter "L" denotes the person's long positions in the Shares.

(2) As at the date of this document, Zhongcheng Tianying LP held 3,301,887 Unlisted Shares, Zhongzheng Tianying LP held 240,000 Unlisted Shares of our Company and Zhongzhi Tianying LP held 154,113 Unlisted Shares of our Company, accounting for 38.33%, 2.79% and 1.79% of the equity interests in our Company. The general partner of Zhongcheng Tianying LP, Zhongzheng Tianying LP and Zhongzhi Tianying LP is Mr. Zhou, respectively. Under the SFO, Mr. Zhou is deemed to be interested in the entire Shares held by each of Zhongcheng Tianying LP, Zhongzheng Tianying LP and Zhongzhi Tianying LP.

(3) As at the date of this document, Taolue New Energy held 654,192 Unlisted Shares of our Company, Taolue Xinwang held 120,806 Unlisted Shares of our Company and Jinlan Sunshine held 504,461 Unlisted Shares of our Company. The general partner of Taolue New Energy, Taolue Xinwang and Jinlan Sunshine is Zhejiang Business Venture, respectively. Under the SFO, Zhejiang Business Venture is deemed to be interested in the entire Shares held by each of Taolue New Energy, Taolue Xinwang and Jinlan Sunshine. The controlling shareholder of Zhejiang Business Venture is Zheshang Capital. Accordingly, Zheshang Capital is therefore be deemed or taken to be interested in the Shares in which Zhejiang Business Venture is interested pursuant to the SFO.

Save as disclosed above and the paragraph headed "Statutory and General Information — C. Further information about Directors and Shareholders — 1. Disclosure of interests" in this document, our Directors are not aware of any other person who will, immediately following completion of the **[REDACTED]**, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares, have an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of SFO, or, directly or indirectly, be interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of our Group.

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. The functions and duties of our Board include but not limited to convening shareholders' meetings, reporting on our Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans and formulating our annual budget and final accounts. In addition, our Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association.

The table below sets out the key information in respect of the members of our Board as at the Latest Practicable Date:

Name	Age	Present position	Role and responsibility	Date of joining our Group	Date of appointment as Director	Relationship with the other Directors and senior management
Executive Directors						
Zhou Bo (周波)	50	Chairman of our Board, executive Director, and general manager	Overall strategic planning, and operation of our Group	April 2013	May 2020	None
Miao Rui (苗瑞)	40	Executive Director and deputy general manager	Overall R&D, procurement and sales of our Group	April 2013	December 2020	None
Chai Jian (柴劍)	37	Executive Director and Board secretary	Overseeing and managing the operation of our Group	November 2024	July 2025	None
Zou Xiaogang (鄒小剛)	43	Executive Director, and supply chain director	Management of the supply chain centre of our Group	April 2013	October 2021	None
Chen Yonggang (陳永剛)	54	Executive Director and technical expert	Overall technology development of our Group	April 2013	December 2020	None
Non-executive Directors						
Yu Lijie (喻立杰)	55	Non-executive Director	Guiding our Group's strategy and business development	December 2020	December 2020	None
Independent non-executive Directors						
Chen Haiping (陳海平)	43	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	July 2025	July 2025	None
Zhong Luhuan (鍾陸歡)	37	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	July 2025	July 2025	None

Name	Age	Present position	Role and responsibility	Date of joining our Group	Date of appointment as Director	Relationship with the other Directors and senior management
Ho Ka Cin Verona (何嘉倩)	45	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	July 2025	July 2025	None

Executive Directors

Mr. Zhou Bo (周波), aged 50, is the chairman of our Board, executive Director, general manager, and one of our Controlling Shareholders. He is also the chairperson of our Strategy and Sustainable Development Committee. Mr. Zhou founded our Company in April 2013, and has served as the chairman of our Board and general manager since our inception. Mr. Zhou has been primarily responsible for our Group's overall management, in particular formulating strategic planning, and operation.

Mr. Zhou has approximately 26 years of experience in the computer vision and thermal imaging industry. Prior to founding our Company, from 1999 to 2000, he served as a video R&D engineer at Chengdu Keli Electronic Research Institute* (成都科力電子研究所), responsible for the research and development of video technology. From 2001 to 2005, Mr. Zhou was the product manager at Shenzhen TMVIDEO Technology Co., Ltd. (深圳市圖敏智能視頻股份有限公司), a company listed on the National Equities Exchange and Quotations Co., Ltd. (Stock Code: 833318), responsible for leading the development and management of video products. From 2005 to 2012, Mr. Zhou worked at Shenzhen Huanghe Digital Technology Co., Ltd.* (深圳市黃河數字技術有限公司), with his last position as the director and general manager of the company.

Mr. Zhou obtained a bachelor's degree of engineering in automatic control from Xi'an Mining College (now known as Xi'an University of Science and Technology) in the PRC, in July 1999.

Mr. Zhou was previously a director, general manager, and/or legal representative of the companies shown in the table below at the time of, or within 12 months prior to, their respective deregistration:

Name of company	Place of establishment	Status	Date of deregistration	Reason for deregistration	Nature of business at the commencement of deregistration
Shenzhen Zhongcheng Chuangzhan Investment Co., Ltd.* (深圳市眾誠創展投資有限公司)	PRC	Deregistered	7 July 2021	Discontinuance of business	Financial services
Shenzhen Tianhui Heqing Technology Co., Ltd.* (深圳市天慧和清科技有限公司)	PRC	Deregistered	13 August 2021	Discontinuance of business	Information transmission, software, and information technology services
Shenzhen Haiqing Visual Intelligence Co., Ltd.* (深圳市海清視覺智能有限公司)	PRC	Deregistered	24 June 2024	Discontinuance of business	Information transmission, software, and information technology services

Name of company	Place of establishment	Status	Date of deregistration	Reason for deregistration	Nature of business at the commencement of deregistration
Shenzhen Haiqing Video Technology Co., Ltd. Bao'an Branch* (深圳市海清視訊科技有限公司寶安分公司)	PRC	Deregistered	5 March 2025	Discontinuance of business	Wholesale of computer hardware and software equipment

Mr. Zhou confirmed that, to his best knowledge, none of the above companies had been involved in any outstanding dispute or litigations prior to their deregistration and that the above companies were solvent at the time of deregistration, and he did not incur any debt and/or liabilities because of such deregistration, and no misconduct or misfeasance on his part had been involved in the deregistration, and that the deregistration did not have any negative effect on our Group.

Mr. Miao Rui (苗瑞), aged 40, is our executive Director and deputy general manager. He joined our Group in April 2013 as the director of research and development and was appointed to our Board as a Director in December 2020, was appointed as the deputy general manager in August 2022, and was redesignated as an executive Director in July 2025. He is primarily responsible for the overall R&D, procurement and sales of our Group.

Prior to joining our Group, Mr. Miao Rui served as a software engineer in the R&D department of Shenzhen Huanghe Digital Technology Co., Ltd.* (深圳市黃河數字技術有限公司) from March 2010 to March 2012, responsible for the development of embedded software product.

Mr. Miao Rui obtained a bachelor's degree of engineering in computer science and technology from Xi'an University of Science and Technology in the PRC, in July 2010.

Mr. Miao was previously a supervisor of the company shown in the table below at the time of, or within 12 months prior to, its deregistration:

Name of company	Place of establishment	Status	Date of deregistration	Reason for deregistration	Nature of business at the commencement of deregistration
Shenzhen Tianhui Heqing Technology Co., Ltd.* (深圳市天慧和清科技有限公司)	PRC	Deregistered	13 August 2021	Discontinuance of business	Information transmission, software, and information technology services

Mr. Miao confirmed that, to his best knowledge, the above company had not been involved in any outstanding dispute or litigations prior to its deregistration and that the above company was solvent at the time of deregistration, and he did not incur any debt and/or liabilities because of such deregistration, and no misconduct or misfeasance on his part had been involved in the deregistration, and that the deregistration did not have any negative effect on our Group.

Dr. Chai Jian (柴劍), aged 37, is our executive Director. He joined our Company in November 2024 and was appointed as an executive Director and board secretary in July 2025.

Prior to joining our Group, Dr. Chai Jian as an investment manager for separately managed accounts department of Western Leadbank Fund Management Company Limited (西部利得基金管理有限公司) from October 2014 to August 2015. Between August 2015 and August 2017, he worked for the asset management department of Kaiyuan Securities Co., Ltd. (開源證券股份有限公司) as an investment manager, responsible for overseeing securities management and evaluating investment opportunities. Subsequently, from October 2017 to March 2019, he served as a quantitative investment

manager in the asset management department of Guorong Securities Co., Ltd.* (國融證券股份有限公司). From November 2019 to November 2024, he served as a manager of the smart city platform department at China Mobile Xiong'an Communications Technology Co., Ltd.* (中移雄安信息通信科技有限公司), responsible for overseeing the development and implementation of smart city technology solutions, managing project teams and coordinating strategic partnerships.

Dr. Chai Jian obtained an undergraduate degree of measurement and control technology and instrumentation and a master's degree of testing, measurement, and instrumentation from Xidian University (西安電子科技大學) in Xi'an, PRC, in July 2011, and in March 2014, respectively. He also obtained a doctorate's degree in business administration from the Université de Montpellier in France, in February 2024.

Mr. Zou Xiaogang (鄒小剛), aged 43, is our executive Director and supply chain director. He joined our Group in April 2013 as the director of supply chain and was appointed to our Board as a Director in October 2021 and was redesignated as an executive Director in July 2025. He is primarily responsible for the management of the supply chain centre of our Group.

Prior to joining our Group, Mr. Zou Xiaogang had over 8 years of experience in technology development. Between July 2004 and March 2007, he served as a R&D engineer for Wuhan Z&Y Railway Electric Co., Ltd. (武漢征原電氣有限公司, previously known as 武漢正遠鐵路電氣有限公司), responsible for hardware development of microcomputer control system for railway locomotives. From June 2007 to December 2012, Mr. Zou Xiaogang served as a hardware engineer in the R&D department of Shenzhen Huanghe Digital Technology Co., Ltd.* (深圳市黃河數字技術有限公司), responsible for hardware design and process optimisation of the products.

Mr. Zou Xiaogang obtained a bachelor's degree of engineering in electrical engineering and automation from Sichuan University in the PRC in July 2004.

Mr. Zou Xiaogang was previously a general manager and/or supervisor of the companies shown in the table below at the time of, or within 12 months prior to, their respective deregistration:

Name of company	Place of establishment	Status	Date of deregistration	Reason for deregistration	Nature of business at the commencement of deregistration
Shenzhen Zhongcheng Chuangzhan Investment Co., Ltd.* (深圳市眾誠創展投資有限公司)	PRC	Deregistered	7 July 2021	Discontinuance of business	Financial services
Shenzhen Haiqing Visual Intelligence Co., Ltd.* (深圳市海清視覺智能有限公司)	PRC	Deregistered	24 June 2024	Discontinuance of business	Information transmission, software, and information technology services

Mr. Zou Xiaogang confirmed that, to his best knowledge, none of the above companies had been involved in any outstanding dispute or litigations prior to their deregistration and that the above companies were solvent at the time of deregistration, and he did not incur any debt and/or liabilities because of such deregistration, and no misconduct or misfeasance on his part had been involved in the deregistration, and that the deregistration did not have any negative effect on our Group.

Mr. Chen Yonggang (陳永剛), aged 54, is our executive Director and technical expert. He joined our Group in April 2013 as a technical expert and was appointed to our Board as a Director in December 2020 and was redesignated as an executive Director in July 2025. He is primarily responsible for the overall technology development of our Group.

Prior to joining our Group, Mr. Chen Yonggang has over 17 years of experience in technology development. He served as the manager of the R&D department of Chengdu Keli Electron Institute* (成都科力電子研究所) from June 1997 to June 2000, responsible for the R&D of electronic systems. Subsequently, between June 2000 and July 2005, he served as the manager of the R&D department of Shenzhen TMVIDEO Technology Co., Ltd. (深圳市圖敏智能視頻股份有限公司), a company listed on the National Equities Exchange and Quotations Co., Ltd. (Stock Code: 833318), responsible for the R&D of video surveillance systems. From July 2005 to October 2012, he served as the chief engineer of Shenzhen Huanghe Digital Technology Co., Ltd.* (深圳市黃河數字技術有限公司), responsible for the R&D of digital video technology.

Mr. Chen Yonggang obtained a bachelor's degree of science from Dalian University of Technology (大連理工大學) in Dalian, PRC, in July 1995.

Non-executive Directors

Mr. Yu Lijie (喻立杰), aged 55, is our non-executive Director. He was appointed to our Board as a Director on 30 December 2020 and was redesignated as a non-executive Director in July 2025. He is primarily responsible for corporate governance and management.

Prior to joining our Group, Mr. Yu Lijie had over 15 years of experience in corporate management and investment. From May 2008 to March 2010, he served as a senior consulting manager in the Business Department of Shanghai Qiyuan Technology Co., Ltd.* (上海企源科技股份有限公司). Between March 2010 and February 2013, he worked for Shenzhen Guoqiao Investment Management Co., Ltd.* (深圳市國橋投資管理有限公司) as an investment director in the investment department. From March 2013, Mr. Yu Lijie worked as a deputy general manager and was promoted as a general manager in August 2017, at Zheshang Business Venture Capital Management (Shenzhen) Co., Ltd. (浙商創業投資管理(深圳)有限公司), responsible for leading venture capital operations and managing investment projects.

Mr. Yu Lijie obtained a master degree of business administration from Southwest Jiaotong University in the PRC, in January 2008.

Mr. Yu Lijie was previously supervisor of the company shown in the table below at the time of, or within 12 months prior to, its deregistration:

Name of company	Place of establishment	Status	Date of deregistration	Reason for deregistration	Nature of business at the commencement of deregistration
Shenzhen Yuanqiao Network Technology Co., Ltd.* (深圳緣橋網絡科技有限公司)	PRC	Deregistered	27 May 2025	Discontinuance of business	Wholesale and retail trade

Mr. Yu Lijie confirmed that, to his best knowledge, the above company had not been involved in any outstanding dispute or litigations prior to its deregistration and that the above company was solvent at the time of deregistration, and he did not incur any debt and/or liabilities because of such deregistration, and no misconduct or misfeasance on his part had been involved in the deregistration, and that the deregistration did not have any negative effect on our Group.

Independent Non-executive Directors

Mr. Chen Haiping (陳海平), aged 43, was appointed as our independent non-executive Director in July 2025. He is also the chairperson of our Audit Committee, Remuneration and Appraisal Committee and Nomination Committee. Mr. Chen Haiping is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors and senior management.

Mr. Chen Haiping has been working at the Xi'an University of Science and Technology (西安科技大學) since July 2010. From July 2010 to December 2013, he served as an accountant in the accounting section of the finance office at Xi'an University of Science and Technology. From January 2014 to December 2018, he served as the deputy section chief of the planning and management section of the finance office at Xi'an University of Science and Technology. From January 2019 until the present, he serves as the section chief of the planning and management section of the finance office at Xi'an University of Science and Technology.

Mr. Chen Haiping obtained a bachelor degree of management from Zhengzhou University of Aeronautics in the PRC, in July 2006 and a master degree of economics from Xi'an University of Science and Technology in the PRC, in June 2010.

Mr. Zhong Luhuan (鍾陸歡), aged 37, was appointed as our independent non-executive Director in July 2025. Mr. Zhong Luhuan is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, and assessment of our Directors and senior management.

Prior to joining our Group, Mr. Zhong Luhuan has over 10 years of experience in finance, auditing, and investment management. From October 2013 to September 2015, he worked at Deloitte Hua Yong CPA (德勤華永會計師事務所(特殊普通合夥)) as a senior auditor, responsible for leading audit teams, managing project schedules, and preparing audit reports for clients in manufacturing, retail, and communications industries. From September 2015 to October 2018, Mr. Zhong Luhuan served as the deputy head of audit department at Haitong Securities Co., Ltd. (海通證券股份有限公司), where Mr. Zhong Luhuan conducted audits for internal departments, subsidiaries, and branches, evaluated investment projects, and ensured regulatory compliance.

From October 2018 to January 2021, Mr. Zhong Luhuan was an investment vice president at Shanghai Moshi Enterprise Management Consulting Co., Ltd. (上海袤思企業管理諮詢有限公司), during which Mr. Zhong Luhuan coordinated IPO processes, conducted due diligence, designed transaction structures, and facilitated NASDAQ listings. From February 2022 to July 2022, he served as the team leader at China CICC Wealth Management Securities Company Limited Shanghai Branch (中國中金財富證券有限公司上海分公司), responsible for sourcing and screening IPO projects and providing financial advisory services. From August 2022 to January 2025, Mr. Zhong Luhuan was AI fund manager at Hony Private Equity Management (Shanghai) Co., Ltd. (弘毅私募基金管理(上海)有限公司), where Mr. Zhong Luhuan led the company's special purpose acquisition company (SPAC) in Hong Kong, and managed IPO investments in Hong Kong and the US, and oversaw fundraising, investment, and management, and exit strategies for AI-focused funds. From March 2025 until the present, Mr. Zhong Luhuan has been a partner at Zhonghong Jin Kong Investment Management Co., Ltd. (中弘金控投資管理有限公司), focusing on investment management and strategic oversight.

Mr. Zhong Luhuan obtained a bachelor degree in commerce from Macquarie University, Australia, in April 2011, and a master degree in finance from University of Technology Sydney, Australia, in August 2012.

Ms. Ho Ka Cin Verona (何嘉倩), aged 45, was appointed as our independent non-executive Director in July 2025. Ms. Ho Ka Cin Verona is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance and assessment of our Directors and senior management.

Between September 2003 and August 2005, she worked for Ernst & Young (安永) as a staff accountant, responsible for audit and assurance. Subsequently, she served as a senior associate in PricewaterhouseCoopers, S.C. (Hong Kong) (普華永道) from November 2005 to August 2006, responsible for audit and assurance. Subsequently, she joined Robertsons as a trainee solicitor in September 2008 and was later promoted as a Partner and worked until February 2025. Between June 2025 to October 2025, she was a consultant at Chow Justin & De Bedin Solicitors LLP.

She is the founder of I One Consultancy Co., engaging in the business of consultancy services from February 2025 to present. She has served as a counsel at Jia Yuan Law Office in Hong Kong from November 2025 to December 2025 and from January 2026 to the present, specialising in securities, corporate finance, and commercial matters.

Ms. Ho Ka Cin Verona obtained a bachelor degree in accounting and finance from the London School of Economics and Political Science in UK, in 2003. She was further admitted as a certified public accountant by the State Board of Accountancy of the State of Delaware in the US, in April 2006. Ms. Ho Ka Cin Verona obtained a graduate diploma in law from BPP Law School, and a postgraduate certificate in laws from the University of Hong Kong in 2007 and 2008, respectively.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age	Present position	Role and responsibility	Date of joining our Group	Date of appointment as senior management
Zhou Bo (周波)	50	Chairman of our Board, executive Director, and general manager	Overall strategic planning and development of our Group	April 2013	April 2013
Miao Rui (苗瑞)	40	Executive Director and deputy general manager	Overall management of our Group	April 2013	December 2020
Chai Jian (柴劍)	37	Executive Director and Board secretary	Board-related matters, capital market matters and corporate governance of our Group	November 2024	July 2025
Zou Xiaogang (鄒小剛)	43	Executive Director, and supply chain director	Management of the supply chain centre of our Group	April 2013	October 2021
Chen Yonggang (陳永剛)	54	Executive Director and technical expert	Overall technology development of our Group	April 2013	December 2020
Huang Yu (黃瑜). . . .	46	Chief financial officer	Overall financial matters of our Group	May 2020	July 2025

Mr. Zhou Bo (周波), aged 50, is our general manager. For his biography, see "— Board of Directors — Executive Directors."

Mr. Miao Rui (苗瑞), aged 40, is our deputy general manager. For his biography, see "— Board of Directors — Executive Directors."

Dr. Chai Jian (柴劍), aged 37, is our Board secretary. For his biography, see "— Board of Directors — Executive Directors."

Mr. Zou Xiaogang (鄒小剛), aged 43 is our supply chain director. For his biography, see "— Board of Directors — Executive Directors."

Mr. Chen Yonggang (陳永剛), aged 54, is our technical expert. For his biography, see "— Board of Directors — Executive Directors."

Mr. Huang Yu (黃瑜), aged 46, is our chief financial officer. He joined our Group in 2020 as a financial manager and was promoted to the chief financial officer in July 2025, responsible for overall financial matters of our Group.

Mr. Huang Yu's work experience prior to joining our Group is set out in the table below:

Name	Place of establishment	Principal business	Role	Responsibility	Employment period
New Leaf (s.z.) precision MFG. Co., Ltd.* (深圳森成精密製品有限公司)	PRC	Manufacturing of high-quality stamping and mould products	Accounting staff	Accounting	From July 2004 to November 2006
Shenzhen Bao'an Shanghe Ruide Electronics Plastic Factory* (深圳市寶安區上合瑞德電子塑膠廠)*(Note)*	PRC	Manufacturing of computer and electronic devices	Accountant	Accounting and financial statements	From March 2007 to February 2008
Shenzhen Honghong Agricultural Products Distribution Co., Ltd.* (深圳市宏鴻農產品配送有限公司)	PRC	Agricultural product distribution	Accounting supervisor	Accounting financial statements, and financial analysis	From December 2009 to December 2011
Longzhou Nanhua Sugar Co., Ltd.* (龍州南華糖業有限責任公司)	PRC	Manufacturing and distribution of sugar products	Accounting supervisor	Accounting, financial analysis, annual budget and control functions	From December 2011 to December 2013
Shenzhen Antoshan Investment & Development Co., Ltd.* (深圳市安托山投資發展有限公司)	PRC	Building materials, electromechanical products and catering services	Accountant	Accounting, annual budget management, and internal control systems	From May 2014 to May 2017
Shenzhen Antoshan Investment & Development Co., Ltd.* (深圳市安托山投資發展有限公司)	PRC	Building materials, electromechanical products and catering services	Overall management staff	Compliance management	From May 2017 to September 2017

Name	Place of establishment	Principal business	Role	Responsibility	Employment period
Shenzhen City Zhen Kon Technology Co., Ltd.* (深圳市正控科技有限公司) . .	PRC	Manufacturing of computer, communications and electronic equipment	Accounting Manager	Establishing the company's financial framework, conducting financial budgeting and operational data analysis and overseeing internal control and compliance management	From September 2017 to May 2020

Note:

Shenzhen Bao'an Shanghe Ruide Electronics Plastic Factory* (深圳市寶安區上合瑞德電子塑膠廠) was deregistered on 29 October 2011.

In September 2008, he passed the Intermediate Examination for Accounting Professional Technical Qualification in the Guangdong Province* (廣東省會計專業技術資格中級考試) organised by the Guangdong Provincial Department of Human Resources and Social Security in the PRC.

In April 2021, Mr. Huang Yu attended a training programme for financial controllers organised by the Shenzhen Stock Exchange. Mr. Huang Yu, through attending long distance learning courses, obtained a bachelor's degree of financial management from Jinan University (暨南大學) in Guangdong, PRC, in December 2023. In view of his aforementioned experience and academic qualifications, Mr. Huang Yu possesses the appropriate financial expertise, knowledge, and experience to discharge his duties as the chief financial officer of our Group effectively.

OTHER INFORMATION IN RELATION TO OUR DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed, none of our Directors and senior management:

(i) held any other positions in our Company or other members of our Group as at the Latest Practicable Date;

(ii) had any other relationship with any Directors, senior management or substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date;

(iii) held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date; and

(iv) have any interest in the Shares within the meaning of Part XV of SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that was required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

None of our Directors and senior management is related to other Directors and senior management.

CONFIRMATIONS FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in July 2025, and (ii) understands his or her obligations as a director of a **[REDACTED]** issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she had no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

Rule 8.10 of the Listing Rules

Each of our Directors (excluding our independent non-executive 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.

JOINT COMPANY SECRETARIES

Ms. Lui Mei Ka (雷美嘉), aged 41, joined our Group on 16 May 2025. She will be one of our joint company secretaries with effect from the **[REDACTED]**, responsible for the company secretarial matters of our Company.

Ms. Lui Mei Ka is currently a member of the Hong Kong Institute of Certified Public Accountants and the managing director of Merit Corporate Services Company Limited. Ms. Lui Mei Ka has also been an independent non-executive director of China Tangshang Holdings Ltd. (中國唐商控股有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 674), and GoFintech Quantum Innovation Limited (formerly known as GoFintech Innovation Limited) (國富量子創新有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 290), and China Tontine Wines Group Limited (中國通天酒業集團有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 389), and Ab&B Bio-Tech CO., LTD. JS (江蘇中慧元通生物科技股份有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2627) since 21 April 2017, 19 September 2023, 30 September 2024 and 27 May 2026 respectively.

Ms. Lui Mei Ka has over 17 years of experience in financial management and corporate finance. From March 2014 to May 2016, she was the company secretary and financial controller of LT Commercial Real Estate Limited, a company previously listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 112), which was engaged in property development and investment. From October 2016 to July 2018, she was the chief financial officer and company secretary of GR Life Style Company Limited (formerly known as GR Properties Limited) (國銳生活有限公司), a company listed

on the Main Board of the Hong Kong Stock Exchange (Stock Code: 108), which is engaged in property development and investment. Ms. Lui Mei Ka obtained a bachelor's degree in business administration from The Chinese University of Hong Kong in Hong Kong, PRC, in May 2006.

Dr. Chai Jian (柴劍), aged 37, will be one of our joint company secretaries with effect from the **[REDACTED]**. For his biography, see "— Board of Directors — Executive Directors."

AUTHORISED REPRESENTATIVES

Mr. Zhou Bo and Dr. Chai Jian are the authorised representatives of our Company for the purpose of the Listing Rules.

BOARD COMMITTEES

Our Company has established four committees under the Board in accordance with the relevant laws and regulations in mainland China, the Articles of Association and the Corporate Governance Code under the Listing Rules, including the Strategy and Sustainable Development Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee.

Strategy and Sustainable Development Committee

Our Company established the Strategy and Sustainable Development Committee in compliance with the Articles of Association. The primary duties of the Strategy and Sustainable Development Committee are to review our Company's long-term development strategies and major investment decisions, and to make recommendations to our Board. The Strategy and Sustainable Development Committee comprises two executive Directors, namely Mr. Zhou, and Mr. Miao Rui, and one independent non-executive Director, namely Ms. Ho Ka Cin Verona. Mr. Zhou is the chairperson of the Strategy and Sustainable Development Committee.

Audit Committee

Our Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules. The Audit Committee has three members, namely Mr. Chen Haiping, Ms. Ho Ka Cin Verona and Mr. Yu Lijie. Mr. Chen Haiping, our independent non-executive Director, has been appointed as the chairperson of the Audit Committee, and has the appropriate professional qualifications required under the Listing Rules. The primary duties of the Audit Committee are to review our Company's financial information and its disclosure, supervise and evaluate internal and external audit work and internal control, and to provide our Board with professional advice.

Remuneration and Appraisal Committee

Our Company established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee has three members, namely Mr. Chen Haiping, Ms. Ho Ka Cin Verona and Mr. Miao Rui. Mr. Chen Haiping, our independent non-executive Director, has been appointed as the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee are to formulate the appraisal standards for Directors and senior management, conduct appraisal, and formulate and review the remuneration policies and proposals for Directors and senior management.

Nomination Committee

Our Company established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules. The Nomination Committee has three members, namely Ms. Ho Ka Cin Verona, Mr. Chen Haiping and Mr. Miao Rui. Mr. Chen Haiping, our independent non-executive Director, has been appointed as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee are to assess the candidates and review selection criteria and procedures for Directors and senior management, and to make recommendations to the Board.

CORPORATE GOVERNANCE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability. Our Company has adopted the code provisions stated in the Corporate Governance Code.

Our Company is committed to the view that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgement. It is expected that our Group will be able to continue to comply with the code provisions in the Corporate Governance Code upon the **[REDACTED]**.

Except for the deviation from paragraph C.2.1 of Part 2 of the Corporate Governance Code, our Company's corporate governance practices have complied with the Corporate Governance Code as at the Latest Practicable Date. Paragraph C.2.1 of Part 2 of the Corporate Governance Code stipulates that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive and Mr. Zhou currently performs these two roles. In view that Mr. Zhou has been assuming day-to-day responsibilities in operating and managing our Group since its incorporation and the steady development of our Group, our Board believes that with the support of Mr. Zhou's extensive experience and knowledge in the business of our Group, vesting the roles of both chairman and chief executive of our Company in Mr. Zhou strengthens the consistent and solid leadership of our Group, and thereby allows for efficient business planning and decision which is in the best interest to our Group as a whole. Our Board will continue to review and consider splitting the roles of chairman of our Board and chief executive of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

Our Directors consider that the deviation from paragraph C.2.1 of Part 2 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, our Board is also of the view that the current management structure is effective for our Group's operations, and sufficient checks and balances are in place. Our Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of chairman of our Board and chief executive is necessary.

BOARD DIVERSITY POLICY

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**"), which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. Our Company recognises and embraces the benefits of the Board diversity to enhance the quality of its performance and endeavours to ensure that the Board has appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. Our Company seeks to achieve Board diversity by selection of candidates for the Board through the consideration of a number of factors, including but not limited to gender, age, cultural and education

background, professional experience, skills, knowledge and length of service. Our Company has also taken, and will continue to take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board. All Board appointments will continue to be based on meritocracy having due regard for the benefits of diversity on the Board. The ultimate decision will continue to be based on merit and contribution that the selected candidates will bring to the Board.

Our Board comprises nine members, including one female Director. Our Directors also have a mix of knowledge and experience in the areas of accounting, legal and engineering. None of the Directors are related to one another. We have three independent non-executive Directors with different industry backgrounds, representing around two-third of the members of our Board. Furthermore, the ages of our Directors range from 37 years old to 55 years old.

We will review the objectives of the Board Diversity Policy from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. After **[REDACTED]**, the Nomination Committee will review the Board Diversity Policy and monitor its implementation. The Nomination Committee will report annually to shareholders in the corporate governance section of the annual report of our Company on the process adopted in relation to the Board appointments and the consideration given to the diversity on the Board.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management who receive remuneration are paid in forms of fees, salaries, allowances, discretionary bonuses, benefits in kind, retirement scheme contributions and share-based compensation.

For FY2023, FY2024 and FY2025 the aggregate amount of emoluments paid or payable to our Directors amounted to approximately RMB3.0 million, RMB3.2 million and RMB8.7 million, respectively.

Under the arrangement currently in force, the aggregate amount of emoluments before taxation to be accrued to our Directors for the year ending 31 December 2025 was approximately RMB8.7 million.

2, 2 and 2 of the five individuals with the highest emoluments in our Group, respectively were Directors for the Track Record Period. The total emolument for the remaining individuals among the five highest paid individuals for FY2023, FY2024 and FY2025 were approximately RMB2.4 million, RMB2.5 million and RMB4.0 million, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of any subsidiary of our Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiary to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

For more details on remuneration paid to our Directors and senior management and, on an aggregate basis, the five highest paid individuals of our Group during the Track Record Period, see Notes 10(a) and 10(c) to the Accountants' Report as set out in Appendix I to this document; and for details regarding the Share Incentives granted to our Directors and senior management, see Note 29 to the Accountants' Report as set out in Appendix I to this document.

COMPLIANCE ADVISER

Compliance Adviser

We have appointed China Harbour International Capital Limited as our compliance adviser ("**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where its business activities, developments or results deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of its **[REDACTED]** securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the **[REDACTED]** and continue until the longer of (i) the date on which our Company complies with the requirements under Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately following the **[REDACTED]**, or (ii) the appointment of an independent non-executive Director who will be ordinarily resident in Hong Kong has been confirmed and approved.

This section presents certain information regarding our share capital prior to and following the completion of the **[REDACTED]** and the **[REDACTED]**.

PRIOR TO THE [REDACTED]

As at the date of this document, the registered share capital of our Company was RMB8,613,074 comprising 8,613,074 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the **[REDACTED]**, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares, our Company's share capital will be as follows:

Description of Shares	Number of Shares	Approximate percentage of total share capital
Unlisted Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be converted from Unlisted Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**[REDACTED]%**

RANKING

Upon completion of the **[REDACTED]**, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares, the Shares will consist of H Shares and Unlisted Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional **[REDACTED]** in the PRC, the qualified PRC **[REDACTED]** under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank pari passu with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

MINIMUM PUBLIC FLOAT AND FREE FLOAT

Pursuant to Rule 19A.13A(1) of the Listing Rules, at the time of **[REDACTED]** and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

Pursuant to Rule 19A.13C(1), at the time of **[REDACTED]**, our Company must ensure that not less than 10% of the total number of issued shares in the class to which our H shares belong (excluding treasury shares) are held by the **[REDACTED]** and are freely **[REDACTED]** (as defined in the Listing Rules), with such **[REDACTED]** having an expected market value of not less than HK$50 million, or an expected market value of not less than HK$600 million.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Conversion of Unlisted Shares

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorise our Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be **[REDACTED]** and **[REDACTED]** on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, **[REDACTED]** and **[REDACTED]** of such converted Shares have been completed. Additionally, such conversion, **[REDACTED]** and **[REDACTED]** shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted, **[REDACTED]** and **[REDACTED]** as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the **[REDACTED]** of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the **[REDACTED]** to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the **[REDACTED]** of additional Shares after the **[REDACTED]** on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for **[REDACTED]** at the time of our **[REDACTED]** in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the **[REDACTED]** and **[REDACTED]** of such converted Shares on an overseas stock exchange. Any application for **[REDACTED]** of the converted shares on the Stock Exchange after our initial **[REDACTED]** is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Mechanism and procedures for conversion

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the **[REDACTED]** to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the **[REDACTED]** lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be **[REDACTED]** on the Stock Exchange complies with the Listing Rules and the **[REDACTED]** and the **[REDACTED]** in force from time to time.

Filing with the CSRC for full circulation

According to the Trial Measures promulgated by the CSRC, for a H-share listed company, shareholders of its Unlisted Shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorise the domestic company to file with the CSRC on their behalf.

In accordance with the Guidance of H-share Companies Applying for "Full Circulation" Business of Unlisted Shares in China (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC, an unlisted domestic joint stock company may file with the CSRC for "full circulation" simultaneously when applying for an overseas initial **[REDACTED]**.

We **[REDACTED]** with the CSRC for, and the CSRC has **[REDACTED]**, the conversion of **[REDACTED]** Unlisted Shares into H Shares on a one-for-one basis upon completion of **[REDACTED]**.

RESTRICTIONS OF SHARE TRANSFER

Pursuant to the PRC Company Law, our Shares issued prior to the **[REDACTED]** shall not be transferred within one year from the **[REDACTED]**. Accordingly, Shares issued by our Company prior to the **[REDACTED]** shall be subject to this statutory restriction and not be transferred within a period of one year from the **[REDACTED]**.

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our Shareholders' general meeting is required, see the section headed "Summary of the Articles of Association" in Appendix V to this document.

You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and Unaudited Interim Condensed Consolidated Financial Information and not merely rely on the information contained in this section.

The following discussion and analysis, and other parts of this document contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider the information provided into "Forward-looking Statements", "Risk Factors" and elsewhere in this document.

OVERVIEW

We are a multispectral AI technology enterprise in China. For an introduction of the products and services offered by our Group, please refer to section headed "Business — Overview" in this document.

During the Track Record Period, our revenue has increased from RMB117.1 million in FY2023 to RMB522.6 million in FY2024 and increased to RMB668.5 million in FY2025, with a CAGR of 138.9%.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with all applicable IFRS issued by the International Accounting Standards Board. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, some of which are outside of our control, including the following:

Our ability to expand and successfully commercialise our innovative products and services portfolio

Our performance is significantly influenced by our capacity to broaden our market reach, successfully bring new products to market, and continuously enhance our existing offering portfolio. We have continuously made technical breakthroughs and launched innovative product and service offerings in the past with launch of multispectral AI perception-computing integration technology in 2020, release of prototype fire prediction computing product in 2021, launch of miniaturised AI algorithms modules solution in 2022, and the launch of the fire prediction multispectral AI products, and commercialisation of our Multispectral AI Large Model Services in 2024.

Our Multispectral AI Large Model Services command higher gross profit margins and have made significant contributions to our revenue. The commercial success of our Multispectral AI Modules and Multispectral AI Perception Terminals in FY2024 has led to the acquisition of a number of new customers and thereby a substantial increase in our sales performance in FY2024.

Our versatile products and solutions covering a wide range of industries

The application of our diverse product and service offerings cover various industries, including software and information technology services, development and sales of electronic products, data services, automobile-related manufacturing, valued-added communication, IoT, system integration, and construction, and cater various clients with differing user application needs. Such use cases include Multispectral AI Modules and Multispectral AI Perception Terminals for clients including system integrators with R&D capabilities, and Multispectral AI Large Model Services for clients including enterprise-level users. See the section headed "Business — Our products and services" in this document. Typically, these products differ in pricing, raw materials and cost structure, resulting in varying gross profit margins. Each offering is uniquely positioned with distinct marketing strategies. Consequently, our revenue and profitability are significantly influenced by our product portfolio.

We believe that our increasingly diverse product and service portfolio allows us to swiftly adapt to changing market conditions and customer preferences. We have been optimising our portfolio to enhance our revenue and profitability.

Investment in R&D and innovation capabilities

Our ability to develop new technologies, design new products and services and enhance existing products and solutions is critical to our business operations and for maintaining our competitive edge. Our financial performance is dependent on our ability to maintain our R&D and innovation capabilities and position in the multispectral AI industry, which in turn depends on the investments we make in R&D. In particular, we have a consistent track record of R&D achievements, including our HtFS file system, HtOS operating system, miniaturise AI algorithms modules solution and "Zhiyuan Origin Large Model", to solidify our multispectral sensing capabilities. It is essential that we continuously identify and respond to rapidly evolving customer requirements, develop and introduce innovative products and solutions, enhance existing offerings and features, and generate active market demand for our multispectral AI products and solutions.

To maintain our leadership in technological innovation, we have built a highly experienced talent pool with strong expertise and capabilities in relevant fields. Our skilled and talented R&D team plays a pivotal role in keeping us at the forefront of the multispectral AI industry, making them essential to our success. During the Track Record Period, we made substantial investments in R&D, as we believe these capabilities are the cornerstone of our long-term competitiveness and growth prospects. Our total R&D expenses (including capitalisation of R&D) during the Track Record Period amounted to RMB191.4 million. As at 31 December 2025, our R&D team comprised 156 members, accounting for 43.1% of our total workforce. Given the limited availability of experienced and specialised R&D talents, which is in high demand, we remain committed to offering competitive compensation and benefits packages to attract top talents. Additionally, we focus on nurturing our in-house talent by providing them with meaningful professional development opportunities to support their growth and enhance their expertise.

Our ability to manage our costs and expenses and achieve operational efficiency

Our future profitability relies heavily on our ability to manage costs and operating expenses, which are influenced by several factors, including the costs of components, raw materials, and other supplies, as well as our operational efficiency.

Our cost of sales primarily consists of raw materials and consumables used. During the Track Record Period, raw materials and consumables used accounted for 69.9%, 90.1% and 91.9% of the cost of sales in FY2023, FY2024 and FY2025, respectively.

We strive to enhance operational efficiency and reduce production costs through technological innovation and optimised supply chain management. In addition, our operating expenses include research and development expenses, general and administrative expenses, and selling and marketing expenses, among others. Effective cost control measures remain critical to sustaining our operational performance. Furthermore, we are actively exploring ways to enhance our manufacturing capabilities to meet mass production demands while maintaining control over capital expenditures.

Seasonality

Our operating results are subject to seasonal fluctuations. During the Track Record Period, we typically recorded higher revenue and cost of sales in the second half, primarily due to the impact of our customers' annual budgeting and procurement cycles, as well as holidays in the first quarter. Such fluctuations are seasonal in nature and are not necessarily indicative of our results of operations for the full year.

Our ability to attract new customers and deepen relationships with existing customers

We provide multispectral product and service offerings, supporting a wide range of application scenarios. Our management and sales team have extensive industry experience and profound knowledge, allowing us to build our brand and acquire customers effectively. We endeavour to maintain stable and long-term business relationships with our customers by delivering comprehensive, customer-centric services.

Our profitability is directly contingent upon the progress achieved in the development, large-scale production, and delivery of multispectral AI and other products to our consumers. By forging long-term partnerships through our go-to-market approach, we enable close collaboration at early project stages. This allows us to iterate our products and services timely to meet evolving market trends and end-consumer needs. By attracting new customers and deepening relationships with existing customers, we plan to further strengthen our presence in the multispectral AI industry.

General factors

Our business and operating results are also affected by general factors affecting the multispectral AI industry, which include:

- the impact of macroeconomic conditions in China and overseas;
- technological changes affecting the multispectral and AI technology service sectors;
- market demand for multispectral AI product and solution offerings;
- the competitive landscape; and
- relevant laws and regulations, and governmental policies and initiatives.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

We have identified certain accounting policy information that are significant to the preparation of our consolidated financial statements. A summary of our material accounting policy information (including the subjective assumptions and estimates involved) is set forth in Note 4 to the Accountants' Report in Appendix I to this document. A summary of our revenue recognition policy information is set forth in Note 6 to the Accountants' Report in Appendix I to this document.

We continually evaluate the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Nevertheless, actual results may differ from these estimates. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates.

DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	FY2023	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue	117,063	522,568	668,519
Cost of sales	(102,756)	(424,399)	(519,127)
Gross profit	14,307	98,169	149,392
Other income	6,863	5,051	7,430
Other (losses)/gains — net	(958)	56	(3,897)
General and administrative expenses	(11,874)	(13,040)	(46,802)
Selling and marketing expenses	(16,035)	(16,470)	(17,700)
Research and development expenses	(11,084)	(25,151)	(50,793)
Net impairment losses on financial assets	(1,631)	(5,413)	(6,484)
Operating (loss)/profit	(20,412)	43,202	31,146
Finance income	613	273	207
Finance costs	(3,055)	(1,016)	(3,862)
(Loss)/Profit before income tax	(22,854)	42,459	27,491
Income tax credit/(expense)	4,441	(2,047)	1,863
(Loss)/Profit and total comprehensive (loss)/income for the year	(18,413)	40,412	29,354

Non-IFRS Measure

We define adjusted net (loss)/profit (non-IFRS measure) as net (loss)/profit for the years adjusted by adding back share-based payment expenses, which is a non-cash item, and **[REDACTED]**.

To supplement our consolidated financial statements, we also use adjust net (loss)/profit (non-IFRS measure) as an 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 consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net (loss)/profit (non-IFRS measure) may not be comparable to

similarly titled measures presented by other companies. The use of this non-IFRS measure as an analytical tool has limitations, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) for the years presented in accordance with IFRS, which is net loss for the years indicated:

	FY2023	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of net (loss)/profit to adjusted net loss (non-IFRS measure)			
(Loss)/profit for the year	(18,413)	40,412	29,354
Add:			
[REDACTED]	—	—	17,426
Share-based payment expenses[(1)]	242	2,532	8,465
Adjusted net (loss)/profit (non-IFRS measure)	(18,171)	42,944	55,245

Note:

(1) Share-based payment expenses is a non-cash item.

Revenue

In FY2023, FY2024 and FY2025, our revenue was RMB117.1 million, RMB522.6 million and RMB668.5 million, respectively. During the Track Record Period, we generated our revenue primarily from the sales of Multispectral AI Modules, Multispectral AI Perception Terminals, Multispectral AI Large Model Services and Other AI Vision Modules.

The following table sets forth a breakdown of our revenue by products and services for the years indicated:

	FY2023		FY2024		FY2025	
	RMB'000	*% of Total*	*RMB'000*	*% of Total*	*RMB'000*	*% of Total*
Multispectral AI						
Multispectral AI Modules	99,121	84.6	299,228	57.3	209,044	31.3
Multispectral AI Perception Terminals	12,586	10.8	61,229	11.7	92,638	13.9
Multispectral AI Large Model Services	—	—	113,791	21.8	355,364	53.1
	111,707	95.4	474,248	90.8	657,046	98.3
Others						
Other AI Vision Modules	5,150	4.4	47,080	9.0	10,258	1.5
Others	206	0.2	1,240	0.2	1,215	0.2
	5,356	4.6	48,320	9.2	11,473	1.7
Total	**117,063**	**100.0**	**522,568**	**100.0**	**668,519**	**100.0**

Multispectral AI Modules

In FY2023, FY2024 and FY2025, revenue generated from sales of Multispectral AI Modules amounted to RMB99.1 million, RMB299.2 million and RMB209.0 million, representing 84.6%, 57.3% and 31.3% of our total revenue for the respective years.

The following table sets forth the sales volume and average selling price of Multispectral AI Modules for the years indicated:

	FY2023	FY2024	FY2025
Multispectral AI Modules			
Sales volume *(unit)*	160,803	587,183	364,350
Average Selling Price (*RMB/unit)*	616.4	509.6	573.7

The average selling price per unit decreased from RMB616.4 in FY2023 to RMB509.6 in FY2024, mainly reflecting our strategic shift to boost product competitiveness by offering competitive pricing in order to facilitate customer intake, which enabled us to secure high-volume orders. In particular, we acquired a major new customer, Customer F, which contributed significant revenue during the year.

In FY2025, the average selling price per unit increased to RMB573.7 from RMB509.6 in FY2024, represented an increase of 12.6%. The increase was primarily due to our integration of more advanced algorithms and application scenarios into our products in FY2025. Additionally, our customers were more willing to pay a higher price for these products in FY2025 because such products with advanced algorithms and application scenarios integrated created a greater marginal value for our customers. These products with more advanced algorithms and application scenarios improve the functions and applicability of such products, and therefore contributed to the increase in gross profit margin of such products in FY2025. During FY2024, we offered a more competitive price to several large customers in order to secure more orders, and therefore our average selling price in FY2024 was relatively lower.

Multispectral AI Perception Terminals

In FY2023, FY2024 and FY2025, revenue generated from sales of Multispectral AI Perception Terminals amounted to RMB12.6 million, RMB61.2 million and RMB92.6 million, representing 10.8%, 11.7% and 13.9% of our total revenue for the respective years.

The following table sets forth the sales volume and average selling price of Multispectral AI Perception Terminals for the years indicated:

	FY2023	FY2024	FY2025
Multispectral AI Perception Terminals			
Sales volume *(unit)*	10,726	62,969	53,045
Average Selling Price *(RMB/unit)*	1,173.4	972.4	1,746.4

The average selling price per unit decreased from RMB1,173.4 in FY2023 to RMB972.4 in FY2024, mainly reflecting our strategic shift to boost product competitiveness by offering competitive pricing in order to facilitate customer intake, which enabled us to secure high-volume orders. In particular, we acquired a major new customer, Customer F, which contributed significant revenue during the year.

In FY2025, the average selling price per unit increased significantly to RMB1,746.4, which was primarily attributable to the sale of our Multispectral Target Identification Terminals to a customer (i.e. Customer M). These specialised terminals have a substantially higher unit price as compared to that of our other Multispectral AI Perception Terminals products, because these products are equipped with high-speed sensitive sensing modules and advanced processing units for high-throughput industrial sorting and identification operations.

Apart from the sales of our Multispectral Target Identification Terminals to Customer M, there was a general increase in the average selling price of the sales of our Multispectral AI Perception Terminals to other customers, which was mainly attributable to the launch of new products in FY2025 with new features such as upgraded facial recognition models and integrated GPS capabilities. The upgraded products featured multispectral AI technology with new features, enhancing their overall capability and scheme adaptation. These developments enabled us to command higher selling prices by delivering greater value to our customers in specialised application settings.

Multispectral AI Large Model Services

We began generating revenue from Multispectral AI Large Model Services in FY2024. The launch and commercial adoption of our Multispectral AI Large Model Services contributed RMB113.8 million in FY2024 and RMB355.4 million in FY2025, representing 21.8% and 53.1% of our total revenue for the respective years.

Since our Multispectral AI Large Model Services are project-based, the concept of the sales volume and average selling price are not applicable hereto. For details on the development and deployment of our Multispectral AI Large Model Services, please refer to the section headed "Business — Research and Development — Development and Deployment of Our Multispectral AI Large Model Services" in this document. The recognition of revenue from our Multispectral AI Large Model Services is made at a single point in time, upon customer acceptance of the project, at which point control over the customised deliverables is transferred to the customer.

The table below sets forth, to the best of our Directors' knowledge, the identity, background and revenue contribution of our Multispectral AI Large Model Services for the years indicated:

	FY2024			FY2025		
	Number of orders	Revenue	% of revenue	Number of orders	Revenue	% of revenue
		RMB'000	*%*		*RMB'000*	*%*
Private sector						
— Listed companies	4	16,981	14.9	4	12,404	3.5
— Non-listed	10	54,594	48.0	26	293,948	82.7
Sub-total	14	71,575	62.9	30	306,352	86.2
Public sector						
— Listed companies	7	42,137	37.0	11	49,012	13.8
— Non-listed	1	79	0.1	—	—	—
Sub-total	8	42,216	37.1	11	49,012	13.8
Total	**22**	**113,791**	**100.0**	**41**	**355,364**	**100.0**

Notes:

(1) Private sector refers to civilian-run enterprise which are non-state-owned enterprises.

(2) Public sector refers to state-owned enterprises or government agencies.

Other AI Vision Modules

In FY2023, FY2024 and FY2025, revenue generated from sales of Other AI Vision Modules amounted to RMB5.2 million, RMB47.1 million and RMB10.3 million respectively, representing 4.4%, 9.0% and 1.5% of our total revenue for the respective years.

The following table sets forth the sales volume and average selling price of Other AI Vision Modules for the years indicated:

	FY2023	FY2024	FY2025
Other AI Vision Modules			
Sales volume *(unit)*	11,937	146,902	30,661
Average Selling Price *(RMB/unit)*	431.4	320.5	334.6

The average selling price per unit decreased from RMB431.4 in FY2023 to RMB320.5 in FY2024, mainly reflecting our strategic shift to boost product competitiveness by offering competitive pricing in order to facilitate customer intake, which enabled us to secure high-volume orders. In particular, we acquired a major new customer, Customer F, which contributed significant revenue during the year.

In FY2025, the average selling price per unit was relatively stable at RMB334.6 as compared to RMB320.5 in FY2024.

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) raw materials and consumables used; (ii) staff costs; (iii) depreciation and amortisation; (iv) outsourcing service fees; and (v) provision for impairment of inventories.

In FY2023, FY2024 and FY2025, our cost of sales was RMB102.8 million, RMB424.4 million and RMB519.1 million, respectively.

The following table sets forth a breakdown of our cost of sales for the years indicated.

	FY2023		FY2024		FY2025	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Raw materials and consumables used	71,996	69.9	382,225	90.1	477,164	91.9
Staff costs	9,665	9.4	10,664	2.5	12,519	2.4
Depreciation and amortisation	10,641	10.4	13,536	3.2	16,931	3.3
Software licencing fees	1,392	1.4	972	0.2	2,729	0.5
Outsourcing service fees	1,826	1.8	11,481	2.7	1,072	0.2
Provision for impairment of inventories	5,742	5.6	4,317	1.0	6,894	1.3
Others	1,494	1.5	1,204	0.3	1,818	0.4
Total	**102,756**	**100.0**	**424,399**	**100.0**	**519,127**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB14.3 million, RMB98.2 million, and RMB149.4 million in FY2023, FY2024 and FY2025, respectively. Our gross profit margin was 12.2%, 18.8% and 22.3% in FY2023, FY2024 and FY2025, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by products and services for the years indicated:

	FY2023		FY2024		FY2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Multispectral AI Modules	10,832	10.9	22,753	7.6	23,414	11.2
Multispectral AI Perception Terminals	2,481	19.7	15,347	25.1	16,408	17.7
Multispectral AI Large Model Services	—	—	56,282	49.5	107,901	30.4
Other AI Vision Modules	996	19.3	2,976	6.3	802	7.8
Others	(2)	(1.0)	811	65.4	867	71.3
Total	**14,307**	**12.2**	**98,169**	**18.8**	**149,392**	**22.3**

The key raw materials and consumables used for our multispectral AI products include microprocessors and CMOS image sensors, both of which are cost-sensitive components that have experienced notable price fluctuations in recent years. According to Frost & Sullivan, the average unit costs of microprocessors and CMOS image sensors were relatively stable during the Track Record Period. During FY2023, FY2024 and FY2025, the aggregate cost of microprocessors and CMOS image sensors recognised in our costs of sales amounted to RMB4.2 million, RMB4.0 million and RMB4.1 million, which accounted for approximately 4.0%, 0.9% and 0.8% of our total cost of sales during the corresponding years, respectively. As the prices of the microprocessors and CMOS image sensors we purchased during the Track Record Period remained relatively stable, the effect of price fluctuation of the costs of microprocessor and CMOS image sensors over our gross profit and gross profit margin was not significant. However, our gross profit margin fluctuated during the Track Record Period as affected by a combination of other factors, including product mix, customer composition, scale of production, and pricing strategies.

Our income from others in FY2023 primarily comprise our fee income from maintenance services. Our income, gross profit and gross profit margin from others increased in FY2024 primarily because we also received income from subscription services. Our income from others was relatively stable in FY2025.

Please see the sub-section headed "Year-to-year Comparison of Results of Operations" in this section below for details relating to the year-to-year comparison of gross profit and gross profit margins.

Other Income

During the Track Record Period, our other income primarily consisted of (i) government grants; (ii) value-added tax refund; and (iii) interest income on our term deposits. In FY2023, FY2024 and FY2025, our other income amounted to RMB6.9 million, RMB5.1 million and RMB7.4 million, respectively.

The following table sets forth a breakdown of our other income for the years indicated:

	FY2023		FY2024		FY2025	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Government grants[(i)]	1,986	28.9	2,877	57.0	2,957	39.8
VAT refund[(ii)]	2,467	36.0	613	12.1	291	3.9
Interest income [(iii)]	2,410	35.1	1,100	21.8	1,913	25.7
Additional deduction for VAT [(iv)]	—	—	458	9.0	2,266	30.6
Others	—	—	3	0.1	3	0.0
Total	**6,863**	**100.0**	**5,051**	**100.0**	**7,430**	**100.0**

(i) Government grants represent various subsidies received from the PRC local government authorities as incentives mainly for our Group's research and development activities and financing activities.

(ii) In accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax ("**VAT**") Policies for Software Products which was promulgated by the Ministry of Finance and the State Administration of Taxation on 13 October 2011 and came into effect on 1 January 2011, enterprises engaged in the sales of self-developed software in the PRC are entitled to the value added tax refund to the portion of value-added tax actually paid which exceeds 3% of the related sale amounts.

(iii) Interest income comprises interest income on our Group's term deposits classified as financial assets at amortised cost calculated using the effective interest method.

(iv) Pursuant to the Announcement [2023] No. 43 "Notice on the Additional Value-Added Tax Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》)" issued in 2023 by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT from 1 January 2023 to 31 December 2027.

Other (Losses)/Gains, Net

During the Track Record Period, our other losses and gains, net primarily consisted of (i) net losses on disposal of financial instruments; (ii) net foreign exchange differences; (iii) net losses on disposal of property, plant and equipment; and (iv) net gains/(losses) on termination of right-of-use assets.

The following table sets forth a breakdown of our other losses and gains, net for the years indicated:

	FY2023	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*
Other (Losses)/ Gains, net			
Net losses on disposal of financial instruments	(940)	—	(1,762)
Net foreign exchange differences	20	13	29
Net losses on disposal of property, plant and equipment	(165)	(16)	(3,792)
Net gains/(losses) on termination of right-of-use assets	267	(9)	803
Others	(140)	68	825
Total	**(958)**	**56**	**(3,897)**

General and Administrative Expenses

During the Track Record Period, our general and administrative expenses primarily consisted of (i) staff costs; (ii) depreciation amortisation; (iii) taxes and surcharges; (iv) consulting and professional fees; (v) **[REDACTED]** and (iv) office expenses.

In FY2023, FY2024 and FY2025, our general and administrative expenses amounted to RMB11.9 million, RMB13.0 million and RMB46.8 million, respectively, representing 10.1%, 2.5% and 7.0% of our revenue, during the corresponding years.

The following table sets out a breakdown of our general and administrative expenses for the years indicated:

	FY2023		FY2024		FY2025	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Staff costs	6,988	58.9	6,907	52.9	16,249	34.7
Depreciation and amortisation	1,793	15.1	1,966	15.1	2,410	5.1
Taxes and surcharges	647	5.4	1,704	13.1	2,063	4.5
Consulting and professional fees	1,200	10.1	1,150	8.8	5,281	11.3
Office expenses	529	4.5	740	5.7	1,197	2.6
[REDACTED]	—	0.0	—	0.0	17,426	37.2
Others	717	6.0	573	4.4	2,176	4.6
Total	**11,874**	**100.0**	**13,040**	**100.0**	**46,802**	**100.0**

Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses primarily consisted of (i) staff costs; (ii) entertainment; (iii) marketing and promotion expenses; (iv) depreciation and amortisation; and (v) travelling expenses. In FY2023, FY2024 and FY2025, our selling and marketing expenses amounted to RMB16.0 million, RMB16.5 million and RMB17.7 million, respectively, representing 13.7%, 3.2% and 2.6% of our revenue during the corresponding years.

The following table sets out a breakdown of our selling and marketing expenses for the years indicated:

	FY2023		FY2024		FY2025	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Staff costs	8,948	55.8	9,032	54.8	10,980	62.0
Entertainment expenses	1,894	11.8	1,976	12.0	1,272	7.3
Marketing and promotion expenses	2,025	12.6	3,158	19.2	2,704	15.3
Depreciation and amortisation	1,380	8.6	871	5.3	981	5.5
Travelling expenses	1,042	6.5	821	5.0	1,245	7.0
Others	746	4.7	612	3.7	518	2.9
Total	**16,035**	**100.0**	**16,470**	**100.0**	**17,700**	**100.0**

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) staff costs; (ii) depreciation and amortisation; (iii) raw materials and consumables used; (iv) professional services and other consulting fees; and (v) outsourcing service fees.

In FY2023, FY2024 and FY2025, our R&D expenses amounted to RMB11.1 million, RMB25.2 million and RMB50.8 million, respectively, representing 9.5%, 4.8% and 7.6% of our revenue, respectively.

The following table sets out a breakdown of our research and development expenses for the years indicated:

	FY2023		FY2024		FY2025	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Staff costs	9,141	82.5	9,146	36.3	17,533	34.5
Depreciation and amortisation	802	7.2	875	3.5	1,344	2.7
Raw materials and consumables used	39	0.4	93	0.4	178	0.4
Professional services and other consulting fees	711	6.4	630	2.5	655	1.3
Outsourcing service fees	216	1.9	14,203	56.5	30,500	60.0
Others	175	1.6	204	0.8	583	1.1
Total	**11,084**	**100.0**	**25,151**	**100.0**	**50,793**	**100.0**

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets primarily represent provision of trade and notes receivable and other receivables. We recorded net impairment loss on financial assets of RMB1.6 million, RMB5.4 million and RMB6.5 million in FY2023, FY2024 and FY2025.

Finance Income

Our finance income comprised interest income from financial assets held for cash management purposes.

In FY2023, FY2024 and FY2025, our finance income amounted to approximately RMB613,000, RMB273,000 and RMB207,000, respectively.

Finance Costs

During the Track Record Period, our finance costs mainly consisted of interest expenses on lease liabilities and on borrowings.

The following table sets forth a breakdown of our finance costs for the years indicated:

	FY2023		FY2024		FY2025	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Interest expenses on lease liabilities	988	32.3	835	82.2	564	14.6
Interest expenses on borrowings	1,955	64.0	66	6.5	3,002	77.7
Others	112	3.7	115	11.3	296	7.7
Total	**3,055**	**100.0**	**1,016**	**100.0**	**3,862**	**100.0**

Income Tax Credit/(Expenses)

During the Track Record Period, our income tax expenses comprised (i) adjustments for current tax of prior years; and (ii) deferred income tax. In FY2023 and FY2025, our income tax credit were RMB4.4 million and RMB1.9 million, respectively, whereas our income tax expense was RMB2.0 million in FY2024.

The following table sets forth a breakdown of our income tax (credit)/expenses for the years indicated:

	FY2023	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*
Adjustments for current tax of prior years	19	8	—
Deferred income tax	(4,460)	2,039	(1,863)
Total	**(4,441)**	**2,047**	**(1,863)**

During the Track Record Period, our Company has obtained High and New Technology Enterprises certification and hence is entitled to a preferential corporate income tax rate of 15% for a valid period of three years. The current High and New Technology Enterprises certificate was issued in December 2024 and is valid for a period of three years until December 2027. Our subsidiaries were generally subject to the PRC enterprise income tax at the standard rate of 25% during FY2023, FY2024 and FY2025, except for certain subsidiaries which were eligible for a reduced rate of 20% under the preferential tax treatments for Small Low-profit Enterprises. The preferential tax treatments for Small Low-profit Enterprises will be valid until 31 December 2027.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2023 onwards) of their qualifying research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year ("**R&D super-deduction**"). During the Track Record Period, we qualify for this preferential policy and have consistently applied it to reduce its tax liabilities.

Pursuant to the relevant laws and regulations, our Group satisfies all the criteria to be qualified for the R&D super-deduction. These criteria include being a resident technology-based enterprise engaged in research and development activities, with clear objective that are carried out continuously to acquire new scientific and technological knowledge, creatively apply new scientific and technological knowledge, or substantially improve technologies, products (or services) and services (but not within the tobacco manufacturing, accommodation and catering, wholesale and retail trade, real estate, leasing and business services, entertainment and other industries stipulated by the Ministry of Finance and the State Administration of Taxation). Qualifying research and development expenses directly incurred for that purpose include, particularly, personnel costs, direct input costs, depreciation, amortisation expenses, and other expenses (not exceeding 10% of the total deductible R&D expenses). Since the relevant laws and regulations do not specify a time limit for this preferential policy, our Group can continue to qualify for this preferential policy provided there are no significant changes to the relevant laws and regulations.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

FY2025 Compared to FY2024

Revenue

Our revenue increased by 27.9% from RMB522.6 million in FY2024 to RMB668.5 million in FY2025, primarily attributable to (i) the significant increase in the sales of our Multispectral AI Large Model Services as a result of our services gaining market recognition; (ii) the strong sales performance from Multispectral AI Perception Terminals; (iii) the implementation of supportive industry policy boosted market demand; and (iv) the expansion of our customer base.

Multispectral AI Modules

Revenue generated from our Multispectral AI Modules decreased by 30.1% from RMB299.2 million in FY2024 to RMB209.0 million in FY2025, primarily attributable to a 37.9% decrease in sales volume from 587,183 units in FY2024 to 364,350 units in FY2025, because we focused on customers with higher gross profit margin; which was partially off-set by a 12.6% increase in average selling price from RMB509.6 in FY2024 to RMB573.7 in FY2025. The increase in average selling price was attributable to the launch of our upgraded products in FY2025, such as those tailored for campus scenarios and more complex outdoor facial recognition environments, as well as upgrades to our existing product lines. These upgrades incorporated advanced AI models with enhanced functionalities, such as integrated GPS capabilities, which allowed us to command higher selling prices by better addressing the evolving needs of our customers. These modules are integrated with advanced algorithms capable of handling complex scenarios. For example, certain module products are able to (i) operate with facial recognition at construction sites under challenging lighting conditions, including at night; (ii) identify unauthorised persons through facial detection; and (iii) detect whether safety helmets are worn by relevant personnel. In addition, some module products are capable of conducting health checks within campus environments and can detect chefs who have foreign objects, such as band-aids or rings, on their hands.

Alongside the decrease of our sales volume from 587,183 in FY2024 to 364,350 in FY2025, the number of customers and sales orders for our Multispectral AI Modules also decreased from 910 customers and 6,701 orders in FY2024 to 862 customers and 6,336 orders in FY2025, respectively. These also contributed to the decrease in revenue of our Multispectral AI Modules in FY2025.

Multispectral AI Perception Terminals

Revenue generated from our Multispectral AI Perception Terminals increased by 51.3% from RMB61.2 million in FY2024 to RMB92.6 million in FY2025, primarily attributable to (i) the fact that we managed to secure orders for specialised Multispectral Target Identification Terminals with a substantially higher unit price from Customer M, which accounted for 40.4% of the revenue from Multispectral AI Perception Terminal products in FY2025; and (ii) that some other existing customers also increased their orders for our products.

Customer M is a private company based in Shenzhen, primarily engaged in smart manufacturing and industrial big data solutions. To the best knowledge of the Directors of the Company, Customer M (i) is a National High-tech Enterprise (國家高新技術企業) and a Specialised and Innovative Enterprise (專精特新企業); (ii) focus on the integration of "data + AI + industrial control" technology to deliver comprehensive intelligent solutions and services for the industrial manufacturing sector; and (iii) is committed to building a complete intelligent ecosystem that combines software and hardware for industrial manufacturing enterprises.

Initial contact between Customer M and our Group was established in 2024 through an industry exhibition, at a time when Customer M was seeking a supplier that can meet their technical and delivery requirements. After exchange of information between Customer M and our Group, we entered into our first contract in December 2024. Customer M became one of our five largest customers in FY2025 as a result of the significant orders placed with us during FY2025.

These specialised terminals sold to Customer M have a substantially higher unit price as compared to that of our other Multispectral AI Perception Terminals products, because these products are equipped with high-speed sensitive sensing modules and advanced processing units for high-throughput industrial sorting and identification operations.

Apart from the sales of our Multispectral Target Identification Terminals to Customer M, there was a general increase in the average selling price of the sales of our Multispectral AI Perception Terminals to other customers, which was attributable to the launch of new products in FY2025 with new features such as upgraded facial recognition models and integrated GPS capabilities. The upgraded products featured Multispectral AI technology with new features such as intelligent environmental perception and scenario-based anomaly detection, enhancing their overall capability and commercial value. These developments enabled us to command higher selling prices by delivering greater value to our customers in specialised application settings.

Although the sales volume decreased by 15.8% from 62,969 units in FY2024 to 53,045 units in FY2025, the number of customers, sales order received and average selling prices of our Multispectral AI Perception Terminals increased from 437 customers, 1,483 sales orders and RMB972.4 per unit in FY2024 to 579 customers, 2,069 sales orders and RMB1,746.4 per unit in FY2025, respectively. These also contributed to the increase in our revenue from Multispectral AI Perception Terminals in FY2025.

Multispectral AI Large Model Services

Revenue generated from our Multispectral AI Large Model Services increased by 212.3% from RMB113.8 million in FY2024 to RMB355.4 million in FY2025. This significant growth was primarily attributable to the securing of several large service contracts in FY2025 as our customer base expanded and our services gained increasing market recognition. During FY2025, we secured five service contracts from two of our customers, namely Customers J and K, both of whom were among our five largest customers for FY2025. In aggregate, these five contracts contributed revenue of RMB159.8 million in FY2025, representing approximately 45.0% of our total revenue from our Multispectral AI Large Model Services during FY2025. The services to be provided under the service contract with Customer K were intended for use in information data centres (IDCs), while the services to be provided under the remaining four service contracts with Customer J were intended for use in intelligent driving systems and information data centres (IDCs). For detailed background of these two customers, please refer to the section headed "Business — Marketing, Sales and Customers — Our Customers" in this document. In addition, since these services were newly launched in FY2024, the low-base effect also contributed to the substantial increase in revenue from our Multispectral AI Large Model Services in FY2025.

Alongside the increase in revenue from RMB113.8 million in FY2024 to RMB355.4 million in FY2025, the number of customers and sales order received of our Multispectral AI Large Model Services increased from 16 customers and 22 sales orders in FY2024 to 23 customers and 41 sales orders in FY2025, respectively. The increase in number of customers and sales orders also contributed to the increase in revenue from Multispectral AI Large Model Services in FY2025.

Other AI Vision Modules

Revenue generated from our Other AI Vision Modules decreased from RMB47.1 million in FY2024 to RMB10.3 million in FY2025 primarily because of our adjustment of product mix, focusing on our other core products and services.

Gross Profit and Margin

Our gross profit increased by 52.2% from RMB98.2 million in FY2024 to RMB149.4 million in FY2025. This significant growth was primarily driven by the strong performance of our Multispectral AI Large Model Services, which accounted for 53.1% of total revenue in FY2025, increased from 21.8% in FY2024.

Our gross profit margin rose from 18.8% in FY2024 to 22.3% in FY2025, primarily attributable to a change in our revenue composition and product mix in FY2025, where our Multispectral AI Large Model Services products with relatively higher gross profit margin accounted for a larger portion of our revenue in FY2025.

Multispectral AI Modules

The gross profit of Multispectral AI Modules increased by 2.6% from RMB22.8 million in FY2024 to RMB23.4 million in FY2025.

Our gross profit margin increased from 7.6% in FY2024 to 11.2% in FY2025. The increase in gross profit margin was mainly attributable to our strategic shift to prioritise customers with higher profitability. In particular, the Group proactively ceased accepting orders from customers where the expected gross profit margin fell below certain level. The increase was also attributable to our integration of more advanced algorithms and application scenarios into our products in FY2025, which means that the functions and applicability of such products have been improved. Our customers, such as customers in the education sector who are required to conduct health checks within campus environments and safety checks in their kitchen facilities (i.e. detecting chefs who have foreign objects, such as band-aids or rings, on their hands), were more willing to pay a higher price for these products because such products created a greater marginal value for our customers. These modules, which incorporate more advanced algorithms and are capable of handling complex scenarios, contributed to the increase in the gross profit margin of our Multispectral AI Modules. For example, certain modules that can identify strangers even under challenging lighting conditions recorded gross profit margins ranging from 10.0% to 48.8% in FY2025, while other modules that can detect foreign objects on chefs' hands within a campus environment achieved gross profit margins ranging from approximately 13.7% to 44.7% in FY2025. These gross profit margins were relatively higher than the overall gross profit margin of our Multispectral AI Modules, which was approximately 11.2%.

Multispectral AI Perception Terminals

The gross profit of Multispectral AI Perception Terminals showed a growth of 7.2%, increasing from RMB15.3 million in FY2024 to RMB16.4 million in FY2025, which was in line with the increase in our corresponding revenue. The gross profit margin slightly decreased from 25.1% in FY2024 to 17.7% in FY2025, primarily attributable to the lower gross profit margin of our Multispectral AI Perception Terminal products we provided to Customer M, which accounted for 40.4% of our sales of Multispectral AI Perception Terminals in FY2025. Although the average selling price of Multispectral AI Perception Terminals we sold to Customer M was substantially higher than that we sold to other customers during FY2025, the gross profit margin of our Multispectral AI Perception Terminals we sold to Customer M was relatively lower. The products we sold to Customer M have a lower gross profit margin because such products are specialised terminals that we need to procure components from third

parties and the cost of such specialised terminal components is relatively higher than those we used in other Multispectral AI Perception Terminals we produced for other customers. We cannot pass on all such costs to Customer M, primarily because these specialised terminal components were sourced mainly from third parties. This limits our flexibility to apply a higher margin on these components while maintaining the overall price competitiveness of our products. The increase in costs associated with the Multispectral AI Perception Terminals produced for Customer M outweighed the increase in the average selling price resulting from the sales of such terminals to Customer M.

Multispectral AI Large Model Services

Gross profit of Multispectral AI Large Model Services increased from RMB56.3 million in FY2024 to RMB107.9 million in FY2025 driven by the growth in revenue in FY2025. Gross profit margin of our Multispectral AI Large Model Services decreased from 49.5% in FY2024 to 30.4% in FY2025, primarily due to an increase in number of our projects of Multispectral AI Large Model Services with software and hardware.

The Multispectral AI Large Model Services projects we delivered in FY2024 were primarily projects without hardware. During FY2025, a larger portion of our projects involved tailored solutions, customised software and specialised equipment that were specifically designed to meet the needs of particular customers as compared to that for FY2024. The solutions and software involved include process design, integration with customers' existing systems, and software modifications with customised features, interfaces, or algorithms. In addition, the specialised equipment mainly consists of electronic hardware, such as computer servers. The complexity of such requirements, together with the cost of electronic hardware, resulted in a compression of overall gross profit margin for the year.

Moreover, we delivered a higher proportion of projects with hardware in FY2025, and these projects carried lower gross profit margins. During FY2024, we delivered 4 projects with hardware components, generating revenue of RMB57.6 million and representing 50.6% of total revenue of Multispectral AI Large Model Services. In contrast, during FY2025, we delivered 9 projects with hardware components, generating revenue of RMB257.6 million and representing 72.5% of total revenue of Multispectral AI Large Model Services. As the hardware components are sourced from third-party vendors at prevailing market prices, the mark-up on the hardware portion is limited. This is necessary to maintain the price competitiveness of our services and therefore, such projects carry lower gross profit margins. Accordingly, the decrease in gross profit margin of Multispectral AI Large Model Services from FY2024 to FY2025 was primarily attributable to the higher revenue contribution from hardware-software integrated projects.

Other AI Vision Modules

The gross profit of Other AI Vision Modules decreased from RMB3.0 million in FY2024 to RMB0.8 million in FY2025, and our gross profit margin slightly increased from 6.3% in FY2024 to 7.8% in FY2025.

Other Income

Our other income increased from RMB5.1 million in FY2024 to RMB7.4 million in FY2025, primarily a result of (i) the increase in the recognition of 5% additional deduction for VAT by approximately RMB1.8 million which is calculated based on the deductible input VAT of corresponding year; and (ii) the increase in interest income by approximately RMB0.8 million.

Other Losses, Net

Our net other gains decreased from a gain of approximately RMB56,000 in FY2024 to a loss of approximately RMB3.9 million in FY2025 which was largely due to (i) our losses of approximately RMB3.8 million recognised on disposal of property, plant and equipment during FY2025 as a result of the disposal of our machinery and leasehold improvements during the year; and (ii) our losses of approximately RMB1.8 million arising from discounting letters of credit and banker's acceptances issued to us which was partly offset by the partial termination of the lease in our Shenzhen production base.

General and Administrative Expenses

Our general and administrative expenses increased from RMB13.0 million in FY2024 to RMB46.8 million in FY2025. The increase was mainly attributable to the incurrence of **[REDACTED]** of approximately RMB17.4 million in FY2025 as compared to (i) nil in FY2024; and (ii) an increase in employee compensation (including both salaries and share-based compensation expenses) by approximately RMB9.3 million from RMB6.9 million in FY2024 to RMB16.2 million in FY2025 arising from the hiring of additional management and administrative staff in FY2025 to support our business growth. The number of our management and administrative staff increased from 31 as at 31 December 2024 to 48 as at 31 December 2025, representing an increase of 54.8%.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB16.5 million and RMB17.7 million in FY2024 and FY2025, respectively.

Research and Development Expenses

Our R&D expenses increased from RMB25.2 million in FY2024 to RMB50.8 million in FY2025, primarily due to (i) a significant increase in outsourcing R&D service fees from approximately RMB14.2 million in FY2024 to RMB30.5 million in FY2025, mainly for our development and customisation of an internal product lifecycle management system for the purpose of improving internal efficiency from initial concept to product operation, which accounted for RMB2.9 million, and for our Multispectral AI Large Model Services, including development of surrounding application software (e.g. user interface) and labour-intensive tasks (such as data tagging). In order to optimise R&D performance, resource allocation, enhance efficiency, and control overall project cost-effectiveness, we outsourced such tasks to external professional parties. This enabled us to focus our internal resources on core technological research revolving around large model algorithms. This includes making adjustments to algorithmic frameworks, optimising algorithmic parameters, and improving algorithmic accuracy. Collaboration with external parties also accelerated our delivery process and further improves our overall efficiency; and (ii) an increase in our staff costs from RMB9.1 million in FY2024 to RMB17.5 million in FY2025, mainly because of the increase in the number of our research and development staff from 107 as at 31 December 2024 to 156 as at 31 December 2025.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets remained relatively stable at RMB5.4 million and RMB6.5 million in FY2024 and FY2025, respectively.

Finance Costs

Our finance costs increased from RMB1.0 million in FY2024 to RMB3.9 million in FY2025, mainly due to an increase in interest expenses on borrowings. This was a result of additional financing loans that our Group obtained during FY2025 to support our business activities.

Income Tax Expense and Credit

Our income tax decreased from an expense of RMB2.0 million in FY2024 to a credit of RMB1.9 million in FY2025, primarily because there was a decrease in profit before income tax from RMB42.5 million in FY2024 to RMB27.5 million in FY2025. Despite recording a profit before income tax in FY2025, we still recorded an income tax credit in FY2025 mainly because we were eligible for R&D super deduction of RMB7.8 million on the R&D expenses in FY2025.

Profit/Loss for the Year

As a result of foregoing, our profit for the year decreased from RMB40.4 million in FY2024 to RMB29.4 million in FY2025.

FY2024 Compared to FY2023

Revenue

Our revenue significantly increased by 346.4% from RMB117.1 million in FY2023 to RMB522.6 million in FY2024. This growth was primarily attributable to (i) the relatively strong market demand for our products targeting safety-related applications; (ii) the acquisition of new customers that contributed significant orders for our Multispectral AI Modules and Multispectral AI Perception Terminals; and (iii) the launch of our Multispectral AI Large Model Services. The relatively significant revenue growth in FY2024 was primarily attributable to the relatively low revenue level in FY2023, as a result of the slow down of the economy.

Multispectral AI Modules

Revenue from Multispectral AI Modules surged from RMB99.1 million in FY2023 to RMB299.2 million in FY2024. The growth was driven by a 265.2% increase in sales volume from 160,803 units in 2023 to 587,183 units in 2024, attributable to the acquisition of new customers that brought in significant orders; the increase was partially offset by a 17.3% decrease in average selling price per unit from RMB616.4 to RMB509.6, which was primarily attributable to a volume-based pricing discount offered to Customer F, a newly acquired customer with large purchase orders as part of customised safety and monitoring solutions, for use in smart city projects with application scenarios such as smart city infrastructure. We became acquainted with Customer F through participation in a trade fair and exhibition. To the best knowledge of the Directors, Customer F is primarily engaged in the research, development, production and sale of communication and IoT-related products. Customer F supplies its products to customers in, among others, smart city, public services, banking and industrial park sectors, which place a strong emphasis on product quality and reliability. The profile and performance requirements of Customer F's end customers are aligned with the features and quality standards of our products. As a result, our products have been adopted by Customer F for use in its products, contributing to a significant increase in our sales volume to Customer F during FY2024.

At the same time, our prior investments in research and development successfully led into product upgrades and technological advancements for more complex outdoor facial recognition environments in 2024, which were well received by the market and aligned with customer needs. We offered a volume-based pricing discount to our existing major customer, Customer G, who placed new and

sizeable orders for our Multispectral AI Modules in FY2024 for use in multispectral warning technological systems by small, medium and micro enterprises. Moreover, our existing Customer I also placed new and sizeable orders for Multispectral AI Modules with specification requirements for use in conference room upgrade projects by downstream customers.

Customer F, Customer G and Customer I contributed revenue of RMB118.1 million, RMB36.1 million and RMB28.0 million, respectively, in FY2024, representing newly added revenue and constituting approximately a combined 60.9% of our total revenue from our Multispectral AI Modules for FY2024.

During FY2024, the Multispectral AI Modules we sold to Customer F and G had average selling prices of approximately RMB420.1 and RMB469.9 per unit, respectively. According to Frost & Sullivan, our industry consultant, these average selling prices represent discounts of 26.8% and 18.1%, respectively, compared to the market average selling price of RMB574.0 per unit. Our Directors are of the view that these substantial discounts not only reflected the large purchase orders placed by Customers F and G, which accounted for 47.9% and 13.1%, respectively, of our total sales volume of our Multispectral AI Modules during FY2024, but is also in line with our strategy to ensure our competitiveness and will promote business and profit sustainability by gaining new customers and customers with sizeable orders.

Multispectral AI Perception Terminals

Revenue from Multispectral AI Perception Terminals surged from RMB12.6 million in FY2023 to RMB61.2 million in FY2024. The substantial growth in product revenue was driven by a significant 487.1% surge in sales volume from 10,726 units in FY2023 to 62,969 units in FY2024 due to successful acquisition of Customer F and other certain new customers, and the launch of new products with new features such as upgraded facial recognition models and occlusion detection; the increase was partially offset by a 17.1% decrease in average selling price per unit from RMB1,173.4 to RMB972.4. The decrease in average selling price was primarily attributable to strategic volume-based pricing discounts to secure large orders from major customers amid market competition, which in turn generated economies of scale. For instance, Customer F primarily purchased our Multispectral AI Perception Terminals for biometric identification and safety and emergency response management for use in smart city projects. For reasons for the increase of purchase from Customer F with us, please refer to paragraphs headed "Year-to-year Comparison of Results of Operations — FY2024 Compared to FY2023 — Revenue — Multispectral AI Modules" in this section.

Multispectral AI Large Model Services

Multispectral AI Large Model Services first recorded revenue of RMB113.8 million in FY2024 as a result of the market introduction of this new service offering.

Other AI Vision Modules

Revenue from Other AI Vision Modules increased significantly from RMB5.2 million in FY2023 to RMB47.1 million in FY2024, mainly due to our lower pricing in light of economies of scale, enabling us to offer more competitive value propositions to our customers. Such strategy in turn allowed us to successfully secure major new clients. In particular, we secured a major new customer, Customer F, which contributed revenue of RMB39.4 million and represented 83.7% of our total revenue from our Other AI Vision Modules in FY2024.

Gross Profit and Gross Profit Margin

Our gross profit significantly increased by 586.2% from RMB14.3 million in FY2023 to RMB98.2 million in FY2024, primarily as a result of our revenue growth.

Our gross profit margin rose from 12.2% in FY2023 to 18.8% in FY2024, mainly due to launch of our Multispectral AI Large Model services which enjoyed a higher gross profit margin than those of the other products.

Multispectral AI Modules

The gross profit of Multispectral AI Modules increased from RMB10.8 million in FY2023 to RMB22.8 million in FY2024, mainly due to the increase in our corresponding revenue.

Our gross profit margin decreased from 10.9% in FY2023 to 7.6% in FY2024, primarily due to our competitive pricing for acquisition of a major new customer and high-volume orders; the decrease in gross profit margin was partially offset by the lower production costs driven by our increase in sales volume, which was reflected by the decrease in unit costs from approximately RMB549.0 in FY2023 to RMB470.8 in FY2024, resulting in reduced average fixed costs per unit and improved operational efficiency. Furthermore, due to economies of scale, we were able to offer strategic volume-based pricing discounts whilst maintaining approximately 5.0% and 6.4% gross profit margins to Customer F and Customer G, respectively. Moreover, due to higher hardware costs as a result of additional specification requirements, our gross profit margin to Customer I was approximately 2.9%, compared to our average gross profit margin of 7.6%.

Our Directors are of the view that the offering of new customer and volume-based discounts to our new customers and customers with sizeable orders, respectively, are in line with our business strategy to ensure our competitiveness and to promote business and profit sustainability. These customers are generally considered our strategic partners with whom we aim to build long-term relationships. For details of our pricing policy, please refer to the section headed "Business — Marketing, Sales and Customers — Pricing Policy". In fact, the gross profit margin of our Multispectral AI Modules increased from 7.6% for FY2024 to 11.2% for FY2025, which is primarily a result of our strategic focus on customers with higher gross profit margin. For details of our gross profit margin during FY2025, please refer to the paragraphs headed "FY2025 Compared to FY2024 — Gross Profit and Margin — Multispectral AI Modules" in this section.

Multispectral AI Perception Terminals

Our gross profit of Multispectral AI Perception Terminals increased by 518.6% from RMB2.5 million in FY2023 to RMB15.3 million in FY2024, which was generally in line with the increase in our corresponding revenue.

Our gross profit margin increased from 19.7% in FY2023 to 25.1% in FY2024. Our gross profit margin increased despite a reduction in average selling price, primarily due to the lower production costs driven by our increase in sales volume, which was reflected by the decrease in unit costs from approximately RMB942.1 in FY2023 to RMB728.7 in FY2024. Furthermore, due to economies of scale, we were able to offer strategic volume-based pricing discounts whilst maintaining an approximately 5.4% gross profit margin to Customer F, compared to our average gross profit margin of 25.1%.

Similarly, our Directors are of the view that the offering of strategic volume-based discounts to customers with sizeable orders is in line with our business strategy to ensure our competitiveness and to promote business and profit sustainability. For details of our pricing policy, please refer to the section headed "Business — Marketing, Sales and Customers — Pricing Policy".

Multispectral AI Large Model Services

Our Multispectral AI Large Model Services first recorded gross profit of RMB56.3 million in FY2024, with a gross profit margin of 49.5%.

Other AI Vision Modules

The gross profit of Other AI Vision Modules increased by 198.8% from RMB1.0 million in FY2023 to RMB3.0 million in FY2024, and our gross profit margin decreased from 19.3% in FY2023 to 6.3% in FY2024. The decrease in gross profit margin was mainly due to strategic volume-based pricing discounts given to secure large orders from a major customer amid market competition, which in turn generated economies of scale, resulting in reduced average fixed costs per unit and improved operational efficiency. In particular, we secured a major new customer, Customer F, which contributed revenue of RMB39.4 million from our Other AI Vision Modules in FY2024.

Other Income

Our other income decreased from RMB6.9 million in FY2023 to RMB5.1 million in FY2024. The decrease was mainly due to a decrease in VAT refunds and interest income.

Other Gains/Losses, Net

We incurred a net other losses of RMB1.0 million in FY2023 and a net other gains of RMB56,000 in FY2024, primarily as a result of the net losses on disposal of financial instruments incurred in FY2023.

General and Administrative Expenses

Our general and administrative expenses remained relatively stable at RMB11.9 million in FY2023 and RMB13.0 million in FY2024.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB16.0 million in FY2023 and RMB16.5 million in FY2024, respectively.

Research and Development Expenses

Our R&D expenses increased from RMB11.1 million in FY2023 to RMB25.2 million in FY2024, primarily due to a significant increase in outsourcing service fees from RMB0.2 million to RMB14.2 million. The increase in outsourcing service fees in FY2024 was primarily driven by several large-scale R&D projects. Among these, the development and customisation of our internal product lifecycle management system accounted for RMB8.0 million. In addition, the research and development of a customised system for our customers constituted RMB4.4 million of the total outsourcing service fees, while data tagging and annotation services accounted for RMB1.5 million. Other research and development activities constituted the remaining RMB0.3 million of the total outsourcing service fees.

The increase in our outsourcing service fees in FY2024 was a direct and strategic result of our Company's development and customisation of an internal product lifecycle management system for the purpose of improving internal efficiency from initial concept to product operation. It also represented our focused investment in the accelerated development and commercial deployment of our Multispectral AI Large Model Services. As the development of AI algorithms for use in our Multispectral AI Large Model Services commencing from FY2024 relies heavily on labour-intensive tasks, we need to outsource such tasks to optimise resource allocation, enhance efficiency, and control overall project cost-effectiveness, thereby allowing the Company to concentrate its internal resources on core technological research and development revolving around large model algorithms. This includes making adjustments to algorithmic frameworks, optimising algorithmic parameters, and improving algorithmic accuracy. Our clients come from various industries, which often require complete and comprehensive solutions. As a result, our core technologies alone may not be sufficient to efficiently address the requirements of specific application scenarios, and therefore certain tasks are outsourced so as to accelerate our delivery process and overall efficiency.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased from RMB1.6 million in FY2023 to RMB5.4 million in FY2024, mainly due to the increase in trade and notes receivables and other receivables, which is in line with the growth of our revenue.

Finance Income

Our finance income remained relatively stable at RMB0.6 million in FY2023 and RMB0.3 million in FY2024.

Finance Costs

Our finance costs decreased from RMB3.1 million in FY2023 to RMB1.0 million in FY2024, mainly caused by the decrease in interest expenses on borrowings in FY2024.

Income Tax (Credit)/Expense

We incurred income tax credit of RMB4.4 million in FY2023 and income tax expense of RMB2.0 million in FY2024, respectively, primarily as a result of us being loss making before tax in FY2023, while enjoying profit before tax in FY2024. The effective tax rate was 4.8% in FY2024, falling below the preferential income tax rate of 15%, primarily as a result of our application of the R&D super-deduction policy.

Profit/Loss for the Year

As a result of the foregoing, our profit for the year is RMB40.4 million in FY2024, a significant turnaround from a loss for the year of RMB18.4 million in FY2023.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	22,959	20,555	25,493
Right-of-use assets	21,062	15,283	11,251
Intangible assets	37,407	62,734	110,973
Deferred tax assets	5,625	3,586	5,449
Other non-current assets	—	859	—
	87,053	103,017	153,166
Current assets			
Inventories	55,967	31,577	80,194
Trade and notes receivables	19,817	145,676	184,423
Prepayments and other receivables	8,085	27,066	158,345
Other current assets[(1)]	15,759	13,824	20,654
Notes receivables at fair value through other comprehensive income	663	479	—
Term deposits and restricted cash	36,502	26,898	61,554
Cash and cash equivalents	37,115	56,705	65,556
	173,908	302,225	570,726
Current liabilities			
Trade and notes payables	45,060	79,557	45,882
Accruals and other payables	10,044	23,516	25,192
Other current liabilities	—	862	998
Current income tax liabilities	19	—	—
Contract liabilities	21,280	20,280	75,942
Lease liabilities	8,613	10,159	5,672
Borrowings	—	28,584	152,272
	85,016	162,958	305,958
Net current assets	88,892	139,267	264,768
Total assets less current liabilities	175,945	242,284	417,934
Non-current liabilities			
Lease liabilities	14,512	6,943	6,730
Borrowings	—	964	49,008
	14,512	7,907	55,738
Net assets	**161,433**	**234,377**	**362,196**
Capital and reserves			
Share capital	7,903	8,155	8,613
Reserves	153,530	226,222	353,583
Total equity	**161,433**	**234,377**	**362,196**

Note:

(1) Other current assets mainly comprise deductible input VAT, which refers to input VAT held but not yet offset against output VAT for tax purposes.

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of (i) machinery and equipment; (ii) motor vehicles; (iii) office equipment and others; (iv) electronic equipment; and (v) leasehold improvement. The following table sets forth a breakdown of our property, plant and equipment as at the dates indicated:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Machinery and equipment	9,483	8,462	11,272
Motor vehicles	1,163	719	275
Office equipment and others	2,017	1,492	2,309
Electronic equipment	220	147	1,459
Leasehold improvement	10,076	9,735	10,178
Total	**22,959**	**20,555**	**25,493**

Our property, plant and equipment decreased from RMB23.0 million as at 31 December 2023 to RMB20.6 million as at 31 December 2024, mainly due to the depreciation in FY2024.

Our property, plant and equipment slightly increased from RMB20.6 million as at 31 December 2024 to RMB25.5 million as at 31 December 2025, mainly due to the capital expenditure on electronic equipment, machinery and equipment and leasehold improvement for our new Zhejiang production base, which was partially offset by the depreciation in FY2025.

Right-of-Use Assets

Our right-of-use assets are primarily related to our leased lands for our production bases and offices used in our operations during the Track Record Period. Our right-of-use assets decreased from RMB21.1 million as at 31 December 2023 to RMB15.3 million as at 31 December 2024 and further decreased to RMB11.3 million as at 31 December 2025, mainly due to the partial termination of our lease for our Shenzhen production base and amortisation incurred during the years.

Intangible Assets

During the Track Record Period, our intangible assets consisted of software and system and development costs. Our intangible assets increased from RMB37.4 million as at 31 December 2023 to RMB62.7 million as at 31 December 2024 and further to RMB111.0 million as at 31 December 2025, mainly due to the additions of intangible assets relating to development costs incurred during the relevant years. All our development costs are intangible assets, primarily cost of R&D projects under development, which are not yet available for use.

The impairment review for our intangible assets as at 31 December 2023, 2024 and 2025 have been conducted annually by the management. For details, please refer to Note 18 to the Accountants' Report set forth in Appendix I to this document.

For the purposes of impairment testing, our development costs with indefinite useful lives have been allocated to individual cash-generating units ("**CGU**"), comprising holding company and most of the operating subsidiaries. The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of the CGU has been determined based on a value-in-use calculation. The calculation uses cash flow projections based on the financial budgets approved by the management of our Group covering a five-year period.

Key assumptions and inputs used for the business valuation as at 31 December 2023, 2024 and 2025 are as follows:

	31 December		
	2023	2024	2025
Pre-tax discount rates	15.58%	15.21%	15.14%
Revenue growth rates	1%–346%	1%–37%	2%–25%
Budgeted gross margins	24%–29%	24%–29%	23%–24%

The following describes each of the key assumptions and parameters on which our management has based its cash flow projections to undertake impairment testing of CGUs:

1. Discount rates

The discount rates used are pre-tax and reflect market assessments of the time value and the specific risks relating to the industry.

2. Revenue growth rates

The bases used to determine the revenue growth rates in the five-year forecast period are the historical data of the CGU, management's expectation of the future market and the average growth rate achieved by comparable companies. Growth rates beyond the first five years are based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry.

3. Budgeted gross margins

The basis used to determine the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, adjusted for expected efficiency improvements, and expected market development.

For details of the values used in the key assumptions for our business valuation as at relevant balance sheet dates, please refer to Note 18 to the Accountants' Report set forth in Appendix I to this document. The values assigned to the key assumptions on market development of the above CGU and discount rate are consistent with external information sources.

If the recoverable amount of the CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. The impairment loss will be recognised in profit or loss. Any change in the assumptions selected by management could materially affect the value in use calculations used in the impairment testing and therefore may result in an impairment charge to profit or loss.

As the recoverable amount of CGU as at 31 December 2023, 2024 and 2025 exceeded its carrying amount, no impairment loss was recognised against the development costs of intangible assets with indefinite useful lives associated with the CGU for the year then ended.

For sensitivity analysis conducted during the impairment review as at 31 December 2023, had there been a reduction in the total forecasted revenue by 7.04% or an increase in the discount rate of 27.76 percentage point each in isolation, the recoverable amount of our Group's intangible assets would be close to the breakeven point. As at 31 December 2023, had there been a reduction in the total forecasted revenue by 5% or an increase in the discount rate of 5 percentage point each in isolation, the headroom would be decreased by approximately RMB216,524,000 and RMB83,584,000, respectively.

For sensitivity analysis conducted during the impairment review as at 31 December 2024, had there been a reduction in the total forecasted revenue by 9.36% or an increase in the discount rate of 36.20 percentage point each in isolation, the recoverable amount of our Group's intangible assets would be close to the breakeven point. As at 31 December 2024, had there been a reduction in the total forecasted revenue by 5% or an increase in the discount rate of 5 percentage point each in isolation, the headroom would be decreased by approximately RMB287,464,000 and RMB183,709,000, respectively.

For sensitivity analysis conducted during the impairment review as at 31 December 2025, had there been a reduction in the total forecasted revenue by 3.71% or an increase in the discount rate of 21.38 percentage point each in isolation, the recoverable amount of our Group's intangible assets would be close to the breakeven point. As at 31 December 2025, had there been a reduction in the total forecasted revenue by 5% or an increase in the discount rate of 5 percentage point each in isolation, the headroom would be decreased by approximately RMB445,830,000 and RMB227,530,000, respectively.

Inventory

Our inventories primarily consist of (i) raw materials; (ii) work in progress; (iii) finished goods; (iv) outsourced processing materials; and (v) goods in transit.

We adopt different strategies to manage our inventory in order to deal with non-seasonal and seasonal demands. We make forecast of the necessary inventory level based on orders received from our customers. We normally classify our raw materials into three categories: (i) strategic materials, such as sensors and chips; (ii) project-specific materials; and (iii) general materials. For strategic materials which are normally high-value versatile core components, we maintain a cooperative relationship with our suppliers to ensure a stable and sufficient supply. For project-specific materials, purchases are made based on project order requirements to avoid stockpiling. For general materials which are of low value, we conduct periodic reviews of inventory levels and replenish as needed.

We have implemented a comprehensive inventory management system covering raw materials, work-in-progress and finished goods, with a view to enhancing operational efficiency, minimising stock obsolescence risks and maintaining optimal inventory levels. According to our internal policies, our sales forecasts are submitted by the sales department to the production department by the 15th day of each month. Based on these forecasts, the production department formulates production plans, detailing the raw materials involved. The procurement department then prepares the procurement plan for the following month by the 28th day of each month based on the production plan, safety stock requirements and existing inventory levels, which is subject to departmental approval before execution. Upon receipt of the inventory, the warehouse department shall complete a goods inspection within 2 working days, and items requiring quality inspection are tested by the quality control department within 3 working days. Accepted inventory is entered into the inventory management system within 24 hours. We also conduct monthly cycle counts on at least 30% of all inventory, and perform a full inventory count on an annual basis prior to financial closing.

The following table sets forth our inventories as at the dates indicated:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	18,766	16,312	18,863
Work in progress	8,297	7,593	13,487
Finished goods	4,537	6,090	6,529
Outsourced processing materials	1,017	778	42
Goods in transit	30,419	8,192	48,895
	63,036	38,965	87,816
Less: provision for impairment	(7,069)	(7,388)	(7,622)
Total	**55,967**	**31,577**	**80,194**

Our inventory decreased from RMB56.0 million as at 31 December 2023 to RMB31.6 million as at 31 December 2024, primarily due to the decrease of goods in transit as at 31 December 2023, which was delivered to our customers during FY2024.

Our inventory increased significantly from RMB31.6 million as at 31 December 2024 to RMB80.2 million as at 31 December 2025, primarily due to the increase in our goods in transit by approximately RMB40.7 million from approximately RMB8.2 million as at 31 December 2024 to approximately RMB48.9 million as at 31 December 2025. The increase in our goods in transit was because, as of 31 December 2025, we were delivering our Multispectral AI Large Model Services of approximately RMB48.8 million to one of our customers. The customer has already made a prepayment of an equivalent amount, which has been recorded in our books as one of our contract liabilities. As our Multispectral AI Large Model Services being delivered are just one of the components within the bigger projects of relevant companies, the check before acceptance procedure for our Multispectral AI Large Model Services takes a longer period of time. Therefore, the customer was still carrying out its check before acceptance procedure as of 31 December 2025.

The following is an ageing analysis of our inventories by inventory type (before provision for impairment) as at the dates indicated.

	Raw materials	Work in progress	Finished goods	Outsourced processing materials	Goods in transit	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023						
Within 1 year	7,643	4,435	3,264	1,017	30,419	46,778
1–2 years	5,069	1,318	447	—	—	6,834
2–3 years	5,640	2,389	814	—	—	8,843
Over 3 years	414	155	12	—	—	581
Total	**18,766**	**8,297**	**4,537**	**1,017**	**30,419**	**63,036**
As at 31 December 2024						
Within 1 year	8,483	4,624	5,516	778	8,192	27,593
1–2 years	2,014	422	411	—	—	2,847
2–3 years	2,607	531	82	—	—	3,220
Over 3 years	3,208	2,016	81	—	—	5,305
Total	**16,312**	**7,593**	**6,090**	**778**	**8,192**	**38,965**

	Raw materials	Work in progress	Finished goods	Outsourced processing materials	Goods in transit	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025						
Within 1 year	13,679	10,590	4,859	42	48,895	78,065
1–2 years	758	484	1,401	—	—	2,643
2–3 years	997	261	206	—	—	1,464
Over 3 years	3,429	2,152	63	—	—	5,644
Total	**18,863**	**13,487**	**6,529**	**42**	**48,895**	**87,816**

The following table sets forth our inventory turnover days for the years indicated.

	FY2023	FY2024	FY2025
Inventory turnover days[(1)]	201	44	45

Note: Inventory days is calculated using the average of the opening and closing inventory balance divided by cost of sales for the relevant years and multiplied by the number of days during such years.

Our inventory turnover days decreased from 201 days in FY2023 to 44 days in FY2024, driven by the decrease of our inventory decreased from RMB56.0 million as at 31 December 2023 to RMB31.6 million as at 31 December 2024, primarily due to the decrease of goods in transit as at 31 December 2023, which was delivered to our customers during FY2024; and the increased sales execution and enhanced sales management, with major customer orders largely completed within the year, thereby leading to an increase in revenue from RMB117.1 million in FY2023 to RMB522.6 million in FY2024 and lower ending inventory balance.

In FY2025, our inventory turnover days remained relatively stable at 45 days.

As at 30 April 2026, RMB36.7 million, or 41.8% of our inventory balance as at 31 December 2025, had been consumed. Our directors are of the view that there is no impairment issue for the balance of our inventories as at 31 December 2025, because approximately RMB48.9 million, or 61.0% of our inventory as at 31 December 2025 were goods in transit. These goods in transit primarily comprise our Multispectral AI Large Model Services being delivered to a customer and pending completion of the acceptance procedure. As disclosed in this subsection, our Multispectral AI Large Model Services being delivered are only one component within the larger projects of the relevant customers. The acceptance check for our Multispectral AI Large Model Services may take a longer period of time.

Trade and Notes Receivables

Our trade and notes receivables primarily represent receivables in relation to our products or services. The following table sets forth our trade and notes receivables as at the dates indicated.

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	21,243	151,560	195,572
Less: credit loss allowance	(2,200)	(6,746)	(12,147)
	19,043	144,814	183,425
Notes receivables	774	862	998
Total	**19,817**	**145,676**	**184,423**

Our trade and notes receivables increased significantly from RMB19.8 million as at 31 December 2023 to RMB145.7 million as at 31 December 2024, primarily due to the improvement in our sales performance during the relevant year.

Our trade and notes receivables further increased to RMB184.4 million as at 31 December 2025, which was generally in line with the increase in our revenue from RMB522.6 million in FY2024 to RMB668.5 million in FY2025 as a result of the increase in demand of our Multispectral AI Large Model Services.

During the Track Record Period, the credit loss allowance also increased from RMB2.2 million as at 31 December 2023 to RMB6.7 million as at 31 December 2024, which was generally in line with the significant growth in trade receivables. It further increased to RMB12.1 million as at 31 December 2025, as a result of increase in our trade receivables aged between one to two years as at 31 December 2025.

The table below sets out a summary of the ageing analysis of our trade receivables as at the dates indicated based on the invoice date and net of loss allowance:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	14,654	137,257	144,195
6 months to 1 year	4,514	13,091	43,074
1 to 2 years	1,600	477	8,102
2 to 3 years	93	535	182
Over 3 years	382	200	19
Total	**21,243**	**151,560**	**195,572**

Our trade receivables aged within six months increased from RMB14.7 million as at 31 December 2023 to RMB137.3 million as at 31 December 2024 and remained relatively stable at RMB144.2 million as at 31 December 2025, respectively. The increases in our trade receivables aged within six months as at 31 December 2023, 2024 and 2025 are generally in line with the change in our revenue in the corresponding years. The increase in trade receivables aged from six months to one year from RMB4.5 million as at 31 December 2023 to RMB13.1 million as at 31 December 2024, and further to RMB43.1 million as at 31 December 2025 was primarily due to (i) the rapid expansion of our business scale, which led to higher overall trade receivables; and (ii) the shift in customer mix, with a higher proportion of large-scale clients who generally have longer payment cycles.

The following table sets forth our trade receivables turnover days for the years indicated.

	FY2023	FY2024	FY2025
Trade receivables turnover days[(1)]	68	60	95

Note: Trade receivables turnover days is calculated using the average of the opening and closing trade receivables balance divided by revenue for the relevant year and multiplied by the number of days during such year.

Our trade receivables turnover days were relatively stable at 68 days and 60 days in FY2023 and FY2024, respectively.

The increase in trade receivables turnover days from 60 days in FY2024 to 95 days in FY2025 was mainly due to some customers with an aggregate amount of approximately RMB67.9 million, which accounted for 34.7% of our trade and notes receivables as at 31 December 2025, were late settling our invoices. These customers who were late settling our invoices were primarily state-owned enterprises, listed companies and companies with registered capital of RMB5.0 million or more. The increase in our trade receivables turnover days was also a result of our shift in customer mix, with a higher proportion of large-scale clients who generally have longer payment cycles. As at 31 December 2025, approximately RMB179.0 million, or 97.6% of our trade receivable of RMB183.4 million was attributable to large-scale clients which placed relatively higher-volume orders with us.

As at 30 April 2026, RMB41.8 million, or 61.5% of our overdue trade and notes receivables of RMB67.9 million as at 31 December 2025, had been settled.

Having considered that (i) a substantial portion of our trade receivables as at 31 December 2025 was aged within one year; (ii) the balances were primarily due from customers with whom we maintain well-established commercial relationships or who are reputable and financially sound corporations. As at 31 December 2025, among the total trade and notes receivables of RMB183.4 million, RMB25.4 million, RMB12.7 million and RMB130.6 million were due from state-owned enterprises, listed companies and companies with registered capital of RMB5.0 million or more, which accounted for 13.9%, 6.9% and 71.2% of our total trade and notes receivables, respectively; and (iii) there were no material ongoing or potential disputes with these customers, we are of the view that adequate provisions have been made for our trade receivables.

As at 30 April 2026, RMB97.4 million, or 49.8% of our trade and notes receivables as at 31 December 2025, had been settled.

Prepayments and Other Receivables

Our prepayments and other receivables under current assets mainly consisted of (i) prepayment to suppliers; and (ii) deposit and warranties. The following table sets forth a breakdown of our prepayments as at the dates indicated:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments:			
Prepayment to suppliers	2,727	25,089	156,297
Prepaid **[REDACTED]**	—	—	305
Other receivables:			
Deposits and warranties	3,262	3,209	3,527
Due from related parties	2,696	63	—
Others	558	240	332
	9,243	28,601	160,461
Less: credit loss allowance	(1,158)	(1,535)	(2,116)
Total	**8,085**	**27,066**	**158,345**

Our prepayments and other receivables under current assets amounted to RMB8.1 million, RMB27.1 million and RMB158.3 million as at 31 December 2023, 2024 and 2025, respectively. The increase in prepayments and other receivables as at 31 December 2024 was primarily due to a significant rise in prepayments, driven by the substantial increase in orders for our products and services and our strategic initiatives to secure stable supply arrangements. The increase in prepayments and other receivables as at 31 December 2025 was primarily due to the increase in prepayments to suppliers. The high level of prepayments as at 31 December 2025 was attributable to prepayments of an aggregated amount of approximately RMB146.9 million to four of our suppliers as at 31 December 2025. Such prepayments were one-off in nature. Despite we were given a credit period by these suppliers, we made prepayments to these suppliers in order to secure a stable and timely supply of equipment, including primarily high-performance computing (HPC) servers, which have recently been in high demand for the use in the provision of our Multispectral AI Large Model Services and Multispectral AI Perception Terminals. Two of these four suppliers were actually five largest suppliers during our Track Record Period, namely, Supplier K and Supplier D. As of 31 December 2025, we prepaid approximately RMB66.9 million and RMB21.6 million to Supplier K and Supplier D, respectively, which accounted for approximately 42.8% and 13.8% of our total prepayments to suppliers as of 31 December 2025.

As at 30 April 2026, RMB89.5 million, or 55.8% of our prepayments and other receivables as at 31 December 2025, had been utilised or settled.

Trade and Notes Payables

Our trade and notes payables comprised trade payables and notes payables, mainly representing our obligation to pay for goods or services that have been purchased from suppliers in the ordinary course of business. The following table sets forth a breakdown of the trade and notes payables as at the dates indicated:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	45,060	73,550	45,882
Notes payables	—	6,007	—
Total	**45,060**	**79,557**	**45,882**

During the Track Record Period, our trade and notes payables amounted to RMB45.1 million, RMB79.6 million and RMB45.9 million as at 31 December 2023, 2024 and 2025, respectively, which was generally in line with our business growth, which resulted in increasing procurement amount and hence higher balance of payables to our suppliers. The increase in our trade and notes payables from RMB45.1 million as at 31 December 2023 to RMB79.6 million as at 31 December 2024 was also because we made more purchases during the fourth quarter of 2024 to meet our expected production needs due to increased customer orders. The decrease of trade payables to RMB45.9 million as at 31 December 2025 was because we accelerated the settlement of our trade and notes payables during 2025.

The table below sets out a summary of the ageing analysis of the trade payables based on the invoice date as at the dates indicated below:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	44,393	43,818	36,978
6 months to 1 year	80	20,092	452
1 to 2 years	587	9,609	5,473
2 to 3 years	—	31	2,951
Over 3 years	—	—	28
Total	**45,060**	**73,550**	**45,882**

The following table sets forth our trade and notes payables turnover days for the years indicated.

	FY2023	FY2024	FY2025
Trade and notes payables turnover days[(1)]	99	51	42

Note: Trade and notes payables turnover days is calculated using the average of the opening and closing trade and notes payables balance divided by cost of sales for the relevant year and multiplied by the number of days during such year.

Our trade and notes payables turnover days decreased during the Track Record Period, being 99 days, 51 days and 42 days in FY2023, FY2024 and FY2025, respectively, primarily because the balance of our trade and notes payables generally changes along with the growth of our business and we accelerated settlement of our trade and notes payables.

As at 30 April 2026, RMB36.5 million, or 79.5% of our trade and notes payables as at 31 December 2025 had been subsequently settled.

Accruals and Other Payables

Our accruals and other payables primarily consisted of (i) salaries, wages and benefits; (ii) taxes other than income tax payables; (iii) outsourcing service fees; and (iv) accruals.

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and benefits	5,294	6,348	9,893
Taxes other than income tax payables	2,092	2,444	4,239
Deposits	429	483	850
Outsourcing service fees	—	10,791	312
Accruals	2,017	2,498	1,727
[REDACTED]	—	—	7,799
Others	212	952	372
Total	**10,044**	**23,516**	**25,192**

During the Track Record Period, our accruals and other payables in current liabilities amounted to RMB10.0 million, RMB23.5 million and RMB25.2 million as at 31 December 2023, 2024 and 2025, respectively. The increase of accruals and other payables from approximately RMB10.0 million as at 31 December 2023 to RMB23.5 million as at 31 December 2024 was primarily due to the increase in outsourcing service fees in support of the launch of our Multispectral AI Large Model Services in FY2024. The increase of accruals and other payables as at 31 December 2025 when compared to 31 December 2024 was primarily due to the incurrence of **[REDACTED]** during FY2025 that are yet to be paid.

As at 30 April 2026, RMB15.9 million, or 63.3% of our accruals and other payables as at 31 December 2025, had been settled.

Contract Liabilities

A contract liability is recognised when our customers pay us consideration or that our Group has a right to receive such consideration before our Group recognises the related revenue. Our contract liabilities remained relatively stable at RMB21.3 million and RMB20.3 million as at 31 December 2023 and 2024, respectively. It increased significantly to RMB75.9 million as at 31 December 2025 which was because one of our clients has prepaid us for about RMB56.4 million as at 31 December 2025. The prepayment was relevant to a goods in transit being delivered to the same client as at 31 December 2025.

As at 30 April 2026, RMB1.3 million, or 1.7% of our contract liabilities as at 31 December 2025, had been settled.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

During the Track Record Period and up to the Latest Practicable Date, we did not experience any undue difficulty in obtaining banking facilities or withdrawal of banking facilities from banks or any default in payment of bank loans or other borrowings or breach of any covenants.

Taking into consideration our internal financial resources, the estimated amount of **[REDACTED]** from the **[REDACTED]**, the available banking facilities, cash inflows generated from our operating activities, our Directors are of the opinion that we have sufficient working capital for our present requirement and for the next 12 months from the date of this document.

Current Assets and Liabilities

The table below sets forth our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets				
Inventories	55,967	31,577	80,194	270,822
Trade and notes receivables	19,817	145,676	184,423	257,571
Prepayments and other receivables	8,085	27,066	158,345	150,682
Other current assets	15,759	13,824	20,654	3,922
Notes receivables at fair value through other comprehensive income	663	479	—	425
Term deposits and restricted cash	36,502	26,898	61,554	50,943
Cash and cash equivalents	37,115	56,705	65,556	136,085
	173,908	302,225	570,726	870,450
Current liabilities				
Trade payables and notes payable	45,060	79,557	45,882	49,726
Accrual and other payables	10,044	23,516	25,192	27,281
Other current liabilities	—	862	998	13,591
Current income tax liabilities	19	—	—	—
Contract liabilities	21,280	20,280	75,942	262,079
Lease liabilities	8,613	10,159	5,672	5,882
Borrowings	—	28,584	152,272	245,699
Total current liabilities	85,016	162,958	305,958	604,258
Net current assets	**88,892**	**139,267**	**264,768**	**266,192**

Our net current assets increased from RMB88.9 million as at 31 December 2023 to RMB139.3 million as at 31 December 2024, primarily due to (i) the increase of trade and notes receivables of RMB125.9 million; and (ii) the increase of trade payables and notes payable of RMB34.5 million.

Our net current assets increased from RMB139.3 million as at 31 December 2024 to RMB264.8 million as at 31 December 2025, primarily due to (i) the increase in our prepayments and other receivables by approximately RMB131.3 million which was primarily a result of increased prepayments to our suppliers in order to secure procurement needs for fulfilling large orders; (ii) the increase in term deposits and restricted cash by approximately RMB34.7 million; (iii) the increase in cash and cash equivalents by approximately RMB8.9 million; and (iv) the decrease in trade payables and note payable by approximately RMB33.7 million because the trade payables and note payable was higher as at 31 December 2024; which was partially offset by (i) the increase in borrowings by approximately RMB123.7 million; and (ii) the increase in our contract liabilities by RMB55.7 million.

Our net current assets remained relatively stable at RMB264.8 million as at 31 December 2025 and RMB266.2 million as at 30 April 2026, respectively.

Cash Flows

The following table sets out selected cash flow data from the consolidated statements of cash flows. This information should be read together with the consolidated financial information contained in the Accountants' Report in Appendix I to this document.

	FY2023	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*
Cash generated from/(used in) operations	68,958	(6,736)	(129,362)
Interest received	613	273	207
Income tax paid	—	(28)	(760)
Net cash generated from/(used in) operating activities	69,571	(6,491)	(129,915)
Net cash generated from/(used in) investing activities	34,084	(22,678)	(110,478)
Net cash (used in)/generated from financing activities	(152,758)	48,759	249,244
Net (decrease)/increase in cash and cash equivalents	**(49,103)**	**19,590**	**8,851**
Cash and cash equivalents at beginning of the year	86,218	37,115	56,705
Cash and cash equivalents at the end of the year	**37,115**	**56,705**	**65,556**

Net Cash Generated from/(Used in) Operating Activities

In FY2025, our net cash used in operating activities was RMB129.9 million, primarily consisting of our profit before income tax of RMB27.5 million, adjusted for items mainly including (i) non-cash and non-operating items, primarily comprising depreciation and amortisation of non-current assets of RMB21.7 million, and (ii) changes in working capital, primarily comprising (a) an increase in receivables of RMB172.6 million, which was mainly attributable to the increase in our prepayments of approximately RMB146.9 million to certain suppliers in order to secure a stable supply of high-performance computing (HPC) servers which have recently been in high demand; (b) an increase in inventories of RMB55.5 million, primarily due to the increase in our goods in transit by approximately RMB40.7 million from approximately RMB8.2 million as at 31 December 2024 to approximately RMB48.9 million as at 31 December 2025. The increase in our goods in transit was because, as of 31 December 2025, we were delivering our Multispectral AI Large Model Services of approximately RMB48.8 million to one of our customers.

In light of the net operating cash outflows for 2025, we have implemented a number of initiatives to enhance our working capital management efficiency. For instance, we have implemented relevant measures to control the ageing of our trade receivables, such as by proactively following up with our customers on their payments schedule, and continually monitoring the credit profiles and operating results and financial conditions of our customers. We are also continuously refining our production processes to lower our work-in-progress inventory levels and improve overall cash conversion efficiency.

In FY2024, our net cash used in operating activities was RMB6.5 million, primarily consisting of our profit before income tax of RMB42.5 million, adjusted for items mainly including (i) non-cash and non-operating items, primarily comprising depreciation and amortisation of non-current assets of

RMB17.2 million, and (ii) changes in working capital, primarily comprising (a) an increase in receivables of RMB152.3 million, (b) an increase in payables of RMB53.9 million and (c) a decrease in inventories of RMB20.1 million.

In FY2023, our net cash generated from operating activities was RMB69.6 million, primarily consisting of our loss before income tax of RMB22.9 million, adjusted for items mainly including (i) non-cash and non-operating items, primarily comprising depreciation and amortisation of non-current assets of RMB14.6 million, and (ii) changes in working capital, primarily comprising (a) a decrease in receivables of RMB29.7 million, (b) an increase in payables of RMB54.8 million and (c) an increase in inventories of RMB15.8 million.

Net Cash Generated from/(Used in) Investing Activities

In FY2025, our net cash used in investing activities was RMB110.5 million, primarily consisting of placement of term deposits of RMB145.8 million in order to enjoy a higher interest rate as compared to interest rate given by general saving account, payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB77.8 million mainly due to the capital expenditure on electronic equipment, machinery and equipment and leasehold improvement for our new Zhejiang production base, partially offset by withdrawal of term deposits of RMB113.1 million.

In FY2024, our net cash used in investing activities was RMB22.7 million, primarily consisting of payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB34.0 million, partially offset by withdrawal of term deposits of RMB11.3 million.

In FY2023, our net cash generated from investing activities was RMB34.1 million, primarily consisting of withdrawal of term deposits of RMB56.8 million, partially offset by payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB22.8 million.

Net Cash (Used in)/Generated from Financing Activities

In FY2025, our net cash generated from financing activities was RMB249.2 million, primarily consisting of proceeds from borrowings of RMB297.0 million and capital contributions from our shareholders of RMB90.0 million, partially offset by repayments of borrowings of RMB125.6 million.

In FY2024, our net cash generated from financing activities was RMB48.8 million, primarily consisting of capital contributions from our shareholders of RMB30.0 million and proceeds from borrowings of RMB29.5 million, partially offset by principal elements of lease payments of RMB9.7 million.

In FY2023, we had net cash used in financing activities of RMB152.8 million, primarily consisting of repayment of borrowings of RMB141.7 million and principal elements of lease payments of RMB9.3 million.

INDEBTEDNESS

As at 30 April 2026, being the latest practicable date for the purpose of the indebtedness statement below, we had RMB324.1 million in indebtedness, which was comprised borrowings and lease liabilities. As at 30 April 2026, we had unutilised banking facilities of RMB259.0 million.

The following table sets forth the components of our indebtedness as at the dates indicated:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current				
Borrowings	—	28,584	152,272	245,699
Lease liabilities	8,613	10,159	5,672	5,882
Subtotal	8,613	38,743	157,944	251,581
Non-current				
Borrowings	—	964	49,008	64,516
Lease liabilities	14,512	6,943	6,730	7,959
Subtotal	14,512	7,907	55,738	72,475
Total	**23,125**	**46,650**	**213,682**	**324,056**

Our borrowings increased from nil as at 31 December 2023 to RMB29.5 million as at 31 December 2024, and further increased to RMB201.3 million as at 31 December 2025, mainly due to our needs to fund our operations in view of increase in our revenue in the relevant years. Our borrowings increased from approximately RMB201.3 million as at 31 December 2025 to RMB310.2 million as at 30 April 2026 because we obtained additional loans for general working capital purposes. Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans.

Subsequent to 30 April 2026, we obtained additional banking facilities and bank loan of approximately RMB15.0 million. Apart from this, there were no material changes to our indebtedness up to the Latest Practicable Date.

We recognised lease liabilities with respect to all leases, except for short-term leases and leases of low value assets. Our lease liabilities decreased from RMB23.1 million as at 31 December 2023 to RMB17.1 million as at 31 December 2024, primarily due to the payment of lease liabilities. Our lease liabilities further decreased from RMB17.1 million as at 31 December 2024 to RMB12.4 million as at 31 December 2025 primarily due to the payment of lease liabilities and termination of part of our lease relating to our Shenzhen production base during such year. Our lease liabilities remained relatively stable at RMB13.8 million as at 30 April 2026.

During the Track Record Period and up to the Latest Practicable Date, our borrowings were mainly secured by pledging of our trade receivables, term deposits and Connected Guarantees provided by Mr. Zhou. As at the Latest Practicable Date, the total Guaranteed Loans amounted to approximately RMB181.7 million and all Connected Guarantees are expected to be released upon **[REDACTED]**. For details, please refer to (i) section headed "Relationship with Controlling Shareholder — Independence from Controlling Shareholders — Financial Independence" in this document; (ii) "Note 21. Trade and Notes Receivables" in Appendix I to this document; (iii) "Note 24. Cash and Cash Equivalents, Term Deposits and restricted Cash" in Appendix I to this document; and (iv) "Note 25. Borrowings" in Appendix I to this document.

Our Directors confirm that there have been no material defaults in our payment of trade or non-trade payables and bank borrowings, or breaches of covenants of our indebtedness during the Track Record Period and up to the date of this document.

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures primarily consisted of expenditures on property, plant and equipment for manufacturing and office refurbishment, right-of-use assets for our production bases and other premises, as well as intangible assets arise from capitalisation of our R&D expenses.

The following table sets forth our capital expenditures for the years indicated:

	FY2023	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*
Additions of property, plant and equipment	1,824	3,377	15,251
Additions of right-of-use assets	7,880	2,990	7,753
Additions of intangible assets	19,815	30,126	58,472
Total	**29,519**	**36,493**	**81,476**

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 **[REDACTED]** received from the **[REDACTED]**. Please see the section headed "Future Plans and Use of **[REDACTED]**." in this document. 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

Our capital commitments are related to our property, plant and equipment. Our capital expenditure contracted but not provided for as at 31 December 2023, 2024, and 2025 was nil, RMB12.0 million and nil, respectively.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we did not have significant contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratio as at the dates indicated:

	For the year ended/As at 31 December		
	2023	2024	2025
Gross profit margin[(1)]	12.2%	18.8%	22.3%
Net profit margin[(2)]	(15.7)%	7.7%	4.4%
Gearing ratio[(3)]	0.14	0.20	0.59
Current ratio[(4)]	2.0	1.9	1.9
Quick ratio[(5)]	1.4	1.7	1.6

Notes:

(1) Gross profit margin equals gross profit divided by total revenue during the year, multiplied by 100%.

(2) Net profit margin equals net profit divided by total revenue during the year, multiplied by 100%.

(3) Gearing ratio equals total borrowings and lease liabilities divided by total equity as at the relevant dates.

(4) Current ratio represents current assets divided by current liabilities as at the relevant dates.

(5) Quick ratio represents current assets minus inventories, divided by current liabilities as at the relevant date.

Gross Profit Margin

For details, please refer to the subsections headed "Description of Selected Components of Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin" in this section above.

Net Profit Margin

Our net profit margin improved significantly from a net loss margin of (15.7)% in FY2023 to 7.7% in FY2024. The turnaround was primarily driven by the significant increase in our gross profit margin from 12.2% in FY2023 to 18.8% in FY2024, alongside an increase in our gross profit by 586.7% from RMB14.3 million in FY2023 to RMB98.2 million in FY2024. For details of relevant changes, please refer to paragraphs headed "Year-to-year Comparisons of Results of Operations - FY2024 Compared to FY2023" in this section.

Our net profit margin decreased from 7.7% in FY2024 to 4.4% in FY2025. The decrease was mainly attributable to the significant increase in our general and administrative expenses by 260.0% from RMB13.0 million in FY2024 to RMB46.8 million in FY2025 and the increase in research and development expenses by 101.6% from RMB25.2 million in FY2024 to RMB50.8 million in FY2025. For details of relevant changes, please refer to paragraphs headed "Year-to-year Comparisons of Results of Operations — FY2025 Compared to FY2024" in this section.

Gearing Ratio

As at 31 December 2023, 2024 and 2025, our gearing ratio was 0.14, 0.20 and 0.59, respectively. The general decrease in our gearing ratio as at 31 December 2023 and 2024 was mainly due to changes in working capital fluctuations. The increase of our gearing ratios from 0.20 as at 31 December 2024 to 0.59 as at 31 December 2025 was primarily due to the increase in our borrowings to RMB201.3 million as at 31 December 2025.

Current Ratio

Our current ratio remained relatively stable at 2.0, 1.9 and 1.9 as at 31 December 2023, 2024 and 2025, respectively.

Quick Ratio

Our quick ratio increased from 1.4 as at 31 December 2023 to 1.7 as at 31 December 2024, mainly due to an increase in trade and notes receivables, coupled with the reduction of inventory levels during that year. Our quick ratio dropped to 1.6 as at 31 December 2025, primarily attributable to the increase in our prepayments and other receivables, term deposits and restricted cash and cash and cash equivalents overshadowed by increase in short term borrowings and contract liabilities.

RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 33 to the Accountants' Report in Appendix I to this document. Our Directors are of the view that each of the related party transactions 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.

RISK DISCLOSURE

For details of our risks in relation to interest, price, credit and liquidity, please see Notes 3.1–3.3 to the Accountants' Report set forth in Appendix I of this document.

DIVIDEND

No dividend has been declared or paid by us during FY2023, FY2024 and FY2025. The earnings per share for FY2024 and FY2025 are approximately RMB5.09 and RMB3.49, respectively. The losses per share for FY2023, was approximately RMB2.33.

After the completion of the **[REDACTED]**, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. As at the Latest Practicable Date, we did not have any specific dividend policy nor any pre-determined dividend payout ratio. In principle, we prioritise cash dividends as the profit distribution method if the conditions for cash dividends are met. When we have major investment plans or significant cash expenditures, we may distribute dividends in the form of share equity. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. As advised by our PRC legal advisers, a PRC company can pay dividends after covering all accumulated losses from prior years with its current profits after tax and statutory reserve allocations. Our Shareholders may approve any declaration of dividends.

DISTRIBUTABLE RESERVES

Our Company was established as a limited liability company in the PRC on 3 April 2013 and was converted into a joint stock limited company on 8 November 2022 under the laws of the PRC. Pursuant to the Articles, profit after taxation of our Company, after (i) offsetting losses carried forward from previous years, (ii) transferring 10% of its profit after taxation as contribution to its statutory reserve fund under the relevant PRC rules and regulations, and (iii) deducting other contributions to the reserve fund as determined by our Company, shall be distributable to our Shareholders as dividends. As at 31 December 2025, our Company had retained earnings of RMB40.4 million under IFRS.

[REDACTED]

The total **[REDACTED]** payable by our Company are estimated to be RMB**[REDACTED]** million and based on an **[REDACTED]** of HK$**[REDACTED]**, accounting for **[REDACTED]**% of gross **[REDACTED]**. Among such estimated total **[REDACTED]**, (i) **[REDACTED]**-related expenses, including **[REDACTED]**, are expected to be RMB**[REDACTED]** million, and (ii)

non-**[REDACTED]**-related expenses of RMB**[REDACTED]** million, comprising (a) fees and expenses of the Joint Sponsors, legal advisers and reporting accountants of RMB**[REDACTED]** million; and (b) other fees and expenses of RMB**[REDACTED]** million.

Among the total **[REDACTED]** of RMB**[REDACTED]** million, (i) approximately RMB**[REDACTED]** million was charged to the statement of profit or loss during FY2025, (ii) approximately RMB**[REDACTED]** million is expected to be expensed through the statement of profit or loss after the Track Record Period, and (iii) the remaining amount of RMB**[REDACTED]** million is directly attributable to the issue of shares and would be deducted from equity upon the **[REDACTED]**.

The professional fees and/or other expenses related to the preparation of the **[REDACTED]** are currently in estimates for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions.

UNAUDITED [REDACTED] STATEMENT OF [REDACTED]

See Appendix II to this document for the unaudited **[REDACTED]** statement of **[REDACTED]** of our Group.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this Document, other than as disclosed under "Recent Developments Subsequent to the Track Record Period and No Material Adverse Change" in the "Summary and Highlights" section in this Document, there had been no material adverse change in our business, financial condition and results of operations since 31 December 2025, being the latest balance sheet date of our consolidated financial statements in the "Appendix I — Accountants' Report" to this document, and up to the date of this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as at 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.

FUTURE PLANS

See the section headed "Business — Our Business Strategies" in this document for a detailed description of our future plans.

USE OF [REDACTED]

We estimate the aggregate **[REDACTED]** from the **[REDACTED]**, after deducting **[REDACTED]** fees and other estimated expenses in connection with the **[REDACTED]** assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, will be approximately HK$**[REDACTED]** million.

The table below sets out the expected implementation timetable for the planned use of our **[REDACTED]**:

	FY2026	FY2027	FY2028	Total
		(HK$ million)		
Enhancing R&D Capabilities	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Large Model Solutions	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Chip Business Sector	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— New Generation Intelligent Perception	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Joint Laboratories and Overseas R&D Centres	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— R&D Centre Leased Area Expansion	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Other R&D Expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Expanding Production Capacity	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Production Line Staff	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Production Base Leased Area Expansion	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Production Line Upgrades and Equipment	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Raw Materials and Operating Costs	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Global Market Penetration	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Sales and Marketing Personnel	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Marketing Campaigns and Brand Building	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Other Marketing and Selling Expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
General Working Capital and Corporate Uses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

The implementation timeline allocates approximately **[REDACTED]**% (HK$**[REDACTED]** million) in FY2026, **[REDACTED]**% (HK$**[REDACTED]** million) in FY2027, and **[REDACTED]**% (HK$**[REDACTED]** million) in FY2028, with the remaining balance to be covered by alternative funding sources if needed. In the event of a shortfall in **[REDACTED]**, we will prioritise critical expenditures (e.g., server procurement, key R&D hires, production equipment) and fund the shortfall through internal cash reserves, bank borrowings, strategic partnerships, or government R&D grants, as specified for each allocation.

In accordance with our strategy, we intend to use the **[REDACTED]** from the **[REDACTED]** for the following purposes in the following amounts:

- approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) is expected to be used to enhance our R&D capabilities and increase investment in product development, of which:

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to strengthen our R&D capabilities in large model solutions, which includes the purchase of servers for computing power for accelerating the iteration of large model, enhancing the accuracy and efficiency of our algorithms; the recruitment of approximately 20 additional R&D personnel with expertise in large and small model development and training; as well as outsourced data annotation services to allow our in-house team to focus on higher value-added R&D activities. Such investment arises from the need to scale our computational infrastructure and expertise to develop advanced large model solutions that enhance algorithm accuracy for multispectral AI applications, addressing the growing demand for high-precision AI in safety and industrial scenarios;

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to strengthen our R&D capability in the chip business sector, which encompasses the design, development, and production of specialised semiconductor chips, including Micro-Electro-Mechanical Systems (MEMS) chips, for multispectral AI applications in safety-critical industries. MEMS chips are integrated micro-devices combining mechanical and electrical components on a single chip, enabling advanced sensing and processing for applications such as infrared imaging and environmental perception. This includes the purchase of MEMS packaging and testing equipment, optoelectronic materials and devices; the recruitment of approximately 10 additional R&D personnel with expertise in the design and development of MEMS chips; in addition, we will also cooperate with chip companies in the flow-through process, and co-design and co-production of high-performance chips, thereby leveraging technological synergies to drive innovation. Such investment allows us to develop proprietary MEMS chip technology to reduce reliance on external suppliers and enhance product competitiveness;

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be utilised to enhance the R&D capability of new generation intelligent perception products and intelligent solutions by significantly increasing the recruitment of approximately 60 additional R&D personnel in relevant fields, to explore new business areas of products and solutions, modules (especially in the field of embodied intelligence), multispectral intelligent terminal products and multi-scenario safety solutions. New generation intelligent perception refers to multispectral perception technologies applied to emerging business scenarios such as food safety and skin care, delivering terminal products and industry solutions to clients. Such investment allows us to expand into high-growth, high-safety-demand industries like food safety, requiring specialised R&D to adapt multispectral technologies, unlike the more focused historical R&D expenditure;

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to invest in the establishment of joint laboratories, with one potential university partner from the PRC already identified as at the Latest Practicable Date, and to collaborate with technology companies that complement our technology enabling us to bring in new technologies and resources and to accelerate the development of the underlying technologies and foster innovation through industry-academic convergence, and to establish overseas R&D centres in certain regions and countries, such as Hong Kong and Singapore, to further strengthen our global R&D capabilities. Selection criteria for laboratories and partners include

reputable qualifications, prior collaboration history, strong financial standing, robust infrastructure, experienced talent pools, aligned research objectives, and mature management structures. According to Frost & Sullivan, such targets are readily available in China and globally, given the proliferation of AI-focused academic and industry partnerships. Such investment allows us to access cutting-edge technologies and global talent to enhance our multispectral AI solutions, unlike the limited scope of historical R&D. As of the Latest Practicable Date, no overseas partners have been identified for the purposes of establishing joint laboratories and overseas R&D centres in certain regions and countries such as Hong Kong or Singapore, and based on our preliminary assessment we are in compliance with the key legal, regulatory and licensing requirements for setting up overseas laboratories and R&D centres in relevant jurisdictions. However, in the process of establishing such joint laboratories and research centres in such locations we will conduct an in-depth assessment with local counsel of the applicable requirements;

— approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to expand the leased area of our R&D centre. The expansion is justified by the need to support the increased R&D team size and advanced equipment for large model and chip development, which exceeds the capacity of our current facilities;

— approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be utilised for other R&D expenses, allowing us flexibility to adjust our R&D approach in response to market trends. These expenses will cover software licences, testing materials, and industry conference participation to stay abreast of AI trends. The investment is justified by the need to maintain flexibility in a rapidly evolving AI market, unlike the fixed scope of historical R&D.

- approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to expand our production capacity to meet the growing production demands, of which:

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be utilised to increase the number of production line staff. This allocation is planned for hiring approximately 230 additional staff, including operators, technicians, and quality control personnel to support increased production of multispectral AI products, particularly fire detection and intelligent perception devices;

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be utilised to further expand the leased area of the production bases by approximately 15,000 square metres or to lease new factories;

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be utilised for the upgrading of the existing production lines, the acquisition of equipment required for the new production line. Although our production base has not reached its maximum utilisation rate during the Track Record Period, our Group's planned investment in R&D, establishment of joint laboratories, and potential strategic investments or acquisitions are expected to expand our product offerings. This expansion will necessitate further expansion to ensure alignment with the demand growth, support timely fulfilment of customer orders, and mitigate risks of supply bottlenecks in a competitive market. As such, this allocation is planned to acquire additional assembly machines, including 6 chip placement machines for the expansion of our SMT automated assembly lines, and testing units, with an expected addition of 6 new production lines;

— approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be utilised for raw materials and other operating costs associated with production. This allocation is planned to procure raw materials such as MEMS infrared sensor chips, optoelectronic components, and microprocessors, and to cover operating costs including utilities and maintenance for the expanded production facilities.

Our Company expects to experience growth in the sales volume of our Multispectral AI Modules and Multispectral AI Perception Terminals as we expand into new downstream sectors, including optoelectronics, food safety and skin diagnostics. According to Frost & Sullivan, the global markets for these sectors are forecasted to grow at a CAGR of 43.7%, 86.1% and 44.0%, respectively, from 2025 to 2030, and the resulting increase in demand for advanced detection and diagnostic solutions is expected to drive corresponding growth in our sales volumes across these new application scenarios.

- approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used for strengthening our business expansion and accelerating global market penetration. According to the Frost & Sullivan Report, the global multispectral perception market, valued at approximately RMB85.0 billion in 2025, offers significant growth opportunities, particularly in overseas markets such as North America and Europe, which command 25% and 28% market shares in 2025, respectively. As such, we intend to use the **[REDACTED]**, of which:

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to increase the recruitment of approximately 100 additional sales and marketing personnel with industry insights. These personnel, with expertise in downstream application industries such as urban safety, medical diagnostics, and food engineering, will be deployed across key overseas markets (North America, Europe, Southeast Asia, and the Middle East) to drive customer acquisition, manage local partnerships, and support brand-building initiatives;

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to invest in comprehensive online and offline marketing campaigns and brand building initiatives, such as digital advertisements, trade shows and overseas seminars, to increase brand awareness and attract new customers. This allocation is planned to fund digital advertising campaigns targeting industry-specific platforms, participation in global trade shows, and overseas seminars to promote our multispectral AI products in key markets;

  — approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used for other marketing and selling expenses responsive to market developments. This allocation is planned to support initiatives such as obtaining regulatory certifications (e.g., UL certifications in North America, CE certifications in Europe) for market access, and participating in industry events to enhance brand visibility. These expenses are designed to address market-specific requirements in key overseas markets;

- approximately **[REDACTED]**% of the **[REDACTED]** (approximately HK$**[REDACTED]** million) will be used to provide funding for our general working capital and for general corporate uses.

To the extent that the **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will apply the **[REDACTED]** as deposits at licensed commercial banks and/ or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the above proposed use of **[REDACTED]** or if any amount of the **[REDACTED]** will be used for general corporate purpose.

We will monitor the utilisation of the **[REDACTED]** during FY2026 and FY2027. If the **[REDACTED]** allocated to the above purposes are fully or substantially utilised, we may consider additional **[REDACTED]** to **[REDACTED]** them further. Such sources may include, without limitation, bank borrowings and/or equity financing through the placing of new shares. We may also utilise **[REDACTED]** from our operations to **[REDACTED]** these purposes.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

PAN-CHINA 天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN HQVT TECHNOLOGY CO., LTD. AND CMBC INTERNATIONAL CAPITAL LIMITED AND SPDB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Shenzhen HQVT Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-64, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 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 for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-64 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "**Document**") in connection with the initial **[REDACTED]** of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "*Accountants' Reports on Historical Financial Information in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on Matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited
Certified Public Accountants
Hong Kong
[REDACTED]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of 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 International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**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 include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance, and were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA ("**the Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**"), and all values are rounded to the nearest thousand (RMB'000) except otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	117,063	522,568	668,519
Cost of sales	*9*	(102,756)	(424,399)	(519,127)
Gross profit		14,307	98,169	149,392
Other income	*7*	6,863	5,051	7,430
Other (losses)/gains, net	*8*	(958)	56	(3,897)
General and administrative expenses	*9*	(11,874)	(13,040)	(46,802)
Selling and marketing expenses	*9*	(16,035)	(16,470)	(17,700)
Research and development expenses	*9*	(11,084)	(25,151)	(50,793)
Net impairment losses on financial assets	*21,22*	(1,631)	(5,413)	(6,484)
Operating (loss)/profit		(20,412)	43,202	31,146
Finance income	*11*	613	273	207
Finance costs	*11*	(3,055)	(1,016)	(3,862)
(Loss)/profit before income tax		(22,854)	42,459	27,491
Income tax credit/(expenses)	*12*	4,441	(2,047)	1,863
(Loss)/profit and total comprehensive (loss)/income for the year		(18,413)	40,412	29,354
(Losses)/earnings per share (expressed in RMB per share)				
— Basic and diluted	*14*	(2.33)	5.09	3.49

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*16*	22,959	20,555	25,493
Right-of-use assets	*17*	21,062	15,283	11,251
Intangible assets	*18*	37,407	62,734	110,973
Deferred tax assets	*20*	5,625	3,586	5,449
Other non-current assets		—	859	—
		87,053	103,017	153,166
Current assets				
Inventories	*23*	55,967	31,577	80,194
Trade and notes receivables	*21*	19,817	145,676	184,423
Prepayments and other receivables	*22*	8,085	27,066	158,345
Other current assets	*22*	15,759	13,824	20,654
Notes receivables at fair value through other comprehensive income	*3.5*	663	479	—
Term deposits and restricted cash	*24*	36,502	26,898	61,554
Cash and cash equivalents	*24*	37,115	56,705	65,556
		173,908	302,225	570,726
Current liabilities				
Trade and notes payables	*26*	45,060	79,557	45,882
Accruals and other payables	*27*	10,044	23,516	25,192
Other current liabilities		—	862	998
Current income tax liabilities		19	—	—
Contract liabilities	*6*	21,280	20,280	75,942
Lease liabilities	*17*	8,613	10,159	5,672
Borrowings	*25*	—	28,584	152,272
		85,016	162,958	305,958
Net current assets		88,892	139,267	264,768
Total assets less current liabilities		175,945	242,284	417,934
Non-current liabilities				
Lease liabilities	*17*	14,512	6,943	6,730
Borrowings	*25*	—	964	49,008
		14,512	7,907	55,738
Net assets		161,433	234,377	362,196
Capital and reserves				
Share capital	*28*	7,903	8,155	8,613
Reserves	*30*	153,530	226,222	353,583
Total equity		161,433	234,377	362,196

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*16*	12,231	10,022	5,377
Right-of-use assets		8,443	5,249	8,739
Deferred tax assets		5,624	3,574	5,412
Intangible assets	*18*	37,407	62,734	110,973
Investments in subsidiaries	*15*	22,000	21,000	31,912
		85,705	102,579	162,413
Current assets				
Inventories	*23*	30,957	8,666	49,717
Trade and notes receivables	*21*	108,350	145,676	184,488
Prepayments and other receivables	*22*	35,903	76,015	192,418
Other current assets	*22*	14,201	10,818	6,645
Notes receivables at fair value through other comprehensive income		663	479	—
Term deposits and restricted cash	*24*	25,889	25,785	40,409
Cash and cash equivalents	*24*	34,971	17,136	59,362
		250,934	284,575	533,039
Current liabilities				
Trade and notes payables	*26*	109,013	71,072	79,902
Accruals and other payables	*27*	13,450	20,394	20,941
Other current liabilities		—	862	998
Current income tax liabilities		19	—	—
Contract liabilities	*6*	21,280	20,280	75,942
Lease liabilities		3,227	3,491	3,416
Borrowings	*25*	—	18,545	103,193
		146,989	134,644	284,392
Net current assets		103,945	149,931	248,647
Total assets less current liabilities		189,650	252,510	411,060
Non-current liability				
Borrowings	*25*	—	—	28,080
Lease liabilities		5,317	1,984	5,731
		5,317	**1,984**	**33,811**
Net assets		184,333	250,526	377,249
Capital and reserves				
Share capital	*28*	7,903	8,155	8,613
Reserves	*30*	176,430	242,371	368,636
Total equity		184,333	250,526	377,249

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserves	Other reserves	Retained earnings/ (Accumulated losses)	Total
	RMB'000	*RMB'000 (Note (i))*	*RMB'000 (Note (ii))*	*RMB'000 (Note (iii))*	*RMB'000*	*RMB'000*
Balance at 1 January 2023	7,903	189,365	—	3,942	(21,606)	179,604
Loss for the year	—	—	—	—	(18,413)	(18,413)
Total comprehensive expense for the year	—	—	—	—	(18,413)	(18,413)
Share-based payments *(Note 10)*	—	—	—	242	—	242
Balance at 31 December 2023 and 1 January 2024	7,903	189,365	—	4,184	(40,019)	161,433
Profit for the year	—	—	—	—	40,412	40,412
Total comprehensive income for the year	—	—	—	—	40,412	40,412
Capital injection *(Note 28(b))*	252	29,748	—	—	—	30,000
Appropriations to statutory reserves	—	—	1,664	—	(1,664)	—
Share-based payments *(Note 10)*	—	—	—	2,532	—	2,532
Balance at 31 December 2024 and 1 January 2025	8,155	219,113	1,664	6,716	(1,271)	234,377
Profit for the year	—	—	—	—	29,354	29,354
Total comprehensive income for the year	—	—	—	—	29,354	29,354
Capital injection *(Note 28(b))*	458	89,542	—	—	—	90,000
Appropriations to statutory reserves	—	—	2,826	—	(2,826)	—
Share-based payment *(Note 10)*	—	—	—	8,465	—	8,465
Balance at 31 December 2025	**8,613**	**308,655**	**4,490**	**15,181**	**25,257**	**362,196**

Notes:

(i) The share premium account records the excess of the total consideration over the par value of the shares issued by the Company, net of share issue expenses incurred.

(ii) Statutory reserve

Statutory reserve Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its net profit to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to the approval of the shareholders, the statutory reserve may be used to offset accumulated losses, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before the capitalisation. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(iii) The other reserves account records share-based compensation expenses.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES				
Cash generated from/(used in) operations	*31(a)*	68,958	(6,736)	(129,362)
Interest received		613	273	207
Income tax paid		—	(28)	(760)
Net cash generated from/(used in) operating activities		**69,571**	**(6,491)**	**(129,915)**
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		—	—	5
Withdraw of term deposits		56,847	11,309	113,076
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(22,763)	(33,987)	(77,750)
Placement of term deposits		—	—	(145,809)
Net cash generated from/(used in) investing activities		**34,084**	**(22,678)**	**(110,478)**
FINANCING ACTIVITIES				
Capital contributions from the Company's shareholders		—	30,000	90,000
Proceeds from borrowings		—	29,500	297,040
Repayments of borrowings		(141,674)	—	(125,566)
Principal elements of lease payments		(9,285)	(9,720)	(7,187)
Interests paid		(1,799)	(1,021)	(3,308)
Payments for **[REDACTED]**		—	—	(1,735)
Net cash (used in)/generated from financing activities		**(152,758)**	**48,759**	**249,244**
Net (decrease)/increase in cash and cash equivalents		**(49,103)**	**19,590**	**8,851**
Cash and cash equivalents at beginning of the year		**86,218**	**37,115**	**56,705**
Cash and cash equivalents at the end of the year	*24*	**37,115**	**56,705**	**65,556**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shenzhen HQVT Technology Co., Ltd. (hereinafter referred to as "**the Company**") is a joint stock company with limited liability incorporated in the People's Republic of China (the "**PRC**"). The former name of the Company, Shenzhen Haiqing Video Technology Co., Ltd. (深圳市海清視訊科技有限公司), was incorporated in Shenzhen, the PRC as a limited liability company on 3 April 2013. The registered office address of the Company is 3/F, Building 8, Taihua Wutong Industrial Park, Gushu Development Zone, Xixiang Street, Bao'an District, Shenzhen, PRC.

In August 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. In November 2022, the Company completed the change of industrial and commercial registration and issued a new business licence.

The Company and its subsidiaries (hereinafter collectively referred to as "**the Group**") are principally engaged in Multispectral AI Modules, Multispectral AI Perception Terminals, and Multispectral AI Large Model Services.

The Company's principal subsidiaries during the Track Record Period and as at the date of this report are set out in Note 15.

No audited financial statements for the years ended 31 December 2023, 2024 and 2025 have been prepared as the Company was not subject to any statutory audit requirements under the relevant rules and regulations in jurisdiction of its registration.

The Historical Financial Information are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB'000) except otherwise indicated.

2. BASIS OF PREPARATION

The Historical Financial Information have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**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 include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("**FVOCI**").

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policy information as disclosed elsewhere in this Historical Financial Information, a summary of the other material accounting policy information has been set out in Note 35 to this Historical Financial Information.

2.1 New and amendments to IFRS Accounting Standards has been issued but not yet effective

New and amendments to IFRS Accounting Standard that have been issued but not yet effective and has not early applied are as follows:

	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined
Amendments to IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'	1 January 2026
Amendments to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity'	1 January 2026
Amendments to IFRS Accounting Standards, Annual Improvements to IFRS accounting standards — Volume 11	1 January 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group's consolidated financial statements when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, 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 1 January 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group's financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets, seeks a balance between risk and return, and minimises the adverse impact of risk on the Group's financial performance. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyse the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Interest Rate Risk

The Group's interest rate risk primarily arises from cash and cash equivalents, restricted cash and term deposits, fixed-rate borrowings and lease liabilities. The Group currently does not have an interest rate hedging policy. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(b) Price Risk

The Group is mainly exposed to price risk in respect of the investments held by the Group and classified as FVOCI. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. As at 31 December 2023, 2024 and 2025, the financial impact of price risk is not material.

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash and term deposits, as well as trade and notes receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash and term deposits are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions.

To manage risk from trade and notes receivables as well as other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) Impairment of Financial Assets

The Group performs impairment assessments under the expected credit loss ("**ECL**") model on financial assets at amortised cost, mainly including trade and notes receivables and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

While cash and cash equivalents, restricted cash and term deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade and notes receivables

For trade and notes receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the trade and notes receivables. The expected loss rates are based on the historical payment profiles, historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product (GDP) in which it provides services to be the most relevant factors, and accordingly adjusts the loss rates based on expected changes in those factors. Details of the loss allowance of trade and notes receivables as at 31 December 2023, 2024 and 2025 are included in Note 21.

Other Receivables

Other receivables are mainly comprised of deposits and warranties and others. The Group considers the probability of default upon initial recognition of the assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- external credit rating of the counterparty;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorises the asset as performing and recognises 12 months expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorised as underperforming or non-performing and lifetime expected credit losses are recognised (Stages 2 and 3). Details of the loss allowance of other receivables as at 31 December 2023, 2024 and 2025 are included in Note 22.

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyse the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023						
Trade and notes payables	45,060	—	—	—	45,060	45,060
Accruals and other payables (excluding non-financial liabilities)	2,658	—	—	—	2,658	2,658
Lease liabilities	9,322	9,588	5,335	—	24,245	23,125
	57,040	**9,588**	**5,335**	**—**	**71,963**	**70,843**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024						
Trade and notes payables	79,557	—	—	—	79,557	79,557
Accruals and other payables (excluding non-financial liabilities)	14,724	—	—	—	14,724	14,724
Lease liabilities	10,606	5,971	1,081	—	17,658	17,102
Borrowings	29,394	68	956	—	30,418	29,548
Other current liabilities	862	—	—	—	862	862
	135,143	**6,039**	**2,037**	**—**	**143,219**	**141,793**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025						
Trade and notes payables	45,882	—	—	—	45,882	45,882
Accruals and other payables (excluding non-financial liabilities)	11,060	—	—	—	11,060	11,060
Lease liabilities	5,960	4,682	2,238	—	12,880	12,402
Borrowings	153,669	49,341	—	—	203,010	201,280
Other current liabilities	998	—	—	—	998	998
	217,569	**54,023**	**2,238**	**—**	**273,830**	**271,622**

3.4 Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. In the opinion of the directors of the Company, the Group's capital risk is not significant.

The Group believes that cash flows from operating activities and available cash and cash equivalents will be sufficient to fund capital expenditures, debt servicing, dividend payments and other cash requirements going forward.

3.5 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

As at 31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVOCI — Notes receivables	—	663	—	663

As at 31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVOCI — Notes receivables	—	479	—	479

As at 31 December 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVOCI — Notes receivables	—	—	—	—

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1 and Level 2.

(b) The Group's Valuation Process

For the financial assets and financial liabilities, including Level 3 fair values, the Group's finance department performs the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Allowance for Expected Credit Loss of Receivables

The loss allowances for receivables are based on assumptions about the risk of default and expected loss rates to determine the expected loss. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables. Details of the key assumptions and inputs are disclosed in Note 3.2(b).

(b) Estimated Net Realisable Value of Inventories

In accordance with the Group's accounting policy, the Group estimates net realisable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realisable amount of inventories. For inventories held for executed sales contracts, management estimates the net realisable amount based on the contracted price. For raw materials and work-in-progress, management has established a model in estimating the net realisable amount at which the inventories can be realisable in the normal course of business after considering the manufacturing cycles, production capacity and forecasts, estimated future conversion costs and selling prices. Management also takes into account the price or cost fluctuations and other related matters occurring after the end of the year which reflect conditions that existed at the end of each year.

It is reasonably possible that if there is a significant change in circumstances including the Group's business and the external environment, outcomes would be significantly affected.

(c) Valuation of Share-Based Payments

The fair value of restricted stock units at the grant date is determined by using valuation techniques. Significant estimates on assumptions are made based on management's best estimates. Further details are included in Note 29.

(d) Income Tax

The Group estimates its income tax provision and deferred taxation in accordance with the prevailing tax rules and regulations, taking into account any special approvals obtained from the relevant tax authorities and any preferential tax treatment to which it is entitled in each location or jurisdiction in which the Group operates. There are many transactions and calculations for which the

ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provisions in the period in which the determination is made.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences, such as the provision for impairment of receivables, inventories and property, plant and equipment and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profits will be available against which the unused tax losses and the deductible temporary differences can be utilised. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group's results or financial position.

5. OPERATING SEGMENT INFORMATION

The Group does not distinguish revenue, costs and expenses between segments in its internal reporting, and reports costs and expenses by nature as a whole.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

(a) Geographical information

The Company is domiciled in Mainland China. The amount of the Group's revenue from contracts with external customers by locations is shown in the table below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	110,186	517,567	662,554
Overseas	6,877	5,001	5,965
	117,063	522,568	668,519

Information about the Group's non-current assets excluding deferred tax assets and financial instruments is presented based on the geographical locations of the assets.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese Mainland	81,428	98,572	147,717
Other countries or regions	—	—	—
	81,428	98,572	147,717

(b) Revenue from Major Customers

The major customers who contributed 10% or more of the Group's revenue for the years ended 31 December 2023, 2024 and 2025 are set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	23,002	*	*
Customer F	*	185,659	71,777
Customer K	*	*	94,000

* *Less than 10% of the Group's revenue for respective years.*

6. REVENUE

(a) Disaggregation of revenue from contracts by products and services:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Multispectral AI			
Multispectral AI Modules	99,121	299,228	209,044
Multispectral AI Perception Terminals	12,586	61,229	92,638
Multispectral AI Large Model Services	—	113,791	355,364
	111,707	474,248	657,046
Others			
Other AI Vision Modules	5,150	47,080	10,258
Other Services	206	1,240	1,215
	5,356	48,320	11,473
	117,063	**522,568**	**668,519**

The timing of revenue recognition is shown in the table below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At a point in time	117,063	521,577	667,528
Over time	—	991	991
	117,063	**522,568**	**668,519**

Unsatisfied performance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and the expected timing of recognising revenue are as follows:

	Multispectral AI Modules	Multispectral AI Perception Terminals	Multispectral AI Large Model Services	Other AI Vision Modules	Other Services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	20,344	20	—	51	1	20,416
More than one year but not more than two years	489	5	—	75	—	569
More than two years	153	—	—	142	—	295
	20,986	**25**	**—**	**268**	**1**	**21,280**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and the expected timing of recognising revenue are as follows:

	Multispectral AI Modules	Multispectral AI Perception Terminals	Multispectral AI Large Model Services	Other AI Vision Modules	Other Services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	888	15,373	2,876	3	612	19,752
More than one year but not more than two years	494	7	—	7	—	508
More than two years	20	—	—	—	—	20
	1,402	**15,380**	**2,876**	**10**	**612**	**20,280**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and the expected timing of recognising revenue are as follows:

	Multispectral AI Modules	Multispectral AI Perception Terminals	Multispectral AI Large Model Services	Other AI Vision Modules	Other Services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	666	774	74,283	164	1	75,888
More than one year but not more than two years	22	—	—	—	—	22
More than two years	32	—	—	—	—	32
	720	**774**	**74,283**	**164**	**1**	**75,942**

(b) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	21,280	20,280	75,942

The following table shows the amounts of revenue, which was included in the contract liabilities at the beginning of the period, recognised during the Track Record Period relates to carried-forward contract liabilities:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the beginning balance	1,030	20,758	19,747

(c) Accounting Policies and Significant Judgements for Revenue Recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

(i) Sales of Goods

Revenue from sales of goods comprises Multispectral AI Modules, Multispectral AI Perception Terminals, Multispectral AI Large Model Services and Other AI Vision Modules.

Revenue from sales of goods shall be recognised based on the sales contracts, settlement vouchers and other documents upon completion of product delivery and the buyer's confirmation for the acceptance of the products. Upon confirming the acceptance, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

(ii) Other Services Revenue

Other services revenue primarily comprises fees from subscription service and maintenance service.

Subscription service: revenue from this type is systematically recognised on a straight-line basis over the service terms.

Maintenance service: revenue from this type is recognised when the company completes the relevant technical services as stipulated in the contract.

7. OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(Note (i))*	1,986	2,877	2,957
VAT refund *(Note (ii))*	2,467	613	291
Interest income *(Note (iii))*	2,410	1,100	1,913
Additional deduction for VAT *(Note (iv))*	—	458	2,266
Others	—	3	3
	6,863	**5,051**	**7,430**

Notes:

(i) The amount represents various subsidies received from the PRC local government authorities as incentives mainly for the Group's research and development activities and financing activities. Unconditional government grants are recognised in profit and loss when received while conditional government grants are recognised in profit or loss when the Group fulfilled the conditions.

(ii) In accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products which was promulgated by the Ministry of Finance and the State Administration of Taxation on 13 October 2011 and came into effect on 1 January 2011, enterprises engaged in the sales of self-developed software in the PRC are entitled to the value added tax refund to the portion of value-added tax actually paid which exceeds 3% of the related sale amounts.

(iii) The amount mainly comprises interest income on the Group's term deposits classified as financial assets at amortised cost calculated using the effective interest method. Interest income from cash and cash equivalent is included in "Finance income" (Note 11).

(iv) Pursuant to the Announcement [2023] No. 43 "Notice on the Additional Value-Added Tax ("**VAT**") Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值税加計抵減政策的公告》)" issued in 2023 by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT from 1 January 2023 to 31 December 2027.

8. OTHER (LOSSES)/GAINS, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net losses on disposal of financial instruments	(940)	—	(1,762)
Net foreign exchange differences	20	13	29
Net losses on disposal of property, plant and equipment	(165)	(16)	(3,792)
Net gains/(losses) on termination of right-of-use assets	267	(9)	803
Others	(140)	68	825
	(958)	**56**	**(3,897)**

9. EXPENSE BY NATURE

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables used	72,052	382,319	477,342
Employee benefit expenses *(Note 10)*	50,645	47,460	70,160
Less: capitalised in development costs	(15,903)	(11,711)	(12,879)
	34,742	35,749	57,281
Depreciation and amortisation	17,044	19,333	23,431
Less: capitalised in development costs	(2,428)	(2,084)	(1,765)
	14,616	17,249	21,666
Professional services and other consulting fees	5,520	14,348	10,260
Less: capitalised in development costs	(603)	(190)	(224)
	4,917	14,158	10,036
Outsourcing service fees	290	29,806	60,175
Less: capitalised in development costs	(74)	(15,603)	(29,676)
	216	14,203	30,499
Impairment losses on inventories	5,742	4,317	6,894
Business entertainment expenses	2,027	2,072	1,850
Taxes and surcharges	647	1,704	2,063
Office expenses	633	821	1,436
Marketing expenses	2,025	3,158	2,704
[REDACTED]	—	—	17,426
Auditors' remuneration	283	142	—
Other expenses	3,849	3,168	5,225
	141,749	**479,060**	**634,422**

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S REMUNERATION)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	45,965	40,760	55,931
Share-based compensation expenses	242	2,532	8,465
Housing fund, medical insurance and other social insurance	1,785	1,363	1,741
Pension costs *(Note)*	1,227	1,706	3,113
Other employee benefits	1,426	1,099	910
	50,645	**47,460**	**70,160**

Note: The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

During the years ended 31 December 2023, 2024 and 2025, no forfeited contributions were utilised by the Group to reduce its contributions for the current year.

(a) Directors' and Supervisors' Remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Year ended 31 December 2023	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:						
Mr. Zhou Bo	—	931	4	8	3	946
Mr. Zou Xiaogang	—	574	4	8	—	586
Mr. Chen Yonggang	—	639	4	8	—	651
Mr. Miao Rui	—	603	4	8	—	615
Mr. Liu Qiang	60	—	—	—	—	60
Mr. Gong Zhaohui	60	—	—	—	—	60
Mr. Chai Yu	60	—	—	—	—	60
Mr. Yu Lijie	—	—	—	—	—	—
Supervisors:						
Mr. Liang Shuyu (i)	—	299	2	8	—	309
Mr. Wu Xinyu (iv)	—	376	4	7	—	387
Mr. Xiao Yuanping (ii)	—	486	4	8	—	498
Mr. Liang Feng (iii)	—	60	1	2	—	63
Total	**180**	**3,968**	**27**	**57**	**3**	**4,235**

Year ended 31 December 2024	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:						
Mr. Zhou Bo	—	884	13	9	3	909
Mr. Zou Xiaogang	—	609	7	7	—	623
Mr. Chen Yonggang	—	711	6	7	—	724
Mr. Miao Rui	—	710	6	11	—	727
Mr. Liu Qiang	60	—	—	—	—	60
Mr. Gong Zhaohui	60	—	—	—	—	60
Mr. Chai Yu	60	—	—	—	—	60
Mr. Yu Lijie	—	—	—	—	—	—
Supervisors:						
Mr. Wu Xinyu (iv)	—	581	6	11	—	598
Mr. Xiao Yuanping (ii)	—	481	6	7	—	494
Total	**180**	**3,976**	**44**	**52**	**3**	**4,255**

Year ended 31 December 2025	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:						
Mr. Zhou Bo	—	2,424	19	12	3	2,458
Mr. Zou Xiaogang	—	629	9	8	—	646
Mr. Chen Yonggang	—	814	9	7	—	830
Mr. Miao Rui	—	986	9	11	—	1,006
Mr. Liu Qiang	30	—	—	—	—	30
Mr. Gong Zhaohui	30	—	—	—	—	30
Mr. Chai Yu	30	—	—	—	—	30
Mr. Chai Jian (v)	—	1,163	14	10	2,320	3,507
Mr. Yu Lijie	—	—	—	—	—	—
Ms. He Jiaqian (vi)	72	—	—	—	—	72
Mr. Zhong Luhuan (vi)	30	—	—	—	—	30
Mr. Chen Haiping (vi)	30	—	—	—	—	30
Supervisors:						
Mr. Wu Xinyu (iv)	—	285	4	8	—	297
Mr. Xiao Yuanping (ii)	—	213	4	6	—	223
Total	**222**	**6,514**	**68**	**62**	**2,323**	**9,189**

Notes:

(i) Mr. Liang Shuyu served as a supervisor of the Company from August 2022 and resigned in July 2023.

(ii) Mr. Xiao Yuanping was appointed as a supervisor of the Company from August 2022 and resigned in July 2025.

(iii) Mr. Liang Feng served as a supervisor of the Company from August 2022 and resigned in February 2023.

(iv) Mr. Wu Xinyu was appointed as a supervisor of the Company from February 2023 and resigned in July 2025.

(v) Mr. Chai Jian was appointed as a director of the Company from July 2025.

(vi) Ms. He Jiaqian, Mr. Zhong Luhuan and Mr. Chen Haiping were appointed as directors of the Company from July 2025.

(b) Directors' and Supervisors' Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Save as disclosed in Note 33, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2023, 2024 and 2025 include 2, 2 and 2 directors respectively whose emoluments are reflected in the analysis shown in Note 10(a) above. The emoluments paid to the remaining 3, 3 and 3 individuals during the years ended 31 December 2023, 2024 and 2025, respectively, are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses and benefits in kind (including pension costs)	2,251	2,197	1,607
Share-based payments	167	339	2,369
	2,418	**2,536**	**3,976**

The number of the above individuals other than directors whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2023	2024	2025
HK$500,001 to HK$1,000,000	3	3	—
HK$1,000,001 to HK$1,500,000	—	—	2
HK$1,500,001 to HKD2,000,000	—	—	1
	3	**3**	**3**

11. FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from financial assets held for cash management purposes	613	273	207
Finance costs:			
Interest expenses on lease liabilities	(988)	(835)	(564)
Interest expenses on borrowings	(1,955)	(66)	(3,002)
Others	(112)	(115)	(296)
	(3,055)	**(1,016)**	**(3,862)**

12. INCOME TAX (CREDIT)/EXPENSES

The income tax expenses of the Group during the Track Record Period are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Adjustments for current tax of prior years	19	8	—
Deferred income tax	(4,460)	2,039	(1,863)
	(4,441)	**2,047**	**(1,863)**

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before income tax	**(22,854)**	**42,459**	**27,491**
Income tax calculated at statutory income tax rate of 25% in the PRC (a)	(5,713)	10,615	6,873
Tax effect of:			
Preferential income tax rates applicable to the Company	2,115	(3,820)	(2,440)
Super deduction for research and development expenditure (b)	(2,158)	(4,275)	(7,844)
Utilisation of tax losses previously not recognised *(Note 20)*	—	(1,759)	(495)
Tax losses and other temporary differences not recognised as deferred tax assets *(Note 20)*	1,125	850	419
Non-deductible expenses for tax purposes	171	428	1,624
Under-provision from prior years	19	8	—
	(4,441)	**2,047**	**(1,863)**

(a) PRC Corporate Income Tax

During the Track Record Period, the Company has obtained High and New Technology Enterprises certification and hence entitled to a preferential corporate income tax rate of 15% for a valid period of 3 years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for subsidiaries which are eligible as Small Low-profit Enterprise* (小型微利企業). An entity eligible as a Small Low-profit Enterprise is subject to preferential tax treatments up to 31 December 2027. The annual taxable income of a Small Low-profit Enterprise which is not more than RMB3,000,000, 75% of its taxable income is not subject to EIT and the remaining 25% of its taxable income is subject to EIT at a tax rate of 20%. During the years ended 31 December 2023, 2024 and 2025, 4, 4 and 3 subsidiaries are subject to the relevant preferential tax treatments respectively.

(b) Super deduction for research and development expenditure

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2023 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "**Super Deduction for research and development**").

13. DIVIDENDS

No dividends have been declared or paid by the Company during the years ended 31 December 2023, 2024, and 2025.

14. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic earnings/(loss) per share during the Track Record Period is based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue during the Track Record Period.

As approved by the Company's Extraordinary Shareholders' Meeting held on 31 July 2025, immediately upon **[REDACTED]**, the ordinary shares of the Company will be split on a one-for-eighty basis, and the nominal value of the shares will be changed from RMB1.0000 each to RMB0.0125 each.

	Year ended 31 December		
	2023	2024	2025
(Loss)/profit attributable to ordinary shareholders of the Company (RMB'000)	(18,413)	40,412	29,354
Weighted average number of ordinary shares in issue (thousands)	7,903	7,945	8,409
Basic EPS (RMB per share)	**(2.33)**	**5.09**	**3.49**

No adjustment has been made to the basic (losses)/earnings per share amounts presented for the Track Record Period in respect of a dilution as the Group had no potential dilutive ordinary shares in issue.

15. SUBSIDIARIES

As at the date of this report and during the Track Record Period, the Company's major subsidiaries are as follows:

	Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest and voting right held by the Company as at 31 December			Principal activities
				2023	2024	2025	
			RMB'000				
1	Shenzhen Haiqing Digital Technology Co., Ltd. (深圳市海清數字技術有限公司) ("**Haiqing Digital**") *(Note (a))*	PRC, limited liability company	20,000/ 20,000	100%	100%	100%	R&D and manufacturing of Multispectral AI Modules, Multispectral AI Perception Terminals, and multispectral AI large model algorithms

	Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest and voting right held by the Company as at 31 December 2023	2024	2025	Principal activities
			RMB'000				
2	Zhejiang Haiqing Zhiyuan Technology Co., Ltd. (浙江海清智元科技有限公司) *(Note (b))*	PRC, limited liability company	10,000/ 10,000	—	100%	100%	Manufacturing and assembly of Multispectral AI Modules and Multispectral AI Perception Terminals

Notes:

(a) For the years ended 31 December 2023, 2024 and 2025, no audited financial statements have been prepared for this entity as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of its registration.

(b) This entity was incorporated in 2024, and no audited financial statement was issued as it was not required to issue audited financial statement under the statutory requirements of their places of incorporation.

(c) The English names of the subsidiaries are direct translation or transliteration of their Chinese registered names.

The Company

	As at 31 December 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	**22,000**	**21,000**	**31,912**

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Motor vehicles	Office equipment and others	Electronic equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Opening carrying amounts	10,263	998	2,375	250	13,244	27,130
Additions	625	565	524	110	—	1,824
Disposals	—	—	—	(2)	—	(2)
Depreciation charges	(1,405)	(400)	(882)	(138)	(3,168)	(5,993)
Closing carrying amounts	**9,483**	**1,163**	**2,017**	**220**	**10,076**	**22,959**
At 31 December 2023						
Cost	12,121	1,884	4,353	575	15,527	34,460
Accumulated depreciation	(2,638)	(721)	(2,336)	(355)	(5,451)	(11,501)
Carrying amounts	**9,483**	**1,163**	**2,017**	**220**	**10,076**	**22,959**

	Machinery and equipment	Motor vehicles	Office equipment and others	Electronic equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024						
Opening carrying amounts	9,483	1,163	2,017	220	10,076	22,959
Additions	337	—	155	42	2,843	3,377
Disposals	—	—	(16)	—	—	(16)
Depreciation charges	(1,358)	(444)	(664)	(115)	(3,184)	(5,765)
Closing carrying amounts	**8,462**	**719**	**1,492**	**147**	**9,735**	**20,555**
At 31 December 2024						
Cost	12,458	1,884	4,476	617	15,527	34,962
Accumulated depreciation	(3,996)	(1,165)	(2,984)	(470)	(5,792)	(14,407)
Carrying amounts	**8,462**	**719**	**1,492**	**147**	**9,735**	**20,555**

	Machinery and equipment	Motor vehicles	Office equipment and others	Electronic equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025						
Opening carrying amounts	8,462	719	1,492	147	9,735	20,555
Additions	4,227	2	1,460	1,657	7,905	15,251
Disposals	(71)	(2)	(95)	(38)	(3,797)	(4,003)
Depreciation charges	(1,346)	(444)	(548)	(307)	(3,665)	(6,310)
Closing carrying amounts	**11,272**	**275**	**2,309**	**1,459**	**10,178**	**25,493**
At 31 December 2025						
Cost	16,614	1,884	5,841	2,236	22,457	49,032
Accumulated depreciation	(5,342)	(1,609)	(3,532)	(777)	(12,279)	(23,539)
Carrying amounts	**11,272**	**275**	**2,309**	**1,459**	**10,178**	**25,493**

(a) Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Machinery and equipment	3–10 years
Motor vehicles	3–5 years
Office equipment and others	3–5 years
Electronic equipment	3 years
Leasehold improvement	Shorter of their useful life and lease term

See Note 35 for the summary of the other material accounting policy information relevant to property, plant and equipment.

(b) Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	3,859	3,903	4,212
Selling and marketing expenses	224	130	230
General and administrative expenses	993	910	1,205
Research and development expenses	250	291	327
Capitalised in intangible assets	667	531	336
	5,993	**5,765**	**6,310**

Details of impairment assessments of the CGU are set out in Note 18.

The Company

	Machinery and equipment	Motor vehicles	Office equipment and others	Electronic equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Opening carrying amounts	9,477	164	2,274	985	726	13,626
Additions	81	92	511	565	—	1,249
Depreciation charges	(1,032)	(98)	(839)	(396)	(279)	(2,644)
Closing carrying amounts	**8,526**	**158**	**1,946**	**1,154**	**447**	**12,231**
At 31 December 2023						
Cost	10,086	440	4,163	1,857	1,360	17,906
Accumulated depreciation	(1,560)	(282)	(2,217)	(703)	(913)	(5,675)
Carrying amounts	**8,526**	**158**	**1,946**	**1,154**	**447**	**12,231**

	Machinery and equipment	Motor vehicles	Office equipment and others	Electronic equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024						
Opening carrying amounts	8,526	158	1,946	1,154	447	12,231
Additions	50	30	147	—	—	227
Depreciation charges	(1,003)	(83)	(635)	(441)	(274)	(2,436)
Closing carrying amounts	**7,573**	**105**	**1,458**	**713**	**173**	**10,022**
At 31 December 2024						
Cost	10,136	470	4,310	1,857	1,360	18,133
Accumulated depreciation	(2,563)	(365)	(2,852)	(1,144)	(1,187)	(8,111)
Carrying amounts	**7,573**	**105**	**1,458**	**713**	**173**	**10,022**

	Machinery and equipment	Motor vehicles	Office equipment and others	Electronic equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025						
Opening carrying amounts	7,573	105	1,458	713	173	10,022
Additions	—	333	1,342	—	2,871	4,546
Disposals	(7,220)	(26)	(88)	—	—	(7,334)
Depreciation charges	(283)	(72)	(519)	(441)	(542)	(1,857)
Closing carrying amounts	**70**	**340**	**2,193**	**272**	**2,502**	**5,377**
At 31 December 2025						
Cost	518	777	5,565	1,857	3,954	12,671
Accumulated depreciation	(448)	(437)	(3,372)	(1,585)	(1,452)	(7,294)
Carrying amounts	**70**	**340**	**2,193**	**272**	**2,502**	**5,377**

17. LEASE

This note provides information for leases where the Group is a lessee.

(a) Right-of-Use Assets

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	24,913	21,062	15,283
Additions	7,880	2,990	7,753
Depreciation charge	(9,092)	(8,769)	(6,888)
Lease alternation	(2,639)	—	(4,897)
At the end of the year	**21,062**	**15,283**	**11,251**

Details of impairment assessments of the CGU are set out in Note 18.

(b) Lease Liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current	8,613	10,159	5,672
Non-current	14,512	6,943	6,730
	23,125	**17,102**	**12,402**

(c) Amounts Recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income

The consolidated statements of profit or loss and other comprehensive income and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets (excluding amounts capitalised in development costs)	7,693	7,564	5,747
Interest expenses *(Note 11)*	988	835	564
Expense relating to short-term and low value leases not included in lease liabilities	156	144	353
	8,837	**8,543**	**6,664**

The total cash outflows for lease payments during the years ended 31 December 2023, 2024 and 2025 were approximately RMB10,429,000, RMB10,699,000 and RMB8,104,000 respectively.

The Group leases properties and offices as lessee. Lease contracts are typically made for fixed periods from 2 to 5 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 35 for the summary of the other material accounting policy information relevant to lease.

18. INTANGIBLE ASSETS

The Group

	Software and system	Development costs	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023			
Cost	5,542	15,464	21,006
Accumulated amortisation	(1,018)	—	(1,018)
Carrying amounts	**4,524**	**15,464**	**19,988**
Year ended 31 December 2023			
Opening carrying amounts	4,524	15,464	19,988
Additions	60	19,755	19,815
Disposals	(437)	—	(437)
Transfer	13,901	(13,901)	—
Amortisation charges	(1,959)	—	(1,959)
Closing carrying amounts	**16,089**	**21,318**	**37,407**
At 31 December 2023			
Cost	18,979	21,318	40,297
Accumulated amortisation	(2,890)	—	(2,890)
Carrying amounts	**16,089**	**21,318**	**37,407**

	Software and system	Development costs	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2024			
Opening carrying amounts	16,089	21,318	37,407
Additions	—	30,126	30,126
Transfer	13,552	(13,552)	—
Amortisation charges	(4,799)	—	(4,799)
Closing carrying amounts	**24,842**	**37,892**	**62,734**
At 31 December 2024			
Cost	32,531	37,892	70,423
Accumulated amortisation	(7,689)	—	(7,689)
Carrying amounts	**24,842**	**37,892**	**62,734**
Year ended 31 December 2025			
Opening carrying amounts	24,842	37,892	62,734
Additions	3,995	54,477	58,472
Transfer	46,966	(46,966)	—
Amortisation charges	(10,233)	—	(10,233)
Closing carrying amounts	**65,570**	**45,403**	**110,973**
At 31 December 2025			
Cost	83,492	45,403	128,895
Accumulated amortisation	(17,922)	—	(17,922)
Carrying amounts	**65,570**	**45,403**	**110,973**

Amortisation charges were recognised in the following categories:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	1,483	4,323	9,679
General and administrative expenses	—	—	19
Research and development expenses	114	128	247
Capitalised in intangible assets	362	348	288
	1,959	4,799	10,233

For the purposes of impairment testing, development costs set out in above have been allocated to individual cash-generating units ("**CGU**"), comprising holding company and most of the operating subsidiaries. The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

In addition to development cost above, property, plant and equipment, software and system intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related development costs are also included in the respective cash-generating unit for the purpose of impairment assessment.

The recoverable amount of the cash generating unit has been determined based on a value-in-use calculation. The calculation use cash flow projections based on the financial budgets approved by the management of the Group covering a five-year period.

Key assumptions and inputs used for the business valuation as at 31 December 2023, 2024 and 2025 are as follows:

	31 December		
	2023	2024	2025
Pre-tax discount rate	15.58%	15.21%	15.14%
Revenue growth rates	1%–346%	1%–37%	2%–25%
Budgeted gross margins	24%–29%	24%–29%	23%–24%

The following describes each of the key assumptions on which management has based its cash flow projections to undertake impairment testing of cash generating unit:

Discount rates — The discount rates used are pre-tax and reflect market assessments of the time value and the specific risks relating to the industry.

Revenue growth rates — The basis used to determine the revenue growth rates in the five-year forecast period are the historical data of the CGU, management's expectation of the future market and the average growth rate achieved by comparable companies. Growth rates beyond the first five years are based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry.

Budgeted gross margins — The basis used to determine the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, adjusted for expected efficiency improvements, and expected market development.

The values assigned to the key assumptions on market development of the above CGU and discount rate are consistent with external information sources.

If the recoverable amount of the CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. The impairment loss will be recognised in profit or loss. Any change in the assumptions selected by management could materially affect the value in use calculations used in the impairment testing and therefore may result in an impairment charge to profit or loss.

As the recoverable amount of CGU as at 31 December 2023, 2024 and 2025 exceeded its carrying amount, no impairment loss was recognised against the development costs intangible assets with indefinite useful lives associated with the CGU for the year then ended.

For sensitivity analysis conducted during the impairment review as at 31 December 2023, had there been a reduction in the total forecasted revenue by 7.04% or an increase in the discount rate of 27.76 percentage point each in isolation, the recoverable amount of the Group's intangible assets would be close to the breakeven point. As at 31 December 2023, had there been a reduction in the total forecasted revenue by 5% or an increase in the discount rate of 5 percentage point each in isolation, the headroom would be decreased by approximately RMB216,524,000 and RMB83,584,000, respectively.

For sensitivity analysis conducted during the impairment review as at 31 December 2024, had there been a reduction in the total forecasted revenue by 9.36% or an increase in the discount rate of 36.20 percentage point each in isolation, the recoverable amount of the Group's intangible assets would be close to the breakeven point. As at 31 December 2024, had there been a reduction in the total forecasted revenue by 5% or an increase in the discount rate of 5 percentage point each in isolation, the headroom would be decreased by approximately RMB287,464,000 and RMB183,709,000, respectively.

For sensitivity analysis conducted during the impairment review as at 31 December 2025, had there been a reduction in the total forecasted revenue by 3.71% or an increase in the discount rate of 21.38 percentage point each in isolation, the recoverable amount of the Group's intangible assets would be close to the breakeven point. As at 31 December 2025, had there been a reduction in the total forecasted revenue by 5% or an increase in the discount rate of 5 percentage point each in isolation, the headroom would be decreased by approximately RMB445,830,000 and RMB227,530,000, respectively.

Amortisation Methods and Periods

The Group's intangible assets mainly include software and system. They are capitalised on the basis of the costs incurred to acquire the specific software and system. The Group amortises intangible assets with a limited useful life using the straight-line method over 3–10 years.

Research and Development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognised as development costs in intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development expenditures previously recognised as an expense are not recognised as an asset in a subsequent period.

The Company

	Software and system	Development costs	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023			
Cost	5,019	15,464	20,483
Accumulated amortisation	(932)	—	(932)
Carrying amounts	**4,087**	**15,464**	**19,551**
Year ended 31 December 2023			
Opening carrying amounts	4,087	15,464	19,551
Additions	59	19,755	19,814
Transfer	13,901	(13,901)	—
Amortisation charges	(1,958)	—	(1,958)
Closing carrying amounts	**16,089**	**21,318**	**37,407**
At 31 December 2023			
Cost	18,979	21,318	40,297
Accumulated amortisation	(2,890)	—	(2,890)
Carrying amounts	**16,089**	**21,318**	**37,407**
Year ended 31 December 2024			
Opening carrying amounts	16,089	21,318	37,407
Additions	—	30,126	30,126
Transfer	13,552	(13,552)	—
Amortisation charges	(4,799)	—	(4,799)
Closing carrying amounts	**24,842**	**37,892**	**62,734**
At 31 December 2024			
Cost	32,531	37,892	70,423
Accumulated amortisation	(7,689)	—	(7,689)
Carrying amounts	**24,842**	**37,892**	**62,734**
Year ended 31 December 2025			
Opening carrying amounts	24,842	37,892	62,734
Additions	3,995	54,477	58,472
Transfer	46,966	(46,966)	—
Amortisation charges	(10,233)	—	(10,233)
Closing carrying amounts	**65,570**	**45,403**	**110,973**
At 31 December 2025			
Cost	83,492	45,403	128,895
Accumulated amortisation	(17,922)	—	(17,922)
Carrying amounts	**65,570**	**45,403**	**110,973**

19. FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during the Track Record Period is as below:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at FVOCI:			
Notes receivables at FVOCI *(Note 3.5)*	663	479	—
Financial assets measured at amortised cost:			
Trade and notes receivables *(Note 21)*	19,817	145,676	184,423
Other receivables *(Note 22)*	5,358	1,977	1,743
Term deposits and restricted cash *(Note 24)*	36,502	26,898	61,554
Cash and cash equivalents *(Note 24)*	37,115	56,705	65,556

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities measured at amortised cost:			
Trade and notes payables *(Note 26)*	45,060	79,557	45,882
Accruals and other payables (excluding non-financial liabilities) *(Note 27)*	2,658	14,724	11,060
Lease liabilities *(Note 17)*	23,125	17,102	12,402
Borrowings *(Note 25)*	—	29,548	201,280
Other current liabilities (excluding non-financial liabilities)	—	862	998

20. DEFERRED TAX

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

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	10,513	7,162	7,388
Offsetting against deferred tax liabilities	(4,888)	(3,576)	(1,939)
Net deferred tax assets	**5,625**	**3,586**	**5,449**
Gross deferred tax liabilities	4,888	3,576	1,939
Offsetting against deferred tax assets	(4,888)	(3,576)	(1,939)
Net deferred tax liabilities	**—**	**—**	**—**

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

	Impairment provisions and loss allowances	Lease liabilities	Tax losses	Unrealised profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	342	6,235	757	—	7,334
Credited/(debited) to profit or loss *(Note 12)*	164	(1,332)	4,347	—	3,179
At 31 December 2023	**506**	**4,903**	**5,104**	**—**	**10,513**

	Impairment provisions and loss allowances	Lease liabilities	Tax losses	Unrealised profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	506	4,903	5,104	—	10,513
Credited/(debited) to profit or loss *(Note 12)*	743	(1,293)	(2,813)	12	(3,351)
At 31 December 2024	**1,249**	**3,610**	**2,291**	**12**	**7,162**

	Impairment provisions and loss allowances	Lease liabilities	Tax losses	Unrealised profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	1,249	3,610	2,291	12	7,162
Credited/(debited) to profit or loss *(Note 12)*	906	(1,610)	905	25	226
At 31 December 2025	**2,155**	**2,000**	**3,196**	**37**	**7,388**

(b) Deferred Tax Liabilities

	Right-of-use assets
	RMB'000
At 1 January 2023	6,169
Credited to profit or loss *(Note 12)*	(1,281)
At 31 December 2023	**4,888**

	Right-of-use assets
	RMB'000
At 1 January 2024	4,888
Credited to profit or loss *(Note 12)*	(1,312)
At 31 December 2024	**3,576**

	Right-of-use assets
	RMB'000
At 1 January 2025	3,576
Credited to profit or loss *(Note 12)*	(1,637)
At 31 December 2025	**1,939**

(c) Deferred Tax Assets Not Recognised

The Group has not recognised deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate taxable profit:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	18,905	14,982	14,500
Deductible temporary differences	7,053	7,340	7,518
	25,958	22,322	22,018

The tax losses not recognised deferred tax assets can be carried forward in future years. As at 31 December 2023, 2024 and 2025, the following table shows unused tax losses based on its expected expiry date:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
2027	3,045	3,045	1,747
2028	14,811	7,775	7,775
2029	1,049	1,049	1,049
2030	—	3,113	3,113
2031	—	—	816
	18,905	14,982	14,500

21. TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	21,243	151,560	195,572
Less: credit loss allowance	(2,200)	(6,746)	(12,147)
	19,043	144,814	183,425
Notes receivables *(Note)*	774	862	998
	19,817	**145,676**	**184,423**

Note: Notes receivables mainly consist of bank-issued notes and the impairment is considered to be minimal.

(a) Movements on the Group's credit loss allowance for trade receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,168	2,200	6,746
Credit loss allowance recognised, net	1,032	5,036	5,903
Receivables written off	—	(490)	(502)
At the end of the year	**2,200**	**6,746**	**12,147**

(b) The Group generally grants credit terms of up to 120 days to the customers. The ageing analysis of trade receivables based on revenue recognition date is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
within 6 months	14,654	137,257	144,195
6 months to 1 year	4,514	13,091	43,074
1 to 2 years	1,600	477	8,102
2 to 3 years	93	535	182
Over 3 years	382	200	19
	21,243	**151,560**	**195,572**

(c) As at 31 December 2023, the loss allowance of trade receivables was determined as follows:

	within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000, except for percentages					
Expected credit loss rate	4.27%	8.53%	46.13%	74.19%	100.00%	
Gross carrying amount	14,654	4,514	1,600	93	382	21,243
Credit loss allowance	626	385	738	69	382	2,200

As at 31 December 2024, the loss allowance of trade receivables was determined as follows:

	within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000, except for percentages					
Expected credit loss rate	3.59%	7.18%	48.85%	83.74%	100.00%	
Gross carrying amount	137,257	13,091	477	535	200	151,560
Credit loss allowance	4,925	940	233	448	200	6,746

As at 31 December 2025, the loss allowance of trade receivables was determined as follows:

	within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000, except for percentages					
Expected credit loss rate	3.23%	6.46%	55.67%	100.00%	100.00%	
Gross carrying amount	144,195	43,074	8,102	182	19	195,572
Credit loss allowance	4,654	2,781	4,511	182	19	12,147

(d) As at 31 December 2025, trade receivables amounting to approximately RMB9,043,000 were pledged for bank borrowings.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	109,776	151,560	195,637
Less: credit loss allowance	(2,200)	(6,746)	(12,147)
	107,576	144,814	183,490
Notes receivables	774	862	998
	108,350	**145,676**	**184,488**

The ageing analysis of trade receivables based on revenue recognition date is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
within 6 months	18,906	137,257	144,260
6 months to 1 year	7,625	13,091	43,074
1 to 2 years	81,658	477	8,102
2 to 3 years	93	535	182
Over 3 years	1,494	200	19
	109,776	**151,560**	**195,637**

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments:			
Prepayments to suppliers	2,727	25,089	156,297
Prepaid **[REDACTED]**	—	—	305
Other receivables:			
Deposits and warranties	3,262	3,209	3,527
Due from related parties *(Note 33)*	2,696	63	—
Others	558	240	332
	9,243	28,601	160,461
Less: credit loss allowance	(1,158)	(1,535)	(2,116)
	8,085	**27,066**	**158,345**

Other receivables had no historical default. The financial assets included in the above balances relating to receivables were categorised in stage 1 at the end of Track Record Period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. As at 31 December 2023, 2024 and 2025, the Group estimated the expected credit losses for other receivables to be RMB1,158,000, RMB1,535,000 and RMB 2,116,000, respectively.

Other receivables are unsecured, non-interest-bearing and are collectable within one year.

(a) Movements on the Group's credit loss allowance for other receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	559	1,158	1,535
Credit loss allowance recognised, net	599	377	581
At the end of the year/period	**1,158**	**1,535**	**2,116**

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other current assets:			
Deductible input VAT	15,749	13,814	16,978
Prepaid corporate income tax	—	—	760
[REDACTED]	—	—	2,916
Others	10	10	—
	15,759	**13,824**	**20,654**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments:			
Prepayments to suppliers	2,345	717	19,564
Prepaid **[REDACTED]**	—	—	305
Other receivables:			
Due from subsidiaries	28,289	73,497	170,956
Deposits and warranties	3,212	3,111	3,487
Due from related parties *(Note 33)*	2,696	63	—
Others	512	145	201
	37,054	77,533	194,513
Less: credit loss allowance	(1,151)	(1,518)	(2,095)
	35,903	**76,015**	**192,418**

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other current assets:			
Deductible input VAT	14,201	10,818	2,969
[REDACTED]	—	—	2,916
Prepaid corporate income tax	—	—	760
	14,201	**10,818**	**6,645**

23. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	18,766	16,312	18,863
Work in progress	8,297	7,593	13,487
Finished goods	4,537	6,090	6,529
Outsourced processing materials	1,017	778	42
Goods in transit	30,419	8,192	48,895
	63,036	38,965	87,816
Less: provision for impairment	(7,069)	(7,388)	(7,622)
	55,967	**31,577**	**80,194**

The cost of inventories carried forward to the profit or loss during the year is mainly recognised as the cost of sales. For the years ended 31 December 2023, 2024 and 2025, the cost of inventories carried forward to the cost of sales amounted to approximately RMB97,235,000, RMB422,072,000 and RMB485,661,000, respectively.

The provision for impairment of inventories recorded as cost of sales during the years ended 31 December 2023, 2024 and 2025 were RMB5,742,000, RMB4,317,000 and RMB6,894,000, respectively.

The written off of provisions for inventories during the years ended 31 December 2023, 2024 and 2025 were RMB2,825,000, RMB3,998,000 and RMB6,660,000, respectively.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Goods in transit	30,419	8,273	49,140
Raw materials	181	1	2
Finished goods	377	454	690
Work in progress	3	3	10
	30,980	8,731	49,842
Less: provision for impairment	(23)	(65)	(125)
	30,957	**8,666**	**49,717**

24. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	73,617	83,603	127,110
Less: term deposits over three months *(Note (i))*	(36,452)	(26,898)	(61,554)
Less: restricted cash *(Note (ii))*	(50)	—	—
Cash and cash equivalents	**37,115**	**56,705**	**65,556**

Notes:

(i) As at 31 December 2023, 2024 and 2025, the Group's term deposits amounting to RMB5,217,000, RMB16,178,000 and RMB10,061,000 were pledged as a guarantee for bank borrowings.

(ii) As at 31 December 2023, deposits of RMB50,000 were pledged as security deposits for the issuance of letters of guarantee.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	60,860	42,921	99,771
Less: term deposits over three months	(25,839)	(25,785)	(40,409)
Less: restricted cash	(50)	—	—
Cash and cash equivalents	**34,971**	**17,136**	**59,362**

25. BORROWINGS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Secured bank loans	—	29,500	180,010
Unsecured bank loans	—	—	20,964
	—	29,500	200,974
Interest payables	—	48	306
Less: current-portion for long-term borrowings	—	(39)	(33,322)
Less: short-term borrowings	—	(28,545)	(118,950)
	—	**964**	**49,008**

(a) The Group's borrowings were dominated in RMB and carried fixed rates with annual interest rates ranged from 3.30% to 4.25% and 1.00% to 3.30% as at 31 December 2024 and 2025, respectively.

(b) As at 31 December 2024, secured bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB18,500,000 guaranteed by Mr. Zhou and secured by the Group's certain deposits; (ii) borrowings with a principal equivalent to approximately RMB1,000,000 guaranteed by Mr. Zhou and the Company; and (iii) borrowings with a principal equivalent to approximately RMB10,000,000 guaranteed by Haiqing Digital.

As at 31 December 2025, secured bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB16,320,000 secured by the Group's certain deposits; (ii) borrowings with a principal equivalent to approximately RMB40,040,000 guaranteed by Mr. Zhou; (iii) borrowings with a principal equivalent to approximately RMB20,000,000 guaranteed by Haiqing Digital; (iv) borrowings with a principal equivalent to approximately RMB73,950,000 guaranteed by Mr. Zhou and Haiqing Digital; (v) borrowings with a principal equivalent to approximately RMB29,700,000 guaranteed by Haiqing Digital and secured by the Group's accounts receivables.

(c) As at 31 December 2023, 2024 and 2025, the Group's borrowings were repayable as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	—	28,584	152,272
Between 1 and 2 years	—	36	49,008
Between 2 and 5 years	—	928	—
	—	**29,548**	**201,280**

(d) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Secured bank loans	—	18,500	110,970
Unsecured bank loans	—	—	20,000
		18,500	130,970
Interest payables	—	45	303
Less: short-term borrowings	—	(18,545)	(69,910)
Less: current-portion for long-term borrowings	—	—	(33,283)
	—	**—**	**28,080**

26. TRADE AND NOTES PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	45,060	73,550	45,882
Notes payables	—	6,007	—
	45,060	**79,557**	**45,882**

The Group's suppliers generally grant credit terms of up to 180 days to the Group. An ageing analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	44,393	43,818	36,978
6 months to 1 year	80	20,092	452
1 to 2 years	587	9,609	5,473
2 to 3 years	—	31	2,951
Over 3 years	—	—	28
	45,060	**73,550**	**45,882**

As at 31 December 2023, 2024 and 2025, the carrying amounts of trade and notes payables were denominated in RMB, which approximated their fair values.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	109,013	65,065	79,902
Notes payables	—	6,007	—
	109,013	**71,072**	**79,902**

The Company's suppliers generally grant credit terms of up to 180 days to the Company. An ageing analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	89,806	34,382	72,241
6 months to 1 year	7,697	15,512	440
1 to 2 years	3,069	5,522	4,329
2 to 3 years	8,441	2,543	2,892
Over 3 years	—	7,106	—
	109,013	**65,065**	**79,902**

27. ACCRUALS AND OTHER PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and benefits	5,294	6,348	9,893
Taxes other than income tax payables	2,092	2,444	4,239
Deposits	429	483	850
Outsourcing service fees	—	10,791	312
Accruals	2,017	2,498	1,727
[REDACTED]	—	—	7,799
Others	212	952	372
	10,044	**23,516**	**25,192**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and benefits	4,268	5,153	8,331
Due to subsidiaries	4,892	—	913
Taxes other than income tax payables	1,755	1,596	1,370
Deposits	429	483	850
Outsourcing service fees	—	10,791	312
Accruals	1,953	1,578	1,366
[REDACTED]	—	—	7,799
Others	153	793	—
	13,450	**20,394**	**20,941**

28. SHARE CAPITAL

	Number of ordinary shares	Share Capital
		RMB'000
At 31 December 2023	7,903,225	7,903
Issue of ordinary shares (a)	252,231	252
At 31 December 2024	8,155,456	8,155
Issue of ordinary shares (a)	457,619	458
At 31 December 2025	8,613,074	8,613

(a) In October 2024, the Company issued 252,231 ordinary shares at the consideration of RMB30,000,000 to one investor. The consideration amounting to RMB30,000,000 was paid in October 2024, of which approximately RMB252,000 represents share capital and the excess of approximately RMB29,748,000 was credited to the Company's share premium.

In January 2025, the Company issued 84,077 ordinary shares at the consideration of RMB10,000,000 to one investor, and the consideration amount of RMB10,000,000 was paid in January 2025, of which approximately RMB84,000 represents share capital and the excess of approximately RMB9,916,000 was credited to the Company's share premium.

In June 2025, the Company issued 252,231 ordinary shares at the consideration of RMB30,000,000 to one investor. The consideration amounting to RMB30,000,000 was paid in June 2025, of which approximately RMB253,000 represents share capital and the excess of approximately RMB29,747,000 was credited to the Company's share premium.

In July 2025, the Company issued 121,311 ordinary shares at the consideration of RMB50,000,000 to one investor. The consideration amounting to RMB50,000,000 was paid in July 2025, of which approximately RMB121,000 represents share capital and the excess of approximately RMB49,879,000 was credited to the Company's share premium.

As approved by the Company's Extraordinary Shareholders' Meeting held on 31 July 2025, immediately upon **[REDACTED]**, the ordinary shares of the Company will be split on a one-for-eighty basis, and the nominal value of the shares will be changed from RMB1.0000 each to RMB0.0125 each.

29. SHARE-BASED PAYMENTS

To provide incentives to eligible employees and directors of the Group, an employee share incentive plan (the "**Share Incentive Scheme**") was adopted.

In order to implement the Share Incentive Scheme, Shenzhen Zhongcheng Tianying Venture Capital Fund, L.P. (深圳市眾誠天盈創業投資合夥企業(有限合夥)) ("**Zhongcheng Tianying LP**"), Shenzhen Zhongzheng Tianying Venture Capital Fund, L.P. (深圳市眾正天盈創業投資合夥企業(有限合夥)) ("**Zhongzheng Tianying LP**") and Shenzhen Zhongzhi Tianying Venture Capital Fund, L.P. (深圳市眾知天盈創業投資合夥企業(有限合夥)) ("**Zhongzhi Tianying LP**") were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

The movements in the number of the outstanding restricted share units ("**RSUs**") granted under the Share Incentive Scheme during the Track Record Period were as follows:

	Year ended 31 December		
	2023	2024	2025
At the beginning of the year	3,669,993	3,555,490	3,663,000
Granted	23,710	127,413	118,515
Forfeited	(138,213)	(19,903)	(120,886)
At the end of the year	**3,555,490**	**3,663,000**	**3,660,629**

On 8 September 2023, the Group granted 23,710 restricted share units of the Company to 1 eligible employee at a subscribed price of RMB47.32. On 12 July 2024, the Group granted 39,516 restricted share units of the Company to 1 eligible employee at a subscribed price of RMB49.48. On 20 December 2024, the Group granted 87,897 restricted share units of the Company to 13 eligible employees at a subscribed price of RMB49.96. On 24 January 2025, the Group granted 118,515 restricted share units of the Company to 3 eligible employees at a subscribed price of RMB46.50.

All of the RSUs granted to the Share Incentive Participants shall be subject to both a **[REDACTED]**-based condition (the "**[REDACTED] Condition**") as well as service conditions. The **[REDACTED]** Condition would be satisfied when the ordinary shares of the Company are successfully **[REDACTED]** on a recognised stock exchange.

The fair values of the RSUs granted on 8 September 2023, 12 July 2024, 20 December 2024 and 24 January 2025 were estimated at RMB115.14, RMB130.33, RMB124.83 and RMB124.83 per share respectively.

The fair value of each RSUs were calculated based on the most recent transaction price of the Company's shares at the grant date.

The total expenses arising from share-based payments during the Track Record Period are recorded as part of employee benefit expenses (Note 10).

30. RESERVES

The Group

	Share premium	Statutory reserves	Other reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023	**189,365**	**—**	**3,942**	**(21,606)**	**171,701**
Loss for the year	—	—	—	(18,413)	(18,413)
Share-based payments expenses	—	—	242	—	242
Balance at 31 December 2023 and 1 January 2024	**189,365**	**—**	**4,184**	**(40,019)**	**153,530**
Profit for the year	—	—	—	40,412	40,412
Capital injection *(Note 28(a))*	29,748	—	—	—	29,748
Share-based payments expenses	—	—	2,532	—	2,532
Appropriation to statutory reserves	—	1,664	—	(1,664)	—
Balance at 31 December 2024 and 1 January 2025	**219,113**	**1,664**	**6,716**	**(1,271)**	**226,222**
Profit for the period	—	—	—	29,354	29,354
Capital injection *(Note 28(a))*	89,542	—	—	—	89,542
Share-based payments expenses	—	—	8,465	—	8,465
Appropriation to statutory reserves	—	2,826	—	(2,826)	—
Balance at 31 December 2025	**308,655**	**4,490**	**15,181**	**25,257**	**353,583**

The Company

	Share premium	Statutory reserves	Other reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023	**189,265**	**—**	**3,942**	**(313)**	**192,894**
Loss for the year	—	—	—	(16,706)	(16,706)
Share-based payments expenses	—	—	242	—	242
Balance at 31 December 2023 and 1 January 2024	**189,265**	**—**	**4,184**	**(17,019)**	**176,430**
Profit for the year	—	—	—	33,661	33,661
Capital injection *(Note 28(a))*	29,748	—	—	—	29,748
Share-based payments expenses	—	—	2,532	—	2,532
Appropriation to statutory reserves	—	1,664	—	(1,664)	—
Balance at 31 December 2024 and 1 January 2025	**219,013**	**1,664**	**6,716**	**14,978**	**242,371**
Profit for the period	—	—	—	28,258	28,258
Capital injection *(Note 28(a))*	89,542	—	—	—	89,542
Share-based payments expenses	—	—	8,465	—	8,465
Appropriation to statutory reserves	—	2,826	—	(2,826)	—
Balance at 31 December 2025	**308,555**	**4,490**	**15,181**	**40,410**	**368,636**

31. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of (Loss)/Profit Before Income Tax to Net Cash Generated/(Used in) from Operations:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before income tax for the year	(22,854)	42,459	27,491
Adjustments for:			
Interest income	(3,023)	(1,373)	(2,120)
Finance costs	3,055	1,016	3,862
Depreciation of property, plant and equipment	5,326	5,234	5,974
Depreciation of right-of-use assets	7,693	7,564	5,747
Amortisation of intangible assets	1,597	4,451	9,945
Net (gains)/losses on disposal of property, plant and equipment and other non-current assets	(49)	25	2,989
Net impairment losses on financial assets	1,631	5,413	6,484
Impairment provision for inventories	5,742	4,317	6,894
Net losses on financial instruments	940	—	1,762
Net foreign exchange gains	(20)	(13)	(29)
Share-based compensation expenses	242	2,532	8,465
Change in working capital:			
Decrease/(Increase) in receivables	29,746	(152,286)	(172,616)
Increase in payables	54,764	53,852	21,301
(Increase)/Decrease in inventories	(15,832)	20,073	(55,511)
Cash generated from/(used in) operations	**68,958**	**(6,736)**	**(129,362)**

(b) Net Debt Reconciliation

	Borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	141,484	27,231	168,715
Financing cash flows	(140,863)	(9,285)	(150,148)
Interest paid	(811)	(988)	(1,799)
Interest accrued	1,955	988	2,943
Other non-cash movements	(1,765)	5,179	3,414
At 31 December 2023	**—**	**23,125**	**23,125**
At 1 January 2024	—	23,125	23,125
Financing cash flows	29,686	(9,720)	19,966
Interest paid	(186)	(835)	(1,021)
Interest accrued	66	835	901
Other non-cash movements	(18)	3,697	3,679
At 31 December 2024	**29,548**	**17,102**	**46,650**
At 1 January 2025	29,548	17,102	46,650
Financing cash flows	171,474	(7,187)	164,287
Interest paid	(2,744)	(564)	(3,308)
Interest accrued	3,002	564	3,566
Other non-cash movements	—	2,487	2,487
As at 31 December 2025	**201,280**	**12,402**	**213,682**

32. CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

The Group did not have any material contingent liabilities as at 31 December 2023, 2024 and 2025.

32.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment commitments:			
— Contracted, but not provided for	—	12,036	—

33. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

(a) Names and Relationship with Related Parties

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group during the Track Record Period.

Name of the major related parties	Relationship with the Group
Mr. Zhou	Ultimate controller of the Company
Zhongcheng Tianying LP.	A shareholder of the Company
Zhongzhi Tianying LP.	A shareholder of the Company
Zhongzheng Tianying LP.	A shareholder of the Company
Mr. Chen	A shareholder of the Company

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(b) Material Transactions and Balance with Related Parties

Prepayments and other receivables

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Zhongzheng Tianying LP	41	41	—
Zhongcheng Tianying LP	5	—	—
Zhongzhi Tianying LP	22	22	—
Mr. Zhou	2,628	—	—
	2,696	63	—
Less: credit loss allowance	(146)	(25)	—
	2,550	**38**	**—**

All the balances with the related parties were related to financing activities which were non-trade in nature, unsecured and fully settled as of June 2025.

Guarantee

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guarantor			
Mr. Zhou	—	19,500	113,990

The aforesaid guarantee will be released upon **[REDACTED]**.

(c) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 10(a), was as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	4,148	4,156	6,966
Share-based compensation expenses	3	3	2,656
Pension costs, housing fund, medical insurance and other social benefits	84	96	138
	4,235	**4,255**	**9,760**

(d) Redemption rights of the [REDACTED] Investors and the New [REDACTED] Investors granted by Mr. Zhou, Mr. Chen and the Controlling Shareholders as defined in Document

Prior to the Track Record Periods, the **[REDACTED]** Investors and the New **[REDACTED]** Investors had been granted the redemption rights by Mr. Zhou, Mr. Chen and the Controlling Shareholders[(i)]. There are no side arrangements between the Company, the **[REDACTED]** Investors and the New **[REDACTED]** Investors or between the Company and Mr. Zhou, Mr. Chen and the Controlling Shareholders regarding redemption rights. Pursuant to supplemental agreements entered into by the Company, the **[REDACTED]** Investors, the New **[REDACTED]** Investors and Mr. Zhou, Mr. Chen and the Controlling Shareholders in July 2025, the redemption rights granted by Mr. Zhou, Mr. Chen and the Controlling Shareholders were terminated prior to the submission of the **[REDACTED]** application to the Stock Exchange.

The Company has not provided any form of guarantee in connection with any potential default or failure of Mr. Zhou, Mr. Chen and the Controlling Shareholders to fulfil their obligations relating to the redemption rights. Accordingly, no financial liability regarding redemption rights granted by Mr. Zhou, Mr. Chen and the Controlling Shareholders was recorded by the Company during the Track Record Periods.

(i) The controlling shareholders contain Zhongcheng Tianying LP, Zhongzheng Tianying LP and Zhongzhi Tianying LP.

34. EVENTS AFTER THE REPORTING PERIOD

Up to the date of this report, the Group had no significant subsequent events after 31 December 2025.

35. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(1) Basis of Consolidation

The Historical Financial Information incorporate 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(2) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment loss. Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period when the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

(3) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income on a net basis within other (losses)/gains, net.

(4) 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, are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss and other comprehensive income in the year when the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(5) Intangible Assets

Software and system

Intangible assets included software and system. They are initially recognised and measured at cost. The Group amortises these intangible assets with a limited useful life using the straight-line method over 3-10 years.

When determining the length of useful lives of these intangible assets, management take into account the (i) estimated period during which such assets can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market.

Research and Development Costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred to develop new products is capitalised only when the Group can demonstrate the technical feasibility of completing intangible assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the assets will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

(6) Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for

which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(7) Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(8) Investments and Other Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value through profit and loss ("**FVTPL**"), gains and losses will be recorded in profit or loss.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised

directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses), net in the period in which it arises.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated statements of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment of Financial Assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For details, please see credit risks in Note 3.2.

(9) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(10) Contract Fulfilment Costs

The Group recognises the contract fulfilment costs from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfilment costs recognised shall be amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognised exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognised as expenses.

(11) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs of inventories are determined on the month-end weighted average method. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Paid-in Capital/Share Capital and Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

(13) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(14) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(15) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(16) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

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

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance.

(iv) Basic Pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(17) Share-Based Payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfilment of performance conditions are measured by recognising services

rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. For details see Note 29.

No expense is recognised for awards that do not ultimately vest due to non-fulfilment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the instrument granted or is otherwise beneficial to the employee as measured at the date of modification.

(18) Dividend Distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's financial statement in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

(19) Interest Income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income from financial instruments is calculated by effective interest method and recognised in profit or loss for the current period. Interest income comprises premiums or discounts, or the amortisation based on effective rates of other difference between the initial carrying amount and the due amount of interest-earning assets.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and the interest income or interest costs based on effective rates. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the financial instruments or applicable shorter period are discounted to the current carrying amount of the financial instruments. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument (e.g., early repayment options, similar options, etc.), but without considering future credit losses. The calculation includes all fees and interest paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income from impaired financial assets is calculated at the interest rate that is used for discounting estimated future cash flow when measuring the impairment loss.

(20) Dividend Income

Dividend income is recognised when the right to receive dividend payment is established.

(21) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(22) Government Grant

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(23) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modification, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred

taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(24) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognises any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease Liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of H shares are subject to the laws and practices of the PRC and of the jurisdictions in which holders of H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, has not taken into account the possible change or amendment to the relevant laws or policies, and does not constitute any opinion or advice. This Appendix does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, investors should consult their own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This Appendix does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Investors are advised to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

The PRC Taxation

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (the "**IIT Law")** issued by the SCNPC on 10 September 1980, lastly amended on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) issued by the State Council on 28 January 1994, lastly amended on 18 December 2018 and effective on 1 January 2019, interest, dividends and bonuses, as personal income, shall be subject to individual income tax at a proportional tax rate of 20%. For a foreign natural person 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 agreements.

Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) jointly issued by the MOF, the SAT and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the **[REDACTED]** and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the **[REDACTED]** and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant 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税和防止偷漏税的安排》) (the "**Arrangement**") signed on 21 August 2006 and implemented on 8 December 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity

interest in a PRC company, then such tax shall not exceed 5% of total dividends payable by the PRC company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion issued by the State Administration of Taxation (《國家税務總局關於〈內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排〉第五議定書》) (the "**Fifth Protocol of the Arrangement**"), which came into effect on 6 December 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under this Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協議股息條款有關問題的通知》).

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (2018 Amendment) (《中華人民共和國企業所得税法(2018修正)》) (the "**EIT Law**"), lastly amended and implemented by the SCNPC on 29 December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) (the "**Implementation Rules**"), issued by the State Council on 6 December 2007, lastly amended on 6 December 2024 and to be implemented on 20 January 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including dividends received from a PRC resident enterprise that issues shares in Hong Kong, if a non-resident enterprise either does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but its PRC-sourced income is not effectively connected with that establishment or place of business, the aforesaid income tax payable by the non-resident enterprise shall be withheld at source. The payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due.

The Notice of the SAT on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《國家税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税有關問題的通知》) issued and implemented by the SAT on 6 November 2008 further clarified that a PRC-resident enterprise must withhold enterprise income tax at a flat rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. The SAT Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprises from Holding Stocks such as B Shares (《國家税務總局關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) issued and implemented by the SAT on 24 July 2009, further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Non-resident enterprise shareholders shall follow relevant provisions executed by tax agreements where they need to enjoy the treatment of tax agreements. Pursuant to the Arrangement, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of total dividends payable by the PRC company.

The Fifth Protocol of the Arrangement adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under the Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協議股息條款有關問題的通知》).

Tax Treaties

Non-Chinese-resident investors who reside in a country that have already signed double taxation treaties with China or who reside in Hong Kong or Macau may enjoy withholding tax concessions on dividends received from Chinese companies. Currently, China has signed treaties/arrangements to avoid double taxation with a number of countries and regions, including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-Chinese-resident companies that are entitled to preferential tax rates in accordance with relevant income tax agreements or arrangements are required to apply to the Chinese tax authorities for the refund of withholding tax paid in excess of the agreed tax rate, and that the repayments are subject to approval by the Chinese tax authorities.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納税人享受協定待遇管理辦法》), which was promulgated by the STA on 14 October 2019 and became effective on 1 January 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through "self-determination, self-declaration and keeping and documenting relevant information for inspection". Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

Taxation on share transfer

VAT and Local Additional Tax

Pursuant to the Notice of Ministry of Finance and State Administration of Taxation on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知》) ("**Circular 36**"), which was implemented on 1 May 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、 國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》) became effective on 1 January 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an

individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "**Local Additional Tax**"), which shall be usually subject to 12% of the value-added tax, business tax and consumption tax actually paid (if any).

Income tax

Individual Investors

According to the IIT Law and Implementing Rules of the EIT Law, gains realised on the sale of equity interests in PRC resident enterprises are subject to the individual income tax at a rate of 20%.

Pursuant to the Circular of the MOF and SAT on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《財政部、 國家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued and effective on 30 March 1998 by the MOF and SAT, from 1 January 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. On 31 December 2009, the MOF, SAT and the CSRC jointly issued and implemented 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税有關問題的通知》), which provides that individuals' income from individuals' transfer of shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant restricted shares 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 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税有關問題的補充通知》) jointly issued and effective on 10 November 2010 by the aforesaid three authorities. 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 transfer of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementing regulations, a non-resident enterprise is generally subject to a 10% enterprise income tax on the income derived from the PRC (including the gain derived from the sale of equity interests in the PRC resident enterprise), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income has no actual connection with the above establishment or premises; in respect of the aforementioned income tax payable by the non-resident enterprise, the tax shall be withheld at source, with the payer as the withholding agent, and the tax shall be withheld by the withholding agent from the amount paid or due payable each time. The tax may be reduced or exempted under the relevant tax treaty or agreement for the avoidance of double taxation.

Stamp Duty

According to the Stamp Duty Law of the PRC promulgated by the SCNPC on 10 June 2021 and became effective on 1 July 2022, the PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities

and individuals outside the territory of the PRC that conclude taxable vouchers that are for use within the PRC. Therefore, the stamp duty levied on the transfer of shares of listed companies in the PRC does not apply to the purchase and disposal of H-shares outside the PRC by non-Chinese investors.

Estate Duty

As of the Latest Practicable Date, no estate duty has been levied by the PRC government under the PRC laws.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law and its implementation rules, the enterprise income tax rate shall be 25%. Enterprises are classified into resident and non-resident enterprises. A resident enterprise shall pay enterprise income tax on its incomes derived from both inside and outside China. The enterprise income tax rate shall be 25%. For a non-resident enterprise having offices or establishments inside China, it shall pay enterprise income tax on its incomes derived from China as well as on incomes that it earns outside China but which has real connection with the said offices or establishments. The enterprise income tax rate shall be 25%.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Relevant Tax and Fee Policies With Respect to Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (《財政部、國家税務總局關於進一步支持小微企業和個體工商戶發展有關税費政策的公告》) that was promulgated on 2 August 2023 and implemented on 1 January 2023, for small and micro-profit enterprises, the taxable income will be calculated at the reduced rate of 25% and the EIT shall be paid at the tax rate of 20%. The policy will continue to be implemented until 31 December 2027.

According to the Administrative Measures for Recognition of High and New-Technology Enterprises (《高新技術企業認定管理辦法》) that was promulgated by the Ministry of Science and Technology of the PRC, the MOF and the SAT on 14 April 2008, amended on 29 January 2016 and came into effect on 1 January 2016, high- and new-tech enterprises can apply for a preferential enterprise income tax rate of 15% in accordance with the EIT Law.

Value-added tax

According to the Value-Added Tax Law of the People's Republic of China (中華人民共和國增值税法) (the "**VAT Law**") promulgated by the SCNPC on 25 December 2024 and became effective on 1 January 2026, and the Implementation Rules for the Value-Added Tax Law of the PRC (中華人民共和國增值税法實施條例) promulgated by the State Council and became effective as of the same date of the VAT Law, all enterprises and individuals that engage in the sale of goods, the provision ofprocessing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 0%, 6%, 9% and 13% for the different goods it sells and different services it provides, except when specified otherwise.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT (《財政部、國家税務總局關於調整增值税税率的通知》) that was promulgated by the MOF and the SAT on 4 April 2018 and came into effect on 1 May 2018, the applicable tax rate of VAT has been adjusted, for taxpayers engaging in taxable sales or importation of goods, the previously applicable VAT rates of 17.0% and 11.0% are adjusted to 16.0% and 10.0%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) that was promulgated by the MOF, the SAT and General Administration of Customs on 20 March 2019 and implemented on 1 April 2019, VAT rates on sale of goods and importation of goods were adjusted from 16% and 10% to 13% and 9%, respectively.

According to Circular 36, with the approval of the State Council, the state started to fully implement the pilot change from business tax to value-added tax on 1 May 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax. According to the Implementation Measures for the Pilot Programme of Replacing Business Tax with VAT issued by the MOF and the SAT on 12 December 2013, and amended on 23 March 2016, 11 July 2017, and 20 March 2019, and implemented on 1 April 2019, the tax rates for taxpayers selling services, intangible assets, or real estate are 17%, 11%, 6%, and zero, respectively.

In accordance with the Announcement on the Policies on Reduction or Exemption of Value-added Tax for Small-scale VAT Taxpayers (《關於增值税小規模納税人減免增值税政策的公告》) promulgated and implemented by the MOF and the SAT on 1 August 2023, small-scale VAT taxpayers with monthly sales of less than RMB100,000 (including this amount) will be exempted from VAT. The implementation period of the announcement is until 31 December 2027.

FOREIGN EXCHANGE

The lawful currency of the PRC is the Renminbi. The SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the implementation of foreign exchange regulations.

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on 29 January 1996 and latest amended and implemented on 5 August 2008, payments of current account items, such as profit distributions, interest payments and trade and service related foreign exchange transactions, can be freely carried out in foreign currencies without prior approval from the State Administration of Foreign Exchange, by complying with certain procedural requirements. By contrast, prior approval or registration with the State Administration of Foreign Exchange or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

According to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on 20 June 1996 and implemented on 1 July 1996, it removes other restrictions on convertibility of foreign exchange under current items, while existing restrictions on foreign exchange transactions under capital account items were also maintained.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Notice Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the SAFE on 13 February 2015 and implemented on 1 June 2015, banks shall, on behalf of the SAFE, directly examine and handle the foreign exchange registration for domestic direct investment and foreign exchange registration for overseas direct investment. The SAFE and its branches shall exercise indirect supervision over the foreign exchange registration of direct investment through banks.

According to the Decisions on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated and implemented by the State Council on 23 October 2014, it was decided to cancel the approval requirements of SAFE and its branches on the transfer of overseas raised funds from overseas listings of foreign shares to onshore RMB accounts and foreign exchange settlement.

According to the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), which promulgated on 10 May 2013, became effective on 13 May 2013, amended on 10 October 2018 and partially abolished on 30 December 2019, the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Circular of SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**") promulgated on 30 March 2015 and latest amended and implemented on 23 March 2023 by the SAFE, allows foreign-invested enterprises to make equity investments by using RMB fund converted from foreign exchange capital. Pursuant to the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprise. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. In addition, Circular 19 and the Circular of SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**") promulgated on 9 June 2016 and latest amended and implemented on 4 December 2023 by the SAFE continue to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope or prohibited by national laws and regulations, investment and financing (except for security investment or guarantee products issued by banks), providing loans to non-affiliated enterprises (except where explicitly permitted by the business scope) or constructing or purchasing real estate not for self-use (except real estate enterprises). The Notice of the SAFE on Further Deepening Reforms and Facilitating Cross-Border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》)(Hui Fa [2023] No. 28) promulgated on 4 December 2023 by SAFE, which further updates Circular 16, provides that the use of capital funds of non-financial enterprises, foreign exchange income under foreign debt and RMB funds derived from foreign exchange settlement shall follow the principle of truthfulness and self-use, (i) shall not be used directly or indirectly for expenditures prohibited by national laws and regulations; (ii) unless otherwise expressly provided, it shall not be used directly or indirectly for investment in securities or other investment and wealth management (except for wealth management products and structured deposits with risk ratings of not higher than Level 2); (iii) shall not be used for the issuance of loans to non-affiliated enterprises (except for those expressly permitted in the scope of business and the four specific

areas of China, namely, the Lingang New Area of China (Shanghai) Pilot Free Trade Zone, the Nansha New Area of Guangzhou in China (Guangdong) Pilot Free Trade Zone, the Yangpu Economic Development Zone of China (Hainan) Pilot Free Trade Port, and the Beilun District of Ningbo City, Zhejiang Province)；(iv) shall not be used for the purchase of non-self-use residential properties (except for enterprises engaged in real estate development and operation and real estate leasing and operation).

The Notice of the SAFE on Further Facilitating Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) promulgated on 23 October 2019 and latest amended and implemented on 4 December 2023 by SAFE, removes the restrictions on domestic equity investment using capital funds by non-investment foreign-invested enterprises. The non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the Negative List (《負面清單》) are not violated and domestic invested projects are true and compliant.

According to the Circular of the State Administration of Foreign Exchange on Optimising Foreign Exchange Administration to Support the Development of Foreign-Related Businesses (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated and implemented by the SAFE on 10 April 2020, provided that the use of funds is genuine, compliant and in line with the existing regulations for the management of the use of income under capital accounts, eligible enterprises will be allowed to use the income under capital accounts such as capital funds, foreign debt and overseas listing for domestic payments without having to provide materials proving authenticity to the banks on a case-by-case basis beforehand. The handling bank shall follow the principle of prudential business development to manage and control relevant business risks, and conduct random checks on the facilitation of capital project income payment afterwards in accordance with relevant requirements.

According to the Notice of the PBOC and the SAFE on Issues Concerning the Administration of Capital Management of Domestic Enterprises in Overseas Listing (中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知), which was issued by the PBOC and the SAFE on 24 December 2025 and implemented on 1 April 2026, a domestic enterprise listed overseas shall, within 30 working days from the first trading day of its overseas listing or upon completion of the over-allotment, submit the prescribed documents to a bank in its registered province or municipality separately listed on the State plan to apply for overseas listing registration. Proceeds from overseas listings shall, in principle, be repatriated to the PRC in a timely manner. If such proceeds are to be retained overseas for the purpose of overseas direct investment, overseas securities investment, or overseas lending, the enterprise shall obtain the approval or filing documents from the competent authorities prior to the completion of the overseas issuance and listing or the completion of the over-allotment and shall comply with the relevant cross-border capital administration regulations.

According to the Notice of the SAFE on Further Deepening Reforms and Facilitating Cross-Border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated and implemented by the SAFE on 4 December 2023. The notice cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realisation of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conform to the current capital revenue use management regulations.

This Appendix outlines of certain aspects of PRC laws and regulations, which are relevant to the Company's operations and business. For Laws and regulations relating to taxation in the PRC, please see "Appendix III — Taxation and Foreign Exchange" in this document. This Appendix also contains a summary of laws and regulatory provisions of the Company Law. The primary purpose of this summary is to outline, for potential investors, the main legal and regulatory provisions applicable to the Company. This summary does not cover all data that may be important to potential investors. For more details on laws and regulations which are relevant to the Company's business, please see the section headed "Regulatory Overview" in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》, the "**Constitution**"), and is made up of written laws, administrative regulations, local regulations, autonomous regulations and separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》, or the "**Legislation Law**"), which was lastly amended by the NPC on 13 March 2023 and implemented on 15 March 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws involving criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts, autonomous prefecture for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries and commissions of the State Council, PBOC, NAO and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws belongs to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC on 10 June 1981 and implemented on the same day, the SCNPC shall give interpretation and make provisions by means of decrees on issues related to the further clarification or supplement of laws or decrees. The Supreme People's Court shall give interpretations on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the provisions of local regulations themselves needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. For matters involving the interpretation of the specific application of local regulations, the competent departments of the people's governments of the provinces, autonomous regions and municipalities directly under the Central Government shall be responsible.

JUDICIAL SYSTEM OF MAINLAND CHINA

According to the Constitution and the Law of Organisation of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) lastly amended by the SCNPC on 26 October 2018 and implemented on 1 January 2019, the People's Court is made up of the Supreme People's Court, the local people's courts, and special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region,

population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at higher levels shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organisation of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) lastly amended by SCNPC on 26 October 2018 and implemented on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-instance trial system, and judgement or rulings of the second instance at the people's courts are final. A party may appeal against the judgement or ruling of the first instance of the local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgements or rulings of the people's courts become final. Judgements or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgement or ruling of the people's court at a lower level, or if the president of a people's court at any level finds any definite errors in a legally effective final judgement or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》, the "**Civil Procedure Law**") lastly amended by the SCNPC on 1 September 2023 and implemented on 1 January 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the mainland China must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot conflict with the regulations of differentiated jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation must have the same litigation rights and obligations as a PRC citizen, legal person or other organisations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens, legal person or other organisations, the PRC court may apply the same limitations to the citizens, legal person or other organisations of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organisation must engage a lawyer from Mainland China if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty signed or acceded to by the mainland China or the principle of reciprocity, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties involved must comply with legally effective civil judgements and rulings. If any party to a civil action refuse to comply with a judgement or order made by a people's court or an award made by an arbitration tribunal, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgement or ruling by a people's court against a party who is not located within the territory of the mainland China or whose property is not within the mainland China, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgement or ruling. A foreign judgement or ruling may also be recognised and enforced by the people's court according to the mainland China enforcement procedures if the mainland China has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgement or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic legal principles of the mainland China, its sovereignty or security, or for reasons of social and public interests.

THE COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company established in PRC seeking a listing on Hong Kong Stock Exchange is mainly subject to the following laws and regulations of PRC.

The Company Law, which was lastly amended by the SCNPC on 29 December 2023, and implemented on 1 July 2024.

The Trial Measures for the Administration of the Offshore Offering and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》, the "**Overseas Listing Trial Measures**") and its five interpretative guidelines, were promulgated by the CSRC on 17 February 2023 and came into effect on 31 March 2023 and were applicable to the direct and indirect overseas offering and listing of PRC domestic companies' securities. According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its Articles of Association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》, the "**Guidelines for Articles of Association**"), which was lastly amended by the CSRC on 28 March 2025 and implemented on the same day, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from 31 March 2023.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

GENERAL PROVISIONS

A "joint stock limited company" means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liabilities for the debts of the enterprises it invests in, such provisions shall prevail.

INCORPORATION

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the Mainland China.

The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the articles of association or the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be cast by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business licence has been issued by the relevant registration authority.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

REGISTERED SHARES

Under the Company Law, shareholders may make capital contributions in currency, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

ALLOTMENT AND ISSUE OF SHARES

All issues of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. A joint stock limited company may issue shares at a par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholders' information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer itself shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic person responsible and file with the CSRC.

INCREASE IN SHARE CAPITAL

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to original shareholders, if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, when the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

REDUCTION OF SHARE CAPITAL

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) to prepare a balance sheet and a property list; (ii) a company makes a resolution at the shareholders' meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital; (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

SHARE BUY-BACK

Under the Company Law, a company shall not purchase its own shares, except for any following circumstances: (i) reducing the registered capital of the company; (ii) merging with other company that holds the shares of the company; (iii) using the shares for employee share ownership plan or equity incentives; (iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of the company, the right to demand the company to acquire the

shares held by them; (v) using the shares for the conversion of convertible corporate bonds issued by the company; (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the meetings of the board of directors attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorisation from the shareholders' meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be cancelled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or cancelled within six months in the case of items (ii) and (iv) above; the total numbers of share of the company held by a company shall not exceed 10% of the total issued shares of the company, and shall be transferred or cancelled within three years in the case of items (iii), (v) and (vi) above.

TRANSFER OF SHARES

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his shares on securities exchange established according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of members. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of members of a listed company, such provisions shall prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within one year from the date on which the shares of the company are listed and traded on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted transfer period.

SHAREHOLDERS

Under the Company Law and the Guidelines for Articles of Association, the rights of a shareholder of a company include: (i) to receive dividends and other forms of interest distribution according to the number of shares held; (ii) to legally require, convene, preside over, participate in or authorise proxies of shareholders to attend the shareholders' meeting and exercise corresponding voting rights; (iii) to supervise business operations of the company, provide suggestions or submit queries; (iv) to transfer, grant or pledge the company's shares held according to the provisions of the laws, administrative regulations and the articles of association; (v) to read and copy the articles of

association, the register of members, counterfoil of company debentures, shareholders' meeting minutes, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports; (vi) shareholders who hold more than 3% of the company's shares individually or collectively for more than 180 consecutive days may inspect the company's accounting books and accounting vouchers in accordance with laws; (vii) to participate in the distribution of the remaining assets of the company according to the proportion of shares held upon our termination or liquidation; (viii) to require the company to acquire the shares from shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the company; (ix) other rights conferred by laws, administrative regulations, regulations of the authorities or the articles of association.

The obligations of a shareholder of a company include: (i) to abide by laws, administrative regulations and the articles of association; (ii) to provide share capital according to the shares subscribed for and share participation methods; (iii) not to withdraw shares unless prescribed otherwise in laws and regulations; (iv) not to abuse shareholders' rights to harm the interests of the company or other shareholders; not to abuse the company's independent legal person status and the limited liability of shareholders to harm the interests of the company's creditors; (v) to perform other duties prescribed in laws, administrative regulations, departmental rules and articles of association.

SHAREHOLDER'S MEETINGS

Under the Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the board of directors; (iii) to examine and approve reports of the board of supervisors; (iv) to examine and approve a company's profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of a company's registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company; (viii) to amend the company's articles of association; (ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' meetings are required to be held once every year. An interim shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association; (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital; (iii) shareholders individually or jointly holding 10% or more of the company's shares request; (iv) when deemed necessary by the board of directors; (v) the board of supervisors proposes to convene the meeting; (vi) other circumstances as stipulated in the articles of association.

Shareholders' meeting shall be convened by the board of directors and presided over by the chairperson of the board of directors. In the event that the chairperson is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairperson. In the event that the vice chairperson is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the shareholders' meeting, the board of supervisors should convene and preside over shareholders' meeting in a timely manner. If the board of supervisors fails to convene and preside over shareholders' meeting, shareholders individually or jointly holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or jointly hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of the shareholders' meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of interim shareholders' meeting shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. According to the Guidelines for Articles of Association, for a shareholders' meeting convened by the board of supervisors and the shareholders on their own, the board of directors and the secretary to the board of directors shall provide cooperation. The board of directors shall provide the register of members as of the record date. In addition, when the shareholder' meeting is held, all directors, supervisors and the secretary to the board of directors of such company shall attend the meeting, and the manager and other senior management members shall attend the meeting as non-voting participants.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the shareholders' meeting. The board of directors shall notify other shareholders within two days after receiving the proposal and submit the interim proposal to the shareholders' meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the scope of authorisation. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' meeting. The chairperson of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

DIRECTORS

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. Members of the board of directors may include employee representatives of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of office of a director shall be stipulated in the articles of association, but each term of offices hall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before the meeting for every meeting. The board of directors exercises the following functions and powers: (i) to convene shareholder's meetings and report its work to the shareholder's meetings; (ii) to implement the resolutions of the shareholder's meeting; (iii) to decide on a company's business plans and investment plans; (iv) to formulate a company's profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds; (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company and their remuneration based on the nomination of the manager; (ix) to formulate a company's basic management system; (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

The meetings of the board of directors shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director in writing to attend the meeting on his/her behalf, and the power of attorney shall specify the scope of the authorisation for another director. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is: (i) a person without civil conduct capacity or with limited civil conduct capacity; (ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, embezzlement of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period; (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; (iv) a person who was legal representative of a company or enterprise which had its business licence revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the

business licence of the company or enterprise or the order for closure; and (v) a person listed as dishonest persons subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairperson, who shall be elected by more than half of all the directors. The chairperson shall exercise the following functions and powers (including but not limited to): (i) to preside over shareholders' meetings and convene and preside over meetings of the board of directors; (ii) to examine the implementation of resolutions of the board of directors; (iii) to exercise other powers conferred by the board of directors.

MANAGERS AND SENIOR MANAGEMENT

According to the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorisation of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager, financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the listed company.

DUTIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from: (i) embezzling the company's property or misappropriating of the company's capital; (ii) depositing the company's capital into accounts under his/her own name or the name of other individuals; (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power; (iv) accept and possess commissions paid by a third party for transactions conducted with the company; (v) unauthorised disclosure of company secrets; or (vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or the shareholders' meeting, subject to the approval of the board of directors or the shareholders' meeting according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor nor senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances: (i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the

shareholders' meeting according to the articles of association; or (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, administrative regulation or the articles of association in the performance of his/her duties resulting in any loss to the company shall be personally liable for the damages to the company.

If the shareholder's meeting requires the presence of directors and senior management members, the directors and senior management members shall be present at the meeting and respond to the shareholders' enquiries; the directors and senior management members shall truthfully provide relevant information and materials to the Audit Committee and not preventing the Audit Committee from exercising its/their functions and powers.

A director or senior management member other than those on the Audit Committee contravenes laws, administrative regulations or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholders who individually or jointly hold more than 1% of the company's shares for more than 180 consecutive days may request the audit committee in writing to file a lawsuit with the people's court; If a member of the audit committee violates laws, administrative regulations or the articles of association when performing his/her duties resulting in any loss to the company, the aforementioned shareholders may request the board of directors in writing to bring a lawsuit to the people's court. In the event that the Audit Committee or the board of directors refuse to file a lawsuit upon receipt of the shareholders' written request specified in the preceding paragraph, or fail to file a lawsuit within 30 days upon receipt thereof, or in the event that the failure to immediately file a lawsuit in an emergency case will cause irreparable damage to the interests of the company, the shareholders specified in the preceding paragraph may, in their own name, directly file a lawsuit to the people's court for the interest of the company. In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the aforementioned shareholders may file a lawsuit with the people's court pursuant to the provisions of the preceding paragraphs. Where directors or senior management members violate laws, administrative regulations, or the articles of association, thereby harming the interests of shareholders, the shareholders may file a lawsuit with the people's court.

FINANCE AND ACCOUNTING

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law. Its assets shall not be deposited in any individual's accounts.

APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the shareholders' meeting.

PROFIT DISTRIBUTION

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and directors, supervisors, and senior management who are responsible for causing losses to the company shall bear compensation liability.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Any amendment to the Articles of Association of the company must be carried out in accordance with the procedures stipulated therein. Where such amendment involves registered particulars of the Company, an application for change registration shall be filed with the registration authority. Pursuant to the Company Law, any resolution on amending the Articles of Association adopted by the shareholders' meeting must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Pursuant to the Guidelines for Articles of Association, a company shall amend its Articles of Association under any of the following circumstances: (i) where provisions of the Articles of Association conflict with amended laws and/or administrative regulations following revisions to the Company Law or other applicable laws or administrative regulations; (ii) where the company's circumstances undergo changes inconsistent with the contents recorded in the Articles of Association; and (iii) where the shareholders' meeting resolves to amend the Articles of Association.

DISSOLUTION AND LIQUIDATION

According to the Company Law, a company shall be dissolved for the following reasons: (i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or division of the company; (iv) the business licence is revoked, or the company is ordered to close down or is revoked in accordance with laws; (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicise the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with item (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfil their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group to conduct liquidation. The people's court shall accept such request and organise a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and respectively prepare balance sheet and list of property; (ii) to notify creditors by notice or public announcement; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the company after paying off debts; (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfil his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business licence of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

OVERSEAS LISTING

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of Article 16 of the Overseas Listing Trial Measures. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicise the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

LOSS OF SHARE CERTIFICATES

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

TERMINATION OF LISTING

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

MERGER AND DIVISION

Where companies merge, a merger agreement shall be executed, and the relevant companies shall prepare their respective statement of financial position and inventory of assets. The company shall notify its creditors within 10 days from the date of passing the merger resolution and publish a merger announcement via newspapers or the National Enterprise Credit Information Publicity System within 30 days. A creditor may require the company to settle any debts or provide corresponding guarantees within 30 days from receipt of the notice or, if no notice is received, within 45 days from the announcement date. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company shall notify all creditors within 10 days from the date of passing such resolution and publish an announcement via newspapers or the National Enterprise Credit Information Publicity System within 30 days. Except where the company and its creditors reach a written agreement on debt settlement prior to the division, liabilities incurred prior to the division shall be assumed jointly and severally by the companies resulting from the division.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant Administration for Industry and Commerce.

In accordance with the laws, cancellation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the mainland China and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating **[REDACTED]** of securities by companies in mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares, promulgated by the State Council on 22 April 1993 and came into effect on the same day, provide the application and approval procedures for **[REDACTED]** of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies, promulgated by the State Council on 25 December 1995 and came into effect on the same day, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law, which was lastly amended by the SCNPC on 28 December 2019 and came into effect on 1 March 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the mainland China, and comprehensively regulates activities in the securities market of mainland China. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the mainland China or listing and trading its securities outside the Mainland China. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (the "**Arbitration Law**"), last amended by the SCNPC on 1 September 2017 and effective on 1 January 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law. If there is evidence to prove that any of the following circumstances exists: the parties have not stipulated an arbitration clause in the contract or have not reached a written arbitration agreement afterwards; the respondent has not been notified of the appointment of the Court of Arbitration or the arbitration proceedings or failed to present views for other reasons for which the respondent is not responsible; the composition of the arbitral tribunal or the arbitration procedures are not in accordance with the arbitration rules; the matters awarded are outside the scope of the arbitration agreement, or the arbitration committee has no jurisdiction to arbitrate, the people's court may rule not to enforce such award. A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the mainland China shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region promulgated by the Supreme People's Court on 24 January 2000 and effective on 1 February 2000, and the Supplementary

Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region promulgated by the Supreme People's Court on 26 November 2020 and effective on 27 November 2020, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

JUDICIAL DECISION AND ENFORCEMENT

According to the Arrangement of the Supreme People's Court on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned promulgated by the Supreme People's Court on 3 July 2008 and implemented on 1 August 2008 (the "**Arrangement**"), a party with a final court judgement rendered by a Hong Kong court and a PRC court requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing may apply to the PRC court or Hong Kong court for recognition and enforcement of the judgement according to the Arrangement. "**A choice of court agreement in writing**" is defined as any agreement in writing entered into between parties for the purpose of resolving a dispute that has arisen or is likely to arise in connection with a particular legal relationship, in which a PRC court or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Accordingly, the final court judgement satisfying the aforesaid conditions of the Arrangement may be recognised and enforced by the PRC court or Hong Kong court upon the application by the parties concerned.

On 18 January 2019, the Supreme People's Court of PRC and the HKSAR Government signed the Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Cases between the Supreme People's Courts of PRC and the Hong Kong Special Administrative Region (the "**New Arrangement**"), which aims to establish a clearer and definitive mechanism for the recognition and enforcement of judgements in a wider range of civil and commercial cases between Hong Kong and Mainland China. The new arrangement terminates the requirement to enter into jurisdictional agreements for the mutual recognition and enforcement of judgements. The new arrangement came into effect on 29 January 2024 after the promulgation of the judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement has replaced the Arrangement upon its entry into force.

This Appendix provides prospective **[REDACTED]** with an overview of the Company's Articles of Association (which, as set out herein, will become effective from the date of the issuance and **[REDACTED]** of the Company's H Shares on The Stock Exchange of Hong Kong Limited). The following contents are for summary purposes only and as such, do not encompass all information that may be material to prospective **[REDACTED]**.

SHARES

Issuance of Share

The shares of the Company shall be in the form of share certificates, which include paperless securities. The issuance of the shares of the Company shall follow the principles of openness, fairness and impartiality, and each share of the same class shall have equal rights. For shares of the same class issued in the same **[REDACTED]**, the issuance conditions and price per share shall be the same; subscribers shall pay the same amount for each share they subscribe to.

INCREASE/DECREASE AND REPURCHASE OF SHARES

The Company may, based on its operation and development needs and in accordance with laws, regulations and respective resolutions of shareholders' meetings, increase its capital in the following ways:

(i) issuance of shares to unspecified parties;

(ii) issuance of shares to specified parties;

(iii) Distribution of bonus shares to existing shareholders;

(iv) conversion of capital reserve into share capital;

(v) other methods prescribed by the law, administrative regulations and rules and approved by the CSRC and the stock exchange where the Company's shares are listed.

The Company may reduce its registered capital. The reduction of the Company's registered capital shall be handled in accordance with the procedures specified in the Company Law, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, other relevant regulations and the Articles of Association.

The Company shall not purchase its own shares. However, the Company may purchase its own shares under the following circumstances in accordance with the provisions of laws, administrative regulations, departmental rules, the regulatory rules of the stock exchange where the Company's shares are listed, and the Articles of Association:

(i) reduction of the Company's registered capital;

(ii) merger with another company holding shares in the Company;

(iii) using the shares for employee stock ownership plan or equity incentives;

(iv) acquisition of shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' meeting on the merger or division of the Company;

(v) using shares for the conversion of corporate bonds which are convertible into shares issued by the Company;

(vi) as necessary for maintaining the value of the Company and safeguarding the rights and interests of shareholders;

(vii) other circumstances permitted by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed.

Where the Company purchases its own shares under the circumstances described in items (iii), (v), and (vi) above, such purchases shall be conducted through public centralised trading. Where the Company purchases its own shares for the reasons set forth in items (i) to (ii) above, it shall be resolved by the shareholders' meeting. Where the Company purchases its own shares for the reasons set forth in items (iii), (v), and (vi) above, it may, in accordance with the provisions of the Articles of Association or the authorisation of the shareholders' meeting and subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, be resolved by the Board meetings attended by more than two-thirds of the directors.

After the Company has repurchased its own shares under the Article 1 above, such shares shall be cancelled within 10 days from the date of repurchase in the case of item (i); such shares shall be transferred or cancelled within 6 months in the case of items (ii) and (iv); in the case of items (iii), (v) and (vi), the total number of the Company's shares held by it shall not exceed 10% of the total shares issued by the Company, and shall be transferred or cancelled within 3 years.

When the Company purchases its own shares, it shall fulfil its information disclosure obligations in accordance with relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

The Company shall not offer gifts, advances, loans, guarantees and other financial assistance for others to acquire the shares of the Company except where such financial assistance is provided with the implementation of employee stock ownership plans by the Company.

TRANSFER OF SHARES

The shares of the Company shall be transferred in accordance with laws. Transfer of all H shares shall be executed with a written instrument of transfer in a general or common format or any other format accepted by the board of directors (including the standard transfer format or form of transfer specified by the Hong Kong Stock Exchange from time to time); the said instrument of transfer may only be signed by hand, or be stamped with the valid corporate seal (if the transferor or the transferee is a company). If the transferor or the transferee is a recognised clearing house or agent thereof as defined in the relevant ordinances of Hong Kong laws effective from time to time, the instrument of transfer may be signed by hand or in machine printed form. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the board of directors from time to time.

The Company does not accept its own shares as collateral of pledge.

Shares issued prior to the **[REDACTED]** of shares by the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded on the stock exchange. If it is otherwise provided in laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or by the CSRC on the transfer of the Company's shares by its shareholders or de facto controllers, such provisions shall prevail.

The Directors and senior management officers of the Company shall report to the Company on their shareholdings in the Company and changes thereof, and shall not transfer more than twenty-five percent of the total shares of the same class held by them in the Company per annum during their terms of office determined at the time of appointment; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within half a year from the date they terminate their employment with the Company.

If it is otherwise provided by the laws, administrative regulations, the CSRC or the securities regulatory rules of the place where the Company's shares are listed on the transfer of the Company's shares by its shareholders, such provisions shall prevail.

If shares are pledged within the restricted transfer period stipulated by laws, administrative regulations and the provisions of the regulatory rules of the stock exchange where the Company's shares are listed, the pledgee shall not exercise the pledge right within the restricted transfer period.

In the event that any shareholder, director or senior management officer holding more than five percent of the Company's shares disposes of any shares or other equity-based securities held by him/her within 6 months from the date of acquiring, or buy back such shares or equity-based securities within 6 months from the date of disposing, the gains derived therefrom shall belong to the Company and be recovered by the board of directors of the Company. However, such circumstances where a securities company holds more than five percent of the Company's shares due to purchase of the remaining shares after **[REDACTED]**, or other circumstance as prescribed by the securities regulatory authority of the State Council shall be excluded.

Shares or other equity-based securities held by directors, senior management officers and natural person shareholders as mentioned in the preceding paragraph, include shares or other equity-based securities held by their spouses, parents or children, or through the accounts of others.

If the board of directors of the Company fails to execute the provisions as stated in Article 1, the shareholders shall have the right to require the board of directors to execute within thirty days. If the board of directors of the Company fails to execute such action within the aforesaid time limit, the shareholders shall have the right to directly initiate a lawsuit in the people's court in their own names for the benefit of the Company.

If the board of directors of the Company fails to execute the provisions as stated in Article 1, the responsible directors shall bear joint and several liabilities under the law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

General Provisions for Shareholders

Name of shareholders

The Company shall make a register of members in accordance with evidentiary documents provided by the securities registration authorities, and such register of members shall be the sufficient evidence substantiating that the shareholders hold the shares of the Company. Shareholders enjoy rights and undertake obligations according to the class of shares they hold. Holders of the same class shall enjoy the same rights and bear the same obligations.

For shareholders holding domestic unlisted shares, the register of members shall be determined conclusively by the data recorded in the securities book-entry system maintained by China Securities Depository and Clearing Corporation Limited.

Where the Company convenes a shareholders' meeting, distributes dividends, liquidates and participates in other activities requiring the recognition of shareholders' identities, the board of directors or the convener of the shareholders' meeting shall decide the record date, and shareholders whose names appear on the register of members at the close of business on the record date are entitled to relevant rights and interests.

Shareholders

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other benefit distributions in proportion to the number of shares held;

(ii) to require to hold, convene, chair, attend or appoint a proxy to attend shareholders' meetings and exercise the corresponding voting rights in accordance with the laws;

(iii) to supervise the operations of the Company, and to put forward suggestions or raise enquiries;

(iv) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations, relevant requirements of the securities regulatory authority and stock exchange of the place where the Company's shares are listed and the provisions of Articles of Association;

(v) to inspect and duplicate the Articles of Association, registers of members, the minutes of shareholders' meetings, resolutions of the Board meetings and the financial accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and certificates;

(vi) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;

(vii) with respect to shareholders who voted against any resolution adopted at the shareholders' meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them, provided that all procedural requirements for the Company's share repurchase under the Articles of Association and relevant laws and regulations are satisfied;

(viii) to inspect the Hong Kong branch register of members of the Company, provided that the Company may temporarily close the register of members in accordance with provisions equivalent to Section 632 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong);

(ix) other rights stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

If the content of a resolution passed at the Company's shareholders' meeting or Board meeting violates laws or administrative regulations, shareholders shall have the right to petition the people's court to invalidate the resolution. If the procedures for convening, or the method of voting at, a shareholders' meeting or Board meeting violate laws, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders shall have

the right to petition the people's court to revoke the resolution within 60 days from the date of the adoption of such resolution. However, except that there are only minor defects in the convening procedures or voting method of a shareholders' meeting or a Board meeting, which do not materially affect the resolution.

Where the directors (other than the members of the audit committee) and senior management officers violate the laws, administrative regulations or the Articles of Association in performing their duties and cause any loss to the Company, the shareholder(s) severally or jointly holding more than 1% of the shares in the Company for more than 180 consecutive days may request the audit committee in writing to initiate proceedings in the people's court. Where the members of the audit committee violate the laws, administrative regulations or the Articles of Association in performing duties to the Company and cause any loss to the Company, the aforementioned shareholders may request the board of directors in writing to initiate proceedings in the people's court.

If the audit committee and the board of directors, upon receipt of the shareholders' written request stipulated in the preceding paragraph, reject to initiate a lawsuit, or a lawsuit is not initiated within thirty days from the date of receipt of such request, or in the event of emergency where the interest of the Company will suffer irreparable damage if a lawsuit is not initiated immediately, the shareholders stipulated in the preceding paragraph shall have the right to initiate legal proceedings directly with the people's court in their own names for the interest of the Company.

Where other parties infringe the lawful interests of the Company and cause any loss to the Company, the shareholders stipulated in the first paragraph of this Article may initiate legal proceedings in a people's court in accordance with the provisions of the preceding two paragraphs.

Where any director or senior management officer violates the provisions of laws, administrative regulations or the Articles of Association, and causes damages to the interests of shareholders, shareholders may initiate legal proceedings to the People's Court.

The shareholders of the Company shall assume the following obligations:

(i) complying with laws, administrative regulations, the regulatory rules of the stock exchange where the Company's shares are listed and the Articles of Association;

(ii) paying share payments as per the shares subscribed for and the method of subscription;

(iii) not to withdraw its share capital, except for circumstances stipulated by laws and regulations;

(iv) not to abuse the shareholders' rights to impair the interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to impair the interest of creditors of the Company;

(v) other obligations required to be assumed under laws, administrative regulations, the regulatory rules of the stock exchange where the Company's shares are listed and the Articles of Association.

Shareholders of the Company shall be liable for making compensation for any loss suffered by the Company or other shareholders arising from their abuse of shareholders' rights in accordance with law. Shareholders of the Company who abuse the independent legal person status of the Company and the limited liability of shareholders to evade debts and seriously impair the interest of creditors of the Company shall be jointly and severally liable for the debts of the Company.

Controlling Shareholders and De Facto Controllers

The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfil their obligations in accordance with laws, administrative regulations, provisions of the CSRC and the stock exchange of the place where the Company's shares are listed, to safeguard the interests of the Company.

The controlling shareholders and de facto controllers of the Company shall abide by the following provisions:

(i) exercise shareholders' rights in accordance with the law, not to abuse controlling interest, or exploit connected-party relationships to harm the legitimate rights and interests of the Company or other shareholders;

(ii) strictly fulfil public statements and commitments made, without unauthorised changes or waivers;

(iii) strictly fulfil information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of significant events that have occurred or are planned to occur;

(iv) shall not misappropriate the Company's funds in any way;

(v) shall not coerce, instruct, or require the Company and related personnel to illegally provide guarantees;

(vi) shall not seek benefits using the Company's undisclosed significant information, shall not disclose any undisclosed significant information about the Company in any way, shall not engage in insider trading, short term trading, market manipulation, or other illegal activities;

(vii) shall not damage the legitimate rights and interests of the Company and other shareholders through unfair connected transactions, profit distribution, asset reorganisation, external investments, or any other means;

(viii) ensure the integrity of the Company's assets, personnel independence, financial independence, institutional independence, and business independence, and shall not in any way affect the Company's independence;

(ix) comply with laws, administrative regulations, provisions of the CSRC, the regulatory rules of the stock exchange of the place where the Company's shares are listed and other provisions of the Articles of Association.

The controlling shareholders and de facto controllers of the Company who do not serve as directors of the Company but actually carry out the Company's affairs shall be subject to the provisions of the Articles of Association regarding the fiduciary duty and diligence duty of directors.

Where any controlling shareholder or de facto controller of the Company instructs a director or senior management officer to engage in conduct that harms the interests of the Company or shareholders, such controlling shareholder or de facto controller shall bear joint and several liabilities with that director or senior management officer.

If the controlling shareholders and de facto controllers pledge the Company's shares they hold or actually control, they should maintain the Company's control rights and ensure stable production and operation.

If the controlling shareholders and de facto controllers transfer their holdings of the Company's shares, they shall comply with the restrictive provisions on share transfer in laws, administrative regulations, provisions of the CSRC and the stock exchange where the Company's shares are listed, as well as the commitments they have made regarding restricted share transfers.

General Provisions for Shareholders' Meetings

Article 47 The shareholders' meeting of the Company shall be composed of all shareholders. The shareholders' meeting is the authority of power of the Company which shall exercise the following functions and powers in accordance with the laws:

(i) elect and replace directors, decide on the remuneration matters of the relevant directors;

(ii) consider and approve the reports of the board of directors;

(iii) consider and approve the Company's profit distribution plans and loss recovery plans;

(iv) pass resolutions to increase or reduce the registered capital of the Company;

(v) pass resolutions on merger, division, dissolution and liquidation or change in corporate form of the Company;

(vi) amend the Articles of Association;

(vii) pass resolutions on the issuance of corporate bonds;

(viii) pass resolutions on the engagement or dismissal of accounting firms engaged in the audit work of the Company;

(ix) consider and approve the guarantees prescribed in Article 48 of the Articles of Association;

(x) consider and approve matters regarding the purchase and sale of material assets by the Company within one year in which the total assets involved or the transaction value exceeding 30% of the latest audited total assets of the Company;

(xi) consider and approve the changes in the **[REDACTED]** raised;

(xii) consider and approve the equity incentive plans and employee stock ownership plans;

(xiii) consider and approve other matters which shall be decided by the shareholders' meetings as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The shareholders' meeting may authorise the board of directors to resolve on the issue of corporate bonds. Saved as item (vii), the duties and powers of the shareholders' meeting set forth above shall not be exercised by the board of directors or other institutions and individuals on its behalf by way of authorisation. Duties and powers that are not statutorily exercised by the shareholders' meeting may be granted to the board of directors after deliberation and approval by the shareholders' meeting. The scope of such authorisation shall be clear and specific.

The following external guarantees of the Company shall be considered and approved at the shareholders' meeting:

(i) guarantee with a single sum of guarantee that has exceeded 10% of the latest audited net assets of the Company;

(ii) guarantee provided after the total amount of external guarantees of the Company has exceeded 30% of the latest audited total assets;

(iii) guarantee after the total amount of external guarantees provided by the Company and its holding subsidiaries has exceeded 50% of the latest audited net assets;

(iv) guarantee provided to entities with more than 70% debt equity ratio;

(v) guarantee provided after the amount of external guarantees of the Company within the year has exceeded 30% of the Company's latest audited total assets;

(vi) guarantees provided to the shareholders, de facto controllers and their related parties;

(vii) other external guarantee shall be considered and approved by the shareholders' meeting as stipulated by laws, normative documents, CSRC, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

When a guarantee is raised for consideration and discussion at a board meeting, it shall be considered and approved by more than two-thirds of the directors attending the board meeting. When the shareholders' meeting reviews the guarantee mentioned in item (v) of the preceding paragraph, it shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

Shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. Annual shareholders' meetings are held once every year and within 6 months from the end of the preceding financial year.

The Company shall convene an extraordinary shareholders' meetings within 2 months from the date of the occurrence of any of the following circumstances:

(i) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number prescribed in the Articles of Association;

(ii) where the losses of the Company that have not been made up represent one-third of its total share capital;

(iii) where such meeting is requested by shareholders individually or jointly holding more than 10% of the shares of the Company;

(iv) where such meeting is deemed necessary by the board of directors;

(v) where such meeting is proposed to be convened by the audit committee;

(vi) other circumstances specified in laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Convening of Shareholders' Meeting

The shareholders who individually or jointly hold 10% or more of the shares of the Company shall have the right to convene an extraordinary general meeting, and shall make such request to the board of directors in writing. The board of directors shall, pursuant to the provisions of laws, administrative regulations, 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 upon receipt of the proposal.

When the board of directors agrees to convene an extraordinary shareholders' meeting, the board of directors shall, within 5 days after the board resolution is made, issue a notice calling for the shareholders' meeting. Changes in the original proposal in the notice shall be subject to the approval of the relevant shareholders.

When the board of directors does not agree to convene an extraordinary shareholders' meeting, or does not provide feedback within 10 days upon receipts of the request, shareholders who individually or collectively holding more than 10% of the Company's shares, shall have the right to propose to the audit committee to convene an extraordinary shareholders' meeting, and shall make such proposal in writing.

When the audit committee agrees to convene an extraordinary shareholders' meeting, the audit committee shall, within 5 days after the proposal is received, issue a notice calling for the shareholders' meeting. Changes in the original proposal in the notice shall be subject to the approval of the relevant shareholders.

If the audit committee fails to issue a notice of the shareholders' meeting within the prescribed time limit, it shall be deemed that the audit committee has not convened and presided over the shareholders' meeting. Shareholders who individually or collectively hold more than 10% of the Company's shares for a continuous period of more than 90 days may convene and preside over the meeting on their own.

The aforesaid shall not apply where laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed stipulate otherwise.

The expenses necessary for the shareholders' meeting convened by the Audit Committee or the shareholders themselves shall be borne by the Company.

Proposals and Notices of Shareholders' Meeting

Contents of a proposal for the shareholders' meeting shall fall within the terms of reference of the shareholders' meeting, have definite subjects and specific matters to be resolved, and shall comply with laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and provisions of the Articles of Association.

When the Company convenes the shareholders' meeting, the board of directors, audit committee and shareholders holding more than 1% of the shares of the Company separately or jointly are entitled to submit proposals to the Company.

The shareholders holding more than 1% of the shares of the Company separately or jointly may raise a temporary proposal and submit it to the convener in writing 10 days before the shareholders' meeting is held. The temporary proposal shall have definite subjects and specific matters to be resolved. The board of directors shall supplement the notice of shareholders' meeting in 2 days after receiving the proposal and publicise the content of the temporary proposal, and submit the temporary proposal to

the shareholders' meeting for consideration, except where the temporary proposal is in violation of laws, administrative regulations or the Articles of Association, or does not fall into the terms of reference of the shareholders' meeting. If, in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, the shareholders' meeting must be postponed due to the issuance of a supplementary notice for the shareholders' meeting, the convening of the shareholders' meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Save as specified in preceding paragraph, the convener shall neither revise the proposals set out in the notice of shareholders' meeting nor add new proposals after issuing the notice of shareholders' meeting.

The shareholders' meeting shall not vote or pass resolutions on proposals not listed in the notice of the shareholders' meeting or not in conformity with the Articles of Association.

The conveyer shall give notice of the annual shareholders' meeting to all shareholders by way of an announcement 21 days before the meeting is convened by the Company. The extraordinary shareholders' meeting shall be notified to all shareholders by way of an announcement at least 15 days before the meeting is convened.

Notice of shareholders' meetings shall be published on the website of the Company or on the website designated by the Hong Kong Stock Exchange, in accordance with applicable laws, regulations, and the securities regulatory rules of the place where the shares of the Company are listed. If, in accordance with the Articles of Association, an announcement is to be made to shareholders of foreign-invested shares listed overseas, such announcement shall also be published in accordance with the methods specified in the Hong Kong Listing Rules. For shareholders of unlisted domestic shares, notice of shareholders' meetings may also be given by way of announcement.

The day of the meeting shall not be included in the calculation of the time limit of the notice.

Notice of the shareholders' meeting shall include the following:

(i) time, venue and duration of the meeting;

(ii) subject matters and proposals submitted for consideration at the meeting;

(iii) clear statement that all holders of the shares are entitled to attend the shareholders' meeting, and may appoint a proxy in writing to attend the meeting and vote on his/her behalf and that such proxy needs not be a shareholder of the Company;

(iv) record date for shareholders entitled to attend the shareholders' meeting;

(v) name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;

(vi) time and procedure of voting via internet or by other means;

(vii) other matters as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Notice and supplemental notice of the shareholders' meeting shall fully and completely disclose the specific content of all proposals.

The record date for shareholdings shall be determined in accordance with the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

Where the election of Directors is to be discussed at a shareholders' meeting, the notice of the shareholders' meeting shall fully disclose the particulars of the candidates for election as Directors, which shall include the following:

(i) personal particulars such as educational background, working experience and parttime jobs;

(ii) whether there is any related relationship with the Company or the controlling shareholder and the actual controller of the Company;

(iii) disclosure of the number of shares held in the Company;

(iv) whether or not they have been subject to penalties imposed by the CSRC, other relevant authorities and securities regulatory authorities of the place where the Company's shares are listed or any disciplinary action taken by any stock exchange;

(v) other information regarding the candidates for Directors required to be disclosed by the Hong Kong Listing Rules.

Save in the case of the election of Directors on a cumulative voting basis, a separate resolution shall be proposed for each of the candidates for election as Directors.

After the notice of the shareholders' meeting is given, without cogent reason, the shareholders' meeting shall not be postponed or cancelled, and the proposals set out in the notice shall not be cancelled. Once the shareholders' meeting is adjourned or cancelled, the convener shall publish an announcement and explain the reasons in writing at least two working days before the original holding date.

If the securities regulatory rules of the place where the shares of the Company are listed stipulate otherwise in respect of the aforesaid matters, such provisions shall prevail on the premise of not violating domestic regulatory requirements.

Voting at and Resolutions of General Meeting

Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' meeting shall be adopted by a majority of the voting rights held by the shareholders (including proxies of shareholders) entitled to vote who are present at the shareholders' meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders with voting rights (including their proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

(i) working reports of the board of directors;

(ii) profit distribution proposals and proposals for making up losses formulated by the board of directors;

(iii) appointment and removal of members of the board of directors, and determination of their remuneration and payment methods;

(iv) other matters other than those that shall be resolved by special resolutions according to laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

(i) increase or reduction of the Company's registered capital;

(ii) division, merger, dissolution and liquidation of the Company or alteration on the form of the Company;

(iii) amendment of the Articles of Association;

(iv) the Company's purchase or disposal of major assets within one year or guarantee amount exceeding 30% of the latest audited total assets of the Company set out in the audited financial statements;

(v) the share incentive plan;

(vi) other matters required to be resolved by way of a special resolution by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be resolved by way of a special resolution.

Shareholders (including their proxies) shall exercise their voting rights by the amount of shares with voting rights they represent, with each share entitled to one vote.

The Company's shares held by the Company shall not carry voting rights, and those shares shall not be included in calculating the total number of shares carrying voting rights at the general meetings.

Where material issues affecting the interests of small and medium-sized investors are considered at the general meeting, the votes of small and medium-sized investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the general meeting for thirty-six months after the purchase.

When matters relating to connected transactions are considered at the general meetings, the connected shareholders shall not vote, and the number of shares with voting rights represented by them shall not be included in the total number of valid votes; the resolutions of the general meetings shall specify the voting information of the non-connected shareholders.

In addition to the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall

neither be shelved nor refused at the general meeting. If there are other provisions on the aforesaid matters in the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

The general meeting shall vote by open poll.

Before voting on any proposal, a general meeting shall choose two shareholders' representatives to participate in the votes counting or scrutinising. When any shareholder is related to any matter under consideration, the said shareholder and proxy thereof shall not participate in vote counting or scrutinising.

At the time of voting on a proposal at a general meeting, lawyers (if needed), shareholders' representatives shall count and scrutinise the votes jointly and announce the voting results on the spot. The voting results in connection with the resolution shall be recorded in the meeting minutes.

BOARD OF DIRECTORS

General Provisions on Board of Directors

The directors of the Company shall be natural persons. A person in any of the following categories may not serve as a director of the Company:

(i) persons without capacity or with limited capacity for civil conduct;

(ii) persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, where five years have not elapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime, where five years have not elapsed following the serving of the sentence, or in case of a suspended sentence, no more than two years have elapsed since the date of expiration of the probationary period;

(iii) persons who acted as directors, or factory managers or managers of bankrupt or liquidated companies or enterprises who bear personal liability for the bankruptcy of such companies or enterprises, where three years have not elapsed following the date of completion of such bankruptcy or liquidation;

(iv) persons who were legal representatives of a company or enterprise, which had its business licence revoked due to a violation of the law and was ordered to close down, and who were personally liable for it, where less than three years have elapsed since the date when the business licence of the company or enterprise was revoked or when it was ordered to close down;

(v) persons who have been listed by the People's Court as defaulter because they have incurred debts of a large amount that have not been settled by the due date;

(vi) persons who are imposed by the CSRC a ban from entering into the securities market for a period which has not yet expired;

(vii) persons who are publicly deemed to be disqualified to act as a director or senior management of listed companies by the stock exchange of the place where the Company's shares are listed, where the disqualification period remains effective;

(viii) other requirements stipulated in the laws, administrative regulations or departmental rules, securities regulatory rules of the CSRC and of the place where the Company's shares are listed.

Election, appointment or employment of directors in violation of this Article shall be invalid. In the event that the circumstances as stipulated in this Article arise during the term of office of any director, the Company shall remove him/her from his/her position and suspend his/her duties.

Directors shall be elected or replaced by the general meeting and may be removed from office by the general meeting by way of resolution before the expiration of their term of office, and such removal shall take effect on the date of the resolution. The directors have a tenure of three years and can be re-elected upon the expiry of the tenure.

The term of office of directors shall last from the date on which the directors take office to the expiration of the term of office of the current board of directors. Where a new director is not yet available upon expiration of a director's term, such director, before the new director takes his office, shall continue the performance of his duties in accordance with laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If a director resigns, he shall notify the Company in writing. The resignation shall take effect on the date the Company receives the notice. However, under the circumstances specified in the preceding paragraph, the director shall continue to perform his duties.

A director may be the manager or other senior management concurrently, provided that the total number of directors who concurrently serve as the manager or other senior management shall not exceed half of the total number of directors.

The directors shall comply with the provisions of the laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association and shall perform the following fiduciary duties to the Company. They shall take measures to avoid conflicts of interest between their personal interests and those of the Company, and must not exploit their positions to seek improper gains:

Directors owe the following fiduciary duties to the Company:

(i) shall not misappropriate the Company's property or embezzle the Company's funds;

(ii) shall not deposit Company funds into accounts opened in his/her own name or in the name of any other individual;

(iii) shall not use his/her position to solicit or accept bribes or other unlawful income;

(iv) shall not, directly or indirectly, enter into contracts or conduct transactions with the Company, unless such matter has been reported to the board of directors or the general meeting and approved by a resolution of the board of directors or the general meeting in accordance with the provisions of the Articles of Association;

(v) shall not exploit his/her position to pursue business opportunities belonging to the Company for himself/herself or for others, except where such matter has been reported to the board of directors or the general meeting and approved by a resolution of the general meeting, or

where the Company is unable to take advantage of such business opportunity in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association;

(vi) shall not engage in, or assist others in engaging in, any business of the same nature as that of the Company, unless such matter has been reported to the board of directors or the general meeting and approved by a resolution of the general meeting;

(vii) shall not accept commissions from transactions between others and the Company for his/her own benefit;

(viii) shall not disclose the Company's secrets without authorisation;

(ix) shall not use his/her connected relationships to harm the interests of the Company;

(x) shall not vote on any resolution approving any contract or arrangement or any other proposal in which such director or any of his associates have a material interest nor shall such director be counted in the quorum present at the meeting;

(xi) other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Income received by any directors in violation of this article shall be forfeited by the Company. Any directors who act in violation of this article shall be liable for compensation for any losses caused to the Company.

The senior management of the Company shall perform their duties with reference to the aforementioned requirements.

The directors shall abide by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association and shall be subject to the following diligence obligations to the Company. When performing their duties, directors shall act in the best interests of the Company and exercise the reasonable care that would ordinarily be expected of a manager:

(i) to exercise the rights granted by the Company in a prudent, conscientious and diligent manner to ensure that the Company's commercial behaviours comply with the requirements of national laws, administrative regulations, regulatory rules of the stock exchange where the Company's shares are listed and various national economic policies, and that the extent of the commercial activities do not exceed the business scope stipulated in the business licence;

(ii) to treat all shareholders equally and fairly;

(iii) to keep abreast of the Company's business operation and management;

(iv) to initial and approve regular reports of the Company and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;

(v) to provide all relevant information required by the audit committee and shall not intervene the performance of its duties;

(vi) to perform other due diligence obligations stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The senior management of the Company shall perform their duties with reference to the aforementioned requirements.

A director may resign before the expiration of their term of office. If a director fails to attend the Board meeting and does not entrust another director to attend on their behalf, it shall be deemed that they are unable to perform their duties, and the board of directors shall propose to the shareholders' meeting that such director be removed.

A director may resign before the expiry of his/her tenure. The resigning director shall submit to the Company a written resignation. The resignation shall take effect on the date the Company receives the written resignation. The Company shall disclose the relevant information within two trading days.

Where, as a result of a director's resignation, the quorum requirement for the member of the Board of Directors is no longer met, or the number of independent non–executive directors is less than one-third (1/3) of the members of the Board of Directors due to the resignation of an independent nonexecutive director, or there is no accounting professional among the independent non-executive directors, the outgoing director shall continue to perform a director's functions in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association before the newly elected director assumes office.

The Company has a system in place to manage the departure of directors, which specifies safeguard measures for pursuing and recovering liability for unfulfilled public commitments and other outstanding matters. A director shall complete all formalities for handing over to the board of directors when his/her resignation takes effect or when his/her term of office expires, and his/her fiduciary duty towards the Company and its shareholders shall not ipso facto be discharged upon expiration of his/her term of office. The liability that a director bears during his/her term of office due to the performance of his/her duties shall not be waived or terminated upon leaving office.

Board of Directors

The Company shall have a board of directors.

The Board shall consist of 9 directors. The Company shall have one chairman, who shall be elected by more than half of all the directors. There are 3 independent non-executive directors. Independent non-executive directors shall constitute one-third or more of the total number of the board of directors. At least one independent non-executive director shall have appropriate professional qualifications, and one shall ordinarily reside in Hong Kong.

The Board of Directors exercises the following powers:

(i) convene a shareholders' meeting and report work to the shareholders' meeting;

(ii) implement the resolutions of the shareholders' meeting;

(iii) determine the Company's business plan and investment plan;

(iv) formulate the Company's profit distribution plan and loss compensation plan;

(v) formulate plans for the Company to increase or reduce its registered capital, issue bonds or other securities and for the listing;

(vi) formulate plans for the Company's major acquisitions, the Company's acquisition of the Company's shares, or merger, division, dissolution and change of form of the Company;

(vii) determine, within the scope of the powers granted by the shareholders' meeting, matters including the Company's external investments, the sale and purchase of assets, asset mortgages, external guarantees, entrusted financial management, connected transactions, donations to other organisations, among other matters;

(viii) decide on the establishment of the Company's internal management agencies;

(ix) appoint or dismiss the Company's manager, secretary to the Board of Directors and other senior management personnel, and determine their remuneration, rewards and punishments; decide on the appointment or dismissal of the Company's deputy general manager, financial controller and other senior management personnel based on the nomination of the manager and decide on their remuneration and rewards and punishments;

(x) manage the Company's information disclosure matters;

(xi) formulate the Company's basic management system;

(xii) formulate a plan to amend the Articles of Association;

(xiii) propose to the shareholders' meeting to hire or change the accounting firm to audit the Company;

(xiv) listen to the work report of the manager of the Company and inspect the work of the manager;

(xv) decide on the Company's repurchase of its shares under the circumstances specified in items (iii), (v) and (vi) in the first paragraph in Article 25 of the Articles of Association on the premise of complying with the securities regulatory rules of the place where the shares of the Company are listed;

(xvi) laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or other powers granted by the Articles of Association.

Matters beyond the scope of authority of the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

The Company shall disclose to the shareholders the remuneration received by the Directors and senior management personnel from the Company on a regular basis.

The Board of Directors shall give explanations to the general meeting for the qualified audit opinions issued by certified public accountants in respect of financial reports of the Company.

The Board of Directors shall formulate the rules of procedures of meetings of the Board of Directors to ensure the Board of Directors will implement resolutions of the shareholders' general meeting, thereby enhancing efficiency and ensuring scientific decision-making. The rules of procedures for the Board of Directors shall be appended to the Articles of Association and shall be formulated by the Board of Directors and approved at the general meetings.

The Board of Directors shall convene at least four meetings each year. All board meetings shall be convened and presided over by the chairman or, as the case may be, a director. A written notice specifying the time, venue and agenda of the meeting shall be sent to all directors at least 14 days prior to the convening of each board meeting. With the unanimous consent of all the Company's Directors, the aforesaid notice period for convening regular board meetings may be shortened or waived.

Board meetings shall be attended by more than half of the Directors. Resolutions made by the Board of Directors shall be approved by more than half of all Directors, unless otherwise provided by the Articles of Association.

Voting on resolutions of the Board of Directors is based on one person, one vote.

If a Director is related to the corporates or individuals involved in the matters resolved at the Board meeting, or if the Director himself/herself or any of his/her associates has a material interest therein, such Director shall promptly report in writing to the Board of Directors. A director who has a related relationship or who himself or any of his associates has a material interest shall not exercise voting rights on such resolution, nor shall he act as a proxy for other directors to exercise voting rights. Such director shall also not be counted in the quorum for the relevant meeting. The Board meeting may be held if more than half of the unrelated Directors are present, and resolutions made at the Board meeting shall be passed by more than half of the unrelated Directors. If the number of unrelated directors present at the meeting of the Board of Directors is less than 3, the matter shall be submitted to the shareholders' meeting for review.

Board meetings shall be attended by the director in person; if a director is unable to attend for any reason, he/she may authorise another director in writing to attend on his/ her behalf. The letter of authorisation shall state the name of the agent, matters of agency, scope of authorisation and validity period, and shall be signed or stamped by the principal. Directors who attend meetings on their behalf shall exercise the rights of directors within the scope of authorisation. If a director fails to attend a Board meeting or appoint a representative to attend, he/ she shall be deemed to have given up his/her right to vote at the meeting.

Independent Non-executive Directors

Independent non-executive Directors shall maintain their independence. The following persons shall not serve as independent non-executive Directors:

(i) persons working for the Company or its subsidiaries, their spouses, parents and children, and major social relations;

(ii) natural person shareholders who directly or indirectly hold more than 1% of the Company's issued shares or who are among the Company's top ten shareholders, and their spouses, parents and children;

(iii) persons who work for shareholders who directly or indirectly hold more than 5% of the Company's issued shares or who work for the Company's top five shareholders, and their spouses, parents, and children;

(iv) persons serving in the subsidiaries of the Company's controlling shareholders and de facto controllers and their spouses, parents and children;

(v) persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who serve in entities with which they have significant business dealings and their controlling shareholders or de facto controllers;

(vi) persons providing financial, legal, consulting and sponsorship and other services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries; including, but not limited to, all members of the project team of the intermediaries providing the services, reviewers at all levels, persons signing the report, partners, directors, senior management and principals;

(vii) persons who have been in the situations listed in the items (i) to (vi) within the last twelve months;

(viii) other persons who are not independent as stipulated by the laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, as well as the Articles of Association.

The subsidiaries of the Company's controlling shareholder and de facto controller as referred to in items (iv) to (vi) of the preceding paragraph do not include those companies which are controlled by the same state-owned asset administration institution and the Company does and do not have a connected relationship with the Company in accordance with the relevant regulations.

Independent non-executive Directors shall conduct self-examination of independence each year and submit the results of self-examination to the Board. The Board shall assess independence of incumbent independent non-executive Directors and issue special opinions each year, which shall be disclosed together with annual reports.

The following conditions shall be met in order to serve as independent non-executive Directors of the Company:

(i) being qualified for serving as director of a listed company according to laws, administrative regulations, regulatory rules of the stock exchange where the Company's shares are listed and other relevant provisions;

(ii) meeting the independence requirements set forth in the Articles of Association;

(iii) having basic knowledge of the operation of listed companies and being familiar with relevant laws, regulations and rules;

(iv) having more than five years of legal, accounting or economic work experience necessary to perform the duties of an independent non-executive Director;

(v) having good personal morality, with no bad records such as major dishonesty, etc.;

(vi) other conditions stipulated by the laws, administrative regulations, the requirements of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

As members of the Board of Directors, the independent non-executive Directors owe fiduciary duties and diligence to the Company and all shareholders and shall prudently perform the following duties:

(i) to participate in the decision making of the Board of Directors and provide explicit opinions on the matters discussed;

(ii) to supervise matters that indicate potential material conflict of interest between the Company and its controlling shareholders, actual controllers, directors and senior management so as to protect legitimate rights and interests of minority shareholders;

(iii) to provide professional and objective advice on the Company's operations and development, thereby facilitating improvement in the standard of the decision-making of the Board of Directors;

(iv) other duties stipulated by the laws, administrative regulations, the requirements of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Independent non-executive Directors shall exercise the following special functions and powers:

(i) independently engage intermediaries to audit, provide consultation on or verify specific matters of the Company;

(ii) propose the convening of extraordinary general meetings to the Board of Directors;

(iii) propose the convening of Board meetings;

(iv) openly solicit shareholders' rights from shareholders in accordance with the laws;

(v) express independent opinions on matters potentially detrimental to interests of the Company or its minority shareholders;

(vi) other functions and powers as provided by the laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, as well as the Articles of Association.

Any exercise of the functions and powers as referred to in items (i) to (iii) of the preceding paragraph by the independent non-executive Directors shall be approved by more than half of all independent non-executive Directors.

The Company shall disclose in a timely manner any exercise of the functions and powers set out in Article 1 by the independent non-executive Directors. If any of the aforesaid functions and powers could not be exercised properly, the Company shall disclose the specific circumstances and reasons thereof.

The following matters shall be approved by more than half of all the independent non-executive Directors of the Company before submitting to the Board of Directors for consideration:

(i) discloseable connected transactions;

(ii) proposals for changing or waiving undertakings made by the Company and relevant parties;

(iii) decisions and measures taken by the board of directors of the company being acquired in response to the acquisition;

(iv) other matters as prescribed by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The Company shall establish a mechanism for special meetings which will be attended by independent non-executive Directors only. Matters such as connected transactions to be considered by the Board of Directors shall be approved in advance by a special meeting of the independent non-executive Directors.

The Company shall convene special meetings of the independent non-executive Directors on a regular or ad hoc basis. Matters listed in items (i) to (iii) of paragraph 1 of Article 136 and in Article 137 of the Articles of Association shall be considered by a special meeting of the independent non-executive Directors.

The special meetings of the independent non-executive Directors may consider and discuss other matters of the Company when necessary.

The special meetings of the independent non-executive Directors shall be convened and chaired by one independent non-executive Director elected by more than half of the independent non-executive Directors; in the event that the convener fails to or is unable to perform his/her duties, two and more independent non-executive Directors may convene a meeting on their own and elect one representative to preside over the meeting.

Minutes of special meetings of independent non-executive Directors should be prepared in accordance with the regulations and the views of independent non-executive Directors should be set out in the minutes. The independent non-executive Directors should sign to confirm the minutes of the meeting.

The Company shall facilitate and support the convention of the special meetings of the independent non-executive Directors.

Special Committees of the Board of Directors

The board of directors of the Company shall establish the Audit Committee, which shall exercise the functions and powers of the board of supervisors as stipulated in the Company Law.

The Audit Committee shall consist of 3 members, all of whom are non-executive directors, including 2 independent non-executive directors. The convener shall be an independent non-executive director with accounting expertise.

The Audit Committee is responsible for reviewing the financial information of the Company and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all members of the Audit Committee:

(i) disclosure of financial information in financial accounting reports and periodic reports, as well as internal control evaluation reports;

(ii) hiring or dismissing the accounting firm engaged to carry out the audit of the company;

(iii) appointment or dismissal of the company's financial controller;

(iv) changes in accounting policies, accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;

(v) other matters provided for by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Audit Committee shall hold at least one meeting each quarter. An extraordinary meeting may be held when it is proposed by two or more members, or when it is deemed necessary by the convener. Meeting of the Audit Committee shall be held only if more than two-thirds of the members are present.

The resolutions made by the Audit Committee shall be passed by more than half of the members of the Audit Committee. Voting on the resolutions of Audit Committee shall be one person, one vote.

Minutes shall be prepared for the resolutions of the Audit Committee as required and shall be signed by the members of the Audit Committee present at the meetings. The Board of Directors shall be responsible for formulating work procedures for the Audit Committee.

The Nomination Committee is responsible for formulating the standards and procedures for the selection of directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications for office, and making recommendations to the Board of Directors on the following matters:

(i) nominating or removing of directors;

(ii) appointing or dismissing senior management;

(iii) other matters as provided by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the Nomination Committee, it shall record the opinion of the Nomination Committee and the specific reasons for not adopting in the resolution of the Board of Directors and disclose the same.

The Remuneration and Appraisal Committee is responsible for the formulation of standards for appraising and conducting evaluation of Directors and senior management, and the formulation and review of the remuneration decision mechanisms, decision-making processes, payment and cessation of payment recovery arrangements, and other remuneration policies and plans for Directors and senior management, and making recommendations to the Board of Directors on the following matters:

(i) the remuneration of Directors and senior management;

(ii) the formulation or amendment of equity incentive schemes and employee stock ownership plans, and the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients;

(iii) the arrangement of stock ownership plans for Directors and senior management in the event of a proposed spin-off of a subsidiary;

(iv) other matters stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinion of the Remuneration and Appraisal Committee and the specific reasons for its non-adoption in a resolution of the Board of Directors and disclose the same.

Manager and Other Senior Management Officers

The Company has a manager, who is appointed or dismissed by the Board of Directors.

The Company has several deputy managers, who are appointed or dismissed by the Board of Directors.

The Company's manager, deputy managers, secretary to the Board of Directors, and financial controller are senior management personnel of the Company.

The provisions of the Articles of Association regarding the circumstances under which a person may not serve as a director shall apply equally to senior management personnel.

The directors' duty of loyalty and the directors' duties of diligence as mentioned in the Articles of Association shall also apply to senior management.

Any person who takes administrative position other than a director or supervisor in the controlling shareholder of the Company shall not act as senior management of the Company.

The Company's senior management are only paid by the Company and are not paid by the controlling shareholder on behalf of the Company.

The manager is elected for a term of three years, and the manager may be reappointed consecutively for subsequent terms.

The manager is responsible to the Board of Directors and exercises the following powers:

(i) preside over the Company's production, operation and management work, organise the implementation of Board resolutions, and report work to the Board of Directors;

(ii) organise and implement the Company's annual business plan and investment plan;

(iii) formulate a plan for the establishment of the Company's internal management organisation;

(iv) formulate the Company's basic management system;

(v) formulate specific regulations of the Company;

(vi) request the Board of Directors to appoint or dismiss the Company's deputy general manager and financial controller;

(vii) decide on the appointment or dismissal of management personnel other than those who shall be appointed or dismissed by the Board of Directors;

(viii) other powers granted by the Articles of Association or the Board of Directors.

The manager attends Board meetings.

The Company shall have a Board secretary, who is responsible for preparing for the Shareholders' meeting and the board meetings, keeping documents and shareholders' materials and handling matters relating to information disclosure, etc..

The Board secretary shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Where a member of senior management causes damage to others in executing his/her office in the Company, the Company shall be liable for compensation. Where a member of senior management acts with intent or gross negligence, he/she shall also bear the liability for compensation.

Where a member of senior management violates any laws, administrative regulations, departmental rules, regulatory rules of the stock exchange where the Company's shares are listed or the Articles of Association in executing his/her office in the Company, causing losses to the Company, he/she shall be liable for compensation.

Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Where a senior management member fails to perform his/her duties faithfully or violates the fiduciary duty, causing damage to the interests of the Company and the public shareholders, he/she shall be liable for compensation in accordance with law.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company formulates its financial accounting system in accordance with laws, administrative regulations, regulatory rules of the stock exchange where the Company's shares are listed and the regulations of the financial departments of the State Council.

The Company shall adopt the Gregorian calendar year as its accounting year, which shall commence on 1 January and end on 31 December of the same Gregorian calendar year.

The Company shall submit and disclose its annual report to the delegated authorities of CSRC (if required) and the stock exchange where the Company's shares are listed within four months after the end of each accounting year, submit and disclose its interim report to the delegated authorities of CSRC (if required) and the stock exchange where the Company's shares are listed within two months after the end of the first half of each accounting year, and may submit and disclose quarterly reports in accordance with the relevant rules of the stock exchange where the Company's shares are listed. Where the regulatory rules of the stock exchange where the Company's shares are listed provide otherwise, such provisions shall prevail.

The above financial and accounting reports shall be prepared in accordance with the relevant laws, administrative regulations, the provisions of the CSRC, the securities regulatory authorities and stock exchanges where the Company's shares are listed.

In addition to the statutory accounting books, the Company will not maintain separate accounting books. The Company's funds are not stored in accounts opened in any individual's name.

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company's statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund is more than 50% of the Company's registered capital, no further withdrawals may be made.

Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding paragraph.

After the Company withdraws the statutory reserve fund from the after-tax profits, it can also withdraw the discretionary reserve fund from the after-tax profits upon resolution of the Shareholders' meeting.

The remaining after-tax profits after the Company has made up for its losses and withdrawn the reserve fund shall be distributed according to the proportion of shares held by shareholders, unless the Articles of Association stipulated that distribution is not based on the proportion of shareholdings.

If the Shareholders' meeting violates the provisions of the Company Law and distributes profits to shareholders, shareholders shall return the profits distributed in violation of the regulations to the Company; if losses are caused to the Company, the shareholders and the responsible Directors and senior management shall be liable for compensation.

The Company's shares held by the Company will not participate in the distribution of profits.

After the Shareholders' meeting of the Company makes a resolution on the profit distribution plan, the board of directors of the Company shall complete the distribution of dividends (or shares) within 2 months after the Shareholders' meeting. If the specific plan cannot be implemented within 2 months due to the provisions of laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, the implementation date of the specific plan may be adjusted accordingly in accordance with such provisions and the actual situation.

When formulating profit distribution policies and specific plans, the Company shall attach importance to providing investors with reasonable investment returns, while taking into account the long-term interests and sustainable development of the Company, and maintaining the continuity and stability of profit distribution policies.

The Company may distribute profits in the form of cash, shares, a combination of cash and shares, or other methods permitted by laws and regulations.

Internal Audit

The Company implements an internal audit system, which specifies the leadership system, responsibilities and authorities, personnel allocation, funding support, application of audit results and accountability for internal audit work.

The internal audit system of the Company shall be implemented upon approval by the board of directors and shall be disclosed externally.

The internal audit institution of the Company shall conduct supervisory inspections of the Company's business activities, risk management, internal controls, financial information, and other relevant matters.

The internal audit institution shall be accountable to the board of directors.

The internal audit institution shall accept the supervision and guidance from the Audit Committee in the course of supervising and inspecting the business activities, risk management, internal control and financial information of the Company. If the internal audit institution discovers relevant major issues or clues, it shall report directly to the Audit Committee immediately.

Appointment of Accounting Firm

The Company engages an accounting firm that complies with the provisions of the Securities Law and the provisions of securities regulatory authorities where the Company's shares are listed to conduct financial accounting report audits, net asset verification and other related consulting services. The appointment period is one year and can be renewed.

The Company's appointment and dismissal of an accounting firm shall be decided on the Shareholders' meeting, and the board of directors may not appoint an accounting firm before a decision is made on the Shareholders' meeting.

The audit fees of an accounting firm are determined on the Shareholders' meeting.

When the Company dismisses or no longer re-appoints the accounting firm, it must notify the accounting firm 30 days in advance; the resolution on dismissal of accounting firm shall be resolved at the Shareholders' meeting of the Company and the accounting firm is allowed to give its opinion.

If an accounting firm proposes to resign, it shall explain to the Shareholders' meeting whether there is any misconduct in the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Company mergers may take the form of mergers by absorption or mergers by new establishment.

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and property list. The Company shall notify the creditors within 10 days from the date of the resolution to merge and publish an announcement in a newspaper recognised by the stock exchange where the Company's shares are listed or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may require the Company to settle the debts or provide appropriate guarantees within 30 days after receipt of the notice or within 45 days after the date of the announcement if the creditors have not received the notice.

If the Company is divided, a balance sheet and property list shall be prepared. The Company shall notify the creditors within 10 days from the date of making the separation resolution and publish an announcement in a newspaper recognised by the stock exchange where the Company's shares are listed or on the National Enterprise Credit Information Publicity System within 30 days.

If the Company reduces its registered capital, it must prepare a balance sheet and property list.

The Company shall notify the creditors within 10 days from the date of the Shareholders' meeting resolution on capital reduction and publish an announcement in a newspaper recognised by the stock exchange where the Company's shares are listed or on the National Enterprise Credit Information Publicity System within 30 days. The creditors shall have the right to require the Company to settle the debts or provide appropriate guarantees within 30 days after receipt of the notice or within 45 days after the date of the announcement if the creditors have not received the notice.

When a company reduces its registered capital, in principle, it shall reduce its capital contribution or shares accordingly according to the proportion of the capital contribution or shares held by shareholders. However, after deliberation and approval by the Shareholders' meeting, it may not be restricted by the same proportion reduction, and the Company may make targeted capital reduction.

The registered capital of the Company after reduction shall not be less than the statutory minimum.

If the Company is merged or divided and the registered items are changed, the registration of the change shall be carried out with the Company registration authority in accordance with the law; if the Company is dissolved, the registration of the cancellation of the Company shall be carried out in accordance with the law; if a new company is established, the registration of the establishment of such company shall be carried out in accordance with the law.

If the Company increases or decreases its registered capital, it shall apply for a registration of the change with the Company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved upon the occurrence of the following events:

(i) The business period stipulated in the Articles of Association expires or other reasons for dissolution stipulated in the Articles of Association occur;

(ii) The Shareholders' meeting makes a resolution to dissolve;

(iii) Dissolution is required due to company merger or division;

(iv) The business licence has been revoked, it is ordered to close, or revoked in accordance with the law;

(v) If the Company encounters serious difficulties in its operation and management, and its continued existence will cause heavy losses to the interests of shareholders, and cannot be solved through other means, shareholders holding 10% or above of the voting rights of the Company may request the People's Court to dissolve the Company, and the People's Court shall dissolve the Company.

If the Company encounters the reasons for dissolution in the preceding paragraph, it shall publicise the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

If the Company is in the situation as described in items (i) and (ii) and has not yet distributed its properties to Shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the Shareholders' meeting.

Any amendment made to the Articles of Association pursuant to the preceding paragraph or by resolution of the Shareholders' meeting shall be adopted by no less than two-thirds of all voting shareholders in attendance at the relevant Shareholders' meeting.

Where the Company is to be dissolved pursuant to items (i), (ii), (iv), or (v) above, it shall be liquidated. A liquidation committee shall be established within 15 days from the date when the event of dissolution occurs with the Directors as the liquidation obligor of the Company. The liquidation committee shall be composed of directors or any other person appointed by a resolution of the

Shareholders' meeting. If the liquidation committee is not duly set up for liquidation within the specified period or fails to carry out the liquidation after its formation, any interested party may request the People's Court to designate related persons to form a liquidation committee to carry out liquidation.

If the liquidation obligor fails to perform its liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

Where the Company is dissolved in accordance with the circumstances specified in item (iv) above, the department or the Company registration authority that made the decision to revoke the business licence, order closure or revocation may apply to the People's Court for designating relevant persons to form a liquidation committee to carry out liquidation.

The liquidation committee shall exercise the following powers during the liquidation period:

(i) clean up the Company's properties and prepare a balance sheet and property list respectively;

(ii) notify and announce creditors;

(iii) handle the Company's uncompleted businesses related to liquidation;

(iv) pay the taxes owed and the taxes incurred during the liquidation process;

(v) clear claims and debts;

(vi) distribute the Company's remaining property after paying off its debts;

(vii) participate in civil litigation activities on behalf of the Company.

The liquidation committee shall notify the creditors within 10 days from the date of establishment and publish an announcement in a newspaper recognised by the stock exchange where the Company's shares are listed or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if the notice is not received.

When a creditor declares a creditor's right, he shall explain the relevant matters of the creditor's right and provide supporting materials. The liquidation committee shall register the claims.

The liquidation committee shall not make any settlement to creditors during the period of the claim.

After cleaning up the Company's assets and preparing a balance sheet and property list, the liquidation committee shall formulate a liquidation plan and submit it to the Shareholders' meeting or the People's court for confirmation.

The Company's property is the remaining property after paying liquidation expenses, employees' wages, social insurance fees and statutory compensation, paying taxes owed, and settling the Company's debts respectively, and the Company distributes the remaining property according to the proportion of shares held by shareholders.

During the liquidation period, the Company continues to exist, but it cannot carry out business activities unrelated to the liquidation. The company's property shall not be distributed to shareholders before settlements are made in accordance with the provisions of the preceding paragraph.

After clearing the Company's property and preparing a balance sheet and property list, if the liquidation committee finds that the Company's property is insufficient to pay off its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

After the bankruptcy application is accepted by the People's Court, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

After the Company's liquidation is completed, the liquidation committee shall prepare a liquidation report, submit it to the Shareholders' meeting or the People's Court for confirmation, and submit it to the Company registration authority to apply for cancellation of the Company registration.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

(i) after the Company Law or relevant laws, administrative regulations and securities regulatory rules of the place where the Company's shares are listed are revised, the matters stipulated in the Articles of Association contradict with the provisions of the revised laws, administrative regulations;

(ii) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;

(iii) the Shareholders' meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the Shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established as a limited liability company under the laws of the PRC on 3 April 2013 and was converted into a joint stock limited company on 8 November 2022 under the laws of the PRC. Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 24 July 2025 and our principal place of business in Hong Kong is at Room 1802, 18/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong. Ms. Lui Mei Ka have been appointed as the authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was established in the PRC, 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 various provisions of our constitution is set out in "Regulatory Overview" and "Appendix V — Summary of the Articles of Association" to this document.

2. Changes in share capital of our Company

As at the date of incorporation, our Company had a registered capital of RMB1,000,000.

Please refer to the sections headed "History, Development and Corporate Structure — Establishment and Development of our Company" and "History, Development and Corporate Structure — **[REDACTED]** Investments" of this document for details of the alteration in our share capital within the two years immediately preceding the date of this document.

3. Resolutions of our Shareholders

Pursuant to an Extraordinary Shareholders' Meeting held on 31 July 2025, our Shareholders resolved to approve, among other things, the following:

(a) immediately upon **[REDACTED]**, the ordinary shares of our Company will be split on a one-for-eighty basis, and the nominal value of the shares will be changed from RMB1.0000 each to RMB0.0125 each;

(b) the issue of H Shares with a nominal value of RMB0.0125 each and such H Shares be **[REDACTED]** on the Stock Exchange;

(c) approving and adopting the Articles of Association, which shall only become effective from the **[REDACTED]**, and authorising the Board or any other person authorised by the Board to amend the Articles of Association according to applicable laws and regulations as well as comments and requirements from relevant governmental authorities and regulatory authorities; and

(d) approving the Board and its authorised persons to handle all matters relating to, among other things, the **[REDACTED]** and **[REDACTED]** of H Shares on the Stock Exchange.

4. Changes in share capital of subsidiaries

Our material operating subsidiaries are listed in "History, Development and Corporate Structure" in this document and all of our subsidiaries are listed in Note 15 under the Accountant's Report set out in Appendix I to this document. Save for the subsidiaries mentioned in Appendix I to this document, our Company has no other subsidiaries.

Save as disclosed below, there has been no other alteration in the share capital of any of the subsidiaries in our Company within the two years immediately preceding the date of this document:

Zhejiang Haiqing Zhiyuan Technology Co., Ltd.* (浙江海清智元科技有限公司)

Zhejiang Haiqing Zhiyuan Technology Co., Ltd.* (浙江海清智元科技有限公司) was established as a limited liability company under the laws of the PRC on 26 June 2024 with a registered share capital of RMB10 million, which was wholly-owned by our Company.

Hongkong HQVT Technology Limited (香港海清智元科技有限公司)

Hongkong HQVT Technology Limited (香港海清智元科技有限公司) was incorporated as a company with limited liability under the laws of Hong Kong on 2 September 2025 with an issued share capital of HK$1 million, which was wholly-owned by our Company.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within two years preceding the date of this document:

(a) the capital increase agreement (增資協議) dated 18 October 2024 entered into among our Company, Jinhua Jinlan Sunshine Strategy Venture Capital Partnership (Limited Partnership)* (金華市金蘭陽光韜略創業投資合夥企業(有限合夥)) ("**Jinlan Sunshine**"), Beward Invest Limited* (畢沃德貿易(深圳)有限公司) ("**Beward**"), Shenzhen Langke Investment Co., Ltd.* (深圳市朗科投資有限公司) ("**Langke Investment**"), Mr. Zhou, Mr. Chen Yonggang, Mr. Xia Dong, Zhongcheng Tianying LP, Zhongzheng Tianying LP, Zhongzhi Tianying LP, Shenzhen Taolue New Energy Equity Investment Fund Partnership Enterprise (Limited Partnership)* (深圳韜略新能源股權投資基金合夥企業(有限合夥)) ("**Taolue New Energy**"), Shenzhen Kaiying No. 9 Venture Capital Partnership (Limited Partnership)* (深圳凱盈九號創業投資合夥企業(有限合夥)) ("**Kaiying No. 9**"), Shenzhen Kaiying No. 8 Venture Capital Partnership (Limited Partnership)* (深圳凱盈八號創業投資合夥企業(有限合夥)) ("**Kaiying No. 8**"), Shenzhen HTI Venture Capital Co., Ltd.* (深圳市高新投創業投資有限公司) ("**Gaoxintou**"), Chengdu Shengao Investment Zhongxiaodan Entrepreneurship Equity Investment Fund Partnership Enterprise (Limited Partnership)* (成都深高投中小擔創業股權投資基金合夥企業(有限合夥)) ("**Chengdu Zhongxiaodan**"), Shenzhen Shenrong Ruihe Venture Capital Partnership (Limited Partnership)* (深圳深蓉瑞合創業投資合夥企業(有限合夥)) ("**Shenrong Ruihe**"), Shenzhen City Talent Innovation Venture II Equity Investment Fund Partnership (Limited Partnership)* (深圳市人才創新創業二號股權投資基金合夥企業(有限合夥)) ("**Rencai No. 2**"), Shenzhen Xiaohe Investment Partnership (Limited Partnership)* (深圳市小禾創業投資合夥企業(有限合夥)) ("**Xiaohe Investment LP**"), Shenzhen Taolue Xinwang Venture Capital Partnership Enterprise (Limited Partnership)* (深圳韜略信旺創業投資合夥企業(有限合夥)) ("**Taolue Xinwang**"), Shenzhen Kaiying No. 10 Venture Capital Partnership Enterprise (Limited Partnership)* (深圳凱盈十號創業投資合夥企業(有限合夥)) ("**Kaiying No. 10**") and Shenzhen Fuquan No. 1 Investment Partnership Enterprise (Limited Partnership)* (深圳福泉壹號投資合夥企業(有限合夥)) ("**Fuquan No. 1**"), in respect of the subscription of RMB504,461 of the registered capital of our Company by Jinlan Sunshine for a consideration of RMB60.0 million;

(b) the shareholders agreement dated 18 October 2024 entered into among our Company, Jinlan Sunshine, Beward, Langke Investment, Mr. Zhou, Mr. Chen Yonggang, Mr. Xia Dong, Zhongcheng Tianying LP, Zhongzheng Tianying LP, Zhongzhi Tianying LP, Taolue New

Energy, Kaiying No. 9, Kaiying No. 8, Gaoxintou, Chengdu Zhongxiaodan, Shenrong Ruihe, Rencai No. 2, Xiaohe Investment LP, Taolue Xinwang, Kaiying No. 10 and Fuquan No. 1, pursuant to which certain shareholder rights were agreed among the parties;

(c) the capital increase agreement (增資協議) dated 31 December 2024 entered into among our Company, Shenzhen Panhui Investment Development Co., Ltd.* (深圳市攀輝投資發展有限公司) ("**Panhui Investment**"), Beward, Langke Investment, Mr. Zhou, Mr. Chen Yonggang, Mr. Xia Dong, Zhongcheng Tianying LP, Zhongzheng Tianying LP, Zhongzhi Tianying LP, Taolue New Energy, Kaiying No. 9, Kaiying No. 8, Gaoxintou, Chengdu Zhongxiaodan, Shenrong Ruihe, Rencai No. 2, Xiaohe Investment LP, Taolue Xinwang, Kaiying No. 10, Fuquan No. 1 and Jinlan Sunshine, in respect of the subscription of RMB84,077 of the registered capital of our Company by Panhui Investment for a consideration of RMB10.0 million;

(d) the shareholders agreement dated 31 December 2024 entered into among our Company, Panhui Investment, Beward, Langke Investment, Mr. Zhou, Mr. Chen Yonggang, Mr. Xia Dong, Zhongcheng Tianying LP, Zhongzheng Tianying LP, Zhongzhi Tianying LP, Taolue New Energy, Kaiying No. 9, Kaiying No. 8, Gaoxintou, Chengdu Zhongxiaodan, Shenrong Ruihe, Rencai No. 2, Xiaohe Investment LP, Taolue Xinwang, Kaiying No. 10, Fuquan No. 1 and Jinlan Sunshine, pursuant to which certain shareholder rights were agreed among the parties;

(e) a capital increase agreement dated 18 July 2025 entered into among our Company, Shanghai No. 9 Private Investment Fund Partnership Enterprise (Limited Partnership)* (上海值得九號私募投資基金合夥企業(有限合夥)) ("**Zhide No. 9**"), Beward, Langke Investment, Mr. Zhou, Mr. Chen Yonggang, Mr. Xia Dong, Zhongcheng Tianying LP, Zhongzheng Tianying LP, Zhongzhi Tianying LP, Taolue New Energy, Kaiying No. 9, Kaiying No. 8, Gaoxintou, Chengdu Zhongxiaodan, Shenrong Ruihe, Rencai No. 2, Xiaohe Investment LP, Taolue Xinwang, Kaiying No. 10, Fuquan No. 1, Jinlan Sunshine, Panhui Investment and Hainan Kezhihua Digital Technology Co., Ltd.* (海南科智華數字技術有限公司) ("**Kezhihua**"), in respect of the subscription of RMB121,311 of the registered capital of our Company by Zhide No. 9 for a consideration of RMB50.0 million;

(f) the shareholders agreement dated 18 July 2025 entered into among our Company, Zhide No. 9, Beward, Langke Investment, Mr. Zhou, Mr. Chen Yonggang, Mr. Xia Dong, Zhongcheng Tianying LP, Zhongzheng Tianying LP, Zhongzhi Tianying LP, Taolue New Energy, Kaiying No. 9, Kaiying No. 8, Gaoxintou, Chengdu Zhongxiaodan, Shenrong Ruihe, Rencai No. 2, Xiaohe Investment LP, Taolue Xinwang, Kaiying No. 10, Fuquan No. 1, Jinlan Sunshine, Panhui Investment and Hainan Kezhihua, pursuant to which certain shareholder rights were agreed among the parties;

(g) the Deed of Indemnity;

(h) the Deed of Non-competition; and

(i) the **[REDACTED]**.

2. Intellectual property rights

i. Trademark(s)

As at the Latest Practicable Date, our Group had registered the following trademark(s) which, in the opinion of our Directors, are material to our business and are utilised in Multispectral AI Perception Terminals, Multispectral AI Large Model Services, Multispectral AI Modules and Other AI Vision Modules:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiry Date
1.	HQVT	PRC	Our Company	9	19024277	7 March 2017	6 March 2027
2.	HQVT	PRC	Our Company	35	22645363	14 February 2018	13 February 2028
3.		PRC	Our Company	35	68596320	14 June 2023	13 June 2033
4.	海清智元	PRC	Our Company	9	68596312	14 June 2023	13 June 2033
5.	海清智元	PRC	Our Company	35	68596322	14 June 2023	13 June 2033
6.		PRC	Our Company	35	58445295	14 February 2022	13 February 2032
7.		PRC	Our Company	9	58469954	14 February 2022	13 February 2032
8.		PRC	Our Company	42	64013768	7 October 2022	6 October 2032
9.		PRC	Our Company	35	63997234	7 October 2022	6 October 2032
10.		PRC	Our Company	9	64012381	7 October 2022	6 October 2032
11.	海清智元	PRC	Our Company	35	64012412	7 October 2022	6 October 2032
12.	海清智元	PRC	Our Company	42	64003515	14 October 2022	13 October 2032
13.	海清智元	PRC	Our Company	9	64007738	14 October 2022	13 October 2032
14.		PRC	Our Company	9	68581465	14 June 2023	13 June 2033
15.	海清智元	PRC	Our Company	42	68586712	14 June 2023	13 June 2033
16.		PRC	Our Company	42	68592678	14 June 2023	13 June 2033
17.	HQVT	Hong Kong	Our Company	16, 42	307017273	3 September 2025	2 September 2035
18.	海清智元	Hong Kong	Our Company	16, 42	307017282	3 September 2025	2 September 2035
19.		Hong Kong	Our Company	16, 42	307017291	3 September 2025	2 September 2035

ii. Copyright(s)

As at the Latest Practicable Date, our Group had registered the following software copyright(s) which, in the opinion of our Directors, are material to our business:

No.	Copyright	Version	Place of Application	Registration Number	First Publication Date/Registration Date	Applicable Product
1.	Face surveillance management system (人臉布控管理系統) .	V1.0	PRC	2017SR193338	22 March 2017	Multispectral AI Large Model Services

No.	Copyright	Version	Place of Application	Registration Number	First Publication Date/Registration Date	Applicable Product
2.	Video structuring management system (視頻結構化管理系統)	V1.0	PRC	2018SR194015	22 September 2017	Multispectral AI Large Model Services
3.	Multi-channel face snapshot comparison server software (多路人臉抓拍比對服務器軟件)	V1.0	PRC	2018SR1036613	28 June 2018	Other AI Vision Modules
4.	High-definition intelligent analysis system (高清智能分析系統)	V1.0	PRC	2018SR1074194	1 August 2018	Other AI Vision Modules
5.	People and vehicles cloud comprehensive management system software (人車雲綜合管理系統軟件)	V1.0	PRC	2018SR1070808	1 August 2018	Multispectral AI Large Model Services
6.	Thermal imaging dual-light temperature measurement camera system (熱成像雙光測溫攝像機系統)	V1.0	PRC	2021SR0632943	9 October 2020	Multispectral AI Perception Terminals
7.	AI algorithm computing power and scenario model application control software (AI算法算力與場景模型應用控制軟件)	V1.0	PRC	2022SR0354989	16 March 2022	Multispectral AI Modules
8.	Industrial thermal imaging embedded software (工業熱成像嵌入式軟件)	V1.0	PRC	2022SR0561132	1 January 2022	Multispectral AI Modules
9.	IVMS-6800 management system (IVMS-6800管理系統)	V1.0	PRC	2022SR0692448	1 March 2022	Multispectral AI Large Model Services
10.	Multi-spectrum NVR mobile software (多光譜NVR手機端軟件)	V1.0	PRC	2022SR0786912	1 January 2022	Multispectral AI Perception Terminals
11.	Multi-spectrum physical perception management cloud platform (多光譜物理感知管理雲平台)	V1.0	PRC	2022SR1516478	15 August 2022	Multispectral AI Large Model Services
12.	AI security large model service system (AI安全大模型服務系統)	V1.0	PRC	2024SR0208325	6 September 2023	Multispectral AI Large Model Services

No.	Copyright	Version	Place of Application	Registration Number	First Publication Date/Registration Date	Applicable Product
13.	Intelligent access control attendance management cloud platform (智能門禁考勤管理雲平台)	V1.0	PRC	2024SR0155853	2 June 2023	Multispectral AI Large Model Services
14.	F8000 comprehensive access control management system (F8000綜合門禁管理系統)	V1.0	PRC	2024SR1132116	2 June 2024	Multispectral AI Large Model Services
15.	Xiaoyuan Dazhi APP (小元大智APP)	V1.0	PRC	2024SR1308935	8 July 2024	Multispectral AI Perception Terminals
16.	Park safety protection system (園區安全防範系統)	V1.0	PRC	2025SR0452423	31 May 2024	Multispectral AI Large Model Services

iii. Patent(s)

As at the Latest Practicable Date, our Group had registered the following patent(s) which, in the opinion of our Directors, are material to our business:

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date	Applicable Product
1.	A face information collection method based on camera face recognition (一種基於攝像機人臉識別的人臉信息收集方法)	Invention	Our Company	PRC	2017105577080	10 July 2017	9 July 2037	Other AI Vision Modules
2.	Image recognition method, device, equipment, medium and product (圖像識別方法、裝置、設備、介質及產品)	Invention	Our Company	PRC	2021108678836	30 July 2021	29 July 2041	Multispectral AI Large Model Services
3.	Target recognition method, device, equipment and storage medium (目標識別方法、裝置、設備及存儲介質)	Invention	Our Company	PRC	2022100074279	6 January 2022	5 January 2042	Other AI Vision Modules
4.	A children face recognition method and system (一種兒童人臉識別方法及系統)	Invention	Our Company	PRC	2021106982259	23 June 2021	22 June 2041	Multispectral AI Modules

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date	Applicable Product
5.	Handwashing action detection method, model training method, device and electronic equipment (洗手動作檢測方法、模型訓練方法、裝置及電子設備).	Invention	Our Company	PRC	2022100515676	18 January 2022	17 January 2042	Other AI Vision Modules
6.	A method and system for high-altitude falling object recognition (一種高空墜物識別方法及系統)	Invention	Our Company	PRC	2021104702639	28 April 2021	27 April 2041	Multispectral AI Modules
7.	Coal mine personnel behaviour detection method, equipment and storage medium (煤礦人員行為檢測方法、設備及存儲介質)	Invention	Our Company	PRC	2022100120934	7 January 2022	6 January 2042	Multispectral AI Perception Terminals
8.	Face recognition method, device, recognition terminal and storage medium (人臉識別的方法、裝置、識別終端及存儲介質)	Invention	Our Company	PRC	202210119656X	9 February 2022	8 February 2042	Multispectral AI Modules
9.	Training method for panoramic segmentation model, panoramic segmentation method and device (全景分割模型的訓練方法、全景分割方法及裝置)	Invention	Our Company	PRC	2022100465075	17 January 2022	16 January 2042	Multispectral AI Perception Terminals
10.	Flame detection method and flame detection equipment (火焰檢測方法及火焰檢測設備) . . .	Invention	Our Company	PRC	2022102744148	21 March 2022	20 March 2042	Multispectral AI Perception Terminals

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date	Applicable Product
11.	Test method and device for face recognition equipment (人臉識別設備的測試方法和裝置)	Invention	Our Company	PRC	2021106393324	8 June 2021	7 June 2041	Multispectral AI Modules
12.	Image acquisition method, device, equipment and storage medium (圖像獲取方法、裝置、設備及存儲介質)	Invention	Our Company	PRC	2022102490033	15 March 2022	14 March 2042	Multispectral AI Modules
13.	Target recognition method and device (目標識別方法及裝置)	Invention	Our Company	PRC	2022102665555	18 March 2022	17 March 2042	Multispectral AI Perception Terminals
14.	Thermal imaging data processing method, device, thermal imaging photographic equipment and storage medium (熱成像數據處理方法、裝置、熱成像攝影設備及存儲介質)	Invention	Our Company	PRC	2022103359010	1 April 2022	31 March 2042	Multispectral AI Perception Terminals
15.	Multi-target pedestrian trajectory prediction model training method, prediction method and device (多目標行人軌跡預測模型訓練方法、預測方法及裝置) .	Invention	Our Company	PRC	2022102440265	14 March 2022	13 March 2042	Multispectral AI Perception Terminals
16.	Image processing method, device, equipment and system (圖像處理方法、裝置、設備及系統)	Invention	Our Company	PRC	2022104132771	20 April 2022	19 April 2042	Other AI Vision Modules
17.	Human eye state detection method, device, electronic equipment and storage medium (人眼狀態檢測方法、裝置、電子設備及存儲介質)	Invention	Our Company	PRC	2022104129124	20 April 2022	19 April 2042	Multispectral AI Modules

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date	Applicable Product
18.	Fill light control method, device, equipment and storage medium for face recognition equipment (人臉識別設備補光控制方法、裝置、設備及存儲介質)	Invention	Our Company	PRC	2022105001429	10 May 2022	9 May 2042	Multispectral AI Perception Terminals
19.	User facial expression recognition method, device and equipment (用戶面部表情識別方法、裝置和設備) . . .	Invention	Our Company	PRC	2022105414313	19 May 2022	18 May 2042	Multispectral AI Modules
20.	Image fusion processing method, device, equipment and storage medium (圖像融合處理方法、裝置、設備及存儲介質)	Invention	Our Company	PRC	2022106180144	2 June 2022	1 June 2042	Multispectral AI Modules
21.	Fire detection method and related equipment (火災檢測方法和相關設備)	Invention	Our Company	PRC	2022109297501	4 August 2022	3 August 2042	Multispectral AI Perception Terminals
22.	Method, device, equipment, medium and programme product for identifying artefacts in thermal imaging (熱成像中偽影的識別方法、裝置、設備、介質及程序產品)	Invention	Our Company	PRC	2022110365764	29 August 2022	28 August 2042	Multispectral AI Perception Terminals
23.	Handwashing guidance method, device and system based on thermal imaging (基於熱成像的洗手引導方法、裝置和系統)	Invention	Our Company	PRC	2022109135530	1 August 2022	31 July 2042	Other AI Vision Modules

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date	Applicable Product
24.	Three-dimensional animation character model generation method and device (三維動漫人物模型生成方法及裝置)	Invention	Our Company	PRC	2021115832867	22 December 2021	21 December 2041	Multispectral AI Modules
25.	Method for repelling target object, controller and aiming device (一種目標物的驅逐方法、控制器和瞄準設備)	Invention	Our Company	PRC	2022104141893	20 April 2022	19 April 2042	Other AI Vision Modules
26.	Living face recognition method based on colour image and near-infrared image (基於彩色圖像和近紅外圖像的活體人臉識別方法)	Invention	Our Company	PRC	2021100535548	15 January 2021	14 January 2041	Multispectral AI Perception Terminals
27.	A camera and face information collection method based on camera face recognition (一種攝像機及基於攝像機人臉識別的人臉信息收集方法)	Invention	Our Company	PRC	2021104381197	10 July 2017	9 July 2037	Multispectral AI Large Model Services
28.	Cross-age face recognition method and device (跨年齡人臉識別方法及設備)	Invention	Our Company	PRC	2021104302176	21 April 2021	20 April 2041	Multispectral AI Perception Terminals
29.	Human body tracking method and related equipment (人體追蹤方法和相關設備)	Invention	Our Company	PRC	2022102783918	21 March 2022	20 March 2042	Multispectral AI Perception Terminals
30.	Image processing method, device and equipment (圖像處理方法、裝置及設備)	Invention	Our Company	PRC	2022105447340	19 May 2022	18 May 2042	Multispectral AI Modules

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date	Applicable Product
31.	Image acquisition device and panoramic image acquisition method (圖像採集裝置和全景圖像的採集方法).	Invention	Our Company	PRC	202210284657X	22 March 2022	21 March 2042	Multispectral AI Modules
32.	Flame Detection Methods, Systems, Equipment, and Storage Media (火焰檢測方法、系統、設備以及存儲介質)	Invention	Our Company	PRC	2025110371608	28 July 2025	27 July 2045	Multispectral AI Perception Terminals

As at the Latest Practicable Date, our Group had applied for registration of the following patent which, in the opinion of our Directors, are material to our business:

No.	Patent Name for Application	Type	Applicant	Place of Application	Application Number	Application Date	Applicable Product
1	Path Planning Method, Device, Equipment, and Medium for Autonomous Driving Systems (用於自動駕駛系統的路徑規劃方法、裝置、設備以及介質). . . .	Invention	Our Company	PRC	2024114471206	16 October 2024	Multispectral Large Model Services
2	A Method for Fabricating a Dual-Band Uncooled Infrared Detector (一種雙波段非製冷紅外線探測器製作方法)	Invention	Our Company	PRC	2025113047023	12 September 2025	Multispectral AI Perception Terminals
3	A Rapid Method for Detecting Bacterial Species and Concentrations in Gases Using Raman Spectroscopy (基於拉曼光譜技術的氣體中細菌種類與含量快速檢測方法)	Invention	Our Company	PRC	2025116265424	7 November 2025	Multispectral AI Perception Terminals

iv. Domain name(s)

As at the Latest Practicable Date, our Group has registered the following domain names which, in the opinion of our Directors, are material to our business:

Domain name	Registrant	Registration date	Expiry date	Applicable product
hqvt.com	Our Company	6 November 2020	28 October 2027	Multispectral AI Perception Terminals, Multispectral AI Large Model Services, Multispectral AI Modules and Other AI Vision Modules
iotisyun.com	Our Company	23 June 2022	23 June 2029	Multispectral AI Perception Terminals, Multispectral AI Modules and Other AI Vision Modules

C. FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

1. Disclosure of interests

(a) Interests and short positions of the Directors and the chief executives of our Company in the shares, underlying shares and debentures of our Company and our associated corporations

As at the date of this document and immediately following completion of the Share Subdivision and the **[REDACTED]**, the interests or short positions of our Directors and the chief executive of our Company in our Shares, underlying Shares and debentures of our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Name	Capacity/ Nature of interest	Number of Shares held/interested in immediately following completion of the Share Subdivision and the [REDACTED]	Percentage of shareholding immediately following completion of the Share Subdivision and the [REDACTED]
Mr. Zhou	Beneficial owner	**[REDACTED]** H Shares (L)	**[REDACTED]**%
	Interest in a controlled corporation(1)	**[REDACTED]** H Shares (L)	**[REDACTED]**%
Mr. Chen Yonggang	Beneficial owner	**[REDACTED]** H Shares (L)	**[REDACTED]**%

Note:

(1) As at the date of this document, Zhongcheng Tianying LP held 3,301,887 Unlisted Shares, Zhongzheng Tianying LP held 240,000 Unlisted Shares of our Company and Zhongzhi Tianying LP held 154,113 Unlisted Shares of our Company, accounting for 38.34%, 2.79% and 1.79% of the equity interests in our Company. The general partner of Zhongcheng Tianying LP, Zhongzheng Tianying LP and Zhongzhi Tianying LP is Mr. Zhou, respectively. Under the SFO, Mr. Zhou is deemed to be interested in the entire Shares held by each of Zhongcheng Tianying LP, Zhongzheng Tianying LP and Zhongzhi Tianying LP.

(b) Interests and short positions of substantial shareholders in the Shares and underlying Shares of our Company

So far as is known to our Directors and taking no account of any Shares which may be taken up under the **[REDACTED]**, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Share Subdivision and the **[REDACTED]**, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of SFO or, who are, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

Name	Capacity/ Nature of interest	Number of Shares held/interested in immediately following completion of the Share Subdivision and the [REDACTED]	Percentage of shareholding immediately following completion of the Share Subdivision and the [REDACTED]
Zhongcheng Tianying LP	Beneficial owner	**[REDACTED]** H Shares (L)	**[REDACTED]**%
Zhejiang Business Venture	Interest in controlled corporation	**[REDACTED]** H Shares (L)	**[REDACTED]**%
Zheshang Capital	Interest in controlled corporation	**[REDACTED]** H Shares (L)	**[REDACTED]**%

Note:

(1) As at the date of this document, Taolue New Energy held 654,192 Unlisted Shares of our Company, Taolue Xinwang held 120,806 Unlisted Shares of our Company and Jinlan Sunshine held 504,461 Unlisted Shares of our Company. The general partner of Taolue New Energy, Taolue Xinwang and Jinlan Sunshine is Zhejiang Business Venture Capital Management (Shenzhen) Co., Ltd. (浙商創業投資管理(深圳)有限公司), respectively. Under the SFO, Zhejiang Business Venture Capital Management (Shenzhen) Co., Ltd. (浙商創業投資管理(深圳)有限公司) is deemed to be interested in the entire Shares held by each of Taolue New Energy, Taolue Xinwang and Jinlan Sunshine. The controlling shareholder of Zhejiang Business Venture Capital Management (Shenzhen) Co., Ltd. (浙商創業投資管理(深圳)有限公司) is Zheshang Venture Capital Co., Ltd. (浙商創投股份有限公司). Accordingly, Zheshang Venture Capital Co., Ltd. (浙商創投股份有限公司) is therefore be deemed or taken to be interested in the Shares in which Zhejiang Business Venture Capital Management (Shenzhen) Co., Ltd. (浙商創業投資管理(深圳)有限公司) is interested pursuant to the SFO.

2. Particulars of service agreements

Each of our Directors has entered into a service agreement with our Company. The service contracts may be renewed in accordance with their respective terms, the Articles of Association and the applicable laws, rules and regulations.

Save as disclosed above, none of our Directors has entered into, or has proposed to enter into, a service agreement with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' remuneration

Save as disclosed in the sections headed "Directors and senior management" and "Appendix I — Accountants' Report — II. Notes to the historical financial information — 10(a) Directors' and Supervisors' Remuneration and 33(c) Key Management Compensation" for FY2023, FY2024 and FY2025, none of our Directors received other remunerations of benefits in kind from our Company.

During the Track Record Period, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join our Group or as compensation for loss of office.

4. Fees or commission received

Save as disclosed in this document, none of our Directors or the experts named in the paragraph headed "D. Other Information — 7. Consents of experts" in this Appendix had received any agency fees, discounts, commissions, brokerages or other special terms 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.

5. Related party transactions

Details of the related party transactions are set out under Note 33 to the Accountants' Report set out in Appendix I to this document.

6. Disclaimers

Save as otherwise disclosed in this section:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any members of our Group;

(b) none of our Directors or the experts named in the paragraph headed "D. Other information — 6. Qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors or the experts named in the paragraph headed "D. Other information — 7. Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors or the experts named in the paragraph headed "D. Other information — 7. Consents of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(e) none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the **[REDACTED]** and the **[REDACTED]**, have any interest in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(f) none of our Directors or chief executive of our Company has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of the associated corporations (within the meaning of SFO) which, once our Shares are **[REDACTED]** on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including any interests and short positions which he will be taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of SFO, to be entered in the register referred to therein, or which

will be required, pursuant to the Model Code for Securities Transactions by Directors of Listing Companies in the Listing Rules, to be notified to our Company and the Stock Exchange;

(g) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the top five customers or the top five suppliers of our Group in each year during the Track Record Period; and

(h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. OTHER INFORMATION

1. Tax and other indemnities

Each of our Controlling Shareholders have entered into the Deed of Indemnity in favour of our Company (for itself and as trustee for each of its present subsidiaries) to provide indemnities, on a joint and several basis, in connection with, among other things:

(a) any taxation claim and the amount of any and all taxation (including tax penalty, if any) falling on any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) as well as any other claim to which any member of our Group may be subject and payable on or before the date on which the **[REDACTED]** becomes unconditional or any event, act or omission occurring or deemed to occur on or before such date whether alone or in conjunction with any other event, act, omission or circumstance whenever occurring and whether or not such Taxation or Taxation Claim is chargeable against or attributable to any other person, firm or company;

(b) all costs (including all legal costs), expenses or other liabilities which any member of our Group may reasonably incur in connection with:

(i) the investigation, assessment or the contesting of any taxation claim;

(ii) the settlement of any claim under the Deed of Indemnity;

(iii) any legal proceedings in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgment is given for any member of our Group; or

(iv) the enforcement of any such settlement or judgment falling on any member of our Group;

(c) any undeclared tax, overdue tax and any other form of tax burden (including tax burden arising from receipt, accumulation or acceptance of income, profit or gain) of any members of our Group before the date on which the **[REDACTED]** becomes unconditional; and

(d) any claim, fine or other form of liability that may arise from breach of any law, regulation and rule by any members of our Group before the date on which the **[REDACTED]** becomes unconditional.

2. Litigation

Save as disclosed in the section headed "Business — Legal Proceedings" of this document, as at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the **[REDACTED]** for the **[REDACTED]** of, and permission to **[REDACTED]** in, the Shares in issue and to be **[REDACTED]** as mentioned herein.

The Joint Sponsors have confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 3A.07 of the Listing Rules.

Our Company has entered into an agreement with each of the Joint Sponsors, pursuant to which our Company agreed to pay an aggregate amount of HK$**[REDACTED]** million to the Joint Sponsors to act as the Joint Sponsors to our Company for purposes of the **[REDACTED]**.

4. Preliminary expenses

Our Company did not incur any material preliminary expenses.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

6. Qualifications of experts

The following are the respective qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinions and/or advice which is contained in this document:

Name	Qualification
CMBC International Capital Limited	A corporation licenced under SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under SFO
SPDB International Capital Limited	A corporation licenced under SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under SFO
Confucius International CPA Limited	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
AllBright Law Offices (Shenzhen)	Legal advisers to our Company as to PRC law

Name	Qualification
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
AllBright Law Offices (Shanghai)	Legal advisers to our Company as to PRC data compliance law
DeHeng Law Offices	Legal advisers as to U.S. export controls and sanctions

7. Consents of experts

Each of the above experts has given and has not withdrawn their respective consent to the issue of this document with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

8. Binding effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

9. No material adverse change

Save for the expenses expected to be incurred in connection with the **[REDACTED]**, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 31 December 2025 (being the date to which the latest audited financial statements of our Group were made up), and there is no event since 31 December 2025 which would materially affect the information shown in our consolidated financial information included in the Accountants' Report set forth in Appendix I to this document.

10. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

11. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no share or loan capital of our Company or any of the subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of the subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of the subsidiaries;

(iii) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares or debenture of any of our Company or the subsidiaries;

(iv) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued; and

(v) no share or loan capital of our Company or any of the subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(b) Save as disclosed in the section headed "**[REDACTED]**" in this document, none of the parties listed in the paragraph headed "Consents of experts" in this Appendix is interested legally or beneficially in any securities of our Company or any of its subsidiaries; or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities of our Company or any of its subsidiaries;

(c) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this document;

(d) No company within our Group is presently listed on any stock exchange or traded on any trading system;

(e) Our Group has no outstanding convertible debt securities;

(f) Our Company is a joint stock limited company and is subject to the PRC Company Law;

(g) Our Company has adopted a code of conduct regarding Directors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules; and

(h) The English text of this document shall prevail over the Chinese text.

12. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Financial Adviser

China Harbour International Capital Limited has been appointed by our Company as the financial adviser to our Company in respect of the **[REDACTED]**. China Harbour International Capital Limited is a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activities under the SFO.

The fee (the "**Service Fee**") payable by us for the services of our Financial Adviser is HK$2.2 million. This Service Fee was negotiated between our Company and our Financial Adviser and was determined after comprehensive consideration of factors, such as the scope of services, the level of responsibility of the personnel involved, the duration of services, and the manpower and time costs expected to be incurred in providing the services. The service period commenced on the date of the service agreements to six months after the **[REDACTED]**. During the service period, our Financial Adviser will (a) advise us on shareholding structure restructuring, and assist us in setting up relevant structure; (b) provide us guidance prior to the **[REDACTED]**, recommend and coordinate with professional parties involved in the **[REDACTED]**; (c) assist our Company in communicating with **[REDACTED]** prior to the **[REDACTED]** regarding financing matters; and (d) provide advice to our Company concerning circulation of our Shares following the **[REDACTED]**.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to in "Appendix VI — Statutory and General Information — D. Other Information — 7. Consents of Experts;" and

(b) a copy of the material contract referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.hqvt.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report and the report on the unaudited **[REDACTED]** financial information prepared by Confucius International CPA Limited, the texts of which are set out in Appendices I and II to this document;

(c) the audited consolidated financial statements of our Company as have been prepared for the companies comprising our Group for FY2023, FY2024 and FY2025;

(d) the PRC legal opinion issued by AllBright Law Offices (Shenzhen), our PRC Legal Advisers in respect of the general matters and property interests of our Company in the PRC;

(e) the legal memorandum issued by AllBright Law Offices (Shanghai), the legal advisers to our Company as to PRC data compliance law in respect of the data compliance of our Company in the PRC;

(f) the legal memorandum issued by DeHeng Law Offices, our legal advisers as to U.S. export controls and sanctions;

(g) the market research report prepared by Frost & Sullivan on the overview of the industry in which our Group operates;

(h) the material contracts referred to the section headed "Statutory and General information — B. Further Information about Our business — 1. Summary of Material Contracts" in Appendix VI to this document;

(i) the written consents referred to in the section headed "Statutory and General Information — D. Other Information — 7. Consents of Experts" in Appendix VI to this document;

(j) the service agreements with each of our Directors referred to in the paragraph headed "Statutory and General Information — C. Further Information about Directors and Shareholders — 2. Particulars of Service Agreements" in Appendix VI to this document; and

(k) PRC Company Law, the PRC Securities Law, the Guidelines for Articles of Association of Listed Companies, the Overseas Listing Trial Measures together with their unofficial English translation.