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Application Proof of
Aqara International Ltd
(the “Company”)

(A company incorporated in the Cayman Islands with limited liability)

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Aqara International Ltd

(A company incorporated in the Cayman Islands with limited liability)

[REDACTED]

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

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

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

[REDACTED] : HK[REDACTED] per Share plus brokerage of
1.0%, SFC transaction levy of 0.0027%, Stock
Exchange trading fee of 0.00565%, and AFRC
transaction levy of 0.00015% (payable in full
on application in Hong Kong dollars, subject
to refund)

Par Value : US\$0.0001 per Share

[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]



华泰国际
HUATAI INTERNATIONAL

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The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us on or around [REDACTED]. If, for any reason, the [REDACTED] is not agreed by 12:00 noon on [REDACTED], the [REDACTED] will not proceed and will lapse. The [REDACTED] will be no more than [REDACTED] per [REDACTED] and is currently expected to be no less than [REDACTED] per [REDACTED] unless otherwise announced.

The [REDACTED] (for itself and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being offered under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, a notice of the reduction in the number of [REDACTED] and/or the [REDACTED] will be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.aqara.com not later than the morning of the last day for lodging applications under the [REDACTED]. See “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” for further details. If applications for [REDACTED] have been submitted prior to the day which is the last day for lodging applications under the [REDACTED], then such applications can be subsequently withdrawn if the number of [REDACTED] and/or the [REDACTED] is so reduced.

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

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in “Risk Factors.”

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

[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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SUMMARY

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

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

OVERVIEW

We are a pioneer in building the foundational operating system for spatial intelligence, an emerging paradigm that transforms physical environments into computable, adaptive and continuously evolving systems powered by AI. Rather than viewing smart homes and buildings as collections of connected devices, we model and operate spaces as unified, semantic systems where “space, people, devices and behaviors” are represented, understood and acted upon through a consistent computational framework. This shift—from controlling devices to operating space—defines the next generation of the industry.

Our products and solutions are designed as a unified operating layer spanning device, edge and cloud. At the device level, intelligent sensors and controllers provide perception and actuation capabilities. At the edge level, hubs coordinate local intelligence and ensure reliability and low latency. At the system level, Aqara Studio orchestrates cross-device collaboration, semantic modeling and AI-driven decision-making. At the experience level, applications and interfaces provide intuitive access to spatial intelligence through natural interaction.

This layered yet unified architecture enables us to bridge fragmented protocols and ecosystems. Through capability mapping, diverse standards such as Matter, Zigbee, Wi-Fi, KNX, BACnet, OPC UA, Modbus, and even proprietary protocols are normalized into a consistent semantic model, enabling seamless interoperability and scalable system design across residential and commercial environments.

We are not simply delivering products; we are building a spatial intelligence infrastructure that serves as a platform for continuous innovation. By transforming physical spaces into programmable and intelligible systems, we unlock new possibilities in energy optimization, health and well-being, safety, and human-centric experience design.

Our platform is inherently extensible and ecosystem-driven. Through standardized APIs, modular components and developer tools, we enable system integrators, developers and partners to build, deploy and operate applications on top of our spatial intelligence platform. Over time, this creates a network effect where data, models and applications continuously enrich the system.

Spatial intelligence represents a fundamental shift in how technology interacts with the physical world. As the industry transitions from device connectivity to AI-driven space operation, we believe the ability to model, understand and govern physical environments through a unified semantic and execution framework will become the key determinant of long-term value. We have achieved breakthrough innovations across the four essential spatial intelligence technological capabilities; these capabilities are supported by a unified framework for coordinating devices, contexts and actions across residential and commercial environments. Our **recognition & perception** technologies achieve comprehensive real-time awareness of human, objects, physical spaces and environmental conditions with superior precision. Our **cognition & decision-making** technologies enable truly personalized proactive and anticipatory services by learning user behaviors and dynamically translating complex contexts into optimized, scenario-specific action commands. Our **execution & reshaping** technologies convert these decisions into actions to be executed through terminal devices, while the seamless integration of these devices into a diverse range of environments with sufficient

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redundancy. Central to the integration of these three dimensions of spatial intelligence are our **connectivity & convergence** technologies, which feature comprehensive multi-protocol capabilities, covering Zigbee, Wi-Fi and Matter, among others. Together, these technologies enable our platform to move beyond passive control to deliver proactive human-centric spatial intelligence that fundamentally reshapes how spaces respond to human needs. We consistently invest significantly in research and development to maintain our technological strength and drive innovation across all dimensions of spatial intelligence. These sustained investments have enabled us to build a substantial intellectual property portfolio, with 1,262 granted patents and 549 pending patents as of December 31, 2025, evidencing the depth and breadth of our technological capabilities.

We have achieved significant milestones in human-centric spatial intelligence:



- (1) According to Frost & Sullivan, we are the world’s largest PRC-based human-centric spatial intelligence infrastructure provider based on revenue in 2024.
- (2) According to Frost & Sullivan, our product count ranks first as of Latest Practicable Date among PRC players in the human-centric spatial intelligence infrastructure industry, covering 50+ categories and 2,200+ SKUs.
- (3) Included in the Hurun Report’s list of Global Unicorns from 2022 to 2025.
- (4) As of December 31, 2025.
- (5) According to Frost & Sullivan, we ranked No. 1 by sales in the smart switch category on Tmall and JD.com, No. 1 by sales in the smart gateway category on Amazon U.S. and No. 1 by sales in the smart sensor category on Amazon Germany.

We have established a truly international commercialization and sales footprint at scale. Overseas revenue from Aqara-branded spatial intelligence products and solutions achieved a CAGR of 28.7% from 2023 to 2025. In addition, overseas revenue constitutes an increasingly significant portion of our revenue from Aqara-branded products and solutions, growing from 42.2% in 2023 to 66.5% in 2025. Our strong overseas growth is supported by our comprehensive global sales network covering over 90 countries and regions outside the PRC through a multi-channel strategy that integrates online and offline retail operations, including our strategic partnerships with premier global retailers and major e-commerce platforms. In China, we have built the largest sales network for human-centric spatial intelligence, according to Frost & Sullivan, with over 500 Aqara Home experience stores across more than 210 cities in 31 provinces, complemented by

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active presence on major e-commerce platforms. As of December 31, 2025, our combined global sales channels have enabled us to serve over 15 million users worldwide.

Our products and solutions are deeply integrated with household brands such as Amazon, Apple, Google, LG, Samsung and Xiaomi. In particular, we have achieved one of the most comprehensive integrations with the Apple Home ecosystem, with more than 340 product models under 15 product categories integrated into the Apple Home ecosystem, natively supporting Apple-specific features such as HomeKit Secure Video, Adaptive Lighting, Adaptive Temperature and Home Key. Our comprehensive integration with Apple includes full device support for the Apple ecosystem. Such deep integration with household brands demonstrates our ability to meet the stringent technical and quality standards of the world’s most well-known companies while continuing to drive our own innovation.

During the Track Record Period, we achieved steady expansion, with revenue reaching RMB1,471.6 million in 2025. We have experienced significant growth in revenue from our proactive AI-driven products and solutions, which increased from RMB465.7 million in 2023 to RMB907.3 million in 2025, representing a CAGR of 39.6%. Our gross profit margin ascended from 29.7% in 2023 to 33.8% in 2024, and further surged to 38.4% in 2025. We incurred net losses during the Track Record Period. Our loss for the period was RMB159.5 million, RMB230.8 million and RMB322.4 million in 2023, 2024 and 2025, respectively. However, we have achieved profitability on an adjusted basis since 2023. Our adjusted profit (non-IFRS measure) was RMB45.3 million in 2023, RMB113.1 million in 2024 and RMB56.9 million in 2025.

Market Opportunities

Spatial intelligence refers to the seamless integration of AI within physical environments, enabling them to perceive, interpret and coordinate interactions among people, objects and spaces. Unlike traditional IoT systems, which operate based on preset rules and isolated devices, spatial intelligence incorporates AI to create collaborative, scenario-driven environments that can sense real-world conditions, interpret user intentions and make autonomous decisions in real-time. While AI has made significant progress in virtual domains, its true potential is only unlocked when the gap between digital intelligence and the physical spaces is bridged to achieve spatial intelligence.

As spatial intelligence continues to advance, human-centric spaces — which encompass residential and commercial spaces — have emerged as the most natural and promising domain for its development. Human-centric spaces are characterized by a high density of physical interactions, diverse behavioral scenarios, a wide array of intelligent devices and increasingly complex user demands — all of which create ideal conditions for the application and evolution of spatial intelligence. According to Frost & Sullivan, the global market for human-centric spatial intelligence products and solutions is projected to reach RMB10,143.0 billion by 2030, reflecting a CAGR of 14.7% from 2025 to 2030.

Human-centric spatial intelligence products and solutions consist of two key segments: infrastructure (which forms the foundational backbone comprising sensors, hubs and controllers) and terminal devices. The infrastructure segment represents the fastest-growing subsegment, driven by rapid advances in AI technologies, rising user demand for intelligent experiences and strong policy support for “AI+” initiatives. In particular, the infrastructure segment occupies the central strategic position as the foundational layer that enables and orchestrates all terminal devices, allowing diverse devices and services to be built upon it, generating compounding network effects as adoption scales. Furthermore, once deployed, infrastructure creates substantial switching costs and customer lock-in due to its embedded nature, resulting in high retention and recurring revenue opportunities. According to Frost & Sullivan, the global human-centric spatial intelligence infrastructure market is expected to reach a revenue of RMB1,859.3 billion by 2030, representing a CAGR of 18.6% from 2025. Growth in the PRC is expected to be equally strong, supported by robust national AI strategies, smart city initiatives and accelerated deployment of spatial intelligence technologies. The PRC market is projected to reach a revenue of RMB418.7 billion by 2030, representing a CAGR of 20.9% from 2025, according to the same source.

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The increasing adoption of proactive AI is the defining characteristic of the spatial intelligence era. Proactive AI enables intent-driven control, predictive services and autonomous optimization, delivering significantly higher levels of efficiency, personalization and user experience across human-centric spaces. The application of proactive AI to spatial intelligence infrastructure began to take shape in 2023. After a period of steady initial growth from 2023 to 2025, a phase of rapid acceleration is projected to begin over the next several years, fueled by multiple factors, including policy support, technological advancements, greater ecosystem openness, cross-platform interoperability and continuous improvements in user experience and service innovation — collectively driving the market to an inflection point and launching a new phase of expansion. According to Frost & Sullivan, global penetration rates of proactive AI adoption in human-centric spatial intelligence infrastructure were 8.0% and 7.2% in residential and commercial spaces, respectively, in 2025 and are expected to increase to 62.5% and 46.0%, respectively, 2030.

According to Frost & Sullivan, we are the largest China-based provider of proactive AI-driven human-centric spatial intelligence infrastructure and one of the largest globally in terms of revenue in 2024. As the pioneer and leader in the foundational segment of human-centric spatial intelligence infrastructure, we are uniquely positioned to capture the growth opportunities from the continued expansion and evolution of the spatial intelligence industry.

OUR PRODUCTS AND SOLUTIONS

We offer a comprehensive portfolio of products and solutions through which we pioneer the systemization and commercialization of human-centric spatial intelligence at scale. We offer Aqara-branded products and solutions that integrate hardware, software and AI algorithms to deliver human-centric spatial intelligence, supplemented by our ODM offerings that serve partner brands such as Xiaomi. Our Aqara-branded products and solutions are built on three core product categories that work in concert to form an end-to-end spatial intelligence infrastructure. As of December 31, 2025, our product matrix comprised over 50 categories and more than 2,200 SKUs, with cumulative activation exceeding 56 million devices.

- **Sensors:** These products have the ability to “recognize & perceive” spaces. They achieve high-precision detection of human behaviors and objects, spatial dynamics and environmental conditions. Key products include AI-empowered high precision scene sensors, intelligent cameras, smart sleep monitor strips, door and window sensors, vibration sensors, motion sensors, temperature and humidity sensors, air quality monitoring panels, smoke detectors and more.
- **Hubs:** These products have “cognition & decision-making” capabilities. They serve as the central nodes for device connectivity and computational processing, enabling proactive and cross-device collaboration. Key products include smart gateways and smart screens.
- **Controllers:** These products have the ability to “execute & reshape” the space. They execute actions and achieve proactive and personalized transformation of the spatial environment. Key products include intelligent switches and sockets, lighting-controlling modules and lights, door locks, curtain motors and thermostats.

These hardware products are unified through the Aqara App, which provides the user interface for controlling and managing all devices, with our AI Copilot embedded to enhance user interaction. Anchoring our portfolio of spatial intelligence products and solutions is Aqara Studio, our proprietary operating system that orchestrates cross-device collaboration and enables rapid deployment of solutions.

Leveraging on our sensors, hubs, controllers, Aqara App and Aqara Studio, our full-stack and close-loop products and solutions enable diverse spatial intelligence functions, such as lighting, health monitoring, security and protection, HVAC and low carbon and energy saving.

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OUR TECHNOLOGIES

Spatial intelligence represents a fundamental shift from “connecting devices” to “operating spaces.” This shift requires not only advances in sensing, computing and control, but also a unified system capable of modeling, understanding and safely executing actions in the physical world.

Our technological foundation is built on an integrated AI-native architecture composed of four tightly coupled layers: *Ontology* (semantic definition), *Graph* (state and structure), *Skills* (governed execution) and *Telemetry* (feedback and learning). Together, these layers form a closed-loop system that enables physical environments to perceive, reason, act and continuously improve over time.

At the core of this architecture is an ontology defined through Objects, Relations, Actions and Policies (“**ORAP**”), which provides a unified semantic model for representing physical space. This model abstracts heterogeneous devices, protocols and data into a consistent, machine-understandable representation, allowing the system to operate on spatial concepts such as rooms, zones, functions and intents rather than device-level primitives.

This ontology is materialized through the Home Graph, which serves as the single source of truth for spatial structure, device topology, real-time states and operational constraints. The Home Graph provides a consistent, queryable and subscribable model across device, edge and cloud layers, ensuring system-wide coherence, traceability and interpretability.

On top of the Home Graph, all operations are executed through standardized Skills, which encapsulate control, automation and configuration under explicit policy constraints. This governed execution model ensures that all actions are safe, auditable and reversible.

Finally, a unified Telemetry layer captures the full lifecycle of system interactions - from intent and context to execution and outcome - enabling continuous feedback, system optimization and AI-driven learning. Through this closed-loop mechanism, the system continuously adapts and improves its performance over time.

Through the integration of Ontology, Graph, Skills and Telemetry, our platform establishes a complete “understand-execute-learn” cycle, enabling AI agents to safely operate and continuously optimize physical environments at scale.

Specifically, our spatial intelligence technologies include four essential capabilities — “*recognition & perception*,” “*cognition & decision-making*,” “*execution & reshaping*” and “*connectivity & convergence*.” We have developed breakthrough technologies across each of these critical dimensions.

OUR COMPETITIVE STRENGTHS

We believe the following strengths position us well to capitalize on future industry opportunities and achieve sustained growth:

- Pioneer and Leader in Human-Centric Spatial Intelligence Infrastructure
- Proprietary Human-Centric Spatial Intelligence Technologies Creating a Deep Competitive Moat
- Successful Commercialization Across Residential and Commercial Spaces
- Comprehensive Integration with Apple Ecosystem and Significant Apple Store Presence
- Strong International Growth Supported by Robust Overseas Multi-channel Sales Network

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- Products’ Interoperability within the Ecosystem and Pioneering Standards Leadership
- Experienced Management and Innovation-Driven Culture

OUR STRATEGIES

We plan to pursue the following strategies:

- Deepen AI-Native Capabilities
- Broaden Human-Centric Spatial Intelligence Application Scenarios
- Accelerate Global Market Expansion
- Drive Growth and Foster Innovation through Open Collaboration with Ecosystem Participants

SALES, SERVICES, DISTRIBUTION AND MARKETING

We adopt an integrated omni-channel strategy that combines an offline sales network and online channels, enabling us to serve customers wherever and however they prefer to engage. Given the nature of infrastructure products, our offline presence, comprising consultants and technicians across experience stores, remains essential for in-person needs assessment, scenario-based solution design, installation, maintenance and lifecycle support. At the same time, in response to evolving consumer spending preferences and the increasing digitization of purchasing behavior, we have expanded our online footprint through our official website, official flagship stores and distributors on leading e-commerce platforms. Together, these complementary channels ensure that customers receive expert guidance and end-to-end service offline, while benefiting from the accessibility, convenience and scale of our online ecosystem.

OUR CUSTOMERS AND SUPPLIERS

We have established a broad and diversified customer base. In 2023, 2024 and 2025, total revenue from our five largest customers was RMB615.0 million, RMB629.1 million and RMB571.5 million, respectively, accounting for 42.7%, 42.3% and 38.9% of our total revenue, respectively. In the same years, revenue from our single largest customer in each year during the Track Record Period was RMB471.6 million, RMB501.5 million and RMB477.0 million respectively, accounting for 32.8%, 33.7% and 32.4% of our total revenue, respectively.

We have developed and maintained relationships with some of the most reputable and trusted suppliers. We work closely with our suppliers to ensure timely availability and delivery of materials and products. During the Track Record Period, our purchases from our five largest suppliers accounted for 21.7%, 19.9% and 19.3% of our total purchases in 2023, 2024 and 2025, respectively, while our purchase from the largest supplier accounted for 7.3%, 6.4% and 4.9% of our total purchases, respectively, for the same years. During the Track Record Period, our suppliers generally granted us a credit term of 30 to 60 days.

COMPETITION

The markets for IoT products are traditionally characterized by fragmented competition centered around individual devices, features and price-performance trade-offs. However, as the industry transitions from device connectivity to AI-driven spatial intelligence, competition is increasingly shifting from standalone products to integrated systems capable of modeling, understanding and operating physical environments.

SUMMARY

We differentiate ourselves by positioning not as a device vendor, but as a provider of a full-stack spatial intelligence operating system. Our platform integrates hardware, edge computing, cloud infrastructure and AI into a unified semantic and execution framework, enabling spaces to function as coherent, adaptive and continuously evolving systems rather than collections of isolated devices.

Unlike traditional vertically integrated solutions that remain closed and device-centric, our architecture combines end-to-end system integration with an open, extensible platform. This approach enhances user experience through seamless orchestration across devices and scenarios, while also enabling developers, system integrators and ecosystem partners to build on top of our platform, expanding functionality and accelerating innovation.

RISK FACTORS

Our business and the [REDACTED] involve certain risks, which are set out in the section headed “Risk Factors.” You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- Our business may be adversely affected if we fail to introduce new products and solutions on a timely basis to adapt to rapidly evolving customer needs and advancements in technology.
- Our growth and profitability depend on economic conditions in the PRC and our other key markets.
- We operate in a highly competitive environment and failure to compete successfully would adversely affect our market position, business and financial results.
- Majority of our products are manufactured by our OEM suppliers and our products are subject to risks associated with manufacturing outsourcing.
- We depend on a large number of third-party suppliers for key raw materials, components and manufacturing equipment, and any disruption in their supply or significant increase in their prices will negatively affect our business.
- Xiaomi is our largest customer which purchases products from us. Any deterioration of our relationship with Xiaomi could have a negative impact on our revenues and harm our business.
- Our success depends on our ability to maintain and expand our offline and online sales channels.
- Changes in international trade policies, geopolitics and trade protection measures, export control, and economic or trade sanctions may affect our business, financial condition and results of operations.
- If we fail to develop, maintain and enhance recognition of our brand, our business and results of operations may be adversely affected.
- We recorded net operating cash outflow, losses and net current liabilities during the Track Record Period.
- Our business and prospects may be harmed if we cannot adequately protect our intellectual property rights and litigation to protect our intellectual property rights may be costly and may not be resolved in our favor.

SUMMARY

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, there had been no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

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

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	1,439,385	1,488,573	1,471,628
Cost of sales	(1,011,580)	(985,463)	(907,239)
Gross profit	427,805	503,110	564,389
Research and development expenses	(172,804)	(183,262)	(233,728)
Selling and distribution expenses	(183,657)	(200,655)	(235,072)
Administrative expenses	(93,010)	(91,939)	(119,708)
Other income and gains	61,021	78,889	64,458
Impairment losses of financial assets, net	(213)	(666)	(2,237)
Share of losses of investments accounted for using equity method	(2,346)	(1,855)	(3,152)
Other expenses	(6,629)	(577)	(12,914)
Operating income	30,167	103,045	22,036
Finance costs	(2,879)	(4,422)	(3,679)
Fair value changes of convertible redeemable preferred shares	(185,554)	(328,120)	(338,974)
Loss before tax	(158,266)	(229,497)	(320,617)
Income tax expenses	(1,216)	(1,268)	(1,786)
Loss for the year	(159,482)	(230,765)	(322,403)

For a detailed discussion of the major components of our consolidated statements of profit or loss during the Track Record Period, see “Financial Information — Description of Major Components of Our Results of Operations.”

SUMMARY

Non-IFRS Financial Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted 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 combined results of operations in the same manner as it helps our management. However, such non-IFRS financial measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as substitute for analysis of our results of operations or financial condition as reported under IFRS.

We define adjusted profit (non-IFRS measure) as the loss for the year adjusted by share-based compensation expenses, fair value losses of convertible redeemable preferred shares and [REDACTED] expenses. The following table reconciles our adjusted profit (non-IFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with IFRS for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	(159,482)	(230,765)	(322,403)
Adjusted for:			
Share-based compensation expenses	19,221	15,748	23,018
Fair value losses of convertible redeemable preferred shares	185,554	328,120	338,974
[REDACTED] expenses	—	—	17,265
Adjusted profit (non-IFRS measure)	45,293	113,103	56,854

Revenue Breakdown by Types of Products and Solutions

During the Track Record Period, our revenue was primarily derived from the sale of our spatial intelligence products and solutions, particularly those under our “Aqara” brand.

The following table sets forth our revenue breakdown by type of products and solutions in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Aqara-branded spatial intelligence products and solutions	899,925	62.6	918,474	61.7	946,517	64.3
Sensors	256,021	17.8	235,823	15.8	308,196	20.9
Hubs	81,728	5.7	108,909	7.3	113,311	7.7
Controllers	562,176	39.1	573,742	38.6	525,010	35.7
ODM products	518,784	36.0	543,014	36.5	496,701	33.8
Others ⁽¹⁾	20,676	1.4	27,085	1.8	28,410	1.9
Total	1,439,385	100.0	1,488,573	100.0	1,471,628	100.0

Note:

- (1) Others mainly included the provision of installation services, IoT platform development services and other services, and sales of supplementary parts.

SUMMARY

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents gross profit divided by our revenue, expressed as a percentage. In 2023 and 2024 and 2025, we had gross profit of RMB427.8 million, RMB503.1 million and RMB564.4 million, respectively, accounting for gross profit margin of 29.7%, 33.8% and 38.4%, respectively.

The following table sets forth our gross profit and gross profit margin breakdown by type of products and solutions for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Aqara-branded spatial intelligence products and solutions	366,882	40.8	397,492	43.3	418,551	44.2
- Chinese Mainland	178,173	34.2	134,910	33.6	104,244	32.8
- Overseas	188,709	49.7	262,582	50.8	314,307	50.0
ODM Products	55,980	10.8	98,428	18.1	134,187	27.0
Others ⁽¹⁾	4,943	23.9	7,190	26.5	11,651	41.0
Total	427,805	29.7	503,110	33.8	564,389	38.4

Note:

- (1) Others mainly included the provision of installation services, IoT platform development services and other services, and sales of supplementary parts.

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2023	2024	2025
<i>(RMB in thousands)</i>			
Total current assets	1,077,925	1,185,544	1,057,189
Total non-current assets	140,690	141,057	86,132
Total assets	1,218,615	1,326,601	1,143,321
Total current liabilities	3,052,561	3,416,912	3,483,021
Total non-current liabilities	9,650	7,267	8,201
Total liabilities	3,062,211	3,424,179	3,491,222
Net liabilities	(1,843,596)	(2,097,578)	(2,347,901)
Share capital	—	—	—
Reserves	(1,843,596)	(2,097,578)	(2,347,901)
Total equity	(1,843,596)	(2,097,578)	(2,347,901)
Total liabilities and equity	1,218,615	1,326,601	1,143,321

For a detailed discussion of our current assets and current liabilities during the Track Record Period, see “Financial Information — Discussion of Key Items of Our Consolidated Statements of Financial Position.”

SUMMARY

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash from/(used in) operating activities	65,116	288,603	(73,408)
Net cash from/(used in) investing activities	(171,145)	(174,193)	262,922
Net cash (used in) financing activities	(12,086)	(137,313)	(142,676)
Net increase/(decrease) in cash and cash equivalents	(118,115)	(22,903)	46,838
Cash and cash equivalents at the beginning of the year	568,867	455,289	435,341
Effect of foreign exchange rate changes, net	4,537	2,955	(5,430)
Cash and cash equivalents at the end of the year	455,289	435,341	476,749

Key Financial Ratios

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

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	29.7%	33.8%	38.4%
Adjusted profit margin (non-IFRS measure) ⁽²⁾	3.1%	7.6%	3.9%
Current ratio ⁽³⁾	0.4	0.3	0.3
Quick ratio ⁽⁴⁾	0.2	0.2	0.2

Notes:

- (1) Calculated by dividing gross profit by revenue for the year multiplied by 100%.
- (2) Calculated by dividing adjusted profit for the year (non-IFRS measure) by revenue for the year multiplied by 100%.
- (3) Calculated by dividing total current assets by total current liabilities as of the end of the year.
- (4) Calculated by dividing total current assets minus inventory and prepayments, other receivables and other assets by total current liabilities as of the end of the year.

[REDACTED] INVESTORS

We received multiple series of equity financing from our [REDACTED] Investors to support our expanding business operations. See “History, Development and Corporate Structure — [REDACTED] Investments” for details.

[REDACTED]

SUMMARY

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately [REDACTED], after deducting [REDACTED] commissions and other estimated expenses paid and payable by us in connection with the [REDACTED] and based upon an [REDACTED] of [REDACTED], being the mid-point of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per [REDACTED], and assuming no exercise of the [REDACTED].

We intend to use the [REDACTED] we will receive from the [REDACTED] for the following purposes:

- Approximately [REDACTED], or approximately [REDACTED], of the [REDACTED] will be allocated for research and development purposes, aiming to continue upgrading our technology capabilities in products and in various spatial intelligence application scenarios. We believe such investment will allow us to maintain our technological leadership while expanding and optimizing our portfolio of products and solutions. The rapid evolution of the spatial intelligence industry in the era of AI requires us to enhance our competitiveness across hardware and software by making research and development a top priority. The details of our contemplated plan for research and development are as follows.
 - o Enriching and strengthening the product performance: Approximately [REDACTED], or approximately [REDACTED], of the [REDACTED] will be allocated for developing three key technology clusters that are core to our competitive advantage in the next three years. .

SUMMARY

- o Expanding the application scenarios of our products and solutions: Approximately [REDACTED], or approximately [REDACTED], of the [REDACTED] will be allocated for expanding the application scenarios of our products and solutions in the next three years.
- Approximately [REDACTED], or approximately [REDACTED], of the [REDACTED] will be allocated for expanding sales channels and enhancing our brand awareness in the next three years.
- Approximately [REDACTED], or approximately [REDACTED], of the [REDACTED] will be allocated as a supplement to our working capital and other general corporate purposes.

For details, see “Future Plans and Use of [REDACTED]” in this document.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately [REDACTED] (assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), representing [REDACTED] of the [REDACTED] (based on the mid-point of our indicative [REDACTED] range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] expenses of RMB21.7 million, of which RMB17.3 million was charged to the consolidated statements of profit or loss as administrative expenses and approximately RMB4.4 million was capitalized as deferred expenses in the consolidated statements of financial position as of December 31, 2025 to be charged against equity upon the [REDACTED]. We expect to incur additional [REDACTED] expenses of [REDACTED], of which [REDACTED] is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and [REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our [REDACTED] expenses are composed of (i) [REDACTED] commission of [REDACTED], and (ii) non-[REDACTED] related expenses of [REDACTED], which consist of fees and expenses of legal advisers and reporting accountants of [REDACTED] and other fees and expenses of [REDACTED].

DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries.

During the Track Record Period, we had not declared or paid any dividend. In addition, we do not have any dividend policy and have no present plan to pay any dividends to our Shareholders in the foreseeable future. However, we may distribute dividends in the future by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. As advised by our legal adviser as to the laws of the Cayman Islands, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this would not result in us being unable to pay our debts as they fall due in the ordinary course of business.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that as of the date of this document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of our latest audited financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in “Glossary of technical terms”.

“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“Angel Investors”	Shunwei High Tech Limited and Red Better Limited
“Aqara US” or “Aqara, LLC”	Aqara, LLC (previously known as Aqara Inc.) a limited liability company established in Delaware, United States, on July 15, 2019, a wholly-owned subsidiary of our Company
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on [REDACTED] with effect from the [REDACTED], a summary of which is set out in “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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
[REDACTED]	[REDACTED]
“Cayman Companies Act” or “Companies Act”	the Companies Act (2026 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

[REDACTED]

DEFINITIONS

[REDACTED]

“China”, “PRC” or “Chinese Mainland”

the People’s Republic of China, and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

“Class A Ordinary Shares”

class A ordinary shares of par value of US\$0.0001 each, each of which is entitled to exercise one vote on resolutions tabled at the Company’s general meeting prior to Listing, to be redesignated as Ordinary Shares upon [REDACTED]

“Class A+ Ordinary Shares”

class A+ ordinary shares of par value of US\$0.0001 each, each of which is entitled to exercise three votes on resolutions tabled at the Company’s general meeting prior to Listing, to be converted to Class A Ordinary Shares on an one-for-one basis and redesignated as Ordinary Shares upon [REDACTED]

“Class B Ordinary Shares”

class B ordinary shares of par value of US\$0.0001 each, each of which is entitled to exercise one vote on resolutions tabled at the Company’s general meeting prior to Listing, to be converted to Class A Ordinary Shares on an one-for-one basis and redesignated as Ordinary Shares upon [REDACTED]

“Companies Ordinance”

the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”

the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”, “our Company”, “the Company”, “we”, “our” or “us”	Aqara International Ltd, previously known as Lumi International Ltd, an exempted company with limited liability incorporated in the Cayman Islands on April 10, 2015
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion and Redesignation”	conversion and redesignation of Class A Ordinary Shares, Class A+ Ordinary Shares, Class B Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series B+ Preferred Shares, Series B2 Preferred Shares and Series C Preferred Shares into Ordinary Shares
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“ECY Investments” or “ECY”	ECY Investments LLC, a limited liability company established in the United States which is ultimately controlled by Mr. You, one of the Single Largest Group of Shareholders
“Eigenstone”	Eigenstone Technology Co., Ltd. (愛根斯通科技有限公司), a company established in the PRC on September 8, 2015, a wholly-owned subsidiary of our Company
“ESG”	environmental, social and governance
“ESOP Entities”	ESOP I, ESOP II and ESOP III
“ESOP I”	Aqara ESOP Platform I Limited, a limited liability company incorporated under the laws of the British Virgin Islands for the purposes of implementing the [REDACTED] Employee Share Option Plan, and a shareholder of our Company
“ESOP II”	Aqara ESOP Platform II Limited, a limited liability company incorporated under the laws of the British Virgin Islands for the purposes of implementing the [REDACTED] Employee Share Option Plan, and a shareholder of our Company
“ESOP III”	Aqara ESOP Platform III Limited, a limited liability company incorporated under the laws of the British Virgin Islands for the purposes of implementing the [REDACTED] Employee Share Option Plan, and a shareholder of Nova-M, a shareholder of our Company
“ESOP Trust I”	The Aqara Employee Benefit Trust I, a trust established for holding beneficial interests held by certain grantees under the [REDACTED] Employee Share Option Plan
“ESOP Trust II”	The Aqara Employee Benefit Trust II, a trust established for holding beneficial interests held by certain grantees under the [REDACTED] Employee Share Option Plan

DEFINITIONS

“ESOP Trust III”	The Aqara Employee Benefit Trust III, a trust established for holding beneficial interests held by certain grantees under the [REDACTED] Employee Share Option Plan
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong [REDACTED]
“Frost & Sullivan”, “F&S” or “Industry Consultant”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant independently commissioned by our Company for the purpose of the [REDACTED]
“Frost & Sullivan Report”	the report prepared by Frost & Sullivan [REDACTED]
“Governmental Authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and its subsidiaries from time to time
“Guide For New Listing Applicants”	the Guide for New Listing Applicants published by the Stock Exchange (as updated and amended from time to time)
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China [REDACTED]

DEFINITIONS

[REDACTED]

**“Hong Kong dollars” or “HK dollars”
or “HK\$”**

Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

**“Hong Kong Takeovers Code” or
“Takeovers Code”**

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

[REDACTED]

“IFRS”

International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board

DEFINITIONS

“Independent Third Party(ies)”

any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules

[REDACTED]

“Latest Practicable Date”

March 22, 2026, being the latest practicable date for ascertaining certain information in this document before its publication

“Laws”

all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions

[REDACTED]

“Listing Committee”

the Listing Committee of the Stock Exchange

[REDACTED]

“Listing Rules”

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

“Lumi Global”

Lumi Global Holding Ltd, a company incorporated in the British Virgin Islands which is wholly-owned by Ms. Liping You, a sister of Mr. You, and a then direct Shareholder of the Company

DEFINITIONS

“M&A Rules”	the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on [●], with effect from the [REDACTED], as amended from time to time, a summary of which is set out in “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III
“Mr. You”	Mr. Eugene Yanjun You, the founder, the Chairman of the Board, an executive Director and the Chief Executive Officer of our Company, and a member of the Single Largest Group of Shareholders
“NDRC”	National Development and Reform Commission of China (中華人民共和國國家發展和改革委員會)
“Nova-M”	Nova-M Investment Limited, a company incorporated in the British Virgin Islands which is owned as to 70% by Lumi Global and 30% by ESOP III, and a direct Shareholder of the Company

[REDACTED]

“PBOC”	People’s Bank of China (中國人民銀行)

DEFINITIONS

“PRC Legal Adviser”	Han Kun Law Offices, our legal adviser as to PRC laws
“[REDACTED] Employee Share Option Plan”	the employee share option plan approved and adopted by our Company on February 24, 2020, and amended from time to time, the principal terms of which are set out in “Statutory and General Information — [REDACTED] Employee Share Option Plan” in Appendix IV
“[REDACTED] Investment(s)”	the investments in our Company undertaken by the [REDACTED] Investors, the details of which are set out in “History, Development and Corporate Structure — [REDACTED] Investments”
“[REDACTED] Investor(s)”	the investors of our Company as set out in “History, Development and Corporate Structure — [REDACTED] Investments”
“Preferred Shares” or “preferred shares”	Series A Preferred Shares, Series B Preferred Shares, Series B+ Preferred Shares, Series B2 Preferred Shares and Series C Preferred Shares, each of which is entitled to exercise one vote on resolutions tabled at the Company’s general meeting prior to [REDACTED], to be converted to Class A Ordinary Shares on an one-for-one basis and redesignated as Ordinary Shares upon [REDACTED]
	[REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Reporting Accountants”	Ernst & Young, the reporting accountants of our Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SAMR”	the State Administration for Market Regulation of China (中華人民共和國國家市場監督管理總局)
“SAT”, “STA” or “State Taxation Administration”	the State Administration of Taxation of China (中華人民共和國國家稅務總局)
“SCNPC” or “Standing Committee of the National People’s Congress”	the Standing Committee of the National People’s Congress of China (中華人民共和國全國人民代表大會常務委員會)

DEFINITIONS

“Series A Investment”	the investment in our Company under Series A Investment, the details of which are set out in “History, Development and Corporate Structure”
“Series A Investors”	the holders of the Series A Preferred Shares, and as of the Latest Practicable Date, include Joy Capital Opportunity, L.P., Joy Aurora Limited, Shunwei High Tech Limited, Hong Kong Yunmu Innovation Technology Limited, Antonio Manuel De Jesus Berges-Dreyfous, Mecca International (BVI) Limited and Banyan Capital Holdings Co., Ltd
“Series A Preferred Shares”	series A convertible and redeemable preferred shares of par value of US\$0.0001 each
“Series B Investment”	the investment in our Company under Series B Investment, the details of which are set out in “History, Development and Corporate Structure”
“Series B Investors”	the holders of the Series B Preferred Shares, and as of the Latest Practicable Date, include Joy Aurora Limited, FPCI Sino-French (Innovation) Fund, Hong Kong Yunmu Innovation Technology Limited, X-HITECH Investment Limited, SEB Alliance SAS and Welight Capital L.P.
“Series B Preferred Shares”	series B convertible and redeemable preferred shares of par value of US\$0.0001 each
“Series B+ Investment”	the investment in our Company under Series B+ Investment, the details of which are set out in “History, Development and Corporate Structure”
“Series B+ Investors”	the holders of the Series B+ Preferred Shares, and as of the Latest Practicable Date, include Joy Capital Opportunity, L.P., Joy Aurora Limited, Ever Trend Limited, FPCI Sino-French (Innovation) Opportunity Fund, SEB Alliance SAS and Welight Capital L.P.
“Series B+ Preferred Shares”	series B+ convertible and redeemable preferred shares of par value of US\$0.0001 each
“Series B2 Investment”	the investment in our Company under Series B2 Investment, the details of which are set out in “History, Development and Corporate Structure”
“Series B2 Investors”	the holders of the Series B2 Preferred Shares, and as of the Latest Practicable Date, include Joy Capital III, L.P., Joy Aurora Limited, Long Pike Limited, FPCI Sino-French (Innovation) Opportunity Fund and SEB Alliance SAS
“Series B2 Preferred Shares”	series B2 convertible and redeemable preferred shares of par value of US\$0.0001 each

DEFINITIONS

“Series C Investment”	the investment in our Company under Series C Investment, the details of which are set out in “History, Development and Corporate Structure”
“Series C Investors”	the holders of the Series C Preferred Shares, and as of the Latest Practicable Date, include Joy Capital Opportunity, L.P., Joy Aurora Limited and Tianyi Capital Holding Co., Ltd
“Series C Preferred Shares”	series C convertible and redeemable preferred shares of par value of US\$0.0001 each
“Series D Investment”	the investment in our Company under Series D Investment, the details of which are set out in “History, Development and Corporate Structure”
“Series D Investors”	the former holders of the Series D Preferred Shares, all of which were no longer shareholders of the Company after the redemption of Series D Preferred Shares
“Series D Preferred Shares”	series D convertible and redeemable preferred shares of par value of US\$0.0001 each. As of the Latest Practicable Date, all Series D Preferred Shares had been redeemed by the Company
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Option(s)” or “Option(s)”	share option(s) granted under the [REDACTED] Employee Share Option Plan
“Share(s)” or “Ordinary Share(s)”	ordinary shares in the share capital of the Company with par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Ankasa”	Shenzhen Ankasa Software Services Co., Ltd (深圳安卡薩軟件服務有限公司), a company established in the PRC on April 26, 2021
“Shenzhen Lumi”	Shenzhen Lumi United Technology Co., Ltd. (深圳綠米聯創科技有限公司), previously known as Shenzhen Lutuo Technology Co., Ltd (深圳綠拓科技有限公司), a company established in the PRC on December 8, 2009, a wholly-owned subsidiary of our Company
“Single Largest Group of Shareholders”	a group of entity and individual collectively holding approximately [REDACTED] of the voting interest in our Company upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), namely Mr. You and ECY Investments

DEFINITIONS

[REDACTED]

“Sole Sponsor”

Huatai Financial Holdings (Hong Kong) Limited

[REDACTED]

“State Council”

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

“Stock Exchange” or “Hong Kong Stock Exchange”

The Stock Exchange of Hong Kong Limited

“subsidiary” or “subsidiaries”

has the meaning ascribed to it in section 15 of the Companies Ordinance

“substantial shareholder(s)”

has the meaning ascribed to it in the Listing Rules

“Track Record Period”

the three years ended December 31, 2025

“U.S. dollars”, “US dollars” or “US\$”

United States dollars, the lawful currency of the United States

“U.S. Securities Act”

the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[REDACTED]

“United States”, “U.S.” or “US”

the United States of America, its territories, its possessions and all areas subject to its jurisdiction

“Voting Deferral Agreements”

the voting deferral arrangements as detailed in “History, Development and Corporate Structure”

“WWDC-21” and “WWDC-22”

Apple’s annual Worldwide Developers Conference in 2021 and 2022, respectively

“Xiaomi”

Xiaomi Corporation, a consumer electronics and smart manufacturing company with a core focus on smartphones, smart hardware, and IoT platforms

“%”

per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

DEFINITIONS

The English names of PRC entities, PRC laws or regulations, and PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

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.

GLOSSARY OF TECHNICAL TERMS

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

“AI”	artificial intelligence
“API”	application programming interface, which defines how applications communicate by exposing device functions, telemetry and control via standardized requests and responses
“Apple Home”	Apple’s smart home framework for onboarding, secure control, automation and Siri integration within the Apple ecosystem
“BACnet”	Building Automation and Control Network, a global data communications standard for building automation and control networks
“Bluetooth”	short range wireless standard for device connectivity and data exchange, enabling low-power devices
“Bluetooth Mesh”	a many-to-many networking standard based on Bluetooth low energy that enables lighting and automation systems.
“dB”	decibel, a unit used to measure sound intensity
“DIN rail”	standardized metal rail for mounting equipment in panels, enabling modular installation of power supplies, PLCs and hubs
“GHz”	gigahertz, which equals one billion cycles per second
“GNN”	graph neural network, which are specialized artificial neural networks that are designed for tasks whose inputs are graphs
“HVAC”	heating, ventilation and air conditioning systems
“Hub”	central device capable of making autonomous judgments and decisions based on the living space environment and user behavior to achieve cross-device collaboration and smart scene linkage
“Human-centric space”	residential and commercial spaces
“Human-centric spatial intelligence”	AI-driven technologies that sense, understand and act to deliver proactive, context-aware, autonomous interactions within residential and commercial spaces
“Human-centric spatial intelligence infrastructure”	the integrated stack of sensors, hubs and controllers that serves as the foundational platform for human-centric spatial intelligence
“IoT”	Internet of Things

GLOSSARY OF TECHNICAL TERMS

“IPS displays”	in plane switching LCD panels offering wide viewing angles and accurate color and used in control panels and smart displays
“IR”	infrared encompasses electromagnetic radiation used for remote controls, presence detection, thermal imaging and short-range data links
“KNX”	a global standardized communications protocol for building automation and control systems, used to control various functions in buildings such as lighting, heating, ventilation, and security
“KNX-IP”	a communication technology that enables data transfer between KNX devices through standard Ethernet or IP networks rather than dedicated twisted-pair wiring
“LAN”	local area network interconnecting devices within a site for high speed, low latency communication
“LED”	light emitting diode, which is an efficient solid state light source used for indicators, displays and illumination in smart lighting
“Matter”	an IP-based smart home interoperability standard enabling secure, local and cloud optional control across ecosystems and vendors
“MB”	megabytes
“MCP”	the Model Context Protocol, an open-source protocol developed by Anthropic, aims to integrate large language models with external data sources and tools, establishing secure bidirectional connections between large models and data sources. This protocol handles both local resources (such as databases, files, and services) and remote resources (such as APIs for platforms like Slack or GitHub) through a unified interface
“MHz”	megahertz, which equals one million cycles per second
“Modbus”	a serial communication protocol published by Modicon® in 1979, used for transmitting information over serial lines between electronic devices
“MQTT”	an OASIS standard messaging protocol for the Internet of Things (IoT), designed as an extremely lightweight publish/subscribe messaging transport that is ideal for connecting remote devices with a small code footprint and minimal network bandwidth

GLOSSARY OF TECHNICAL TERMS

“NFC”	near field communication providing very short-range wireless for pairing, provisioning, access control and payments using passive or active tags
“NPU”	neural processing unit, a specialized accelerator for AI inference, improving performance and efficiency OPC on edge devices
“ODM”	original design manufacturer, which designs and manufactures products for branding and sale by another company
“OEM”	original equipment manufacturer, which produces parts and equipment that may be marketed by another company
“OPC”	an interoperability standard for the secure and reliable exchange of data in the industrial automation space and in other industries
“OPC UA”	OPC Unified Architecture, a platform independent service-oriented architecture that integrates all the functionality of the individual OPC Classic specifications into one extensible framework
“OpenVINO”	an open-source software toolkit for optimizing and deploying deep learning models, enabling programmers to develop scalable and efficient AI solutions with relatively few lines of code
“PLC”	Programmable Logic Controllers, a computing device that is used to monitor and control the operation of machines and equipment used in utilities and industry
“PPO”	proximal policy optimization, a reinforcement learning algorithm balancing exploration and stability used for control and robotics
“RGB”	an additive color model in which the red, green and blue primary colors of light are added together in various ways to reproduce a broad array of colors
“RL policies”	reinforcement learning policies, which are learned mappings from observations to actions for autonomous device control
“SDK”	software development kit, which is a comprehensive toolkit that provides developers with necessary tools
“TensorFlow Lite”	an open-source framework for running machine learning models on edge devices such mobile phones, embedded systems and microcontrollers

GLOSSARY OF TECHNICAL TERMS

“Thread”	low power, IP based mesh networking protocol for reliable, secure device to device communication
“TX/RX mechanisms”	Transmit/receive mechanisms including modulation, coding and antenna schemes governing wireless link performance
“UI”	user interface by which the user and a system interact
“Wi-Fi”	a wireless networking technology that allows devices such as computers, mobile devices, and other equipment to interface with the Internet
“Zigbee”	a wireless standard for energy-efficient home automation networks, enables wireless, energy-efficient communication between devices in smart homes

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will”, “expect”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “aim”, “aspire”, “objective”, “target”, “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our business and prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control or reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- certain statements in “Financial Information” in this document with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The market price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

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

We believe that there are certain risks involved in our operations, many of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in jurisdictions where we operate; and (iii) risks relating to the [REDACTED]. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business may be adversely affected if we fail to introduce new products and solutions on a timely basis to adapt to rapidly evolving customer needs and advancements in technology.

We compete in highly competitive spatial intelligence products and solutions markets characterized by iterative technologies, evolving industry standards and protocols, emerging AI models, changing user demands and trends, and continual improvements in performance characteristics and product features. To be able to compete effectively, we must continually introduce new products, services and technologies, enhance existing products and services, and effectively stimulate customer demand for new and upgraded products and services. The success of new product introductions depends on a number of factors, such as timely and successful completion of development efforts, successful production ramp-ups and market acceptance of the products.

Customer demands, preferences and lifestyle trends in the PRC and our overseas markets may change from time to time and depend upon various factors, including global lifestyle trends, consumption patterns, disposable income, customer confidence and other factors beyond our control. Our success in turn also depends on our ability to anticipate, identify and respond to these trends timely.

Advancements in technology, the introduction of new products and changing customer demands, preferences and lifestyle trends typically lead to rapid declines in retail volumes for products made with older technologies and their loss of competitiveness or even obsolescence. If we are unable to compete successfully by introducing competitive new products, our business, results of operations and financial condition would be adversely affected.

We seek to continuously develop and promote new and appealing products and solutions, upgrade existing products, develop new technologies. These developments require significant time and financial and other commitments, and we may need to increase expenditure on research and development. Further, our investments of research and development resources may not yield the desired results. Our business, results of operations and financial condition may be adversely affected if we fail to successfully anticipate and respond to changes in customer preferences timely or if our research and development do not result in

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successful products and solutions. In addition, if we fail to balance the marketing efforts or optimize the pricing strategies of our existing and new products, we may fail in promoting our new products and increase competition among our own products, which in turn could lead to an overall decrease in sales.

Our growth and profitability depend on economic conditions in the PRC and our other key markets.

Our results of operations depend significantly on economic conditions and non-essential spending in our key markets including, in particular, Chinese mainland, where we derived the majority of our revenue. Customer demand is affected by a number of economic factors, including gross domestic product, the availability of customer credit, customer sentiment and debt levels, retail trends, sales of existing homes, renovation of office buildings, the level of mortgage refinancing and defaults, interest rates, unemployment and inflation. Economic uncertainty and related factors may exacerbate negative trends in business and customer spending and may cause certain customers to postpone, cancel or refrain from placing orders for our products.

Continued instability in the global markets, including geopolitical events and instability in the global political environment has contributed to periods of increased economic uncertainty in recent years and may lead to a general reduction in the level of customers’ spending, which could in turn adversely affect our growth and profitability. Any escalation in trade tensions or trade war, or the perception that such escalation or trade war could occur, may have tremendous negative impact on the global economy as a whole, and may jeopardize the economic growth in the markets where we operate, and adversely affect the competitiveness of our products in these markets. See also “— Changes in international trade policies, geopolitics and trade protection measures, export control, and economic or trade sanctions may affect our business, financial condition and results of operations.” and “— Risks Relating to Doing Business in jurisdictions where we operate — Changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines of the geographic markets where we operate could materially and adversely affect our business, financial condition, results of operations and prospects.”

An economic downturn, lower than expected growth or an otherwise economic uncertainty in the markets where we operate could have a material adverse effect on customer spending and therefore adversely affect our business, results of operations and financial condition.

We operate in a highly competitive environment and failure to compete successfully would adversely affect our market position, business and financial results.

We face significant competition in our spatial intelligence products and solutions both in the PRC and in the overseas markets we operate. Competition in the global spatial intelligence products market is based on a number of factors, including product pricing, product features and design, quality, performance, innovation, reputation, energy efficiency, distribution and financial incentives, such as cooperative advertising, co-marketing funds, salesforce incentives and sales rebates. The individual spatial intelligence products and solutions market is a relatively mature sector characterized by intense price competition, frequent introduction of new products, rapid adoption of technological and product advancements by competitors and the individual preferences of customers. Significant new competitors or increased competition from existing competitors may adversely affect our business, results of operations and financial condition.

Our competitors include large spatial intelligence products and solutions companies. We compete with our competitors in a variety of aspects including market experience, brand recognition, product breadth, manufacturing scale, cost efficiencies, sales and marketing, manufacturing, research and development or technological resources. Furthermore, due to rapid technological advancements, scarce talents in the industry, shortened product life cycles and ease of imitation, it is increasingly difficult for us to take advantage of higher selling prices typically associated with new products, services and technologies.

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Some of our competitors may also be willing to reduce prices and accept lower profit margins to compete with us. As a result of this competition, we could lose market share and sales, or be forced to reduce our prices to meet competition, which could adversely impact our margin.

We may not be able to compete successfully and failure to do so would have an adverse effect on our business, results of operations and financial condition.

The majority of our products are manufactured by our OEM suppliers and our products are subject to risks associated with manufacturing outsourcing.

We outsource the production of majority of our products to a number of Original Equipment Manufacturer (“OEM”) suppliers. Such OEM arrangements carry with them risks associated with the possibility that the relevant OEM suppliers may: (i) have economic or business interests or goals that are inconsistent with ours; (ii) take actions contrary to our instructions or requests or contrary to our policies or objectives; (iii) be unable or unwilling to fulfill their obligations under the relevant manufacturing or contractual arrangements, including obligations to meet our delivery deadlines, quality standards and product specifications; (iv) have financial difficulties; (v) encounter raw material shortage; and (vi) engage in activities or employ practices that may harm our reputation.

For the above reasons, if we experience significant increases in demand, or need to replace an existing OEM supplier, additional manufacturing capacity may not be available when required on terms that are acceptable to us, or at all, or that any supplier would allocate sufficient capacity to us in order to meet our requirements. We would also incur switching cost if we decide to replace our existing OEM suppliers. Manufacturing delays or unexpected demand for our products may adversely affect our business.

We depend on a large number of third-party suppliers for key raw materials, components and manufacturing equipment, and any disruption in their supply or significant increase in their prices will negatively affect our business.

Our business is affected by the price, quality, availability and timely delivery of the various raw materials, electronic components and manufacturing equipment that we use in the manufacture of our products. Raw materials are an important component of our total cost of sales. The raw materials that we mainly use in our products are chips, copper, aluminum, steel, plastic and foam materials for the manufacturing of spatial intelligence products. The prices of these materials and components containing those materials are susceptible to significant fluctuations due to supply/demand trends in the markets, transportation costs, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the economic climate and other unforeseen circumstances. Similarly, temporary shortages of some of these raw materials or components and delivery delays have occurred in the past and may occur again in the future. Our results of operations could be adversely affected if we were unable to obtain adequate supplies of high quality raw materials or components in a timely manner at reasonable prices or make alternative arrangements for such supplies, or if there were significant increases in the costs of raw materials or components that we could not pass on to our customers in full. Moreover, for some materials and components we rely on a single source of supply, which increases our dependence and may subject us to pricing pressures. We have also purchased, and expect to continue to purchase, a substantial portion of our equipment from qualified suppliers. From time to time, increased demand for new equipment may cause lead times to extend beyond those normally required by equipment vendors. Shortages of equipment, delays in the delivery of equipment or the delivery of equipment that does not meet our specifications could result in a delay in bringing products to market, which consequently could result in loss of market share and revenues and adversely affect our results of operations and financial position.

In addition, an unfavorable change in any of the following could have a material adverse effect on our business, results of operations and financial condition:

- our ability to identify and develop relationships with qualified suppliers;

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- the terms and conditions upon which we purchase products from our suppliers, including applicable exchange rates, transport costs and other costs, our suppliers’ willingness to extend credit to finance our inventory purchases and other factors beyond our control;
- the financial condition of our suppliers;
- political instability in the countries in which our suppliers are located;
- our suppliers’ non-compliance with applicable laws and trade restrictions; or
- our suppliers’ ability to manufacture and deliver outsourced products according to our standards of quality on a timely and efficient basis.

If our relationships with any of our key suppliers deteriorate due to the factors set out above, or for any other reason, we may not be able to quickly or effectively replace such supplier, which may have a material adverse effect on our business, results of operations and financial condition.

Xiaomi is our largest customer which purchases products from us. Any deterioration of our relationship with Xiaomi could have a negative impact on our revenues and harm our business.

Through a longstanding and integrated collaboration across Xiaomi-branded product development, manufacturing and sales, we have generated a significant portion of revenue from selling products to Xiaomi. In 2023, 2024 and 2025, revenue contributed by Xiaomi amounted to RMB471.6 million, RMB501.5 million and RMB477.0 million, respectively, accounting for 32.8%, 33.7% and 32.4%, respectively, of our total revenue for the same periods. While the percentage amount demonstrates a decrease during the Track Record Period primarily because we continue to expand our Aqara-branded products and solutions, Xiaomi still accounts for a significant portion of our revenue.

We cannot assure you that Xiaomi will continue to contribute the same level of revenues for us in any subsequent year. Many factors could cause the loss of, or reduction in, business or revenues from Xiaomi, and these factors are not predictable. These factors include, among others, pricing pressure from competitors or a change in Xiaomi’s business strategy. Xiaomi may choose to pursue alternative technologies and develop alternative products in addition to, or in lieu of, our products, either on their own or in collaboration with other products suppliers. The loss of Xiaomi, or a significant decrease in the volume of demand or the price at which we sell our ODM products to Xiaomi, could adversely affect our financial condition and results of operations.

Our success depends on our ability to maintain and expand our offline and online sales channels.

Our sales and distribution network in China comprises (i) an extensive sales network, including our distributor sales network; (ii) online e-commerce sales channels. We also sell our products through online channels and offline channels in our overseas markets. To maintain and increase our market share, we actively evaluate the operational performance of our sales and distribution network and we may enter into new distributor arrangements with our distributors or sales and purchase arrangements with our business partners. We may not be successful in any of these respects. Our ability to maintain and expand our offline and online sales channels depend on a number of factors, including among others, our ability to maintain relationships with our distributors and major e-commerce platforms on terms that are commercially acceptable to us and our ability to respond to changes in their needs, including providing network infrastructure and logistics support. If we are unable to effectively maintain or expand our sales and distribution network, our results of operations, growth potential and profitability could be materially and adversely affected.

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Changes in international trade policies, geopolitics and trade protection measures, export control, and economic or trade sanctions may affect our business, financial condition and results of operations.

Our business operations and financial performance may be influenced by international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions. International trade policies and geopolitics are subject to frequent changes and uncertainties, often driven by political, economic, and social factors beyond our control. These changes could impact trade agreements, tariffs, customs duties, and other aspects of international trade, potentially increasing our operational costs and affecting our overseas market expansion. Export controls and economic or trade sanctions could limit our ability to export our products or conduct business in certain markets. Any non-compliance with these controls and sanctions could result in legal penalties, reputational damage, and loss of export privileges.

The international trade policies and regulations are uncertain and evolving. Recent developments in international trade relations have led to increased tariffs on multiple product categories across several overseas markets. In April 2025, the U.S. government adopted a two-tier tariff structure: a universal 10% baseline tariff on all imports to the U.S. and individualized reciprocal higher tariffs on imports from certain countries and regions, including China, the European Union, and Japan. On April 10, 2025, the U.S. government suspended reciprocal tariffs for all countries and regions, except China, for a period of 90 days. In April 2025, China and the European Union also announced higher tariff rates on U.S. goods entering their borders. On May 12, 2025, China and the U.S. agreed to a temporary de-escalation of bilateral tariffs. The U.S. reduced additional tariffs on the majority of Chinese exports from 145% to 30%, while China lowered its additional tariffs on U.S. goods from 125% to 10%. Other planned tariff increases have been temporarily suspended. On February 20, 2026, the U.S. Supreme Court held that the International Emergency Economic Power Act does not authorize the President to impose tariffs, including the reciprocal and fentanyl-related tariffs. Effective from February 24, 2026, the U.S. customs authority will cease to collect these tariffs. Meanwhile, President Trump issued a proclamation to impose a temporary import surcharge of 10% on all imports to the U.S. effective from February 24, 2026 for a period of 150 days, and later announced this tariff rate would be 15% (the rate of the actual import surcharge may vary, subject to the modification of the relevant rules to effectuate the collection of such surcharge). There is substantial uncertainty regarding any final tariff rates. Global trade tensions remain elevated and may continue to escalate which may affect global trade and economic conditions. It is possible that additional trade policy measures including new tariffs, import/export restrictions, or technology controls may be implemented. These tariff measures may increase import costs for goods exported from China, which could adversely affect our expansion to overseas markets.

In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy. For example, in recent years, the United States has increased export control restrictions on China through the Export Administration Regulations (the “EAR”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce, which includes a list of foreign persons on which certain trade restrictions are imposed (the “Entity List”). The export, re-export and/or transfer (in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems or components that may be critical to our technology infrastructure, products, services and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our business. If certain of our customers and/or suppliers are

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listed on the Entity List and subject to restrictions from sourcing or selling technologies, systems or components from or to us, we may not be able to maintain our collaboration with such customers and suppliers.

In addition, our business can be subject to rules and regulations under economic sanctions programs, including, for example, those administered by the European Union and the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) and associated U.S. sanctions laws. We believe that our policies, procedures and controls have enabled us to comply with any applicable OFAC sanctions requirements. However, economic sanctions programs do and will continue to restrict our ability to engage in business dealings with potential sanctioned countries. Sanctions programs moreover evolve over time and it is difficult for us to predict the interpretation, implementation or enforcement of governmental policies or sanctions with respect to our activities, currently or in the future or whether U.S. sanctions in particular will expand in ways that impair and restrict our business. Our policies, procedures and controls may not be able to react timely or comprehensively to such changes. There is no assurance that our activities in any particular country will be in compliance with evolving applicable rules and regulations or that they will not result in negative media attention or reputational damage.

Further, international market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. We have been and may continue to be adversely affected by trade barriers, including tariffs, quotas, antidumping measures, and countervailing duties imposed on imports from jurisdictions in which we manufacture our products or otherwise sources merchandise, parts and components. Changes to trade policies, treaties and tariffs of the jurisdictions in which we operate, or the perception that these changes could occur, could adversely affect the financial and economic conditions of the jurisdictions in which we operate, and subsequently our financial condition and results of operations. However, if such trade tension continues or escalates, the imposition of tariff may increase our cost of sales, and consequently lower our profit margin, or we may have to adjust our product offering in North America which may decrease the desirability of our products to customers in comparison with competing products. Non-tariff trade barriers, such as potential restrictions on transfer of technology or intellectual property rights, may adversely affect the technology know-how we may rely on for the development of and the innovation in our products. If any of such situations happens, our business, results of operations and financial conditions may be adversely affected.

If we fail to develop, maintain and enhance recognition of our brand, our business and results of operations may be adversely affected.

Our business depends significantly on the strength of our brand and its reputation. Developing maintaining and enhancing the recognition, image and acceptance of our brand is critical to our ability to differentiate our products and services from, and to compete effectively with, our competitors. The success of our brand depends on our design and marketing efforts, including advertising and customer campaigns, and on product innovation. Costs associated with the promotion of our brand can be significant, and we may incur substantial expenses to establish our brand in new markets. Expenses related to the promotion of our brand may have an adverse impact on our results if they do not produce the desired outcomes. The involvement of distributors introduces additional complexity, as any misconduct on their part may be attributed to us by end customers, who often cannot differentiate between our actions and those of our distributors.

Our brand, reputation and product sales could be harmed if, for example, our products fail to meet expectations of our customers or contain defects or fail. If we provide poor or ineffective customer services or are subject to product liability claims, our brand and reputation could be adversely affected.

In particular, although we have not experienced any product recalls that materially and adversely affected our business, results of operations and financial conditions during the Track Record Period, our reputation could be adversely impacted in the event of a significant product recall or product-related

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litigation due to product defects. We are subject to warranty and product liability claims in the ordinary course of our business. We may experience material product liability losses arising from such claims in the future, which could have a negative impact on our reputation and sales. We generally make product warranty provisions with reference to the retail volume and the expected unit costs for warranty services, but such provisions may not be adequate for liability ultimately incurred. In addition, products are becoming increasingly sophisticated and complicated as rapid advancements in technologies occur. This trend may increase our product quality and liability exposure. Given the association of our individual products with our overall brand, an issue with one of our products could negatively affect demand for other products of ours or the reputation of us as a whole, which could have an adverse impact on the business, results of operations and financial condition of us. In addition, we may be exposed to negative publicity and public relations crises arising from a wide variety of sources, including but not limited to online comments and reviews, social media posts and viral content, traditional media reporting, legal actions and regulatory proceedings, customer or partner complaints, employee or contractor conduct, product- or service-related incidents, industry controversies, competitor statements, activist campaigns, and misinformation or disinformation. Any such publicity could damage our reputation and brand image, undermine customer confidence in us and reduce long-term demand for our products.

Further, our success in maintaining and improving our brand image depends on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns through various internet platforms. Negative posts or comments about us on social networking platforms and other websites that spread rapidly through such forums could seriously damage our reputation and brand image. In order to attract and retain customers, we may need to substantially increase our expenditures for creating and maintaining brand loyalty. As a result, our sales and marketing related expenses may increase significantly.

If we are unable to develop, maintain and enhance the recognition of our brand, our business, results of operations and financial condition could be adversely affected.

We recorded losses, net current liabilities and operating cash outflow during the Track Record Period.

In 2023, 2024, and 2025, we incurred losses in the amount of RMB159.5 million, RMB230.8 million and RMB322.4 million, respectively. As of December 31, 2023, 2024 and 2025, we recorded net current liabilities of RMB1,974.6 million, RMB2,231.4 million and RMB2,425.8 million, respectively. We recorded net operating cash inflows of RMB65.1 million in 2023 and RMB288.6 million in 2024. We recorded net operating cash outflows of RMB73.4 million in 2025. See “Financial Information — Discussion of Key Items of our Consolidated Statements of Financial Position”.

Our future liquidity, the payment of trade payables and other payables, and the repayment of any potential debt obligations as and when they become due, will primarily depend on our ability to maintain adequate cash inflows. Although we seek to manage our working capital at sufficient levels, we cannot assure you that we will be able to match the timing and amounts of our cash inflows with the timing and amounts of our payment obligations and other cash outflows. Negative operating cash flow requires us to utilize cash reserve or obtain sufficient external financing to finance our business operations, and meet our financing needs and obligations. If we are unable to do so, we may be in default of our payment obligations and our daily business activities may be impacted. Thus, our business, financial position and results of operations may be materially adversely affected. In addition, we may continue to record losses and net current liabilities in the future. These can expose us to further liquidity and financial risks. A net current liabilities position may expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operations and prospects.

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Our business and prospects may be harmed if we cannot adequately protect our intellectual property rights and litigation to protect our intellectual property rights may be costly and may not be resolved in our favor.

Our success in maintaining our competitive position depends on our ability to obtain and enforce intellectual property rights worldwide. Filing and defending patents on our technologies globally can be expensive and time-consuming. We may also encounter difficulties in protecting and defending such rights in overseas jurisdictions. We seek to protect our intellectual property and proprietary rights primarily through intellectual property laws, relying on a combination of patents, trade secrets, trademarks, copyrights and similar protections, as well as through contractual restrictions in our licensing arrangements. With respect to proprietary know-how that is not patentable and production processes for which patents are difficult to enforce, we rely on trade secret protections and confidentiality agreements to safeguard its interests.

Steps taken by us to protect our intellectual property and proprietary information may not be adequate to prevent misappropriation of our technology as the existence of laws or contracts prohibiting such actions may not always serve as sufficient deterrents, and policing the unauthorized use of our intellectual property may be expensive and time consuming. Pending patent applications or patents already issued to us or our licensors may become subject to dispute, which could be resolved against us, thereby causing such patents to be invalid or unenforceable. Reverse engineering, unauthorized copying or other misappropriation of our intellectual property and proprietary technologies could enable third parties to benefit from our technologies without paying us for doing so, and we may be unable to determine the extent of any unauthorized use of our intellectual property. Our competitors may also independently develop substantially equivalent technologies, or otherwise gain access to our proprietary technologies, and obtain patents for such intellectual properties in other jurisdictions where our products are sold.

In order to protect our intellectual property rights and maintain our competitive position, we may file suits against parties that we believe infringe our intellectual property. Such litigation may divert management’s attention and resources from the operation of our business. We may also have to bring suits in foreign jurisdictions, in which case we would be subject to additional risks as to the result of the proceedings and the amount of damages that we can recover. Proceedings to enforce our patent rights in overseas jurisdictions could result in substantial costs and divert our resources and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of rejection, and could provoke third parties to assert claims against us. We may not prevail in lawsuits that we initiate or be awarded damages or other remedies, if any, that we deem sufficient. Some countries in which we conduct our business may not protect intellectual property rights to the same extent as developed countries, and effective patent, copyright and trade secret protection may be unavailable or limited. In addition, depending on the jurisdiction, statutory differences in patentable subject matter may limit the protection we can obtain under a patent. Our competitive position may be undermined if we do not adequately protect our intellectual property rights, which may have a material adverse effect on our business, results of operations and financial condition.

We are subject to, and may in the future be required to defend against, charges of infringement of patents or other proprietary rights of third parties.

Although we take steps to ensure that our products do not infringe upon third-party rights, the rapid technological changes that characterize the spatial intelligence industry require that we quickly implement new processes and components with respect to many of our products. With respect to recently developed processes and components, a degree of uncertainty often exists as to who may rightfully claim ownership rights in such processes and components. Uncertainty of this type increases the risk that claims that such components or processes infringe upon third-party rights may be brought against us. We may also face malicious and baseless intellectual property related lawsuits from others. In addition, patent holding

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companies may seek to monetize patents they have purchased or otherwise obtained. As a result, we face the risk of litigation and regulatory proceedings relating to infringement of intellectual property rights in various countries. In particular, we may compete with companies that hold significant patent portfolios. Because patent applications in many jurisdictions are kept confidential for an extended period before they are published, we may be unaware of pending patent applications that relate to our products or processes.

If our products or manufacturing processes are found to infringe upon third-party rights, we may be subject to significant liabilities and be required to seek licenses from third parties, pay ongoing royalties or redesign certain products, or become subject to injunctions prohibiting the manufacture and sale of certain products or the use of intellectual property in certain jurisdictions.

The defense of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. Protracted litigation could also discourage certain of our industrial customers from purchasing our component products until the resolution of such litigation. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

We depend on sales to our distributors for a significant portion of our revenue and our arrangement with distributors is subject to a number of risks.

We sell a significant portion of our products through distributors. In 2023, 2024 and 2025, revenue generated from our distributors was RMB605.9 million, RMB570.7 million and RMB539.8 million, respectively, representing 67.3%, 62.1% and 57.0% of the our total revenue from Aqara-branded spatial intelligence products and solutions respectively, of our total revenue in the corresponding periods. Our business and our future growth are dependent on the ability of our distributors to maintain and expand their distribution coverage. We may not be able to effectively maintain our business relationship with distributors, or may fail to effectively manage our network of distributors, which could adversely affect our brand and results of operations. If we lose our existing distributors and fail to secure new distributors, our business and sales of the relevant products could be adversely affected. In the event of any material interruption to our relationship with distributors, or upon termination of our relationship for whatever reasons, there is no assurance that we may be able to replace a distributor with comparable sales capability in a timely and cost-effective manner, or at all, and our sales may be adversely impaired.

In addition, distributorship model could be subject to a number of uncertainties and risks. We have limited control over the business operation of our distributors. We also do not have direct contractual relationships with sub-distributors and thus have no control over their sales activities. We cannot assure you that the distributors or the sub-distributors will always operate their business in compliance with our distribution agreements, sales policies and the relevant laws and regulations, or will always align with our interests when they make their own business decisions. The distributors may engage in cannibalization activities such as cross-region sales in contravention of their contractual obligations. There is no assurance that our distributors will be able to maintain a stable sales level. The distributors may not be able to find suitable locations for new stores on commercially acceptable terms. In addition, if a distributor receives our products but fails to provide services, we may incur additional costs in handling such disputes and face potential brand damage. We may not be able to identify, attract and retain a sufficient number of distributors with requisite experience and resources.

To enhance the marketability of our brands and the sales performance of our products, we generally allow our distributors to use our brand names in the sales and promotion of our products, but we have limited control over how our distributors promote and market our products. Any wrongdoings (such as corruption, bribery or other illegal acts or actions generally considered detrimental to our brand value)

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committed by them while selling or promoting our products, or otherwise using our brand names, will subject us to material reputation risks. If our distributors fail to provide proper consultation and guidance during the purchasing process, deliver high quality customer service, provide adequate and quality after-sales services and resolve customer complaints or provide feedback in a timely manner, or if any of their misconduct leads to damages to our brand image and reputation, our business could be adversely affected and we may not be able to successfully operate and expand our sales network as we planned. Moreover, our agreements with most of our distributors are non-exclusive. Distributors may sell products of other brands and dedicate more resources to promoting them, which may reduce their incentive to adequately promote and sell our products, and in turn harm our business, prospects, financial condition and results of operations.

Our business is subject to a variety of local and overseas laws, rules, policies and other obligations regarding cybersecurity, privacy and data protection.

During our business operation, we may possess business information, contract information and personal information from our customers, suppliers and other business partners. As we expand our global presence, we are subject to local and overseas laws relating to cybersecurity and data privacy, including the collection, use, retention, security and transfer of personal information. For instance, our operations in the United States are governed by a range of federal and state laws and regulations on data protection, storing, privacy, and information security. Several jurisdictions have enacted stringent laws governing data protection, and many others are actively considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. For instance, the European Union’s General Data Protection Regulation is one of the most comprehensive data protection laws globally. It imposes strict requirements on organizations regarding data processing, storing, transparency, and accountability, while granting individuals extensive rights over their personal data. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices.

Failure to comply with these regulations could expose us to severe penalties, legal liability, and reputational damage. Any failure by us to comply with local or overseas privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others. In addition to reputational impacts, penalties could include ongoing audit requirements and significant legal liability. We have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive data and personal information, including through the use of encryption and authentication technologies. For example, we must implement data storage strategies and compliance measures, which could increase operational costs to meet data storage regulations across different jurisdictions. 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 irregularities. Our failure to safeguard data security and privacy may also harm our market reputation and relations with our customers or business partners.

We conduct operations worldwide and continue to expand globally and are exposed to legal, regulatory, political, economic, commercial and other risks in each country in which we operate.

In the years ended December 31, 2023, 2024 and 2025, 42.2%, 56.3% and 66.5% of our Aqara-branded revenue was generated outside of the PRC. During the Track Record Period, our products were sold in more than 90 countries and regions. In addition, we also have overseas investments in subsidiaries, joint ventures, associates, and other entities. We expect that our international activities will continue to grow over the foreseeable future as we continue to pursue opportunities in existing and new markets, which will require

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significant management attention and financial resources worldwide. As a result of our global footprint and expansion, we are subject to legal, regulatory, political, economic, commercial and other risks associated with cross-border business, including:

- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as developing and maintaining an effective marketing and distribution presence;
- difficulty in providing efficient customer service and support in markets abroad;
- risks associated with dealing with regulatory regimes, regulatory bodies and government policies with which we might be unfamiliar, in order to obtain overseas permits, licenses and approvals necessary to manufacture or import, market and sell products in or to overseas jurisdictions;
- high costs relating to compliance with the commercial and legal requirements of overseas markets, including those relating to labor, environmental and industry-specific regulations;
- risks associated with local unions and employment disputes, including allegations of discrimination, harassment, violation of collective bargaining agreements, wrongful termination, among others;
- strict foreign exchange controls and cash repatriation restrictions;
- the difficulty of managing and staffing international operations and the increased operations, travel, infrastructure and legal compliance costs associated with numerous international locations;
- foreign ownership restrictions;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- difficulties in understanding, and adapting our products and services to, local end-users’ habits and preferences;
- unanticipated changes in prevailing economic conditions and regulatory requirements;
- political instability and civil unrest, cultural and religious conflicts, and acts of terrorism;
- risks associated with compliance with local tax laws and regulations including but not limited to timely filing of tax returns, tax payment, and disputes or disagreements with local tax authorities with respect to matters including but not limited to calculation of tax liabilities and preferential tax treatments;
- risks associated with disputes with local tax authorities on the judgement of transfer pricing arising out of our intragroup transactions, which may result in reallocation or adjustment of our taxable income and a different tax amount payable;
- difficulties in enforcing agreements and collecting overdue receivables through local legal systems; and
- trade barriers such as export requirements, sanctions, tariffs and other restrictions and expenses.

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Our overall success as a global business depends, in part, on our ability to succeed in managing such risks. The risks and their potential impact on us or our business partners vary from country to country and are difficult to predict with any degree of accuracy. We may not be able to develop and implement policies and strategies that address these risks effectively in each location in which we conduct business, and our exposure to such risks may become greater as we expand our international operations, thereby adversely affecting our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

We are subject to antitrust and competition laws in the jurisdictions in which we operate, and we may be subject to regulatory scrutiny and investigations by antitrust or competition regulatory authorities relating to claims of infringement of antitrust or competition laws, or civil lawsuits and criminal proceedings with respect to anticompetitive behaviors. Such regulatory procedures and investigations may be carried out by the relevant antitrust or competition regulatory authorities on an individual entity or a group of entities within an industry or a segment of an industry and may relate to a range of activities including acquisitions, pricing and other behaviors. These investigations and regulatory procedures may be carried out by antitrust regulatory authorities in confidence and we may not become aware of the details of such regulatory procedures or investigations until we are formally notified of the outcome. In addition, our competitors may resort to making allegations or complaints against us to regulators without our knowledge which may give rise to further scrutiny and investigations. Such scrutiny, investigations, lawsuits and proceedings may result in fines, civil or criminal liability or may require us to change our operation. Further, our business, results of operations and financial condition may be adversely affected by new antitrust or competition laws in the jurisdictions in which we operate, new interpretation of existing antitrust or competition laws, related regulatory enforcement or civil antitrust litigation by private parties against us.

A failure to provide high-quality after-sales services for our customers or end users may damage our relationships with them and, consequently, our business.

We believe that the accessibility of high-quality after-sales services is an important consideration behind a customer’s purchase decision. As our operation and customer base continue to grow, we need to maintain our customer support that meets our customers’ needs at scale. However, we cannot assure you that we are able to respond quickly enough to accommodate short-term increases in customer demand for technical support or maintenance assistance. We may also fail to refine the future scope and delivery of our maintenance services and technical support to compete with changes in the after-sales services provided by our competitors. After a product is discontinued from sale, we may no longer provide software iteration services, resulting in a decline in customer experience.

Our distributors participate significantly in our after-sales support, including installation, training, maintenance, troubleshooting and technical support. We or our distributors may not have sufficient resources to meet customers’ demands timely. Additionally, sub-distributors may not have sufficient training on our products and may provide inadequate service, which is beyond our control, and could negatively impact customer satisfaction and our brand reputation. Any failure to provide quality maintenance and support services would damage our relationships with our customers, and, consequently, our business.

Any interruption in the operation throughout our entire operation process for an extended period may have an adverse impact on our business.

Our operation includes research and development through production, storage, logistics, marketing and sales. Operational and other failures in such an extensive process (including through the use of components received from third-party suppliers) could result in quality issues or potential product, labor safety, regulatory or environmental risks. Such risks are particularly present in relation to our production facilities. We also rely on the smooth operation of our distribution centers, warehouses and delivery to provide our

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distribution services. Our operation process may be vulnerable to damages caused by fire, flood, power outage, telecommunications failure, break-ins, earthquake, human error and other events. If any parts of our operation process were rendered incapable of operations, then we may be unable to fulfill the orders we have received in a timely manner and to the customer’s specifications or at all. In addition, our products are manufactured using processes that are increasingly complex and require sophisticated and costly equipment and information technology. The use of advanced technologies increases our exposure to the risk of production difficulties, including as a result of construction delays, difficulties in upgrading or modifying existing production lines, or difficulties in changing production technologies. Interruptions at our production facility could result in failure to achieve acceptable manufacturing yields or an inability to deliver quality products to customers in a timely manner, which may adversely affect our business, results of operations and financial condition.

The materialization of any of the foregoing risks could have a material adverse effect on our business, prospects, financial condition and results of operations.

We are exposed to credit risk of our customers.

Depending on the credit history of our customers and their transaction amounts with us, we allow payment flexibility by offering a credit period of up to 90 days to certain customers. As of December 31, 2025, our trade receivables amounted to RMB99.2 million. In the event that the credit worthiness of our customers deteriorate or a significant number of our customers fail to settle their trade receivables timely or in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. We may not timely and fully recover our trade receivables from our customers, which could materially and adversely affect our business, financial condition and results of operations.

If our logistics service providers or warehousing service provider fail to provide reliable and timely logistics services, our business, financial condition and results of operations may be materially and adversely affected.

We use third-party logistics service providers to fulfill and deliver our orders. Interruptions to or failures in these third parties’ logistics services could prevent the timely or proper delivery of products to customers, which would harm the businesses we operate. These interruptions or failures may be due to events that are beyond our control or the control of any of these logistics service providers and warehousing service provider, such as inclement weather, natural disasters, accidents, transportation disruptions, including special or temporary restrictions or closings of facilities or transportation networks due to regulatory or political reasons, or labor unrest or shortages. These logistics services could also be affected or interrupted by business disputes, industry consolidation, insolvency or government shut-downs. The cost of logistics services could fluctuate. We may not be able to find alternative logistics service providers to provide logistics services in a timely and reliable manner, or at all.

Failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales.

We are exposed to inventory risks as a result of a variety of factors beyond our control, including changing consumption trends and customer preferences and launches of competing products. Maintaining an optimal level of inventory is critical to the success of our business. We cannot assure you that we can accurately predict these trends and events and maintain appropriate levels of inventory at all times. An unexpected decrease in the market demand for the products we sell could lead to excessive inventory, and we may be forced to offer discounts or conduct promotional activities to dispose of slow-moving inventory, sometimes at prices below cost. On the other hand, inventory under-stock may cause us to lose sales. In 2023, 2024 and 2025, our inventory turnover days were 108 days, 102 days and 106 days, respectively. We

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manage our inventories and make adjustments based on market conditions, unexpected increases or decreases in orders may greatly reduce our ability to manage our inventories, which could have an adverse effect on our business, results of operations and financial condition.

Further, frequent new product introductions in the spatial intelligence industry can result in a decline in the average selling prices of our products and the obsolescence of our existing inventory. This can result in a decrease in the stated value of our inventory. Generally, we periodically assess impairment of inventories and typically recognize write-down of inventories when their cost is lower than their net realizable value. However, due to the volatile nature of the value of some of our inventory, there can be no assurance that actual inventory loss will not exceed our provisions for inventory loss. Differences in the estimation of expected future values and the discount rates used could result in different asset valuations. Such differences and any inventory or asset related write-downs or provision could affect our business, results of operations and financial condition.

We may face increasing leasing costs with respect to our properties, and may not be able to find suitable locations on commercially acceptable terms, if at all.

Our properties are primarily on lease terms. The supply of suitable locations for properties is limited, and competition for these locations is intense. Therefore, we may face increasing cost in leasing these prime locations for our properties. In addition, there can be no assurance that we will be able to identify and lease suitable locations on terms commercially acceptable to us or at all. In the event that we encounter difficulties in securing suitable largescale property sites in regions where we operate or plan to expand, our business, financial conditions and results of operations could be adversely affected.

We may not be able to sustain our historical growth and margin, and our historical growth and margin may not be indicative of our future growth, margin or financial results.

Our revenue increased from RMB1,439.4 million in 2023 to RMB1,471.6 million in 2025. Our gross profit margin has increased from 29.7% in 2023 to 38.4% in 2025. See “Financial Information” in this document for details.

We may not be able to maintain our historical growth in the future. Our revenue and gross profit margin may decline for a number of reasons, including the overall global economic growth, the ongoing worldwide digitalization of economy, technology development of the spatial intelligence industry, development in spatial intelligence technologies, our ability to attract and retain our customers and our ability to manage our costs and enhance operating leverage.

We may not be able to effectively manage our growth or implement our business strategies. We need to continuously enhance and upgrade our infrastructure and technology, improve control over our operational, financial and management aspects, strengthen our supplier and sales network management, refine our reporting systems and procedures, and expand, train and manage our growing employee base. All these efforts will require significant managerial, financial and human resources. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. The management of our growth may place significant demands on our managerial, administrative, operational, financial and other resources. Moreover, growth could strain our ability to maintain stable manufacturing capacity and reliable service levels for our customers. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. If the market for our products does not develop as we expect or if we fail to address the needs of this dynamic market, our business, results of operations and financial condition will be materially and adversely affected.

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We may undertake acquisitions, investments, partnerships and new business lines, which may not be successful.

We may undertake acquisitions, investments, partnership and we may enter into new business line. Such transactions and initiatives may require significant attention from our management, and the diversion of our management’s attention and resources could have a material adverse effect on our ability to manage our business. In addition, we may incur significant acquisition, administrative and other costs in connection with such transactions, including costs related to the integration of acquired or restructured businesses. These costs may include unanticipated costs or expenses, including post-closing asset impairment charges, legal, regulatory and contractual costs, and expenses associated with eliminating duplicate facilities.

We may also experience difficulties integrating any investments, acquisitions, distribution arrangements and/or partnerships into our existing business and operations. There is no assurance that we will be able to successfully implement these initiatives or that we will be able to identify successful initiatives in the future. These acquisitions and business initiatives may also expose us to potential risks.

We may not be able to successfully integrate any businesses we acquire into existing operations or that such businesses will perform according to expectations once integrated. When we acquire new businesses and companies, we will assume the outstanding liabilities and risks of such business and companies, including any ongoing and potential lawsuits, legal proceedings, regulatory investigations, among other risks. Accordingly, there can be no assurance that our business, results of operations and financial conditions will not be adversely affected by any of the potential lawsuits, legal proceedings, regulatory sanctions such as antitrust penalties, or other unforeseen liabilities that may result from such acquisitions. Similarly, disposals of certain non-core assets may prove not profitable than anticipated and may affect our net sales and results of operations.

There can be no assurance that we will be able to identify and acquire, on reasonable terms, if at all, suitable acquisition candidates or investment opportunities. Compliance with antitrust or any other regulations may delay proposed acquisitions or prevent us from closing such acquisitions or investments in the manner proposed, if at all. Such delay or failure to close proposed acquisitions could impair our ability to achieve our strategic objectives. Failure to successfully identify or undertake future investments, acquisitions, partnerships and new business lines and strategies may have a material adverse effect on our business, financial condition and results of operations.

Significant return and exchange may adversely affect our results of operations.

We generally allow end users to return and exchange defective products within certain periods in compliance with regulatory requirements. Our distributors may also have their product replaced for certain defects or quality issues. We may be required by law to adopt new or amend existing product return, exchange and warranty policies from time to time. While these policies improve customer experience of our products and help retain and acquire customers, we will incur higher costs associated with return, exchange and warranties if we experience any deterioration in the quality of our products, and we may be subject to additional costs and expenses which we may not recoup. Generally, our distributors in China will arrange for product return and repairment if needed. In cases where we are liable for any of such cost, our suppliers generally indemnify us for losses due to their handling of the products. If after all these arrangements, we are still responsible for the costs of delivery, return and exchange of products, our results of operations may be materially and adversely affected. In addition, in the United States and other markets where it is customary to allow customers to return products for any reason within a specified timeframe, our results of operations may be materially and adversely affected if we sell products that do not meet users expectations, whether related to a product defect or quality issue or not. If we revise these policies to reduce our costs and expenses, our users may be dissatisfied, which may result in loss of existing users or failure to acquire new users at a desirable pace, which may materially and adversely affect our results of operations.

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We depend on our senior management and other important staff members and our ability to attract and retain qualified management personnel.

We depend on the efforts and skill of our senior management and other important staff members. As a result, our future success depends to a significant extent on the continuing service and coordination of these individuals, who are not obligated to remain employed with us. Our success also depends on our ability to identify, hire, train and retain suitably skilled and qualified employees with requisite industry expertise. The loss of any member of our senior management team or our other key employees could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. Competition for such personnel is intense and any failure to recruit and retain the necessary personnel or the loss of a significant number of employees at any time could harm our business and prospects.

We rely on researchers and engineers, and the loss of the services of such personnel or the inability to attract and retain them may negatively affect our business.

Our success depends to a significant extent upon the continued service of our research and development and engineering personnel and on our ability to continue to attract, retain and motivate qualified researchers and engineers, especially during periods of rapid growth or technical change. In particular, our focus on introducing new products and advanced manufacturing processes means that we must aggressively recruit engineers with expertise in cutting-edge technologies. There is substantial competition for top research and development and engineering personnel in the spatial intelligence industry, both in the PRC and in the overseas jurisdictions in which we operate, and there can be no assurance that we will be able to attract or retain such personnel. The loss of the services of our research and development and engineering personnel without adequate replacement, or the inability to attract new qualified personnel, would have a material adverse effect on our business, results of operations and financial condition.

We are subject to a broad range of regulations and may be subject to fines or restrictions that could cause our operations to be interrupted.

We are subject to a broad range of increasingly strict laws and regulations relating to, among other areas, the environment, occupational health and safety and labor practices, both in China and in other jurisdictions in which we operate.

In order to operate our businesses and in response to our expanded international markets, we are required to obtain and comply with various permits, licenses, certificates, consents and other approvals from administrative authorities. We are also subject to inspections, examinations, inquiries and audits by governmental authorities as part of the process of maintaining or renewing our permits, licenses or certificates. There can be no assurance that we will be able to fulfill the pre-conditions necessary to obtain the required governmental approvals or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to our operations.

In the area of environmental regulation, we are required to comply with laws and regulations relating to air emissions, wastewater discharge, noise pollution, toxic chemicals, waste treatment, and the energy efficiency of certain products, among other things. In addition, new environmental regulations could require us to acquire costly equipment or to incur other significant compliance expenses that may adversely affect our business, results of operations and financial condition.

In addition, we may in the future be subject to potentially material liability relating to the investigation and clean-up of contaminated areas, including groundwater, at properties owned or formerly owned, operated or used by us and to claims alleging personal injury or damage to natural resources.

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Further, we may be required to make additional investments and change our product design and manufacturing processes to meet energy efficiency standards necessary to market such products in certain jurisdictions, including the United States and Europe.

Finally, there is a growing focus on the labor and environmental practices of manufacturers. Additionally, more stringent social responsibility laws and regulations may be adopted in the future, which may result in an increase in our cost of compliance. In addition, if we fail to comply with such laws and regulations, we may be subject to fines, penalties, legal judgments or other costs, which may adversely affect our operating results and financial condition. In addition, a finding of noncompliance, or the perception that we have not responded appropriately to growing customer concern for issues relating to social responsibility, whether or not we are legally required to do so, may adversely affect our reputation, and consequently our operating results and financial condition.

Our compliance, internal control and risk management systems may not be sufficient or effective.

In connection with our worldwide business operations, we must comply with a broad range of legal and regulatory requirements in numerous jurisdictions and local operational business processes. While we have established compliance, internal control and risk management systems that support our operational business processes, help address compliance with legislative provisions and, where necessary, initiate appropriate countermeasures to misconduct, there can be no assurance that our internal controls and risk management systems are adequate to address all applicable risks in every jurisdiction. Similarly, we can provide no assurance that such controls and systems of joint ventures and other partnering arrangements can be aligned with our own, and we may have to rely on their controls and systems for compliance with respect to their business practices.

The policies we have put in place to prevent direct or indirect acts of corruption, bribery, anti-competitive behavior, money laundering, breaches of sanctions, fraud, deception, tax evasion and other criminal or otherwise unacceptable conduct may be insufficient to prevent all non-compliance in these areas.

Our internal control and risk management systems depend on effective implementation by our employees. We cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from error or mistakes.

The materialization of any of these risks may result in reputational loss and materially adverse legal consequences, such as debarment, the imposition of fines or sanctions and penalties on us or the members of our governing bodies or employees and could lead to the assertion of damages claims by third parties or to other detrimental legal consequences, including civil and criminal penalties. If any of these risks were to materialize, this could also have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

Our business may suffer as a result of adverse outcomes of current or future litigation and regulatory actions, including with respect to anti-competitive practices.

We face the risk of litigation and regulatory proceedings in various countries in the ordinary course of our business. Legal proceedings, including regulatory actions, may seek to recover large indeterminate amounts or to limit our operations, and the possibility that they may arise, and their magnitude may remain unknown for substantial periods of time. In particular, legal proceedings, including regulatory actions, may result from product defects and antitrust scrutiny of market practices for anti-competitive conduct both in the PRC and in other jurisdictions. Further, the nature of our business and operations is such that we are subject to product liability claims or claims arising from defects in our products from time to time. Such claims, including the damages being sought, whether or not they have any basis, may be substantial and could extend beyond the direct losses suffered by our counterparties. A substantial legal liability or adverse

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regulatory outcome and the substantial cost of defending litigation or regulatory proceedings may have an adverse effect on our business, results of operations, financial condition, cash flows and reputation. Further, such lawsuits, regulatory proceedings and investigations could also divert significant resources from our normal operations.

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

We may be exposed to fraud or other misconduct committed by our employees, representatives, agents, customers, partners, distributors or other third parties that could affect our reputation and subject us to litigation, financial losses and sanctions imposed by governmental authorities. Such misconduct could include:

- hiding unauthorized or unlawful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts or failing to perform necessary due diligence procedures designed to identify potential risks that are material to our decision to make or dispose of investments and to engage in certain projects;
- improperly using or disclosing confidential information;
- engaging in improper activities such as offering bribes to, or receiving bribes from, counterparties in return for any type of benefit or gain;
- misappropriating funds;
- conducting transactions that exceed authorized limits, engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities, engaging in unauthorized or excessive 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, if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct and the precautions we take to prevent and detect such activities may not be effective. Fraud or other misconduct may occur in the future and may result in negative publicity for us.

We will have significant capital requirements in connection with our business strategy and if capital resources are not available on a timely, adequate and matched basis, we may not be able to implement our strategy and future plans.

We may incur substantial capital expenditures in the future. In the event of adverse market conditions, or if our actual expenditures significantly exceed our planned expenditures, our external financing activities combined with our internal sources of liquidity may not be sufficient to implement our current and future operational plans.

To the extent that our existing sources of capital are not sufficient to satisfy our needs, we may have to seek external sources, including through the issuance of additional equity or debt securities in the domestic

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or international capital markets or additional bank borrowings. Our ability to obtain additional capital from external sources in the future is subject to a variety of uncertainties, including:

- the liquidity and volatility of the Chinese and international capital markets;
- the PRC government’s policies regarding Renminbi and foreign currency borrowings;
- our future financial condition, results of operations and cash flows;
- our ability to obtain the necessary regulatory approvals on a timely basis;
- any tightening of credit markets and general market conditions for debt and equity raising activities by financial institutions;
- foreign exchange controls; and
- economic, political and social conditions in the geographical markets in which we operate and elsewhere.

We may not be able to obtain additional capital in a timely manner or on acceptable terms, or at all. A failure to do so could delay or impact our business strategy, which could adversely affect our product development, business and results of operations. Future debt financing could include terms that restrict our financial flexibility or restrict our ability to manage our business. If we are not able to issue Shares, we may need to explore other avenues of raising capital.

Our operations may be restricted by our future debt covenants, failure to comply with the terms of our indebtedness could result in acceleration of debt.

We have and will continue to have outstanding debt. Our total interest-bearing bank and other borrowings as of February 28, 2026 amounted to RMB281.2 million. The outstanding debt could have important consequences for our business and operations.

Under the terms of our principal bank loans and under any debt financing arrangement that we may enter into in the future, and may in the future be, subject to covenants that could, among other things, restrict the business and operations of our Group and/or one or more of our subsidiaries. If we breach any of these covenants, our lenders and the holders of our debt securities will be entitled to accelerate our debt obligations. Any default under our debt obligations could require that we repay these debts prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity. In addition, our loan agreements with certain banks may contain cross-default clauses which state that if we breach the provisions of another loan agreement, we will also be in breach of the first loan agreement. If any cross-default occurs, such banks are entitled under these agreements to accelerate the repayment of all or part of the relevant loans and to recover against the security for such indebtedness. Furthermore, our indebtedness may be accelerated if our lenders conclude that we are at risk of not being able to repay the indebtedness. If our indebtedness is accelerated or declared default, it could be difficult for us to refinance our debt or obtain additional financing.

Our distributors may accumulate excess or obsolete inventory and any excessive build-up of inventory could affect the volume of future orders from our distributors.

We sell a significant portion of our products to distributors who in turn distribute our products to sub-distributors or end customers. We may not be able to accurately track the inventory level of our distributors

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or to identify any excessive inventory build-up at various levels of our distribution network. Our distributors may be unable to sell an adequate amount of their inventories of our products in a given period, which may result in a build-up of inventory at our distributors. In such an event, these distributors likely would reduce future orders until their inventory levels realign with demand. As such, any excessive build-up of inventory by our distributors could reduce the volume of future orders that we receive from our distributors and thus may have a material adverse impact on our sales to them and, accordingly, our business, financial condition, results of operations and prospects.

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

During the Track Record Period, certain of our customers settled their payments with us through third-party payors (the “**Third-Party Payment Arrangement(s)**”). We have been managing and rectifying the Third-Party Payment Arrangements. For details, see “Business — Legal Proceedings and Compliance — Third Party Payment Agreements” in this document.

We are subject to various risks relating to such Third-Party Payment Arrangements during the Track Record Period, including possible claims from third-party payors for return of funds as they were not contractually indebted to us, and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may, as a result, be adversely affected.

We may not be able to effectively manage any overlap or potential competition among our various sales channels.

During the Track Record Period, we sold our products through our online and offline sales network, which covers various offline and online channels. Although we have implemented measures to manage overlap or potential competition among our sales channels, we cannot assure you that these measures will be effective. As a result, the expansion of our sales network may not lead to proportionate expansion of our sales revenue. Furthermore, adverse competition or cannibalization among our sales channels may have a negative impact on the stability of our sales network, which may have a material and adverse effect on our profitability, business, financial condition and results of operations.

We have investments in associates, joint ventures and other entities which we do not fully own or over which we do not have full control.

We have investments in associates, joint ventures and other entities which we do not fully own or control. Such investments involve risks, including the possibility that partners or co-investors may become bankrupt, fail to fund their required capital contributions or perform their obligations poorly or not at all. Our co-investors may have objectives that are inconsistent or that conflict with our business interests or goals and may be in a position to block or impede action with respect to our investments or take actions contrary to our policies, objectives or interests. In some joint ventures we are bound by shareholders’ and other agreements which further limit our control over the relevant joint venture vehicle. Disputes between us and our co-investors may result in litigation or arbitration that may consume significant financial and other resources and result in the loss of business opportunities and growth. Furthermore, actions by our co-investors, of which we may be unaware, or which we may be unable to control, such as political affiliations, illegal or corrupt practices and other activities, may cause reputational damage to us or result in adverse consequences for our investments, including incurring costs, damages, fines or penalties, construction delays, reputational losses or the loss of key customer relationships. In addition, since our investment would sometimes involve commitment over a certain period of time, in the event there is no dividend declared by those entities, the cash flow and financial positions of our Group could be adversely affected. Furthermore, since investments in associates and joint ventures are not as liquid as other

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investment products, even if profits are reported under equity accounting methods for such investments, there will be no cash flow until we receive dividends, which may subject us to liquidity risks. The above risks could have a material adverse effect on our business, financial condition and results of operations.

The U.S. government’s new China-focused Outbound Investment Program may adversely affect our business, financial condition, and results of operations.

On August 9, 2023, the Biden administration released an executive order and an advanced notice of proposed rule-making (the “ANPRM”) providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the “Final Rule”). The Final Rule became effective on January 2, 2025. The Final 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) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as “Covered Foreign Persons.” U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as “covered transactions,” and include acquisitions of equity interests that are not yet publicly traded, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us.

We do not believe we would be deemed a Covered Foreign Person under the Final Rule, because we do not engage in a “covered activity” (as defined in the Final Rule) or otherwise meet the definition of a Covered Foreign Person provided in the Final Rule. In addition, U.S. persons’ acquisitions of certain publicly traded securities, including the purchase of our Shares in the [REDACTED], may be exempted from the scope of covered transactions under the Final Rule. However, there is no assurance that the U.S. Department of the Treasury will take the same view as ours. After the [REDACTED], the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors as relevant laws, regulations, and policies continue to evolve, and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the U.S. Department of the Treasury, potential amendments to the Final Rule or the introduction of similar regulations. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the value of our Shares may significantly decline, or in extreme cases, become worthless.

We are subject to risks relating to fluctuations in foreign exchange rates.

We are exposed to foreign exchange risk primarily through sales and purchases, capital expenditures and expenses that are denominated in a currency other than the functional currency of the relevant subsidiary. We are also subject to currency conversion risks as our consolidated financial statements are denominated in Renminbi while the financial statements of our subsidiaries are measured and presented in the currency of the primary economic environment in which the entity operates. Our foreign currency exposure mainly arises from the exposure of Renminbi against the U.S. dollar and Euro. There may be limited hedging instruments we can use to reduce our exposure to exchange rate fluctuation, and the hedging instrument we use to reduce our foreign exchange risk exposure may not be effective. Also, the cost of such foreign exchange rate hedging instruments may fluctuate significantly over time and may outweigh the potential benefit from the reduced currency volatility.

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Any volatility of the Renminbi exchange rate in the future may materially affect our businesses, financial condition, operating results and future prospects and any devaluation of the Renminbi against the U.S. dollar and other foreign currencies will increase the amount of Renminbi we would need to service our obligations denominated in these currencies.

Our current preferential tax treatment may be amended or abolished, and we may not always be eligible for government grants.

During the Track Record Period, we and certain of our subsidiaries enjoyed preferential tax treatment such as immediate refund of value-added tax upon collection for software products, additional deduction for research and development expenses and 15% corporate income tax rate for national high-tech enterprise. There can be no assurance that the amount of preferential tax treatment granted to us and these subsidiaries in the past will continue to be granted in the future. Our eligibility to receive such preferential tax treatment requires that we continue to qualify for such treatment, and there can be no assurance that our determination regarding our qualification to enjoy the preferential tax treatment in the future will not be challenged by the relevant PRC tax authority.

In 2023, 2024 and 2025, we received government grants of RMB8.1 million, RMB9.6 million and RMB7.6 million, respectively. Our government grants primarily include fiscal grants from the government for our contribution to local economy, the amounts of which were determined and paid at the sole discretion of the respective local government authorities. We cannot assure you that we will continue to be eligible for such government grants in the same amount, or at all.

Since our receipt of such preferential tax treatment and government grants may be subject to changing governmental practice, as long as we continue to receive these preferential tax treatment and government grants, our results of operations in a particular period may be better or worse relative to other period depending on the potential changes in these financial incentives in addition to any business or operational factors that we may otherwise experience. In the event that such preferential tax treatment or government grants is amended, abolished or otherwise no longer granted to us, our financial results, particularly the after-tax financial results, could be adversely affected.

Our leased property interests may be defective, and our right to lease the properties could be challenged due to such defects. Additionally, failure to renew our current leases or locate desirable alternatives could adversely affect our business.

We lease properties for our offices, research and development and manufacturing facilities. As of the Latest Practicable Date, we have not been provided by certain lessors with the applicable certificates, approvals, consents or other similar documents proving their right to lease or sublease these leased properties or provide registered address to us. We also carried out renovation work on one of our leased premises, without obtaining the requisite construction work permit prior to the commencement of the renovation and without completing the filing for completion inspection. With respect to the existence of other office premises outside our registered address, we may be required to rectify the relevant issues by the competent authorities in the event of failure to complete the registration procedures. Failure to complete such rectification in a timely manner may result in the imposition of fines, and in serious cases, we may be ordered to suspend business or cease operations. In addition, we had not maintained valid lease agreements in respect of the registered addresses of some branches, and some of our subsidiaries and branches operate outside their registered addresses, which may subject the relevant subsidiaries and branches to being listed as enterprises with abnormal operations. Moreover, some of our lease agreements for our leased properties in China have not been registered with the relevant authorities. With respect to the unregistered leases in China, we may be subject to a fine ranging from RMB1,000 to RMB10,000 per unregistered lease agreement if we fail to make such registration within a given timeframe put forward by the Chinese government. As of the Latest Practicable Date, we were not aware of any ownership controversy or dispute or third-party claims, nor had we been imposed any administrative penalties.

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We believe that these defects in our leased property interests will not individually or collectively have a material adverse effect on our business, financial condition or results of operations. However, we cannot assure you that any of the above events will not affect our operations or result in relocation expenses and administrative penalties.

Our limited insurance coverage may not cover all losses, which may increase our operational costs.

We currently have insurance coverage for our properties and fixed assets, plant and equipment and inventories, which we consider to be exposed to major business risks. We also maintain third-party insurance policies covering certain potential risks and liabilities including product liability and property liability. We do not, however, carry business interruption insurance and insurance in respect of certain risks that we believe are not insured under customary industry practice in China, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunami, pollution, acts of terrorism and civil disorder. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages and liabilities. Although we carry insurance on our properties with respect to specified catastrophic events such as certain natural disasters or outbreaks of certain types contagious diseases and in amounts and with deductibles that we believe to be in line with coverage customarily obtained by owners of similar properties, we cannot guarantee that our insurance coverage is sufficient to cover potential losses.

Any risk that is not adequately covered by insurance may have an adverse effect on our business, results of operations and financial condition.

The fair value measurements of certain financial assets and liabilities require the use of estimates that are based on unobservable inputs, which inherently involves a certain degree of uncertainty, and our financial position and results of operations may be adversely affected by fair value changes in our financial assets and liabilities measured at fair value through profit or loss.

Some of our financial assets and liabilities are measured at fair value, which include our structured deposits and wealth management products. For financial reporting purposes, fair value measurements of these financial assets and liabilities are categorized into level 1, 2 or 3, based on, among other things, the degree to which the inputs to the fair value measurements are “observable”. A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these assets and liabilities. These factors include but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Many of these factors, as well as others, could cause our estimates to vary from actual results and cause the fair value of our financial assets and liabilities to fluctuate substantially. We are also subject to credit risks of our counterparties for our financial assets and liabilities measured at fair value. A substantial decrease in the fair value of our financial assets may have an adverse effect on our financial position and may cause us to recognize a significant fair value change in financial assets at fair value through profit or loss which may in turn adversely affect our results of operations.

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

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. We are subject to the uncertainties in the legal systems of the markets where we operate. For relevant discussion, see “— Risks Relating to Doing Business in jurisdictions where we operate — There may be changes from time to time with respect to the legal systems of the markets in which we operate, and any failure to comply with laws and regulations could adversely affect us.” Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

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

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

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

Any lack of requisite approvals, licenses, or permits applicable to our business or any failure to comply with applicable laws or regulations may materially and adversely affect our business, financial condition, and results of operations.

Our business operations are subject to various PRC laws and regulations that require us to obtain and maintain certain approvals, licenses, and permits. Any failure to obtain or maintain such requisite approvals, licenses, or permits, or any failure to comply with the applicable laws and regulations, could result in administrative penalties, fines, or orders to cease operations, which may materially and adversely affect our business.

Certain of our services may require value-added telecommunication services licenses under relevant PRC laws or regulations. We have outsourced all such services to Shenzhen Ankasa which holds valid value-added telecommunication services licenses. Under relevant PRC laws or regulations, any entity conducting unauthorized operation of telecommunications business shall be ordered by the competent authorities, in accordance with its purview to make correction, confiscate the illegal income, and impose a fine ranging from three to five times the amount of the illegal income; where there is no illegal income, or the illegal income is less than RMB50,000, a fine ranging from RMB100,000 to RMB1 million shall be imposed. Any deemed violation against such regulations under the outsourcing arrangement could have an adverse impact on our related services. Otherwise, as of the Last Practicable Date, our PRC subsidiaries have not been subject to any legal or regulatory penalties for failure to obtain such licenses under its own name.

In addition, Chinese regulations impose filing, disclosure and reporting requirements in relation to commercial franchising, and failure to comply with these regulations in our cooperation with our distributors

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may result in penalties for us. Shenzhen Lumi has made such filings, disclosures and reporting with its competent authority and its distributors in cooperation, each as required by the aforementioned regulations, excluding specific addresses and contact numbers of company-owned stores, the operational status of existing franchisees, and summaries of the franchisor’s financial accounting reports and audit reports for the past two years. As of the Latest Practicable Date, our PRC subsidiaries have not been subject to any legal or regulatory penalties for violation of regulations on commercial franchising.

Our operations rely on complex information technology systems and networks, and any disruptions in such systems or networks, including as a result of cybercrime, could have a material adverse effect on our business.

We rely heavily on information technology systems and networks to support research, procurement, manufacturing, sales, logistics, services and business processes as well as internal and external communications. The consistent, efficient and secure operation of our IT systems, including computer hardware, software, platforms and networks, is critical to the successful performance of our operations and its reputation. Instability or failure of third-party servers may lead to the disruption of our operation and loss of users’ data. Computer systems are important to, among other business-critical processes, our manufacturing processes, production planning, inventory management, sales, customer service, order fulfillment and logistics processes.

Despite IT maintenance and security measures, our internal IT systems and networks are exposed to the risk of malfunctions and interruptions from a variety of sources, including due to unauthorized access, cyberattacks, equipment damage, deficient database design, power outages, computer viruses and a range of other hardware, software and network problems, and we have in the past experienced malfunctions and interruptions. Our IT personnel may not be able to resolve such issues in a timely manner or at all. Some potential causes that can lead to a malfunction or interruption of our IT systems or networks are difficult to detect and may only be detected once the risk has already materialized. A significant or large-scale malfunction or interruption, whether malicious or otherwise, of one or more of our IT systems or networks could adversely affect our ability to keep our operations running efficiently and affect manufacturing processes, production planning, inventory management, customer service and order fulfillment, particularly in the country or region in which the malfunction occurs. Moreover, an extended outage of a telecommunication network utilized by our IT systems or networks or a similar event outside our control could lead to an extended unanticipated interruption of our IT systems or networks, which could have an adverse effect on our business. Furthermore, any data leaks resulting from information technology security breaches may result in the disclosure or misuse of proprietary or confidential information, including customer and employee data, which may subject us to fines, claims for damages, and reputational damage.

In addition, certain information about customers and processes may be stored on shared services centers provided by third parties. The concentration of information and processes in shared services centers means that any technology disruption could impact a large portion of our business within the operating regions served. Any transitions of processes to, from or within shared services centers as well as other transformational projects could lead to business disruptions.

We have granted, and may continue to grant, share-based awards, which may increase our share-based compensation and may have an adverse effect on our results of operations.

We have adopted a number of share incentive plans. We have granted, and may continue to grant share-based awards. For details of the plan, see “Appendix IV – Statutory and General Information – [REDACTED] Employee Share Option Plan.” We believe the granting of stock-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant stock-based awards in the future. As a result, our expenses associated with stock-based compensation may increase, which may have an adverse effect on our results of operations and may cause dilution to our shareholders.

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We may need additional capital, and the sale and issue of additional Shares or other equity or debt securities could result in additional dilution to our Shareholders.

We intend to continue to make investments to the long-term operating and development of our business and may require additional capital. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our Shareholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to holders of our Ordinary Shares.

We may suffer losses caused by the occurrence of extraordinary events, including natural disasters or outbreaks of contagious diseases.

Our business may be adversely affected by the occurrence of typhoons, severe storms, earthquakes, floods, wildfires or other natural disasters or similar events in China and other areas where we operate. In addition, any outbreak of a contagious disease, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome, avian influenza or novel coronavirus disease (COVID-19), could disrupt our operations in terms of our global supply chain, production, delivery as well as sales. Such events could decrease demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to make and deliver products to our customers, or to receive components or products from our suppliers, and create delays and inefficiencies in our supply chain. While our suppliers are required to maintain safe working environments and operations, an industrial accident could occur and could result in disruption to our business and harm to our reputation. Should major public health issues, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional limitations in freight services, governmental actions limiting the movement of products between regions, delays in production ramps of new products and disruptions in the operations of our suppliers and logistics providers. In the event of a natural disaster, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

We may incur additional costs to mitigate any ESG risks, which may materially and adversely affect our financial performance.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. We monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See “Business — Environmental, Social and Governance Matters.”

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

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RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines of the geographic markets where we operate could materially and adversely affect our business, financial condition, results of operations and prospects.

We operate our business in Chinese mainland and other regions. Our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets and the level and volatility of debt and equity prices have been and will continue to affect the markets where we operate. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Recent relevant policies from governments in the US and other countries has created significant uncertainty among global markets, which could have a material impact on us. Any changes in the global or local economy in the markets in which we operate may materially and adversely affect our business, results of operations and financial condition.

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

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, which became effective on March 31, 2023. The Overseas Listing Trial Measures require, among others, that PRC domestic companies that seek to initially offer and list securities in overseas markets, either directly or indirectly, file the required documents with the CSRC within three business days after its application for overseas listing is submitted. See “Regulations — Material Laws and Regulations Relevant to Our Business Operations in the PRC — Regulations Relating to Overseas Listing and M&A”. We will file with CSRC within a specific time limit as required by the Overseas Listing Trial Measures. However, we cannot assure you that we could complete such filing in a timely manner or at all, the failure of which may restrict our ability to complete the proposed [REDACTED] and have a material and adverse effect on our financial performance and business prospects.

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

Given that the interpretation, application, and enforcement of the Overseas Listing Trial Measures and the Archives Rules are still evolving and subject to change. We are closely monitoring how they will affect our operations and our future financing. Furthermore, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other

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regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for this [REDACTED] or our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from the [REDACTED] into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

There may be changes from time to time with respect to the legal systems of the markets in which we operate, and any failure to comply with laws and regulations could adversely affect us.

The legal systems where we operate vary significantly. Some jurisdictions follow civil law based on statutes, while others follow common law. Many markets have not fully developed their legal systems, and recently enacted laws may not cover all aspects of economic activity. The interpretation and enforcement of these laws are evolving, and their application to our business is often unsettled. Local authorities have discretion in implementing statutory provisions and contractual terms, making the outcome of legal proceedings unpredictable. Local courts may reject enforcement of foreign or arbitration awards. These uncertainties may affect our ability to enforce contractual rights and may be exploited through frivolous legal actions or threats to extract payments from us. Legal proceedings in our markets may result in substantial costs and diversion of management attention.

Our operations in China are governed by PRC laws and regulations. Our PRC subsidiary, Eigenstone Technology Co., Ltd. (愛根斯通科技有限公司), is a foreign-invested enterprise subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to foreign-invested enterprises.

New laws and regulations may be adopted or construed to apply to us, increasing regulatory scrutiny and requiring additional legal resources. Changes in laws or the imposition of new regulations may slow industry growth and adversely affect our financial condition and results of operations.

The PRC legal system is evolving, and failure to respond to such evolution could affect us.

We conduct our business primarily through our PRC subsidiaries entities in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiary, Eigenstone Technology Co., Ltd. (愛根斯通科技有限公司), is a foreign-invested enterprise subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to foreign-invested enterprises.

The PRC laws and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China for the past decades. However, many laws, regulations, and rules are relatively new and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant business or transactions and introducing compliance experts and talents, which may incur additional related costs and adverse impact on our business.

In addition, the PRC regulatory authorities may be authorized by laws or regulations to exercise oversight and discretion over the conduct of our business, and the regulations to which we are subject may change from time to time. Like many other jurisdictions, new laws, regulations, and other government directives in China may also be costly for us to comply with, and such compliance or any associated inquiries or investigations or any other government actions may delay or impede our development.

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PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of our debt and equity offerings to make loans or additional capital contributions to our PRC subsidiaries in China.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration or filing with the government authorities in China. According to the PRC regulations on foreign-invested enterprises, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System and registration with a local bank authorized by SAFE. Any foreign loan procured by our PRC subsidiaries is required to be registered or filed with SAFE or its local branches or satisfy the requirements as provided in the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (“SAFE Circular 28”). We may not obtain these government approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans that we may provide to our PRC subsidiaries. If we fail to receive such approvals or complete such registration, our ability to use the proceeds of our debt and equity offerings and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business. There is no statutory limit in effect on the amount of capital contribution that we can make to our PRC subsidiaries, provided that the PRC subsidiaries complete the filing and registration procedures. With respect to loans that we may provide to the PRC subsidiaries, (i) if the PRC subsidiaries adopt the traditional foreign exchange administration mechanism, the outstanding amount of the loans should not exceed the difference between the total investment and the registered capital of the PRC subsidiaries; and (ii) if the PRC subsidiaries adopt the mechanism as provided in the Notice of the People’s Bank of China on Matters concerning the Macro-prudential Management of Full-covered Cross-border Financing (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by the People’s Bank of China on January 12, 2017 (“PBOC Notice No. 9”), and apply the latest macro-prudential adjustment parameter adopted by the People’s Bank of China and SAFE on January 13, 2025, the outstanding amount of the loans should not exceed 350% (which may be varied due to the change of PRC’s national macro-control policy) of the net asset of the relevant PRC subsidiary.

Furthermore, pursuant to PBOC Notice No. 9, after an one-year transition period following its promulgation, SAFE and the People’s Bank of China will determine the cross-border financing regulatory regime for foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. As of the Latest Practicable Date, neither SAFE nor the People’s Bank of China had promulgated and made public any legislations in this regard. There are uncertainties relating to the future regime to be adopted and any limitation to be imposed on us when providing loans to our PRC subsidiaries. If a more stringent foreign debt regulatory regime would be imposed, our ability to provide loans to our PRC subsidiaries may be significantly limited, and our business, financial condition, and results of operations may be adversely affected.

Under the current rules of SAFE as of the Latest Practicable Date, we are required to apply Renminbi funds converted from the [REDACTED] we received from our [REDACTED] of equity securities within the business scopes of our PRC subsidiaries. Although SAFE launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises in 2015 to allow foreign-invested enterprises to settle their foreign exchange capital at their discretion and further relaxed its rules in 2016 to allow foreign-invested enterprises (excluding financial institutions) to go through foreign exchange settlement formalities for their foreign debts at their discretion, the current rules of SAFE continue to prohibit foreign-invested enterprises from using Renminbi converted from their foreign exchange capitals for expenditure beyond their business scopes as approved by the PRC government authorities. Moreover, the current rules of SAFE continue to prohibit foreign-invested enterprises from using Renminbi converted from their registered capitals to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Any violations of such rules of SAFE may result in severe monetary or other penalties. There can be no assurance that SAFE would further relax its rules on the settlement of foreign exchange capitals of

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foreign-invested enterprises, and our ability to transfer to and use in China the [REDACTED] from our [REDACTED] of equity securities may continue to be significantly limited, which may adversely affect our business, financial condition, and results of operations. On October 23, 2019, SAFE promulgated SAFE Circular 28. SAFE Circular 28 allows all foreign-invested enterprises (including those without an investment business scope) to utilize and convert their foreign exchange capital for making equity investment in China if certain requirements prescribed therein are satisfied. However, uncertainties exist in relation to the interpretation and implementation of SAFE Circular 28.

Failure by our Shareholders who are Chinese individual residents to make required applications and filings pursuant to regulations relating to offshore investments by Chinese residents may prevent us from distributing dividends and expose us and our Shareholders who are Chinese residents to liability under Chinese law.

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民透過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the “SAFE Circular 37”), which was promulgated by SAFE and replaced SAFE circular No.75 and became effective on July 4, 2014, requires a Chinese individual resident (“Chinese Resident”) to register with the local SAFE branch before contributing legitimate onshore or offshore assets in an overseas special purpose vehicles for the purpose of offshore equity financing or investment. They must also make filings with SAFE thereafter upon the occurrence of certain changes in the capital structure.

On February 13, 2015, the Circular of Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》, the “SAFE Circular 13”) was promulgated by the SAFE and took effect on June 1, 2015. Pursuant to the SAFE Circular 13, the administrative examination and approval procedures relating to the foreign exchange registration approval under domestic direct investment and the foreign exchange registration approval under overseas direct investment are canceled and direct investment-related foreign exchange registration including registrations under the SAFE Circular 37 is directly reviewed and handled by banks.

We cannot assure you that the Chinese Resident Shareholders and beneficial owners fulfill the requirement to complete the registration with the SAFE in a timely manner and obey the regulations on foreign exchange. If Chinese Resident Shareholders or beneficial owners contribute capital to an offshore special purpose vehicle without completing SAFE Circular 37 registration, the Chinese Resident Shareholders or beneficial owners shall be ordered by the foreign exchange control authorities to recover the foreign exchange within a stipulated period and be subject to a fine of not more than 30% of the amount of evaded foreign exchange; where the case is serious, a fine ranging from 30% of the amount of evaded foreign exchange to the equivalent value shall be imposed; where the case constitutes a criminal offense, criminal liability shall be pursued in accordance with the law. In addition, we may not at all times be fully aware of the identities of all of our Shareholders and beneficial owners who are Chinese Residents, and we may not always be able to timely compel our Shareholders to comply with the requirements of SAFE Circular 37.

We are subject to the currency exchange regulatory system.

In the PRC, the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to PRC foreign exchange regulations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments, and trade- and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE, by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our Company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currencies and remitted out of the PRC to

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pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than Renminbi owed to entities outside of the PRC, or to make other capital expenditure payments outside mainland China in a currency other than Renminbi. If we fail to meet the regulatory requirements for the currency conversion, we may not be able to pay dividends in foreign currencies to our Shareholders, including holders of our Ordinary Shares. As a result, the funds in our PRC subsidiaries in the PRC may not be available to fund operations or for other use outside of the PRC due to interventions in, or the imposition of restrictions and limitations on, the ability of our holding company, our subsidiaries by the PRC government on currency conversion.

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

In China, the PRC Enterprise Income Tax Law imposes a tax rate of 25% on PRC resident business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. For example, certain of our subsidiaries in the PRC were approved as high-tech enterprises, and they were subject to a preferential corporate income tax rate of 15% during the Track Record Period. 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 authorities may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax laws and regulations in the PRC may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations and tax penalties or fines in the PRC 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 and legal framework can vary significantly across jurisdictions and that regulations regarding various taxes, including but not limited to corporate income tax and import duties, are highly complex, our overseas operations and expansion may expose us to risks associated with overseas tax laws, regulations and policies. Additionally, as we sell our products to various non-domestic markets, the intricacies of import duty regulations can lead to disputes when exporting products, as interpretations and applications of such rules may differ between countries. In such cases, we will be subject to fines or other penalties, which may not always have merit. 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 divert 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 bodies. 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 owed is for an amount in excess of the amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

Discontinuation of any government grants or preferential tax treatments could affect our business, financial condition and results of operations.

The provision for corporate income tax in the PRC is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Enterprise Income Tax Law. Our PRC subsidiaries are qualified as high-tech enterprise and were entitled to a preferential income tax rate of 15% during the Track Record Period. See “Financial Information — Description of Major Components of Our Results of

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Operations — Income Tax Expenses” for details. We cannot assure you that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that our PRC subsidiaries will be able to renew the same preferential tax treatments upon expiration. If any such change, cancelation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiaries will be subject to the PRC enterprise income tax at a rate of 25% on taxable income. As a result, the increase in our tax charge could materially and adversely affect our results of operations.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the State Taxation Administration issued a Public Notice Regarding Certain Enterprise Income Tax Matters on Indirect Transfer of Properties by Non-resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), (“**STA Public Notice 7**”). Using a “substance over form” principle, the PRC tax authority may disregard the existence of the offshore holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from the transfer of properties and assets (including equity interests) of a PRC resident enterprise indirectly held by a non-PRC residential enterprise may be subject to enterprise income tax in China, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold applicable taxes currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of past and future private equity transactions, share exchange or other transactions involving transfer of shares in our Company by investors that are non-PRC resident enterprises, or our sale or purchase of shares in other non-PRC resident companies or other taxable assets. Our Company may be subject to filing obligations or taxed if our Company is transferor in such transactions, and may be subject to withholding obligations if our Company is transferee in such transactions, under STA Public Notice 7. For transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under STA Public Notice 7. As a result, we may be required to expend valuable resources to comply with STA Public Notice 7 or to request the transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our Company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

Payment of dividends is subject to restrictions under PRC laws.

Under PRC laws, dividends may be paid only out of distributable profit, for which the PRC laws do not specify the applicable accounting principles. Distributable profit is our profit as determined under the PRC Generally Accepted Accounting Principles (“**PRC GAAP**”) or IFRS Accounting Standards, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Each of such entities in China may further set aside a portion of its after-tax profits to fund the employee welfare fund and for other purposes at the discretion of its board of directors.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS Accounting Standards in certain respects, our subsidiaries may not have distributable profits as

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determined under PRC GAAP, even if they have profits for that year as determined under IFRS Accounting Standards, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

It is unclear whether we will be considered a PRC “resident enterprise” under the PRC Enterprise Income Tax Law and, depending on the determination of our PRC “resident enterprise” status, our global income may be subject to the 25% PRC enterprise income tax, which could materially and adversely affect our results of operations.

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), which came into effect in January 2008 and was amended on February 24, 2017 and December 29, 2018, and its implementation rules, an enterprise established outside of China with a “de facto management body” within China is considered a PRC resident enterprise and will be subject to enterprise income tax at the rate of 25% on its global income. The implementation rules of the PRC Enterprise Income Tax Law define the term “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, and properties, among others, of an enterprise.”

On April 22, 2009, the State Taxation Administration issued the Notice Regarding the Determination of Chinese-controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外注冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (“**STA Circular 82**”), which was partially amended by Announcement on Issues concerning the Determination of Resident Enterprises Based on the Standards of Actual Management Institutions (《關於依據實際管理機構標準實施居民企業認定有關問題的公告》) issued by the State Taxation Administration on January 29, 2014, and further partially amended by Decision on Issuing the Lists of Invalid and Abolished Tax Departmental Rules and Taxation Normative Documents (《國家稅務總局關於公布失效廢止的稅務部門規章和稅收規範性文件目錄的決定》) issued by the State Taxation Administration on December 29, 2017. STA Circular 82, as amended, provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore-incorporated enterprise is located in China. Further, STA Circular 82 states that certain Chinese-controlled enterprises will be classified as “resident enterprises” if the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings; and half or more of the senior management or directors having voting rights.

In addition, the State Taxation Administration issued the Bulletin on Promulgation of the Administrative Measures for Income Tax of Chinese-controlled Offshore-incorporated Resident Enterprises (Trial Implementation) (《境外注冊中資控股居民企業所得稅管理辦法(試行)》) on July 27, 2011, effective from September 1, 2011 and partially amended on April 17, 2015, June 28, 2016, and June 15, 2018, (“**STA Bulletin 45**”), providing more guidance on the implementation of STA Circular 82. STA Bulletin 45 clarifies matters including resident status determination, post-determination administration and competent tax authorities. See “Regulations — Material Laws and Regulations Relevant to Our Business Operations in the PRC — Regulations Relating to Tax — Enterprise Income Law.”

Although both STA Circular 82 and STA Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the determining criteria set forth in STA Circular 82 and STA Bulletin 45 may reflect the general position of State Taxation Administration on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals.

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In addition to the uncertainty regarding how the new resident enterprise classification may apply, it is also possible that the rules may change in the future, possibly with retroactive effect. Although we do not believe that our legal entities organized outside of China constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a PRC resident enterprise and may therefore be subject to enterprise income tax at 25% on our global income as well as PRC enterprise income tax reporting obligations. If we are considered a PRC resident enterprise and earn income, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Dividends or interest payable to our foreign investors and gains on the sale of our Shares by our foreign investors may become subject to taxes under PRC tax laws.

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends or interest payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China or which have such establishment or place of business but the dividends or interest are not effectively connected with such establishment or place of business, to the extent such dividends or interest are derived from sources within China. Similarly, any gain realized on the transfer of Ordinary Shares by such investors is also subject to PRC tax at a rate of 10%, subject to any reduction or exemption set forth in the tax treaties, if such gain is regarded as PRC-sourced income. If we are deemed a PRC resident enterprise, dividends or interest paid on our Ordinary Shares, and any gain realized from the transfer of our Ordinary Shares, would be treated as PRC-sourced income and would as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends or interest payable to investors that are non-PRC individual investors and any gain realized on the transfer of Ordinary Shares by investors may be subject to PRC tax at a rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties. It is unclear whether, if we are considered a PRC resident enterprise, holders of our Ordinary Shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends or interest payable to our non-PRC investors, or gains from the transfer of our Ordinary Shares by such investors are subject to PRC tax, the value of your investment in our Ordinary Shares may be adversely affected.

Failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In December 2006, the People’s Bank of China promulgated the Administrative Measures for Individuals Foreign Exchange (《個人外匯管理辦法》), which set forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. In January 2007, SAFE issued the Detailed Rules on the Implementation of the Administrative Measures for Individuals Foreign Exchange (《個人外匯管理辦法實施細則》), which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen’s participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-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》). Under these rules, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct registration with SAFE and other procedures with respect to the stock incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of

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corresponding stocks or interests and fund transfer. In addition, the PRC agent is required to amend registration with SAFE with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

We and our PRC resident employees who participate in the employee stock incentive plans, which we adopted, shall be subject to these regulations. If we or our PRC option grantees fail to comply with these regulations, we or our PRC option grantees may be subject to fines and other legal or administrative sanctions.

Laws and regulations regarding PRC cybersecurity, data security laws and personal information protection are subject to rapid and evolving changes. Any failure or perceived failure to comply with such laws and regulations could materially and adversely affect our business, financial condition, reputation and results of operations.

On December 28, 2021, the Cyberspace Administration of China (“CAC”), the NDRC, the Ministry of Industry and Information Technology of the PRC (“MIIT”), and several other administrations jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》, the “**Cybersecurity Review Measures**”), effective on February 15, 2022, which provides that entities meeting certain standards shall be subject to a cybersecurity review.

On October 22, 2025, we and our PRC Data Compliance Legal Adviser conducted a consultation through telephone on a namely basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心) (the “CCRC”), which is delegated by the CAC to accept applications for cybersecurity review and therefore the competent organization for such consultation. During the consultation, the staff of CCRC confirmed that a listing in Hong Kong does not fall within the scope of the term of “listing abroad (國外上市)” under the Cybersecurity Review Measures. Given that (i) CCRC has confirmed that listing in Hong Kong does not constitute a listing abroad; (ii) as of the Latest Practicable Date, we have not received any official notification from relevant regulatory authorities designating our network facilities and information systems as Critical Information Infrastructure (“CII”), and therefore we are not deemed as a CII operator; and (iii) as of the Latest Practicable Date, we had not received any notice that we are required to conduct a cybersecurity review or our data processing activity affects or may affect national security, therefore, our PRC Data Compliance Legal Adviser is of the view that as of the Latest Practicable Date, we were not required to file cybersecurity review under the Measures for Cybersecurity Review for our proposed [REDACTED].

Although we are not obliged to apply for a cybersecurity review pursuant to the Cybersecurity Review Measures with respect to our proposed [REDACTED], since the interpretation and implementation of these laws and regulations with respect to the cybersecurity review keep evolving, therefore, we cannot assure you that there will not be any additional regulatory requirements regarding the cybersecurity review relating to the new laws and regulations.

Further, the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), promulgated on July 7, 2022 and effective since September 1, 2022, the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), promulgated and effective on March 22, 2024, have provided that the transfer of personal information and important data by data handler meeting certain volume thresholds or other standards as provided therein shall apply for security assessment, file with a standard contract for cross-border data transfer or obtain a personal information protection certification. As of the Latest Practicable Date, we had not conducted any cross-border data transferring of personal information or important data. As our business continues to grow, there may be circumstances where we engage in such cross-border data transfers. In such case, in order to satisfy the legal and regulatory requirements, we may need to comply with the foregoing requirements as well as any other limitations under PRC laws then applicable. Complying with these laws and requirements could cause us to incur substantial expenses or require us to alter or change our practices in ways that could adversely affect our business.

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In recent years, cybersecurity, data security and personal information protection has become an increasing regulatory focus of government authorities across the world. The PRC government has enacted a series of laws, regulations and governmental policies for the protection of cybersecurity, data security and personal information protection in the past few years. The regulatory developments relevant to cybersecurity, data security and personal information protection could generally impact the data collection, use, storage and other data processing activities conducted by the enterprises in technology industry, including us. We have adopted various measures to ensure legal compliance. See “Business — Data Privacy and Security” for more information. However, the laws and regulations regarding cybersecurity, data security and personal information protection in China are generally complex and evolving, with uncertainty as to the interpretation and application thereof, which may lead to uncertainty about the scope of our responsibility in this regard. As such, we cannot assure you that our cybersecurity, data security and personal information protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the effectiveness of our protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any cybersecurity, data security and personal information protection concerns, such actual or alleged failure could damage our reputation, deter current and potential users from using our solutions and could subject us to significant legal, financial and operational consequences.

We expect that there will continue to be new proposed laws and regulations concerning cybersecurity, data security and personal information protection, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. If we cannot meet relevant requirements under the evolving applicable laws or regulations relating to cybersecurity, data security and personal information protection, or any compromise of security that results in unauthorized access, use or leakage of personal information of our customers, suppliers and other business partners, we could face damage in our reputation or other negative consequences, such as investigations, fines, or suspension of our business, any of which could materially and adversely affect our business, financial condition and results of operations. In addition, complying with various laws and regulations on cybersecurity, data security and personal information protection could cause us to incur additional costs or require us to change our business practices, including our data practices, which may significantly distract our management’s attention and adversely affect our business.

The enforcement of PRC Labor Contract Law and other labor related regulations may affect our business, financial condition and results of operations.

Pursuant to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and its implementation rules, employers are subject to strict requirements in terms of signing labor contracts, minimum wages, paying remuneration, overtime working hours limitations, determining the term of employees’ probation and unilaterally terminating labor contracts. The Labor Contract Law of the PRC and its implementation rules may limit our ability to terminate employments or to make other labor adjustments at will. During the Track Record Period, we engaged third-party employment agencies to dispatch contract workers. On December 28, 2012, the Labor Contract Law of the PRC was amended to impose more stringent requirements on labor dispatch and such amendments became effective on July 1, 2013. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014, the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers). If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and may be subject to administrative penalties, and our business, financial condition and results of operations could be adversely affected.

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[REDACTED]

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[REDACTED]

WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Our Group’s management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Dr. Zhen Lin, our executive Director, and Ms. Shum Kit Han, our joint company secretary;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact information (including their mobile phone numbers, office phone numbers and e-mail addresses (if available)) to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;
- (c) we will endeavor to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;
- (d) pursuant to Rule 3A.19 of the Listing Rules, our Company has retained the services of Rainbow Capital (HK) Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange. The Compliance Adviser will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our Company’s authorized representatives and Directors. In turn, they will provide the Compliance Adviser with such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties. The Compliance Adviser will also provide advice to our Company when consulted by our Company in compliance with Rule 3A.23 of the Listing Rules; and
- (e) meetings between the Stock Exchange and the Directors can be arranged through the authorized representatives or the Compliance Adviser, or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives, the Directors and/or the Compliance Adviser in accordance with the Listing Rules.

WAIVERS AND EXEMPTIONS

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of 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).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles they played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We propose to appoint Ms. Meng Meng of the Company and Ms. Shum Kit Han as our joint company secretaries. See “Directors and Senior Management — Joint Company Secretaries” for their biographies.

Ms. Shum Kit Han is an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

The Company’s principal business activities are outside Hong Kong. We believe that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Ms. Meng Meng, who has been an employee of the Company and who has day-to-day knowledge of the Company’s affairs. Ms. Meng Meng has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, while Ms. Meng Meng does not possess the academic or professional qualifications required of a company secretary under Rules 3.28 and 8.17 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Meng Meng may be appointed as a joint company secretary of our Company.

WAIVERS AND EXEMPTIONS

The waiver [was granted] for a three-year period from the [REDACTED] on the conditions that: (i) Ms. Shum Kit Han is appointed as a joint company secretary to assist Ms. Meng Meng in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Shum Kit Han, during the three-year period, ceases to provide assistance to Ms. Meng Meng as a joint company secretary; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Ms. Meng Meng will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Ms. Meng Meng has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Ms. Meng Meng and the need for on-going assistance of Ms. Shum Kit Han will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Meng Meng, having benefited from the assistance of Ms. Shum Kit Han for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE [REDACTED] EMPLOYEE SHARE OPTION PLAN

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the share options granted by our Company (the “Share Option Disclosure Requirements”):

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in this document. The Company is also required to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options.
- (b) Paragraph 27 of Appendix D1A to the Listing Rules requires the Company to set out in this document particulars of any capital of any member of the Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.
- (c) Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the document.

As of the date of this document, our Company had granted options that remain outstanding under the [REDACTED] Employee Share Option Plan to 216 grantees (including Directors, senior management and other employees of our Group), to subscribe for an aggregate of 40,507,042 Shares. As of the Latest Practicable Date, among the outstanding options, 6,460,037 were held by Directors, 3,257,246 were held by members of the senior management of the Company (who are not Directors), and 30,789,759 were held by other grantees. The Shares underlying the granted outstanding options represent [REDACTED] of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the

WAIVERS AND EXEMPTIONS

exercise of share options). For further details of our [REDACTED] Employee Share Option Plan, see “Statutory and General Information — [REDACTED] Employee Share Option Plan” in Appendix IV to this document.

We [have applied] to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the options and certain grantees in this document on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the Share Option Disclosure Requirements would be unduly burdensome for our Company for the following reasons:

- (a) as of the Latest Practicable Date, we have granted outstanding options to a total of 216 grantees under the [REDACTED] Employee Share Option Plan to acquire an aggregate of 40,507,042 Shares, representing approximately [REDACTED] of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued under the [REDACTED] Employee Share Option Plan). The grantees under the [REDACTED] Employee Share Option Plan include 3 Directors, 2 members of the senior management (who are not Directors), and 211 other grantees, who are current or former employees of our Group;
- (b) our Directors consider that it would be unduly burdensome to disclose in the document full details of all the options granted by us to each of the grantees, which would significantly increase the cost and time required for information compilation, document preparation and printing for strict compliance with such disclosure requirements. For example, the Company would need to collect and verify the addresses of 211 grantees to meet the disclosure requirement. Further, the disclosure of the personal details of each grantee, including their names, addresses and the number of options granted, may require obtaining consent from the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for the Company to obtain such consents given the number of grantees;
- (c) material information on the options has been disclosed in the document to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:
 - (i) a summary of the principal terms of the [REDACTED] Employee Share Option Plan;
 - (ii) the aggregate number of Shares subject to the options and the percentage of our Shares of which such number represents;
 - (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued under the [REDACTED] Employee Share Option Plan);
 - (iv) full details of the options granted to Directors, members of the senior management of our Company and other connected persons, on an individual basis, are disclosed in the document, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance;

WAIVERS AND EXEMPTIONS

- (v) with respect to the options granted to other grantees (other than those referred to in (iv) above), the aggregate number of such grantees and the number of Shares subject to the options, the consideration paid for the grant of the options and the exercise period and the exercise price for the options will be disclosed in the document; and
 - (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively;
- (d) the 211 grantees who are not Directors, members of the senior management or connected persons of the Company, have been granted options under the [REDACTED] Employee Share Option Plan to acquire an aggregate of 30,789,759 Shares, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company;
- (e) our Directors consider that non-compliance with the Share Option Disclosure Requirements would not prevent our Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group. Strict adherence to the disclosure requirements, including to disclose the names, addresses, and entitlements on an individual basis of over 211 grantees without reflecting the materiality of the information does not provide any additional meaningful information to the investing public; and
- (f) a full list of all the grantees containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A of the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display — Documents Available on Display” in Appendix V of this document.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not prejudice the interests of the investing public.

The Stock Exchange [has granted] to our Company a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules with respect to the options granted under the [REDACTED] Employee Share Option Plan on the condition that:

- (a) on an individual basis, full details of the options granted under the [REDACTED] Employee Share Option Plan to each of the Directors, the senior management of the Company and the other connected persons of the Company, will be disclosed in “Statutory and General Information — [REDACTED] Employee Share Option Plan” in Appendix IV as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the [REDACTED] Employee Share Option Plan to grantees other than those set out in (a) above, disclosure will be made on an aggregate basis, including (1) the aggregate number of the grantees other than those set out in (a) above and the number of Shares subject to the options granted to them under the [REDACTED] Employee Share Option Plan, (2) the consideration paid for the grant of the options under the [REDACTED] Employee Share Option Plan, and (3) the exercise period and the exercise price for the options granted under the [REDACTED] Employee Share Option Plan;
- (c) the aggregate number of Shares underlying the outstanding options granted under the [REDACTED] Employee Share Option Plan and the percentage of the Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date will be disclosed in this document;

WAIVERS AND EXEMPTIONS

- (d) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the [REDACTED] Employee Share Option Plan will be disclosed in “Statutory and General Information — [REDACTED] Employee Share Option Plan” in Appendix IV to this document;
- (e) a summary of the major terms of the [REDACTED] Employee Share Option Plan will be disclosed in “Statutory and General Information — [REDACTED] Employee Share Option Plan” in Appendix IV to this document;
- (f) the particulars of this waiver will be disclosed in this document;
- (g) a full list of all the grantees containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A of the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for physical public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display — Documents Available on Display” in Appendix V of this document; and
- (h) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting the Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC [has agreed to grant] to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance with respect to the options granted under the [REDACTED] Employee Share Option Plan exempting the Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (a) full details of the options under the [REDACTED] Employee Share Option Plan to each of the Directors, the senior management of the Company and other connected persons will be disclosed in “Statutory and General Information — [REDACTED] Employee Share Option Plan” in Appendix IV to this document as required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the [REDACTED] Employee Share Option Plan to grantees other than those referred to in (a) above, disclosure will be made on an aggregate basis, including (1) the aggregate number of the grantees and the number of Shares subject to the options granted to them under the [REDACTED] Employee Share Option Plan, (2) the consideration paid for the grant of the options under the [REDACTED] Employee Share Option Plan, and (3) the exercise period and the exercise price for the options granted under the [REDACTED] Employee Share Option Plan;
- (c) a full list of all the grantees containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A of the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for physical public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display — Documents Available on Display” in Appendix V of this document; and
- (d) the particulars of this exemption will be disclosed in this document and that this document will be issued on or before [REDACTED]

Further details of the [REDACTED] Employee Share Option Plan are set forth in “Statutory and General Information — [REDACTED] Employee Share Option Plan” in Appendix IV to this document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. Eugene Yanjun You (游延筠)	1871 E 3990 S SALT LAKE CITY, UT 84124-1634 United States	American

Dr. Zhen Lin (林震)	Room 801, No. 9 Lane 18 Yuqiu Road Pudong New Area Shanghai, China	Chinese

Ms. Li Kong (孔麗)	Room 7A, Building 13 Zhaoshang Taohuayuan Shekou Industrial 8th Road Nanshan District, Shenzhen Guangdong, China	Chinese

Ms. Cathy Chenxi You (游晨希)	33W 60th St., #218 New York, NY10023 United States	American

Non-executive Directors

Mr. Jun Yang (楊俊)	Unit #28-21 232 Commonwealth Avenue Singapore 149740	Singaporean

Mr. Wen Jiang (蔣文)	Room 311, Building 5 Yueyuan Third Village Xuanwu District Nanjing, China	Chinese

Independent Non-executive Directors

Mr. Tianyu Jiang (江天宇)	Flat 25g, Tower 7 Cullinan West No. 28 Sham Mong Road Kowloon Hong Kong	Chinese

Ms. Nan Shen (沈楠)	10th Floor, L'Wanchai No.109 Wanchai Road Wanchai Hong Kong	Chinese

Mr. Xueyin Zhong (鍾雪垠)	4-2706, Central Park No. 6 Chaoyangmen Outer Street, Chaoyang District Beijing, China	Chinese

Further information about the Directors and other senior management members are set out in “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen’s Road Central
Hong Kong

[REDACTED]

Legal Advisers to our Company

As to Hong Kong and U.S. laws
Latham & Watkins LLP
18th Floor, One Exchange Square
8 Connaught Place
Central, Hong Kong

As to PRC laws
Han Kun Law Offices
20/F, Kerry Plaza Tower 3, 1-1
Zhongxinsi Road Futian District,
Shenzhen 518048, China

As to Cayman Islands laws
Harney Westwood & Riegels
14th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Legal Advisers to the Sole Sponsor and the [REDACTED]

As to Hong Kong and U.S. laws
Haiwen & Partners LLP
Suites 601-602 & 610-616
6/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

As to PRC laws
Haiwen & Partners
20/F, Fortune Financial Center
5 Dong San Huan Central Road
Chaoyang District
Beijing, China

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Independent Auditor and Reporting Accountants

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King’s Road, Quarry Bay
Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
Room 2504, Wheelock Square
No.1717 West Nanjing Road
Shanghai, China

[REDACTED]

CORPORATE INFORMATION

Headquarters	Building No. 1 Nanshan Zhiyuan Chongwen Park 3370 LiuXian Avenue Nanshan District Shenzhen, China
Principal place of business in Hong Kong	Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Registered office in the Cayman Islands	P.O. Box 31119 Grand Pavilion Hibiscus Way, 802 West Bay Road Grand Cayman, KY1-1205
Company website	<u>www.aqara.com</u> <i>(the information contained on this website does not form part of this document)</i>
Joint company secretaries	Ms. Meng Meng Building No. 1 Nanshan Zhiyuan Chongwen Park 3370 LiuXian Avenue Nanshan District Shenzhen, China Ms. Shum Kit Han <i>(A fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized representatives	Dr. Zhen Lin Room 801, No. 9, Lane 18 Yuqiu Road, Pudong New Area Shanghai, China Ms. Shum Kit Han Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit committee	Ms. Nan Shen <i>(Chairperson)</i> Mr. Tianyu Jiang Mr. Xueyin Zhong
Remuneration committee	Mr. Xueyin Zhong <i>(Chairperson)</i> Mr. Tianyu Jiang Dr. Zhen Lin

CORPORATE INFORMATION

Nomination committee

Mr. Eugene Yanjun You (*Chairperson*)
Ms. Nan Shen
Mr. Xueyin Zhong

[REDACTED]

Compliance adviser

Rainbow Capital (HK) Limited
No. 710, 7/F, Wing On House
No. 71 Des Voeux Road Central
Central, Hong Kong

Principal banks

China Merchants Bank Co., Ltd. Shenzhen Xili Branch
1st Floor, Baoneng City
Liuxian Avenue, Nanshan District
Shenzhen, China

Agricultural Bank of China Limited, Shenzhen University Town Branch
1st Floor, Phase II, Sangtai Danhua Garden
Lishan Road, Nanshan District
Shenzhen, China

REGULATIONS

MATERIAL LAWS AND REGULATIONS RELEVANT TO OUR BUSINESS OPERATIONS IN THE PRC

This section primarily summarizes the principal PRC laws, rules, and regulations relevant to our business and operations.

Regulations Relating to Foreign Investments

Investment activities in China by foreign investors are principally governed by the Industry Guidelines of Encouraged Foreign Investment (《鼓勵外商投資產業目錄》) and the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》), which were promulgated and are amended from time to time by the Ministry of Commerce and the NDRC, and together with the PRC Foreign Investment Law (《中華人民共和國外商投資法》) and its respective implementation rules and ancillary regulations. The industry guidelines and the negative list lay out the basic framework for foreign investments in China, classifying businesses into three categories with regard to foreign investments: “encouraged,” “restricted,” and “prohibited.” Industries not listed in the industry guidelines or the negative list are generally deemed as falling into a fourth category “permitted” unless specifically restricted by other PRC laws.

On December 15, 2025, the Ministry of Commerce and the NDRC released the Industry Guidelines of Encouraged Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》), which came into effect on February 1, 2026 and replaced the previous version of the Industry Guidelines of Encouraged Foreign Investment. On September 6, 2024, the Ministry of Commerce and the NDRC promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the 2024 Negative List, which became effective on November 1, 2024 and replaced the previous version of the Special Administrative Measures (Negative List) for Foreign Investment Access.

On March 15, 2019, the National People’s Congress approved the PRC Foreign Investment Law (《中華人民共和國外商投資法》), which came into effect on January 1, 2020. According to the PRC Foreign Investment Law, foreign investments should enjoy pre-entry national treatment, except for those foreign-invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the “negative list.” While foreign investors should refrain from investing in any of the foreign “prohibited” industries, foreign-invested entities operating in foreign “restricted” industries are required to obtain market entry clearance and other approvals from the PRC governmental authorities.

On December 26, 2019, the State Council promulgated the Regulations for Implementing the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investments, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

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

In December 2020, the NDRC and the Ministry of Commerce promulgated the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), which came into effect on January 18, 2021. Pursuant to such measures, the NDRC establishes a working mechanism office in charge of the security review of foreign investment, which is led by the NDRC and the Ministry of Commerce.

REGULATIONS

Regulations Relating to Foreign Investments in Value-added Telecommunications Businesses

Pursuant to the Provisions on Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》) which were promulgated by the State Council on December 11, 2001, and amended on September 10, 2008, February 6, 2016, and March 29, 2022, the ultimate foreign equity ownership in a value-added telecommunications services provider may not exceed 50%.

On June 19, 2015, the Ministry of Industry and Information Technology issued the Circular on Removing the Restrictions on Equity Ratio Held by Foreign Investors in Online Data Processing and Transaction Processing (Operating E-commerce) Business (《關於放開在綫數據處理與交易處理業務(經營類電子商務)外資股比限制的通告》), allowing foreign investors to own more than 50% of equity interest in an operator of “operating e-commerce” business. The 2024 Negative List further provides that foreign investors are allowed to hold more than 50% equity interests in a value-added telecommunications service provider engaging in e-commerce, domestic multiparty communication, storage-and-forward, and call center businesses, while foreign investors are still prohibited from holding more than 50% of equity interest in a provider of other subcategories of value-added telecommunications services.

On April 8, 2024, the Ministry of Industry and Information Technology of China promulgated the Notice of the Ministry of Industry and Information Technology on the Pilot Program for Expanding the Opening up of Value-added Telecommunications Services to the Outside World (《工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告》), providing that in regions approved to carry out the pilot program, the restrictions on the foreign equity ratios for internet data centers (IDC), content delivery networks (CDN), internet service providers (ISP), online data processing and transaction processing, information releasing platforms and delivery services included in information services (excluding the operation of internet news information, online publishing, online audio and video, and internet culture), as well as information protection and processing services, will be removed.

The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《關於加強外商投資經營增值電信業務管理的通知》) issued by the Ministry of Information Industry in July 2006 reiterates the regulations on foreign investments in telecommunications businesses, which require foreign investors to set up foreign-invested enterprises and obtain value-added telecommunication business operating licenses to operate any value-added telecommunications business in China.

Regulations Relating to Licenses and Permits

Commercial Franchise Filing

Franchise operations are subject to the supervision and administration of the Ministry of Commerce and its regional counterparts. Such activities are currently regulated by the Administrative Regulations on Commercial Franchising Operations (《商業特許經營管理條例》), which was promulgated by the State Council on February 6, 2007, and became effective on May 1, 2007. The Administrative Regulations on Commercial Franchising Operations were subsequently supplemented by the Administrative Measures on Filing of Commercial Franchises (《商業特許經營備案管理辦法》), which was last amended by the Ministry of Commerce on December 29, 2023, and became effective on December 29, 2023, and the newly amended Administrative Measures on Information Disclosure of Commercial Franchises (《商業特許經營信息披露管理辦法》), which was promulgated by the Ministry of Commerce on February 23, 2012, and became effective on April 1, 2012.

Under the above applicable regulations, commercial franchise operations shall mean a grant by an enterprise owner of registered trademarks, enterprise logos, patents, proprietary technologies or other business resources (“**franchisor**”) to another business operator (“**franchisee**”) to use such business

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resources owned by the franchisor through a contractual arrangement, where the franchisee operates the business according to a uniform business model stipulated under the contract and pay the franchisor franchising fees. A franchisor must have certain prerequisites including a mature business model, the capability to provide long-term business guidance and training services to franchisees and ownership of at least two self-operated storefronts that have been in operation for at least one year within China. Franchisors engaged in franchising activities without satisfying the above requirements may be subject to penalties such as forfeit of illegal income and imposition of fines between RMB100,000 and RMB500,000 and may be bulletined by the Ministry of Commerce or its local counterparts. Franchise contracts shall include certain required provisions, such as terms, termination rights and payments.

Franchisors are generally required to file franchise contracts with the Ministry of Commerce or its local counterparts. Franchisors engaging in franchise operations within a province, autonomous region or centrally administered municipality shall file records with the commerce administration authorities of the People’s Government of the province, autonomous region or centrally administered municipality at where the franchisor is located. Franchisors engaging in franchise operations across provinces, autonomous regions and centrally administered municipalities shall file records with the commerce administration authorities of the State Council. According to the Notice on Entrusting Provincial-Level Commerce Authorities to Handle Commercial Franchise Filing (《關於委託省級商務主管部門開展商業特許經營備案工作的通知》) issued by the MOFCOM in April 2009, domestic and foreign-invested enterprises engaged in commercial franchising activities across provinces, autonomous regions, and centrally administered municipalities shall file with the provincial-level commerce authority where the franchisor is located. Failure to report franchising activities may result in penalties such as fines up to RMB100,000. Such noncompliance may also be bulletined. In the first quarter of every year, franchisors are required to report to the Ministry of Commerce or its local counterparts any franchise contracts they executed, canceled, renewed or amended in the previous year.

Pursuant to the Administrative Measures on Information Disclosure of Commercial Franchises, thirty days prior to the execution of franchise contracts, franchisors are required to provide franchisees with copies of the franchise contracts, as well as written true and accurate basic information.

In the event of failure to disclose or misrepresentation, the franchisee may terminate the franchise contract, and the franchisor may be fined up to RMB100,000. In addition, such non-compliance may be bulletined.

Model Confirmation Certificate of Radio Transmitting Equipment

On November 11, 2016, the State Council and the Central Military Commission promulgated the revised Radio Regulations of the People’s Republic of China (《中華人民共和國無線電管理條例》), effective December 1, 2016. On December 22, 2022, the Ministry of Industry and Information Technology promulgated the Provisions on the Administration of Radio Transmission Equipment(《無線電發射設備管理規定》), which took effect on July 1, 2023. According to these regulations and provisions, except for micro-power short-range radio transmission equipment, whoever manufactures or imports other radio transmission equipment for sales or use on the domestic market shall apply to the State Radio Administration for model verification and approval. Whoever manufactures or imports radio transmission equipment that has not obtained model verification and approval for sales or use on the domestic market shall be ordered by the radio administration to make correction and subject to fines.

Record filing and Registration of Foreign Trade and Customs Declaration

Pursuant to the then effective PRC Foreign Trade Law (《中華人民共和國對外貿易法》) promulgated by the Standing Committee of the National People’s Congress as amended, and the Measures for Record-filing and Registration of Foreign Trade Business Operators (《對外貿易經營者備案登記辦法》) promulgated by the Ministry of Commerce on June 25, 2004 and most recently amended on May 10, 2021,

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foreign trade business operators engaging in import or export of goods must go through record-filing and registration formalities with the Ministry of Commerce or authorities entrusted by the Ministry of Commerce, unless otherwise stipulated by laws, administrative regulations, and the Ministry of Commerce.

Pursuant 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》), which were promulgated by the General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022. , in order to conduct customs declaration business in China, customs declaration entities must go through the record-filing formalities with the Customs in accordance with such provisions and the record-filing of customs declaration entities will remain valid permanently unless revoked.

Record-filing with the Immigration Inspection and Quarantine Agency

Pursuant to the Law on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) promulgated by the Standing Committee of the National People’s Congress on February 21, 1989 and most recently amended on April 29, 2021, and the Implementing Regulations of the Law on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) promulgated by the State Council on August 31, 2005 and most recently amended on March 29, 2022, the consignees or the consignors of imported and exported commodities may complete declaration formalities for inspection on its own or entrust a declaration agent enterprise to complete declaration formalities for inspection and must complete filing formalities with the immigration inspection and quarantine agency in accordance with the law.

Record-filing of Mobile Internet Applications

On July 21, 2023, the Ministry of Industry and Information Technology issued the Notice on the Record-filing of Mobile Internet Applications (《關於開展移動互聯網應用程序備案工作的通知》), which requires any mobile application sponsor that engages in internet information services in China to go through the record-filing formalities in accordance with the Law of the People’s Republic of China Against Telecommunications and Internet Frauds (《中華人民共和國反電信網絡詐騙法》), the Administrative Measures on Internet Information Services, and other regulations. Any mobile application sponsor that fails to complete the record-filing formalities should not engage in internet information services through mobile apps.

Regulations Relating to Information Security

The Data Security Law of the PRC (《中華人民共和國數據安全法》), promulgated by the National People’s Congress on June 10, 2021, effective from September 1, 2021, stipulates that in data processing by the data processor, the laws and regulations shall be complied with, a sound data security management system throughout the whole process shall be established, data security education and training shall be organized and conducted, and corresponding technical measures and other necessary measures shall be adopted to ensure data security. In data processing by making use of the internet or any other information networks, the abovementioned data security obligations shall be fulfilled on the basis of the classified protection system for cyber security.

In November 2016, the Standing Committee of the National People’s Congress promulgated the Cybersecurity Law (《中華人民共和國網絡安全法》), which was amended on October 28, 2025 and came into effect on January 1, 2026. In accordance with the Cybersecurity Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network service providers must take technical and other necessary measures as required by laws, regulations, and mandatory requirements to safeguard the operation of networks, respond to network security effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality, and usability of network data.

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On December 28, 2021, the CAC and other PRC authorities promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on February 15, 2022, and further restate and expand the applicable scope of the cybersecurity review in effect. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulates that network platform operators holding personal information of over one million users must apply to the Cybersecurity Review Office for a cybersecurity review before an overseas listing.

Regulations Relating to Cross-border Data Transfer

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which became effective on September 1, 2022. These measures apply to the security assessment conducted by data processors where they provide overseas parties with important data and personal information collected and generated during the operation in China. Based on these measures, data processors must apply for the security assessment of data cross-border transfer to the national cyberspace administration through the provincial cyberspace administration in the place where they operate if they provide data outside China under any of the following circumstances: (i) outbound transfer of important data by a data processor; (ii) outbound transfer of personal information by a critical information infrastructure operator or a personal information processor who has processed the personal information of more than one million people; (iii) outbound transfer of personal information by a personal information processor who has made outbound transfers of the personal information of 100,000 people cumulatively or the sensitive personal information of 10,000 people cumulatively since January 1 of the previous year; and (iv) other circumstances where an application for the security assessment of an outbound data transfer is required as prescribed by the national cyberspace administration authority.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), establishing a multitiered approach for cross-border data provisions. Depending on the types of data operators and the nature and amount of data involved, different approaches may apply, which may require the data processors to undergo data export security assessments, enter into standard contractual clauses, or obtain personal information protection certifications. For example, the following data processors must undergo data export security assessments for their provision of information to overseas recipients: (i) where a critical information infrastructure operator provides personal information or important data to overseas recipients, and (ii) where data operators other than the critical information infrastructure operators provide important data to overseas recipients, or where data operators other than the critical information infrastructure operators cumulatively provide personal information (excluding sensitive personal information) of more than one million individuals or cumulatively provide sensitive personal information of more than ten thousand individuals since January 1 of a given year. The Provisions on Promoting and Regulating Cross-Border Data Flows also provide the circumstances where data processor providing personal information to overseas recipients may be exempted from undergoing data export security assessments, entering into standard contractual clauses, or obtaining personal information protection certifications, which include, among other things, in the event that a data processor other than a critical information infrastructure operator cumulatively provides personal information (excluding sensitive personal information) of not more than 100,000 individuals since January 1 of a given year.

Regulations Relating to Personal Information Protection

The PRC Constitution (《中華人民共和國憲法》) states that PRC laws protect the freedom and privacy of communications of citizens and prohibits infringement of these rights. On May 28, 2020, the National People's Congress approved the Civil Code (《民法典》), which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person must be protected by the law. Any

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organization or individual that needs to obtain personal information of others must obtain such information legally and ensure the safety of such information, and should not illegally collect, use, process, or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others.

To further regulate cybersecurity and privacy protection, the PRC Cybersecurity Law (《中華人民共和國網絡安全法》) which was promulgated by the Standing Committee of the National People’s Congress on November 7, 2016 and was amended on October 28, 2025, provides that subject to certain exceptions, (i) to collect and use personal information, network operators must follow the principles of legitimacy, rightfulness, and necessity, disclose their rules of data collection and use, clearly express the purposes, means, and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators can neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered, and must dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; (iii) network operators cannot divulge, tamper with, or damage the personal information they have collected, and cannot provide the personal information to others without the consent of the persons whose data is collected.

On August 20, 2021, the Standing Committee of the National People’s Congress promulgated the Personal Information Protection Law (《個人信息保護法》), which integrates the scattered rules with respect to personal information rights and privacy protection and came into effect on November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly relating to the processing purpose and should be conducted in a method that has the minimum impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope as necessary to achieve the processing purpose and avoid the excessive collection of personal information. Personal information processors must adopt necessary measures to safeguard the security of the personal information they handle. The offending entities could be ordered to correct, or to suspend or terminate the provision of services, and face confiscation of illegal income, fines, or other penalties.

On February 12, 2025, the CAC published the Administrative Measures for the Compliance Audit of Personal Information Protection, or the Compliance Audit Measures (《個人信息保護合規審計管理辦法》), which took effect on May 1, 2025. According to the Compliance Audit Measures, compliance audit of personal information protection refers to the supervision activities in which the personal information processing activities of personal information processors are examined and evaluated regarding their compliance with laws and administrative regulations. The Compliance Audit Measures further provides, among other things, that personal information processors that process personal information of more than 10 million individuals shall conduct at least one personal information protection compliance audit every two years.

Regulations on Algorithm Recommendations

On September 17, 2021, the CAC and eight other PRC governmental authorities jointly promulgated the Guiding Opinions on Strengthening the Comprehensive Governance of Algorithms Related Internet Information Services (《關於加強互聯網信息服務算法綜合治理的指導意見》), which provide that, among others, enterprises must establish an algorithm security responsibility system and a science and technology ethical review system, improve the algorithm security management organization, strengthen risk prevention and control as well as potential danger investigation and governance, and improve the capacity and level to respond to algorithm security emergencies. Enterprises must also strengthen their sense of responsibility and assume the main responsibility for the results arising from the application of algorithms.

On December 31, 2021, the CAC, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the SAMR jointly issued the Administrative Provisions on Algorithm

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Recommendation of Internet Information Services (《互聯網信息服務算法推薦管理規定》), which became effective on March 1, 2022. These administrative provisions stipulate that algorithm recommendation service providers must (i) fulfill their responsibilities for algorithm security, (ii) establish and improve management systems and technical measures for algorithm mechanism examination, scientific and technological ethics review, user-registration, information release review, data security and personal information protection, anti-telecommunications and internet fraud, security assessment and monitoring, and security incidents emergency response, among others, and (iii) formulate and disclose the rules for algorithm recommendation services, and be equipped with professional staff and technical support appropriate to the scale of the algorithm recommendation service. Algorithm recommendation service providers should not take advantage of algorithm recommendation services to (i) engage in any illegal activity which may endanger national security and social public interest, disturb economic and social order, or infringe others’ legitimate rights and interest, or (ii) disseminate any information prohibited by laws and regulations.

On November 25, 2022, the CAC, the Ministry of Industry and Information Technology, and the Ministry of Public Security jointly issued the Administrative Provisions on the Deep Synthesis of Internet Information Services (《互聯網信息服務深度合成管理規定》), which came into effect on January 10, 2023. According to these provisions, no organization or individual may use deep synthesis services to produce, reproduce, release, or disseminate information prohibited by laws and administrative regulations, or to engage in activities that endanger the national security and interests, damage the national image, infringe upon social public interests, disrupt the economic and social order, or undermine the legitimate rights and interests of others. Specifically, the providers of deep synthesis services should, among other things, establish and maintain the management systems for algorithmic mechanism review, data security, and personal information protection.

On July 10, 2023, seven governmental authorities including the CAC published the Provisional Measures on AI-Generated Content Services (《生成式人工智能服務管理暫行辦法》), or the AIGC Measures, setting compliance standards for generative AI service providers. The AIGC Measures require generative AI service providers to take responsibility for the content they produce in accordance with the law and ensure information security. Besides, providers of generative AI services that influence public opinion or could mobilize society shall undergo security assessments and follow procedures for registering or updating their algorithms as required by applicable regulations. Non-compliance with the AIGC Measures may subject the providers of generative-AI services to penalties, including warning, public denouncement, rectification orders and suspension of the provision of relevant services. On September 24, 2024, the State Council promulgated the Regulations on Network Data Security Administration (《網絡數據安全管理條例》), which provides that a network data processor that provides generative AI services shall strengthen its security management of training data and processing activities of training data and take effective measures to prevent and address network data security risks.

On March 7, 2025, Cyberspace Administration of China, Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration of Radio and Television jointly promulgated the Measures for Labeling AI-Generated or Composed Content (《人工智能生成合成內容標識辦法》), which applies to the labeling of AI-generated or composed content by Internet information service providers. According to the Measures for Labeling AI-Generated or Composed Content, Internet information service providers shall add explicit labels to content generated or edited by simulating a natural person through intelligent dialogue and writing. Additionally, they are required to include implicit labels in the file metadata of such generated or composed content. The Measures for Labeling AI-Generated or Composed Content became effective on September 1, 2025.

Regulations Relating to E-commerce

To further regulate the e-commerce industry, on August 31, 2018, the Standing Committee of the National People’s Congress promulgated the PRC E-commerce Law (《中華人民共和國電子商務法》),

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which came into effect on January 1, 2019, providing that e-commerce operators must comply with the principles of voluntariness, equality, fairness, and good faith, abide by laws, observe business ethics, equally participate in market competition, perform obligations regarding the protection of consumers’ rights and interests, environmental protection, intellectual property protection, and the protection of cybersecurity and personal information, take charge of the quality of products and services, and receive the supervision of the government and the general public.

Regulations Relating to Product Quality and Consumer Protection

The Product Quality Law (《中華人民共和國產品質量法》), which was promulgated by the Standing Committee of the National People’s Congress on February 22, 1993 and most recently amended on December 29, 2018, applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy the quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product’s manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales.

According to Administrative Provisions on Compulsory Product Certification (《强制性產品認證管理規定》), which was promulgated by the General Administration of Quality Supervision on September 29, 2022, no products specified by the State may leave the factory, or be sold, imported or used in other business activities until they are certified (“**compulsory product certification**”) and labeled with certification marks. According to Announcement on the Release of the Description and Definition Table for the Compulsory Product Certification Catalog (《關於發布强制性產品認證目錄描述與界定表的公告》), promulgated by the SAMR on August 10, 2023, switches for fixed electrical installations in households and similar locations, lamps, fire alarm products and other kinds of products need to require compulsory product certification before leaving the factory.

Pursuant to Law of the PRC 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 National People’s Congress on October 31, 1993, last amended and implemented on October 25, 2013, a consumer or any other aggrieved party whose personal safety and property security are harmed by defective goods may seek compensation from the seller, or seek compensation from the producer. Where the liability falls on the producer, upon compensation by the seller, the seller shall have the right to recover the compensation from the producer.

On March 15, 2024, the State Council promulgated the Implementing Regulations of the Consumer Rights and Interests Protection Law (《中華人民共和國消費者權益保護法實施條例》), which came into effect on July 1, 2024. The Implementing Regulations of the Consumer Rights and Interests Protection Law provide detailed provisions on business operators’ obligations, including protection of consumers’ personal and property safety, the handling of defective products, avoidance of fraudulent advertisement, promotion of price transparency, assurance of quality guarantee, and protection of consumers’ personal information.

Regulations on Torts

Under the Civil Code of the PRC (《中華人民共和國民法典》), which was issued by the National Congress on May 28, 2020, and became effective on January 1, 2021, where damages to other persons are caused by defective products, the infringed person may claim compensation against the producers or the sellers of the product. Where the defection is due to the fault of the producers, the sellers who have paid compensation to the infringed person shall have the right to indemnification against the producers. Where damages to other persons are caused by defective products due to the fault of a third party, such as the parties providing transportation or warehousing, the producers and the sellers of the products have the right to recover their respective losses from such third parties. If defective products are identified after they have

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been put into circulation, the producers or the sellers shall take remedial measures such as ceasing the sale, warning and recall of products, in a timely manner. The producers or the sellers shall be liable under tort if they fail to take remedial measures in a timely manner or have not made efforts to take remedial measures, thus causing damages. If the products are produced or sold with known defects, causing deaths or severe adverse health issues, the infringed party has the right to claim punitive damages in addition to compensatory damages.

Regulations Relating to Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), or the Production Safety Law, promulgated by the Standing Committee of the National People’s Congress on June 29, 2002 and implemented on November 1, 2002, and last revised on June 10, 2021, entities engaged in production and business activities in the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety. Entities shall strengthen the management, establish and improve responsibility systems and polices, improve conditions, promote the development of production safety standards, and improve the production level to ensure their production safety. The primary persons in charge of the production and operation entities are fully responsible for the production safety of their entities. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

Regulations Relating to Leased Property

Pursuant to the Law on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), which was promulgated on July 5, 1994 and most recently amended on August 26, 2019 by the Standing Committee of the National People’s Congress, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties.

In addition, the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), issued by the Ministry of Housing and Urban-rural Development on December 1, 2010 and became effective on February 1, 2011, provide that the lessor and lessee are also required to register the lease with the competent real estate administration department within 30 days upon the execution of the lease agreement. If the lessor and lessee fail to go through the registration procedures, the competent authorities may urge the lessor and lessee to make corrections within a specified time limit and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease agreement if the lessor and lessee fail to make corrections within the specified time limit.

Regulations Relating to Overseas Listing and M&A

On August 8, 2006, six PRC governmental and regulatory agencies, including the Ministry of Commerce and the CSRC, jointly promulgated the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》), a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and were revised on June 22, 2009. Foreign investors must comply with these regulations when they purchase equity interests of a domestic company or subscribe for the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in China for the purpose of purchasing the assets of a domestic company and operating the assets; or when the foreign investors purchase the assets of a domestic company and establish a foreign-invested enterprise by injecting such assets, and operate the assets. The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, among other things, purports to require that an offshore special purpose vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

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On September 6, 2024, the NDRC and the Ministry of Commerce jointly issued the 2024 Negative List, which came into effect on November 1, 2024. Pursuant to the 2024 Negative List, if a domestic company engaging in the prohibited business stipulated in the 2024 Negative List seeks an overseas offering and listing, it must obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company should not be involved in the company’s operation and management, and their shareholding percentage should be subject to, mutatis mutandis, the regulations on the domestic securities investments by foreign investors.

On February 17, 2023, the CSRC promulgated 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》), or the Overseas Offering and Listing Measures, which came into effect on March 31, 2023. On the same day, the CSRC also published a series of guidance rules and Q&As in connection with the implementation of the Overseas Offering and Listing Measures. According to the Overseas Offering and Listing Measures, an overseas offering of securities (including shares, depository receipts, corporate bonds convertible into shares, and other securities in nature of equity) and listing by a PRC domestic company, whether directly or indirectly, are required to fulfill the filing procedures with, and to report the information to, the CSRC. Specifically, the examination and determination of an indirect offering and listing will be conducted on a substance-over-form basis, and an offering and listing will be considered as an indirect overseas offering and listing by a PRC domestic company if the issuer meets both of the following conditions: (i) any of the operating revenue, total profit, total assets, or net assets of the PRC domestic enterprise(s) of the issuer in the most recent fiscal year accounts for more than 50% of the corresponding item in the issuer’s audited consolidated financial statements for the same period; and (ii) the main parts of the issuer’s operation activities are conducted in China, or the principal operation premises are located in China, or the majority of senior management personnel in charge of its business operations and management are PRC citizens or have habitual residences located in China.

The PRC Securities Law (《中華人民共和國證券法》), which came into effect in March 2020, provides that no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of China.

On February 24, 2023, the CSRC and certain other PRC regulatory authorities promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which came into effect on March 31, 2023. Pursuant to these provisions, where a domestic enterprise provides or publicly discloses documents and materials involving state secrets and working secrets of state organs (“Relevant Documents and Materials”) to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities individuals, or provides or publicly discloses Relevant Documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall complete the corresponding procedures pursuant to the relevant provisions of the State. The work product formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and outbound transfers shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Regulations Relating to Anti-monopoly

The PRC Anti-monopoly Law (《中華人民共和國反壟斷法》), which was promulgated by the Standing Committee of the National People’s Congress on August 30, 2007 and effective from August 1, 2008, prohibits monopolistic conduct such as entering into monopoly agreements, abuse of dominant market

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position, and concentration of undertakings that have the effect of eliminating or restricting competition. On June 24, 2022, the Standing Committee of the National People’s Congress adopted the Decision of the Standing Committee of the National People’s Congress on Amending the PRC Anti-monopoly Law (《全國人民代表大會常務委員會關於修改《中華人民共和國反壟斷法》的決定》), which became effective on August 1, 2022. This decision increased the fines on business operators for illegal concentration; the anti-monopoly enforcement agency may also order the business operators to cease the implementation of the concentration, to dispose of shares, assets, and the business within a period of time, or to take other necessary measures to restore to the status before the concentration if the concentration of the business operators has or may have an effect of excluding or limiting competition. In addition, according to this decision, where a concentration of business operators does not meet the filing threshold set by the State Council, but there is evidence that the concentration has or may have the effect of excluding or limiting competition, the anti-monopoly law enforcement agency may order the operators to file the concentration of business operators. Furthermore, where an operator violates the provisions of the Anti-monopoly Law by abusing dominant market position, the enforcement authorities will order such operator to stop the illegal activities, confiscate the illegal earnings, and impose a fine of 1% to 10% of the previous year’s sales revenue.

On August 3, 2008, the State Council promulgated the Rules of the State Council on Declaration Threshold for Concentration of Undertakings (《國務院關於經營者集中申報標準的規定》). The Rules of the State Council on Declaration Threshold for Concentration of Undertakings require that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the anti-monopoly enforcement agency of the State Council before they can be completed. The Rules of the State Council on Declaration Threshold for Concentration of Undertakings, amended by the State Council on January 22, 2024, set forth the latest filing threshold for concentration of undertaking, which is, during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeds RMB12 billion in the preceding fiscal year and at least two of these operators each has a turnover of more than RMB800 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeds RMB4 billion in the preceding fiscal year, and at least two of these operators each has a turnover of more than RMB800 million within China in the preceding fiscal year.

On March 10, 2023, the SAMR released four regulations supporting the Anti-monopoly Law(《中華人民共和國反壟斷法》), namely the Review Measures of Concentration of Undertakings(《經營者集中審查規定》), the Provisions on the Prohibition of Monopoly Agreements (《禁止壟斷協議規定》), the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions(《禁止濫用市場支配地位行為規定》), and the Provisions on Curbing the Abuse of Administrative Power to Exclude or Restrict Competition (《制止濫用行政權力排除、限制競爭行為規定》), all of which came into effect on April 15, 2023. Subsequently, the Provisions on the Prohibition of Monopoly Agreements (《禁止壟斷協議規定》) and the Provisions on Curbing the Abuse of Administrative Power to Exclude or Restrict Competition (《制止濫用行政權力排除、限制競爭行為規定》) were further amended by the SAMR on December 9, 2025 and December 18, 2025 respectively, both of which came into effect on February 1, 2026.

Regulations Relating to Anti-unfair Competition

Competition among business operators is generally governed by the PRC Anti-unfair Competition Law (《中華人民共和國反不正當競爭法》), which was promulgated by the Standing Committee of the National People’s Congress on September 2, 1993, and amended on November 4, 2017, April 23, 2019 and June 27, 2025. The amended Anti-unfair Competition Law will come into effect on October 15, 2025. According to the amended Anti-unfair Competition Law, business operators must abide by the principles of voluntariness, equality, fairness, and good faith, and observe laws and business ethics.

On October 29, 2020, the SAMR issued the Interim Provisions on Regulating Promotional Activities (《規範促銷行為暫行規定》), which came into effect on December 1, 2020. Among other things, these interim provisions are designed to promote consumer protection and prohibit false or misleading

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commercial information used in promotional activities. Failure to comply with these provisions may subject the business operators to penalties or other administrative actions by the regulatory authorities.

On March 16, 2022, the Supreme People’s Court promulgated the Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of the Anti-unfair Competition Law (最高人民法院關於適用《中華人民共和國反不正當競爭法》若干問題的解釋), which came into effect on March 20, 2022, setting out more detailed standards to apply the Anti-unfair Competition Law.

On May 6, 2024, the SAMR issued the Interim Provisions on Anti-Unfair Competition on the Internet (《網絡反不正當競爭暫行規定》), which prohibit business operators from using data, algorithms, and other technical means to commit traffic hijacking, interference, malicious incompatibility, and other improprieties to influence user choices or hinder or damage the normal operation of network products or services offered by other business operators.

Regulations Relating to Advertising

The PRC government regulates advertising, including online advertising, principally through the SAMR. The PRC Advertising Law (《中華人民共和國廣告法》), as promulgated on October 27, 1994 and most recently amended on April 29, 2021 by the Standing Committee of the National People’s Congress, outlines the general regulatory framework for advertising. According to the Advertising Law, advertisers are required to ensure that the contents of the advertisements they prepare or distribute are true and in full compliance with applicable laws and regulations. For example, advertisements must not contain terms such as “the state-level,” “the highest grade,” “the best,” or such similar wording. In addition, the use of internet to distribute advertisements must not affect the normal use of the internet by users.

On February 25, 2023, the SAMR published the Administrative Measures for Internet Advertising (《互聯網廣告管理辦法》), which came into effect on May 1, 2023. These administrative measures aim to regulate various kinds of commercial advertising activities conducted within the territory of China to directly or indirectly promote a product or service through text, images, audio, video, or any other form, using any website, web page, web application, or other online media. The Administrative Measures for Internet Advertising further clarify that product sellers or service providers promoting products or services through online live streaming that constitutes commercial advertisements should assume the responsibilities and obligations of an advertiser.

Violation of the foregoing laws and regulations may subject the operators to civil liabilities and penalties, including fines, confiscation of advertising income, orders to stop dissemination of the advertisements, and orders to publish an advertisement correcting the misleading information. In case of serious violations, the SAMR or its local branches may force the violators to terminate its advertising operation or revoke its business license.

Regulations Relating to Pricing

According to the PRC Pricing Law (《中華人民共和國價格法》), as promulgated on December 29, 1997 and effective on May 1, 1998 by the Standing Committee of the National People’s Congress, business operators must, as required by the government departments in charge of pricing, mark the prices explicitly and indicate the name, origin of production, specifications, and other related particulars clearly. Business operators may not sell products at a premium or charge any fees that are not explicitly indicated. Business operators must not commit the specified unlawful pricing activities, such as colluding with others to manipulate the market price, using false or misleading prices to deceive consumers to purchase, or conducting price discrimination against other business operators. Failure to comply with the Pricing Law may subject business operators to administrative sanctions such as warning, stopping unlawful activities, confiscating illegal gains, and fines. The business operators may be ordered to suspend business for rectification, or have their business licenses revoked if the circumstances are severe.

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Regulations Relating to Intellectual Property Rights

China has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks, and domain names.

Copyright

Copyright in China, including copyrighted software, is principally protected under the PRC Copyright Law (《中華人民共和國著作權法》) which was promulgated by the Standing Committee of the National People’s Congress on September 7, 1990 and of which the most recent amendment came into effect as of June 1, 2021. Under the Copyright Law, PRC citizens, legal persons, or other organizations enjoy copyright over their works which refer to original intellectual achievements in the fields of literature, art, and science which can be expressed in a certain form including written works, oral works, computer software, and other intellectual achievements which comply with the characteristics of the works, whether published or not. The term of protection for copyrighted software is 50 years.

In addition, the Regulations on the Protection of Rights to Information Network Communication (《信息網絡傳播權保護條例》), which were promulgated by the State Council on May 18, 2006 and amended on January 30, 2013, provide specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specify the liabilities of various entities for violations, including copyright holders, libraries, and internet service providers. The Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》), which were promulgated by the State Copyright Bureau on February 20, 2002, amended on June 18, 2004, apply to software copyright registration, license contract registration, and transfer contract registration.

Patent

According to the PRC Patent Law (《中華人民共和國專利法》), which was promulgated by the Standing Committee of the National People’s Congress on March 12, 1984 and most recently amended on October 17, 2020, patent protection is divided into three categories, namely, invention patents, utility model patents, and design patents. Invention patents are valid for twenty years from the date of application, while design patents and utility patents are valid for fifteen years and ten years from the date of application, respectively. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness, and practicability. Once an invention patent, or an utility model patent is granted, unless otherwise permitted by law, no individual or entities are permitted to engage in the manufacture, use, sale, or import of the product protected by such patent or otherwise engage in the manufacture, use, sale, or import of the product directly derived from applying the production technology or method protected by such patent, without consent of the patent holder, otherwise, the use will constitute an infringement of the patent rights.

Trademark

Registered Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) which was adopted by the Standing Committee of the National People’s Congress on August 23, 1982 and most recently amended on April 23, 2019 as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) which was adopted by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office of the National Intellectual Property Administration under the SAMR handles trademark registrations and grants a term of ten years to registered trademarks which may be renewed for consecutive ten-year periods upon request by the trademark owner. For licensed use of a registered trademark, the licensor must file record of the licensing of the said trademark with the Trademark Office, otherwise it may not defend against a bona fide third party. The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or

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been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

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 August 24, 2017 and became effective on November 1, 2017, prior to the establishment of domain name root servers, domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the PRC, the corresponding permits shall be obtained from the MIIT or its local counterparts.

Regulations Relating to Foreign Currency Exchange and Dividend Distribution

Foreign Exchange

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was latest revised on August 5, 2008. Pursuant to this regulation and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange or its local counterpart is obtained.

The SAFE issued the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《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》), or the SAFE Circular 19, on March 30, 2015, and it became effective on June 1, 2015, and was partially repealed on June 9 2016, December 30, 2019 and March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the Circular of 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》), or SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the 2024 Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), or SAFE Circular 8, issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank

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for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to substantial uncertainties given they are newly issued regulations.

Dividend Distribution

The principal regulations governing distribution of dividends of the foreign-invested enterprises include the PRC Foreign Investment Law (《中華人民共和國外商投資法》), the Implementing Regulation of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), and the PRC Company Law (《中華人民共和國公司法》) which was issued on December 29, 1993 and most recently amended on December 29, 2023.

Under these laws and regulations, wholly foreign-owned enterprise (“WFOEs”) in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, WFOEs in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

Offshore Financing

SAFE promulgated SAFE Circular 37 on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. Under SAFE Circular 37, (i) a “special purpose vehicle” refers to an offshore entity directly established or indirectly controlled by PRC residents for the purpose of seeking offshore equity financing or making offshore investment, using legitimate domestic or offshore assets or interests owned by such PRC residents; (ii) “round trip investment” refers to the direct investment in China by such PRC residents through the special purpose vehicle, including, without limitation, establishing foreign-invested enterprises and using such foreign-invested enterprises to purchase or control onshore assets through contractual arrangements; and (iii) “control” is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds, or other arrangements. SAFE Circular 37 requires PRC residents to complete a foreign exchange registration of overseas investment with the competent local branches of SAFE before making capital contribution into a special purpose vehicle. SAFE Circular 37 further requires the filing of amendment to the registration in the event of any changes with respect to the special purpose vehicle, including basic information changes such as changes in a PRC resident individual shareholder, name of special purpose vehicle, or operation period, and significant changes such as changes in the capital contributed by PRC residents, share transfer or exchange, merger, division, or other material events. On February 13, 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which became effective on June 1, 2015 and was amended on December 30, 2019. After this notice becomes effective, application for foreign exchange registration of inbound foreign direct investment and outbound overseas direct investment, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE. Beneficial owners of the special purpose vehicle who are PRC citizens are also required to make annual filing with the local banks regarding their overseas direct investment status. If any PRC resident shareholder of the special purpose vehicle fails to make the required registration or to update the previously filed registration, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer, or liquidation to the special purpose vehicle, and the special purpose vehicle may also be prohibited from making additional capital contribution into its PRC subsidiaries.

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Foreign Debt

On January 5, 2023, the NDRC promulgated the Administrative Measures for Examination and Registration of Medium- and Long-term Foreign Debts of Enterprises (《企業中長期外債審核登記管理辦法》), which came into effect on February 10, 2023. For the purpose of these measures, medium- and long-term foreign debts, or foreign debts, refer to debt instruments with a maturity of more than one year that are borrowed from overseas by enterprises within the territory of China and by overseas companies or branches controlled by them, denominated in Renminbi or a foreign currency, and with the principal repaid and interest accrued as agreed. According to these measures, before the borrowing of any foreign debts, enterprises must obtain from the NDRC the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises and complete the formalities of examination and registration. The enterprises that have not completed such examination and registration formalities cannot borrow foreign debts. In addition, such enterprise must, within 10 business days after each borrowing of foreign debts, report the information on such borrowing of foreign debts to the NDRC.

Pursuant to these measures, the requirement of the examination and registration formalities also apply to the indirect borrowing of foreign debts overseas by PRC domestic enterprises. These measures also provide that if an enterprise, whose principal business activities are conducted in China, issues bonds or borrows commercial loans overseas in the name of an enterprise registered overseas, based on the equity, assets, earnings or other similar rights and interests of the PRC domestic enterprise, such conduct of the enterprise would be deemed as an indirect borrowing of foreign debts overseas by domestic enterprises. However, substantial uncertainties remain as to the implementation and interpretation of these measures.

On December 4, 2023, SAFE promulgated the Circular on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》), pursuant to which the pilot policies for facilitating cross-border financing are extended nationwide. Qualified high and new technology enterprises, specialized and sophisticated enterprises that produce new and unique products and core technologies and technology-based small and medium-sized enterprises within 14 provinces can independently borrow foreign debts within the limit of the equivalent of US\$10 million. The qualified enterprises within other provinces can borrow foreign debts within the limit of the equivalent of US\$5 million.

Stock Incentive Plans

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《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》), or the SAFE Circular 7, promulgated by SAFE in February 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions.

Regulations Relating to Tax

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the Enterprise Income Tax Law, effective as of January 1, 2008 and latest amended on December 29, 2018, the

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income tax rate for both domestic and foreign-invested enterprises is 25% with certain exceptions. To clarify certain provisions in the Enterprise Income Tax Law, the State Council promulgated the Implementation Rules of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) on December 6, 2007, which was further amended in 2019 and 2024. Under the Enterprise Income Tax Law and the Implementation Rules of the Enterprise Income Tax Law, enterprises are classified as either “resident enterprises” or “non-resident enterprises.” Aside from enterprises established within the PRC, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and are subject to the uniform 25% enterprise income tax rate for their global income. In addition, the Enterprise Income Tax Law provides that a non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC, but has an establishment or place of business in the PRC, or does not have an establishment or place of business in the PRC but has income sourced within the PRC.

Dividend Withholding Tax

The Enterprise Income Tax Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are “non-PRC resident enterprises,” and gains derived by such investors, which (i) do not have an establishment or place of business in China or (ii) have an establishment or place of business in China, but the income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within China. The State Council or a tax treaty between China and the jurisdictions in which the non-PRC investors reside may reduce such income tax. Pursuant to an Arrangement Between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) with respect to Taxes on Income and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the conditions and requirements, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) issued by the State Taxation Administration on February 20, 2009, if the PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Based on the Circular on Issues concerning the “Beneficial Owner” in Tax Treaties (《關於稅收協定中“受益所有人”有關問題的公告》) issued by the State Taxation Administration on February 3, 2018, which became effective on April 1, 2018, a comprehensive analysis should be conducted based on the factors set out in the present article and in combination with the actual conditions of specific cases, and certain factors which will negatively affect the determination of an applicant’s status as a “beneficial owner” are provided, such as the business activities engaged in by the applicant do not constitute substantive business activities. On October 14, 2019, the State Taxation Administration promulgated the Administrative Measures for Non-resident Taxpayers to Enjoy Treatment under Treaties (《非居民納稅人享受協定待遇管理辦法》), which became effective on January 1, 2020. These administrative measures provide that non-PRC resident enterprises are not required to obtain pre-approval from the tax authorities in order to enjoy the reduced withholding tax. Instead, non-PRC resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and include necessary forms and supporting documents in the tax filings, which will be subject to post-tax filing examinations by the tax authorities.

Indirect Transfer of Properties

On February 3, 2015, the State Taxation Administration issued STA Public Notice 7. In December 2017, Article 13 and Paragraph 2 of Article 8 of STA Public Notice 7 were abolished by Decision of the State Taxation Administration on Issuing the Lists of Invalid and Abolished Tax Departmental Rules and Taxation Normative Documents (《國家稅務總局關於公布失效廢止的稅務部門規章和稅收規範性文件目錄的

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決定》) effective on December 29, 2017 and the Circular on Issues concerning Withholding of Enterprise Income Tax for Non-PRC Resident Enterprises (《關於非居民企業所得稅源泉扣繳有關問題的公告》), or STA Circular 37, effective on December 1, 2017, which was amended on June 15, 2018, respectively. By promulgating and implementing these notices, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-PRC resident enterprise. Pursuant to STA Public Notice 7, as amended, in the event that a non-PRC resident enterprise indirectly transfers equities and other properties of a PRC resident enterprise to evade its obligation of paying enterprise income tax by implementing arrangements that are not for reasonable commercial purpose, such indirect transfer should be re-identified and recognized as a direct transfer of equities and other properties of the PRC resident enterprise. STA Public Notice 7, as amended, provides clear criteria for assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. STA Public Notice 7 also brings challenges to both offshore transferor and transferee (or another person who is obligated to pay for the transfer) of taxable assets. Where a non-PRC resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an offshore holding company, which is an indirect transfer, the non-PRC resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such indirect transfer to the tax authority. Using a “substance-over-form” principle, the PRC tax authority may disregard the existence of the offshore holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding, or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to enterprise income tax, and the transferee or another person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

Issues concerning the withholding of enterprise income tax of the China-sourced income, which refers to income obtained from sources within China by non-PRC resident enterprises that (a) do not have an establishment or place of business in China or (b) have an establishment or place of business in China, but the income is not effectively connected with the establishment or place of business in China, should be subject to STA Circular 37. China-sourced income includes income from equity investment such as dividend and bonus, income from interest, rental and royalties, income from the property transfer, and other income. Pursuant to STA Circular 37, non-PRC resident enterprises must pay enterprise income tax in relation to their China-sourced income, and the entities which have the direct obligation to make certain payments to a non-PRC resident enterprise should be the tax withholders for such non-PRC resident enterprise. The tax withholders must, within seven days of the day on which the withholding obligation occurs, which is the day when the payment is made in fact or becomes due, declare and remit the withholding tax to the competent tax authority. When declaring and remitting the withholding tax payable, the tax withholders must complete the Withholding Statement of China for Enterprise Income Tax. In the event that the tax withholder fails to withhold and remit the taxable enterprise income tax for a non-PRC resident enterprise, or is unable to perform its obligation mentioned above, the non-PRC resident enterprise must declare and pay the enterprise income tax to the competent tax authority, and complete the Withholding Statement of China for Enterprise Income Tax.

Value-added Tax

All taxpayers selling goods or providing processing, repairing, or replacement labor services, sales of services, intangible assets and real property and importing goods in China must pay a value-added tax in accordance with the Provisional Regulations on Value-added Tax and its implementation rules. The Provisional Regulations on Value-added Tax (《中華人民共和國增值稅暫行條例》) were issued by the State Council in December 1993 and last amended on November 19, 2017. The regulations applicable to the prevailing value-added tax are the Notice of the Ministry of Finance and the State Taxation Administration 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》), issued on April 4, 2018 and effective on May 1, 2018, and the Notice of the Ministry of Finance, the State Taxation

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Administration and the General Administration of Customs on Relevant Policies for Deepening Value Added Tax Reform (《關於深化增值稅改革有關政策的公告》), issued on March 20, 2019 and effective on April 1, 2019. The rate of value-added tax applicable to our PRC subsidiaries and the variable interest entities generally varies up to 13% depending on the product type.

On December 25, 2024, the Standing Committee of the National People’s Congress promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which will become effective on January 1, 2026 and will replace the Provisional Regulations on Value-added Tax. The Value-added Tax Law provides that value-added tax rates generally applicable are simplified as 13%, 9% and 6%, and the value-added tax rate for simplified tax calculation method is 3%.

Regulations Relating to Employment Laws

The PRC Labor Law (《中華人民共和國勞動法》), which became effective on January 1, 1995, and was amended on August 27, 2009 and December 29, 2018, and the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which became effective on January 1, 2008 and was amended on December 28, 2012, provide requirements concerning employment contracts between an employer and its employees. Pursuant to the Labor Contract Law, a written labor contract is required when an employment relationship is established between an employer and an employee. An employer is obligated to sign a labor contract with an employee with an indefinite term if the employer continues to employ the employee after two consecutive fixed-term labor contracts. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations. Other labor-related regulations and rules of China stipulate the maximum number of working hours per day and per week as well as the minimum wages. An employer is required to set up occupational safety and sanitation systems, implement the national occupational safety and sanitation rules and standards, educate employees on occupational safety and sanitation, prevent accidents at work, and reduce occupational hazards.

On October 28, 2010, the Standing Committee of the National People’s Congress promulgated the PRC Social Insurance Law (《中華人民共和國社會保險法》), which became effective on July 1, 2011 and was amended on December 29, 2018. In accordance with the PRC Social Insurance Law and other laws and regulations, China establishes a social insurance system including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance. An employer must pay the social insurance for its employees in accordance with the rates provided under the regulations and must withhold the social insurance that should be assumed by the employees. The authorities in charge of social insurance may request an employer’s compliance and impose sanctions if such employer fails to pay and withhold social insurance in a timely manner. On August 1, 2025, the Supreme People’s Court issued the Interpretations (II) on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which came into effect on September 1, 2025, according to which, where an employer and an employee agree, or an employee promises to the employer, that social insurance contributions need not be paid, the people’s court shall deem such agreement or promise invalid. Under the Regulations on the Administration of Housing Fund (《住房公積金管理條例》), which were promulgated on April 3, 1999, and were most recently amended on March 24, 2019, PRC companies must register with applicable housing fund management centers and establish a special housing fund account in an entrusted bank. Both PRC companies and their employees are required to contribute to the housing funds. An enterprise that fails to make housing fund contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

Pursuant to the PRC Labor Law and Interim Provisions on Labor Dispatch (勞務派遣暫行規定), which were promulgated by the Ministry of Human Resources and Social Security on January 24, 2014 and became effective on March 1, 2014, labor dispatch employment is a supplemental form which can only be adopted for temporary, auxiliary, or alternative job positions. Temporary positions are positions subsisting for no more than six months; auxiliary positions are positions of non-major business serving for major

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businesses; and alternative positions are positions that can be held by dispatched laborers for a certain period of time during which the formal laborers are temporarily out of their positions for reasons. An employer is required to strictly control the number of dispatched laborers, which should not exceed 10% of the total number of its labor force.

MATERIAL LAWS AND REGULATIONS RELEVANT TO OUR BUSINESS OPERATIONS IN THE UNITED STATES

Businesses operating in the United States are subject to a variety of federal, state and local laws and regulations (the “**U.S. Regulations**”). The U.S. Regulations expected to be material to our operations are those relating to, among other things, product liability, product safety, data security and customs and import procedures as described below.

Product Liability

U.S. state law generally imposes liability on all subcontractors and retailers (and parties in the supply chain) for injuries that result from unsafe, defective and dangerous products sold to consumers. Product liability claims in the United States are typically based on three theories of law: (i) strict liability, (ii) negligence and (iii) breach of warranty. In addition, as noted above, U.S. laws and regulations can also obligate subcontractors and retailers (and parties in the supply chain) to remedy product defects, which can include safety recall campaigns.

Parties involved in manufacturing, distributing or selling a product may be subject to liability for harm caused by a defect in that product. There are three types of product defects, namely, design defects, manufacturing defects and defects in marketing. In a negligence claim, a defendant may be held liable for personal injury or property damage caused by the failure to use due care. Strict liability claims, however, do not depend on the degree of carefulness by the defendant. A defendant is liable when it is shown that an injury (personal or to property) occurred as the result of a product’s defect. Breach of warranty is also a form of strict liability in the sense that a showing of fault is not required. The plaintiff need only establish the warranty was breached, regardless of how that came about. Companies that manufacture, distribute or sell a product in a particular state may be subject to the jurisdiction of such state’s product liability laws, whether the company’s jurisdiction of incorporation or principal place of business is in that state, in another U.S. state or in a non-U.S. jurisdiction.

Product liability legal actions and recall campaigns in the United States could involve personal injury and property damage and could involve claims for substantial monetary damages. The results of any future litigation and claims involving product liability in the United States are inherently unpredictable.

Product Safety

Product safety regulation in the United States is primarily administered by the U.S. Consumer Product Safety Commission (the “**CPSC**”), a federal agency responsible for regulating certain classes of products sold to the public. The CPSC was established under the Consumer Product Safety Act of 1972, as amended (the “**CPSA**”), which provides the principal federal statutory framework for consumer product safety.

The CPSA was amended by the U.S. Consumer Product Safety Improvement Act of 2008 (the “**CPSIA**”) in 2008. The implementation of CPSIA was a significant overhaul of consumer product safety laws in the United States and was designed to enhance federal and state efforts to improve the safety of all products imported into and distributed in the United States. Products imported into the United States that fail to comply with CPSIA’s requirements are subject to confiscation and the importer and/or distributor in the United States is subject to civil penalties and fines, as well as possible criminal prosecution. Under CPSIA, a “general conformity certification” is required for any consumer product imported into the United States that is subject to a consumer product safety

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rule, standard, regulation, or ban adopted pursuant to the CPSA or issued by the CPSC. The certification requirement applies to all subcontractors and importers of affected goods and obliges certification of compliance with all applicable consumer product safety rules and laws, including but not limited to the CPSA, the Flammable Fabrics Act, the Federal Hazardous Substance Act, and the Poison Prevention Act. Certification must be based on a “test of each product or a reasonable testing program,” and the certificate must accompany the product or the shipment, with a copy furnished to each distributor, retailer and U.S. Customs and Border Protection (the “CBP”). The CPSC may also request a copy of the certification.

The CPSA also contains several reporting requirements for subcontractors and sellers of consumer products sold in the U.S. Section 15 of the CPSA requires a manufacturer or a seller to inform the CPSC immediately in the event it obtains information that any of its products: (i) creates a substantial risk of injury to consumers; (ii) creates an unreasonable risk of serious injury or death; or (iii) fails to comply with an applicable consumer product safety rule or with any other rule, regulation, standard, or ban under the CPSA or any other statute enforced by the CPSC. The CPSC may require the manufacturer or the seller to cease distribution of the product, and notify each person to whom the manufacturer or the seller knows such product was sold of such noncompliance, defects, or risks. In certain circumstances, the CPSC may require the manufacturer or the seller to bring the product into conformity with the applicable product safety rules, repair the defect in the product, replace the product with an equivalent product that complies with the applicable product safety rules, issue a product recall and/or refund the purchase price of the product.

Proposition 65

Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986 (“**Prop 65**”), is a California law that requires that California consumers receive warnings regarding the presence of more than 900 chemicals known to cause cancer and/or reproductive toxicity. The law is highly technical, constantly evolving, and actively enforced by the government and private enforcement actions. Under Prop 65, any person in the course of doing business must provide a “clear and reasonable warning” before exposing individuals to listed carcinogens and reproductive toxins in their products. Prop 65 provides detailed requirements for the form, content, and placement of the required warning. The probability that a company will be subject to Prop 65 regulations is high because of how broadly the statute is worded. If a company manufactures, imports, distributes or sells a product that will be sold in California either through brick and mortar or online stores, or if a company has a physical presence of any kind in California (retail, office, warehouse, facility, factory, plant), then that company must abide by Prop 65 requirements. Recently, the California Office of Environmental Health Hazard Assessment adopted a significant amendment to the Prop 65 warning requirement allowing companies to provide notice of the potentially toxic product either to the authorized agent for the business to whom they are selling or transferring the product (i.e., the next business in line), or to the authorized agent for the retail seller. Although this amendment appears to minimize the burden on companies, paying careful attention to Prop 65 requirements is encouraged. Auditing Prop 65 compliance well in advance could mean avoiding costly lawsuits, the loss of valuable business opportunities or relationships, large monetary penalties, serious financial or reputational damage, or even product recalls.

U.S.-Based Data Security Regulations

We are subject to a variety of laws and regulations in the United States that involve privacy, data protection and personal information, data security, and data retention and deletion. In particular, we are subject to federal, state, and applicable foreign laws regarding privacy and the protection of personal data. As U.S. federal and state laws and regulations are constantly evolving and can be subject to significant change, the application, interpretation, and enforcement of these laws and regulations are often uncertain.

Among these laws, the California Consumer Privacy Act (the “**CCPA**”), as amended by the California Privacy Rights Act (the “**CPRA**”), remains the most comprehensive U.S. framework. It regulates the

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collection, use, and disclosure of personal information of California residents and is enforced by the California Privacy Protection Agency (the “**CPPA**”). Civil penalties of up to US\$7,500 per intentional violation may be imposed, and under certain circumstances, consumers have a private right of action in the event of a data breach. Businesses subject to the CCPA/CPRA must comply with detailed requirements on privacy notices, consumer rights, and contractual arrangements with service providers.

Import Tariffs and Customs Regulations

United States customs regulations (the “**Customs Regulations**”), administered by CBP apply to any products entering the United States. Those regulations cover, among other areas, valuation of goods, classification, recordkeeping requirements, entry formalities, and laws related to duties and tariffs. The United States imposes tariffs on certain goods imported from various countries. Tariff rates are generally set forth in the Harmonized Tariff Schedules of the United States (the “**HTSUS**”). Note that embargoes, antidumping duties, countervailing duties, and other specific matters administered by the United States executive branch are not contained in the HTSUS and that various regulations or administrative actions could result in modification of these duties. Section 201 of the Trade Act of 1974, 19 USC §2101 et seq. (the “**Trade Act**”) permits the President of the United States to grant temporary import relief by raising import duties or imposing non-tariff barriers (e.g., quotas) on goods entering the United States that injure or threaten to injure domestic industries producing similar goods. Section 301 of the Trade Act authorizes the President of the United States to take all appropriate action, including retaliation, to obtain the removal of any act, policy, or practice of a foreign government that violates an international trade agreement or is unjustified, unreasonable, or discriminatory, and that burdens or restricts U.S. commerce. The law does not require that the U.S. government wait until it receives authorization from the World Trade Organization to take such enforcement actions.

Currently, U.S. and China trade policy has given rise to the imposition of significant additional tariffs on products imported into the United States from China, and vice versa. To date, tariff rates and the scope of applicable products continue to evolve dynamically, reflecting ongoing trade discussions and enforcement actions. Moreover, administrative measures and policy priorities related to advanced manufacturing and supply chain security contribute to further adjustments in tariff classifications and duty rates within the complex framework of U.S.-China trade relations. 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.

Trade Sanction — Section 301

Title III of the Trade Act of 1974 (Sections 301-310, 19 U.S.C. §§2411-2420), titled “Relief from Unfair Trade Practices,” is often collectively referred to as “Section 301.” Section 301 provides a statutory means by which the U.S. imposes trade sanctions on foreign countries that violate U.S. trade agreements or engage in acts that are “unjustifiable” or “unreasonable” and burden U.S. commerce. To remedy a foreign trade practice, Section 301 authorizes the United States Trade Representative (the “**USTR**”) to impose duties or other import restrictions, as well as impose other remedies.

In August 2017, in response to China’s technology transfer, intellectual property, and innovation policies/practices, the USTR made a finding that four Chinese intellectual property rights-related practices are unreasonable (or discriminatory) and burden (or restrict) U.S. commerce. The action taken includes the imposition of additional tariffs, ranging from 7.5% to 25.0%, on approximately \$370 billion worth of U.S. imports from China. These tariffs are applicable to nearly all the goods examined for HTS/tariff review with most goods subject to a 25% additional tariff, with a lesser number facing a 7.5% tariff or no tariff.

On May 14, 2024, the USTR announced the results of an ongoing Section 301 “necessity review.” The key points announced were that there would be no Section 301 tariffs reduced or eliminated, and that there

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would be increased tariff rates for certain critical sectors that include but are not limited to steel and aluminum, semiconductors, electric vehicles (“EVs”), lithium-ion EV batteries and certain mineral and medical products.

In December 2024, USTR announced additional Section 301 tariff increases on certain tungsten products, solar wafers, and polysilicon.

Transfer Pricing

The U.S. has an extensive system of laws and practices designed to preserve the U.S. tax base by preventing income from being shifted among related parties through the inappropriate pricing of related party transactions. The U.S. transfer pricing regime seeks to ensure that transactions involving the transfer of goods and services between related companies are made on an arm’s length basis and are priced based on market conditions that permit profit to be reflected in the appropriate tax jurisdiction. Where the results of a transaction do not reflect an arm’s length price, the U.S. tax authority can reallocate the income to reflect the appropriate price and, in some cases, impose monetary penalties for substantial or deliberate inaccuracy.

The U.S. Congress has enacted legislation, and the U.S. Treasury Department has promulgated regulations to control transfer pricing, all of which are administered and enforced by the Internal Revenue Service (the “**IRS**”). On December 22, 2017, the Tax Cuts and Jobs Act (the “**TCJA**”) became law. The TCJA represents a comprehensive reform of the Internal Revenue Code (the “**IRC**”). Among its many changes, the TCJA lowered the federal corporate income tax rate to 21% and overhauled the international tax provisions of the IRC, which may cause many multi-national companies to reevaluate their transfer pricing arrangements. Additionally, the TCJA amended the IRC’s transfer pricing provisions, which will directly affect transfers of intangible property. Federal tax legislation is contained in the IRC. Specifically, Section 482 of the IRC governs transfer pricing and applies when two or more organizations, trades, or businesses (regardless of form and place of the organization) are owned or controlled, directly or indirectly, by the same interests. The general rule of Section 482 authorizes the IRS to reallocate income, deductions, credits or allowances among the members of a controlled group of entities to ensure clear reflection of income or to prevent tax avoidance.

Section 482 also provides an additional test for transfers of intangible property. Income with respect to the transfer (or license) of intangible property must be “commensurate with the income” attributable to the intangible property. Under the commensurate-with-income standard, actual profit realized from the exploitation of an intangible must be considered in determining an arm’s length price for the transfer of the intangible. The amount of compensation should therefore reflect changes in the income attributable to that intangible overtime.

In the U.S., individual states enact their own corporate income tax rules, which include the power and authority to regulate transfer pricing. The state rules focus on the shifting of income and deductions from a high-tax state to lower-tax states. Although the focus of most multinational businesses is on the relationship with the IRS, the state-by-state approach to transfer pricing methodologies must not be ignored. Each state is a sovereign taxing jurisdiction with the authority to disregard the conclusions reached by the IRS with respect to the appropriateness of a particular transfer pricing method.

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Certain information and statistics presented in this section and elsewhere in this document were derived from official government publications and other publicly available sources as well as from the Frost & Sullivan Report, a market research report prepared by Frost & Sullivan, an independent global consulting firm that was commissioned by us. We believe that the sources of the information in this section and elsewhere in this document are appropriate sources for such information and reasonable care has been taken in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information from official and non-official sources has not been independently verified by us or any other parties involved in the [REDACTED], or any of our or their respective directors, officers, or representatives, and no representation is given as to its accuracy or completeness. Accordingly, you should not place undue reliance on such information and statistics. For discussions of risks relating to our industries, see “Risk Factors — Risks Relating to Our Business and Industry.”

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on Global and China’s spatial intelligence human-centric spatial intelligence system industries and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB860,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market forecasting methodology integrates several forecasting techniques with the market measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market measurement trends and integration of econometric variables.

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and China is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

OVERVIEW OF GLOBAL AND CHINA’S HUMAN-CENTRIC SPATIAL INTELLIGENCE PRODUCTS AND SOLUTIONS INDUSTRY

Introduction of Spatial Intelligence

Spatial intelligence refers to the seamless integration of artificial intelligence (AI) within physical environments, enabling them to perceive, interpret, and coordinate interactions among people, objects, and spaces. Unlike traditional IoT systems that depend on isolated devices and predefined rules, spatial intelligence emphasizes contextual awareness, adaptive learning, and cross-system collaboration. It establishes the foundation for environments capable of continuously learning from spatial data and human behavior, evolving from reactive automation toward increasingly autonomous and intelligent spatial ecosystems.

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Introduction and Evolution of Human-Centric Spatial Intelligence

As spatial intelligence continues to advance, human-centric spaces—comprise residential spaces and commercial spaces—have emerged as the most natural and promising foundation for its development. These environments are characterized by a high density of physical interactions, diverse behavioral scenarios, a wide array of intelligent devices, and increasingly complex user demands—all of which create ideal conditions for the application and evolution of spatial intelligence.

Residential spaces focus on daily living, personal comfort, and household-level interactions. Commercial spaces address broader, public-oriented needs related to consumption, work, hospitality, and public services. These include large-scale facilities such as shopping malls, office buildings, hotels, elderly care centers, hospitals, schools, cultural venues, and community centers—each with distinct functional requirements and technical challenges that demand intelligent, adaptive solutions.

A clear reflection of the shift toward human-centric spatial intelligence can be seen in how people interact with information. Previously, users actively searched for the content they needed. Today, with AI advancements, information increasingly finds the user through personalized feeds, predictive recommendations, and context-aware push services—a shift from reactive interaction to anticipatory intelligence. Similarly, in the human-centric spatial intelligence industry, a parallel transformation is occurring in spatial environments, where intelligent systems are evolving from executing preset commands to actively perceiving human contexts and responding in real time. The following chart illustrates the three progressive stages in the evolution of human-centric spatial intelligence.

The Three Stages of the Development of Human-Centric Spatial Intelligence

	Since 2000	Since 2011	Since 2023
	Stage 1	Stage 2	Stage 3
	Single-product Intelligence	Whole-house Intelligence	Proactive AI-driven Spatial Intelligence
Coverage	Individual devices and single rooms	Connected and integrated systems across entire human-centric spaces	Comprehensive proactive AI-driven environmental awareness including user behavior and conditions
Key Characteristics	Isolated device control	Coordinated device control and semi-automation	Multi-dimensional perception and proactive environmental adaptation
User Interaction	Manual control via apps, voice or physical interfaces	Semi-automated through preset scenes and manual activation	Proactive AI-driven anticipatory responses without user intervention
Main Connection Modes	Devices connect independently, mainly enabling simple remote-control functions	A unified gateway device is introduced to enable centralized management of multiple devices and scenario-based automation	Connection methods diversify to enable cross-network and cross-ecosystem integration, while protocols with limited scalability show reduced adaptability
AI Intelligence level	Command execution only	Rule-based automation following preset logic	Proactive AI-driven decision-making
Core Technologies	Standalone smart devices	Central hubs with communication protocols and scene management	Advanced multi-dimensional sensing, AI algorithms and edge computing
Typical Applications	Smart bulbs, smart locks, robotic vacuums, etc.	Preset modes and scenes such as morning routine, home away mode, security mode, etc.	Customizable, intelligent applications across residential and commercial spaces

Source: Frost & Sullivan

These three stages illustrate a clear progression in the capabilities of intelligent environments—from perception to integration, and finally to autonomy. This evolution is paving the way for proactive AI-driven spatial intelligence, which represents the definitive future of the field. The use of proactive AI, representing a key feature of Stage 3, is continuously driving the transition toward fully adaptive, human-centric spatial ecosystems with the increasing penetration rate.

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Definition and Classification of Human-Centric Spatial Intelligence Products and Solutions

Human-centric spatial intelligence products and solutions comprise two core segments: spatial intelligence infrastructure and intelligent terminal devices.

Serving as the technological backbone of intelligent environments, *spatial intelligence infrastructure* integrates multimodal sensors, intelligent hubs, decision-making modules, and edge controllers into a unified network. This infrastructure provides the foundation for perception, data processing, and control, enabling real-time awareness and adaptive decision-making. It occupies a central strategic position as the foundational layer that supports and coordinates all terminal devices. Once deployed, its embedded nature creates significant switching costs and customer stickiness, fostering strong retention and recurring revenue potential. This segment represents a key driver of future development of spatial intelligence—where scalable, adaptive, and data-driven systems are essential to meeting rising expectations for energy efficiency, convenience, and intelligence.

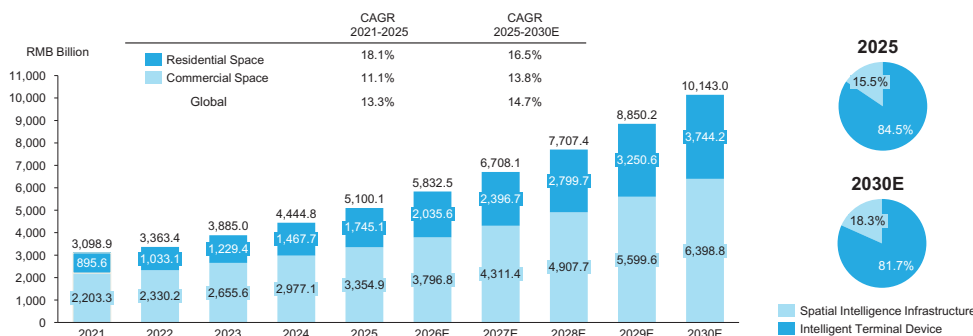
Intelligent terminal devices—including lighting, security systems, appliances, and energy management tools—execute the commands issued by the spatial intelligence infrastructure.

Market Size of Global and China’s Human-Centric Spatial Intelligence Products and Solutions

The market size of human-centric spatial intelligence products and solutions represents the total addressable market for intelligent systems deployed across single-product intelligence (Stage 1), whole-house intelligence (Stage 2) and proactive AI-driven intelligence (Stage 3).

Within the market of human-centric spatial intelligence products and solutions, the infrastructure segment is the fastest-growing submarket, serving as the foundational backbone that supports intelligent terminal device and ensures seamless interoperability. By enabling unified connectivity and system coordination, spatial intelligence infrastructure effectively addresses fragmentation and complexity in intelligent applications.

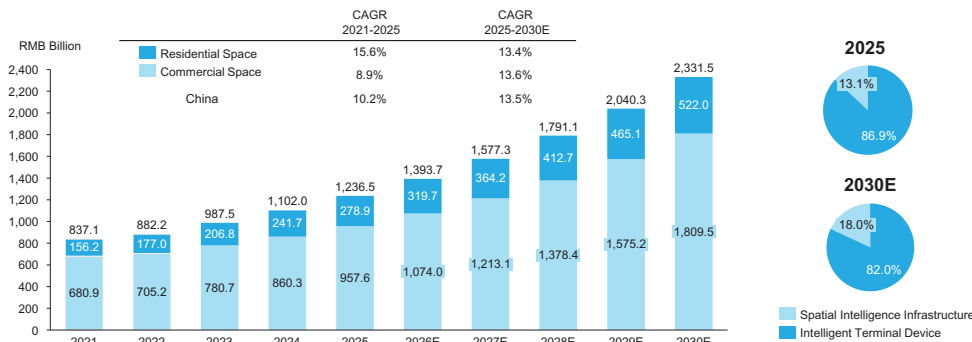
Global Market Size of Human-Centric Spatial Intelligence Products and Solutions by Revenue, 2021-2030E



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Source: International Data Corporation (IDC), Frost & Sullivan

China’s Market Size of Human-Centric Spatial Intelligence Products and Solutions by Revenue, 2021-2030E



Source: IDC, National Bureau of Statistics of the People’s Republic of China, Frost & Sullivan

Key Application Scenarios of Human-Centric Spatial Intelligence Products and Solutions

Human-centric spatial intelligence products and solutions play a pivotal role in addressing key challenges across both residential and commercial spaces. By integrating infrastructure with intelligent terminal devices, the system forms a comprehensive, closed-loop process—from data sensing and network connectivity to intelligent control. Together, these products and solutions enhance living quality in homes while driving cost reduction, operational efficiency, and intelligent management in commercial environments, supporting scalable, adaptive, and context-aware intelligent services throughout the evolution of spatial intelligence.

In residential spaces, residents frequently face problems such as inadequate comfort, high energy consumption, security risks, complicated and expensive maintenance, and poor device interoperability. The human-centric spatial intelligence products and solutions address these challenges through a unified architecture that autonomously manages lighting, HVAC (heating, ventilation, and air conditioning), and other household appliances. Multiple user interfaces—including mobile apps, voice assistants, and scene panels—simplify interactions, making them more intuitive and accessible. Crucially, in proactive AI-driven spatial intelligence (Stage 3) the embedded AI continuously learns from user behavior and environmental data, anticipating needs and autonomously adjusting device settings—for example, pre-heating or cooling rooms, controlling lighting, or issuing anomaly alerts.

In commercial spaces, users face challenges such as energy inefficiency, high maintenance costs, inconsistent ambient conditions, security risks, and fragmented system management. Human-centric spatial intelligence products and solutions address these challenges through a unified infrastructure integrating multimodal sensing, AI analytics, and intelligent terminal devices. Real-time monitoring of occupancy, environmental conditions, and energy use allows automated adjustment of lighting, HVAC, and other systems, enhancing comfort, efficiency, and safety. Centralized control and predictive AI capabilities enable proactive maintenance, dynamic resource allocation, and anticipatory management, shifting operations from reactive to intelligent. Key examples with high market growth potential include: **zero-carbon parks**, which optimize energy use and systems like lighting, irrigation, and HVAC to reduce emissions and costs while enhancing visitor experience; **offices**, where AI-driven monitoring and automation improve energy efficiency, comfort, and productivity; **smart assisted living**, enabling real-time environmental monitoring, personalized interventions, and data-driven care to enhance resident safety and well-being; and **commercial properties** such as retail centers, hotels, and hospitals, where AI optimizes comfort, energy use, security, and operations to boost customer satisfaction and operational efficiency.

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OVERVIEW OF GLOBAL AND CHINA’S HUMAN-CENTRIC SPATIAL INTELLIGENCE INFRASTRUCTURE INDUSTRY

Product and Technology Architecture of Human-Centric Spatial Intelligence Infrastructure

The human-centric spatial intelligence infrastructure not only enhances operational efficiency, safety, and security within spaces but also empowers terminal device with advanced sensing and autonomous decision-making capabilities. By enabling real-time data exchange and inter-device collaboration, the infrastructure transforms traditionally isolated devices into a coordinated system, allowing terminal device to evolve from passive responders into active, intelligent nodes capable of perceiving environmental changes and making autonomous decisions. This closed-loop, adaptive system continuously learns and optimizes itself, driving performance improvements across the entire spatial intelligence ecosystem.

The infrastructure operates through a coordinated framework of four key capabilities:

1) *Recognition & Perception Layer* utilizes multimodal sensors to capture multidimensional data—including presence (1D data), movement (2D data), audiovisual inputs (3D data), and time-based environmental changes (4D data). This rich, structured data provides comprehensive input to the system, enabling accurate understanding of both spatial and temporal contexts. By ensuring robust and precise data acquisition, this layer forms the essential foundation for downstream cognitive processing and intelligent decision-making.

2) *Cognition & Decision-making Layer* transforms raw sensory data into intelligent actions by integrating inputs through intelligent hub and decision-making products and the cloud platform. It standardizes diverse data formats, extracts key features, and applies cloud-based AI algorithms for deep analysis and scenario modeling. Through continuous learning, the system refines its understanding of context and formulates adaptive strategies. Final decisions are translated into actionable instructions and dispatched to the execution layer, enabling real-time, context-aware responses across complex environments.

3) *Execution & Reshaping Layer* translates decisions into real-world actions through intelligent controllers, which carry out targeted functions across environments. These controllers ensure real-time responsiveness and coordinated operation. Continuous feedback from the system supports a closed-loop optimization process, allowing AI models to refine their parameters, enhance adaptability, and dynamically evolve in response to changing conditions. This capability enables the environment not only to respond efficiently but also to anticipate and adapt to future needs.

4) *Connectivity & Convergence Layer* ensures the seamless operation of human-centric spatial intelligence infrastructure by providing stable, multi-protocol connectivity that enables real-time collaboration and data interoperability among diverse intelligent devices. This interconnected framework ensures continuous data flow between cloud, edge, and control nodes, forming the foundation for AI-driven intelligence, automation, and adaptability. By integrating data, connectivity, and AI, the infrastructure can perform real-time perception, context-aware decision-making, and adaptive execution, transforming traditional spaces into dynamic, self-optimizing environments. This layer enhances infrastructure operational efficiency, enables precise coordination of resources, and delivers highly personalized and responsive experiences for users.

Governance is a key aspect of the human-centric spatial intelligence infrastructure, implemented through the policies component of spatial ontology framework. These policies define principles such as privacy, data minimization, user consent, and compliance, ensuring that all system actions operate within regulatory and ethical boundaries.

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In the infrastructure architecture, data is not only an information carrier but also the core resource driving proactive AI-driven intelligence (Stage 3). Controlling and analyzing data provides strategic insight into the physical world, enabling effective decision-making and optimized operations. AI algorithms process massive, multi-modal data into four types of structured information: objects—physical entities in space; relations—connections between objects; actions—potential operations of objects or systems; and policies—decision rules for different scenarios. Leveraging this structured framework, the human-centric spatial intelligence infrastructure converts complex, multi-dimensional environmental information into actionable cognitive models, supporting AI training, analysis, personalized instruction generation, real-time decision-making, and adaptive optimization. The deep integration of data and AI enables the transformation of static environments into dynamic, self-optimizing, and user-customized intelligent spaces, completing a closed loop across the four layers and achieving proactive sensing and adaptive management.

Analysis of Human-Centric Spatial Intelligence Connectivity Protocols and Compatibility Development

The realization of human-centric spatial intelligence with proactive AI capabilities relies on a robust infrastructure that supports multi-protocol convergence. By accommodating diverse connectivity standards, the infrastructure ensures stable interconnection and seamless collaboration among intelligent devices across different brands, types, and functions. This interoperability forms the backbone of the system, enabling real-time data exchange, coordinated operation, and adaptive intelligence. Mainstream connectivity protocols for spatial intelligence generally fall into two categories:

- **Wired protocols** offer communication between devices through physical cables. They offer high stability and security, making them suitable for core control scenarios requiring real-time performance and reliability. However, they involve complex wiring, higher costs, and are difficult to upgrade or modify. Major wired protocols include KNX and PLC.
- **Wireless protocols** provide communication between devices via wireless signals. They provide flexible deployment and lower costs, making them ideal for dense device networks and scenarios needing frequent expansion or upgrades. As the technology continues to mature, they are increasingly applied in diverse scenarios such as homes, smart buildings, and commercial complexes. Major wireless protocols include Zigbee, Wi-Fi, and Bluetooth Mesh.

As human-centric spatial intelligence advances to proactive AI-driven spatial intelligence (Stage 3), connectivity protocols must meet increasingly complex requirements. Hybrid wired and wireless approaches are widely adopted. Wired protocols are essential in scenarios with high device density or strict requirements for connection stability, such as large commercial buildings or mission-critical systems, providing reliable, low-latency communication. Wireless protocols enable flexible deployment, scalability, and rapid integration, suitable for dynamic or expanding networks. Advanced protocols such as Zigbee 3.0, Wi-Fi 6/7, and 5G/6G support mesh networking, low power consumption, and high-bandwidth communication, enabling large-scale, adaptive environments.

As spatial intelligence evolves, the industry is moving toward unified, standardized connectivity frameworks that integrate wired and wireless technologies. This convergence ensures cross-device interoperability, simplified system management, and scalable deployment, supporting fully adaptive, context-aware spatial intelligence in residential and commercial spaces.

Matter, an open-source, IP-based IoT protocol led by the Connectivity Standards Alliance and supported by major players such as Apple, Amazon, and Google, provides secure, cross-brand interoperability across Ethernet, Wi-Fi, and Thread. Leveraging Thread mesh networking and supporting multiple underlying protocols, Matter balances cost, performance, and scalability, laying a foundation for widespread adoption of human-centric spatial intelligence. As of March 2026, over 270 global companies participated in the Matter ecosystem, with more than 5,700 certified devices, and projections indicate a

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400-fold increase by 2030. Matter not only standardizes secure device connectivity but also simplifies setup and enhances user experience, driving ecosystem integration, fostering innovation, and supporting sustained industry growth.

Global Major Market Participants in Matter Ecosystem, 2025

Chipset Providers					Product Attestation Authorities				
									
Authorized Test Laboratories					Window Covering & Door Lock Providers				
									
Whole-house Intelligence Providers					Heating, Ventilation, and Air Conditioning Providers		Robot Vacuum Providers		
									
Lighting & Electric Appliance Providers									
									
Sensor Providers					Bridges / Gateway Providers				
									
Module / Solution Providers					ODMs/OEMs				
									
Platform Providers									
									

Source: Frost & Sullivan, CSA

Note: Only a selected subset of representative companies is listed above.

Penetration Rate of Proactive AI in Global and China’s Human-Centric Spatial Intelligence Infrastructure

Proactive AI in Stage 3 human-centric spatial intelligence anticipates user intent, interprets environmental context in real time, and autonomously adapts system behavior, transforming devices from passive automation into intelligent, adaptive systems.

In residential spaces, proactive AI adoption within infrastructure remains in its early stage, with penetration rates of 8.0% globally and 8.6% in China as of 2025. However, as consumer demand for seamless automation grows and intelligent infrastructure becomes more affordable, penetration is expected to rise sharply to 62.5% globally and 66.0% in China by 2030, reflecting its accelerating mainstream adoption.

In commercial spaces, proactive AI infrastructure adoption currently shows lower penetration, at 7.2% globally and 7.6% in China in 2025. Its deployment is concentrated in high-value scenarios such as intelligent building management, energy optimization, smart retail, and predictive facility maintenance. Commercial users benefit from stronger ROI drivers, large-scale implementations, and deep integration with enterprise IT systems. Additionally, growing demand for green, low-carbon buildings and stricter sustainability and regulatory requirements are further accelerating adoption. By 2030, proactive AI penetration in commercial space infrastructure is projected to reach 46.0% globally and 60.0% in China, driven by the need for operational efficiency, predictive service delivery, and AI-native facility management.

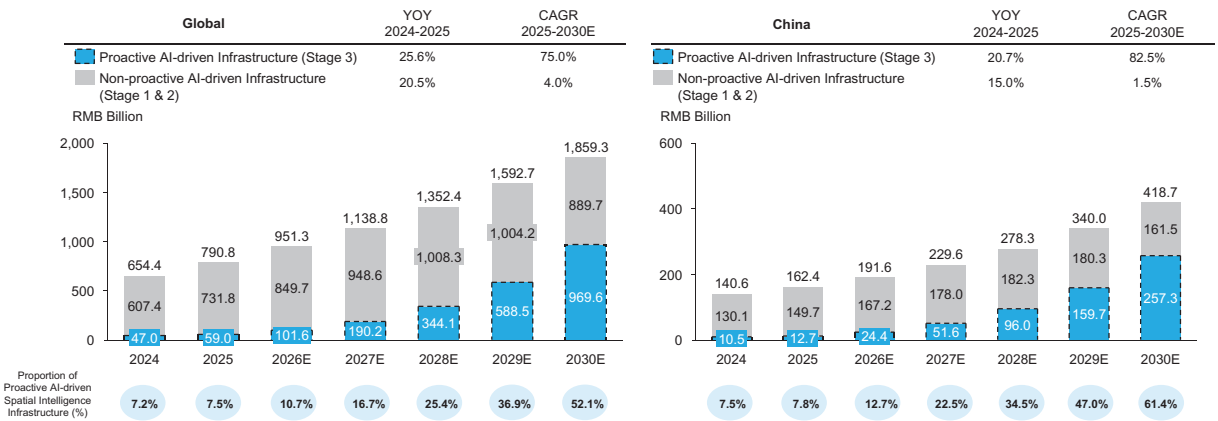
Market Size of Global and China’s Human-Centric Spatial Intelligence Infrastructure

The global market size is experiencing explosive growth, fueled by the rising demand of proactive AI-driven human-centric spatial intelligence infrastructure for adaptive and intelligent environments. In

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residential spaces, intelligent infrastructure autonomously adjusts to user behavior and environmental conditions in real time, improving comfort, safety, and energy efficiency without manual input. In commercial spaces, intelligent infrastructure enables proactive AI-driven automation and predictive analytics to optimize energy usage, enhance operational workflows, and strengthen security.

Market Size of Global and China’s Human-Centric Spatial Intelligence Infrastructure by Revenue, 2024-2030E



Source: IDC, National Bureau of Statistics of the People’s Republic of China, Frost & Sullivan

Market Drivers and Developing Trends Analysis of Global and China’s Human-Centric Spatial Intelligence Infrastructure Industry

Policies Support

Policy initiatives are playing an increasingly critical role in shaping and accelerating the development of human-centric spatial intelligence infrastructure industry worldwide. In China, the State Council’s “Opinions on Deeply Implementing the AI+ Initiative” (《关于深入实施“人工智能+”行动的意见》), released in August 2025, advocates for the “intelligent interconnection of everything.” This strategy promotes the widespread adoption of intelligent terminal device and, more importantly, the development of a comprehensive intelligent infrastructure system to support full-scenario intelligent interaction. It targets key sectors including AI-powered products and spatial intelligence infrastructure, with penetration of AI-driven intelligent devices expected to exceed 70% by 2027 and reach 90% by 2030. Complementing this, the “Guiding Opinions on Vigorously Developing Digital Consumption and Creating a Better Life in the Digital Era” (《关于大力发展数字消费共创数字时代美好生活的指导意见》), released in September 2025, outlines a clear roadmap for accelerating infrastructure innovation in human-centric spaces—emphasizing interoperability, security, and ecosystem integration. As of March 2026, the “15th Five-Year Plan”(《十五五规划》) has formally designated AI as the strategic core of frontier technology.

In the United States, the “AI Action Plan” (July 2025) focuses on developing national AI standards and regulatory frameworks, aiming to integrate AI-driven infrastructure into education, work, and daily life. This underscores the importance of standardized, reliable, and scalable infrastructure as a prerequisite for AI-driven applications. Meanwhile, the European Union’s “Artificial Intelligence Act” (effective August 2024), the world’s first comprehensive AI legislation, sets clear legal and ethical standards for AI deployment. This regulatory clarity is accelerating responsible and trustworthy integration of AI-driven infrastructure into spatial intelligence systems, reinforcing the European Union’s leadership in human-centric, sustainable AI development. Taken together, these policy frameworks reflect a global trend: moving beyond isolated smart devices toward infrastructure-centered, interconnected spatial intelligence ecosystems.

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Frontier Technologies Enabling Development

The advancement of human-centric spatial intelligence products and solutions fundamentally relies on the construction of intelligent infrastructure that integrates multiple enabling technologies—IoT, edge computing, 5G, digital twins, and most critically AI. IoT provides comprehensive environmental data, edge computing ensures low-latency processing, and AI embedded in infrastructure enables data aggregation, analysis, and intelligent coordination across devices and systems. Digital twins support real-time virtual simulations and scenario modeling. Together, these technologies form a scalable, interoperable, and robust foundation that transforms spatial intelligence from passive automation into responsive, human-centric ecosystems. In practical deployment, intelligent infrastructure serves as the backbone for spatial intelligence applications. As human-centric spatial intelligence evolves toward stage 3, proactive AI is increasingly embedded across cloud, edge, and endpoint nodes, enabling autonomous decision-making, anticipatory actions, and context-aware personalization. By orchestrating these capabilities through a unified infrastructure, stage 3 systems transform raw data into adaptive, self-optimizing behaviors, establishing the strategic core of next-generation spatial intelligence ecosystems.

Data-Driven Value Creation

With the rapid development of human-centric spatial intelligence infrastructure, physical space data—scarce and highly valuable—has become a key driver of industry innovation and competition. Automated data collection and processing enable the system to efficiently capture multi-source, multi-modal information, which, through a semantic operating system, is structured and mapped to unify the management of objects, relations, actions, and policies, creating reusable data assets with long-term value. The accumulation and intelligent utilization of these assets also drive diversified revenue streams, including hardware sales of smart products, platform subscriptions for enterprise and consumer data services, customized industry solutions, and revenue sharing through open platforms and partner ecosystems. These capabilities allow spatial intelligence systems to move from passive response to proactive optimization, achieving real-time perception and dynamic adaptation to environments and user needs, and delivering personalized, intelligent space management and superior user experiences.

Ecosystem Openness and Cross-Platform Interoperability

The evolution of human-centric spatial intelligence is entering a critical stage, increasingly centered on infrastructure-level interoperability to address rapidly rising user expectations for seamless intelligent experiences and the industry’s growing demand for upstream–downstream integration. While traditional local protocols such as ZigBee and Bluetooth Low Energy (BLE) provide stable device-level connectivity, emerging open standards like Matter elevate interoperability to the platform layer, enabling unified control across heterogeneous systems and significantly reducing integration complexity. At the system level, intelligent infrastructure serves as the connective backbone, supporting open APIs (Application Programming Interface) and standardized data interfaces that enable real-time data sharing, remote orchestration, and cross-system intelligence. Leading industry participants are actively building open cloud-based ecosystems, empowering third-party developers to create customized applications, automate workflows, and access granular device telemetry.

Entry Barrier and Key Success Factor Analysis of Global and China’s Human-Centric Spatial Intelligence Infrastructure Industry

Technology Barrier

The human-centric spatial intelligence infrastructure industry faces high technology barriers due to the complexity of integrating IoT, edge computing, 5G, digital twins, and AI into cohesive, scalable systems. Proactive AI-driven human-centric spatial intelligence requires infrastructure capable of autonomous decision-making, anticipatory actions, and context-aware personalization. Delivering this level of

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intelligence demands multimodal sensing, real-time data processing, analyzing, controlling, and optimized AI algorithms across cloud, edge, and device layers. Achieving seamless interoperability among diverse devices and platforms, while meeting stringent standards for reliability, security, and data privacy, further increases the technical challenge.

Product and Data Barrier

The human-centric spatial intelligence infrastructure industry has high entry barriers due to product complexity and data demands. Solutions require integrating advanced AI with diverse hardware, robust multimodal sensing, and real-time processing, supported by massive, high-quality, continuously updated data. Leading companies turn fragmented data into structured assets through a unified semantic layer, enhancing value and deployment, with interoperability, evolving standards, and strict security and privacy further reinforcing these barriers.

Distribution Channel Network Barrier

The human-centric spatial intelligence infrastructure industry faces high distribution channel network barriers, as building extensive, multichannel networks requires significant time and effort. New entrants risk disruptions and higher costs, while leading players leverage established networks to ensure availability, service quality, and resilience, reinforcing competitive advantages.

Ecosystem Barrier

The human-centric spatial intelligence infrastructure industry is defined by a complex ecosystem, where the primary barrier to entry lies in establishing and sustaining open, interoperable networks driven by unified standards, protocols, and open APIs. Leading players invest heavily in creating inclusive environments that support third-party developers, device manufacturers, and service operators, fostering innovation while ensuring compatibility and security. For new entrants, the challenges are significant: gaining ecosystem trust, achieving interoperability, and attracting partners without mature platforms or adherence to standards is difficult.

Competitive Landscape of Global Human-Centric Spatial Intelligence Infrastructure Industry

The human-centric spatial intelligence infrastructure industry is represented by four key types of players, each characterized by distinct business models. These diverse approaches highlight the broader need for an integrated model to deliver seamless spatial intelligence across complex environments.

- ***Traditional Hardware Providers:*** specialize in reliable, scenario-focused components such as environmental sensors, intelligent hub and controlling products. Their expertise in manufacturing and quality control delivers dependable product performance. However, their intelligent capabilities are usually limited to embedded rule-based control, and they have minimal deployment of proactive AI across devices or infrastructure.
- ***Scenario-specific Integrated “Equipment + Platform” Providers:*** offer integrated hardware–software systems tailored for specific verticals such as security. While their solutions ensure reliability and recurring service potential, their relatively closed and scenario-bound platforms exhibit limited openness, constraining scalability and integration within broader spatial intelligence ecosystems.
- ***System Integrators:*** deliver customized, high-performance solutions for commercial and premium residential markets. They excel in complex deployments requiring strong network management and tailored service logic. However, these solutions are typically resource-intensive, which may affect flexibility for broader adoption of proactive AI-driven infrastructure.

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- **Human-centric Spatial Intelligence Product and Solution Providers:** focus on the development of human-centric spatial intelligence products and solutions. Leading providers have evolved from single-product intelligence to holistic spatial intelligence systems. Building on strong capabilities in IoT connectivity, AI, and low-power technologies, they are now advancing into Stage 3—the proactive AI-driven era—developing next-generation intelligent infrastructure that integrates proactive AI algorithms, multimodal perception, and real-time computing to enable adaptive, connected, and sustainable environments.

In 2024, our Company ranked seventh globally, capturing a 1.5% share of the market. Notably, our Company ranked first among China-based companies and is the only player within the global top 7 providers as a comprehensive human-centric spatial intelligence products and solutions provider—spanning human-centric spatial intelligence infrastructure products, and integrated software and services.

Top 7 Global Proactive AI-driven Human-Centric Spatial Intelligence Infrastructure Providers by Revenue, 2024

Ranking	Headquarters	Type of Provider	Brand Name	Global Revenue (RMB Billion)	Market Share (%)
1	U.S.	System integrator	Company A	3.0	6.4
2	U.S.	System integrator	Company B	2.5	5.3
3	Switzerland	System integrator Scenario-specific	Company C	2.0	4.3
4	U.S.	integrated “equipment + platform” provider	Company D	1.2	2.6
5	France	System integrator	Company E	1.0	2.1
6	Germany	Traditional hardware provider	Company F	0.8	1.7
7	China	Human-centric spatial intelligence product and solution provider	Our Company	0.7	1.5
Top 7				11.2	23.8

Source: Frost & Sullivan, annual reports of listed companies

Notes:

Company A was founded in 1906 and listed on the NASDAQ. It is primarily engaged in the development and manufacturing of aerospace products and services, building and industrial control technologies, performance materials, and safety and productivity solutions;

Company B was founded in 1885 and listed on the New York Stock Exchange. It is primarily engaged in providing building technologies and solutions, covering smart building management systems, HVAC equipment, industrial refrigeration, fire and security products, and energy storage solutions;

Company C was founded in 1988 and listed on the SIX Swiss Exchange, Nasdaq Stockholm, and the New York Stock Exchange. It is primarily engaged in electrification and automation technologies, serving customers in utilities, industry, transport & infrastructure, including robotics, motion, and industrial drives;

Company D was founded in 2003 and listed on the NASDAQ. It is primarily engaged in the design and development of comprehensive home automation solutions, covering unified control of lighting, audio, video, climate, and security systems;

Company E was founded in 1836 and listed on the Paris Stock Exchange and the London Stock Exchange. It is primarily engaged in energy management and industrial automation, providing integrated products, software, and services for power distribution, building automation, and digital transformation;

Company F was founded in 1847 and is listed on the Frankfurt Stock Exchange. It is a global technology powerhouse focused on industrial, infrastructure, transport, and healthcare markets.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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We are a pioneer in building the foundational operating system for spatial intelligence, an emerging paradigm that transforms physical environments into computable, adaptive and continuously evolving systems powered by AI. Rather than viewing smart homes and buildings as collections of connected devices, we model and operate spaces as unified, semantic systems where “space, people, devices and behaviors” are represented, understood and acted upon through a consistent computational framework. This shift—from controlling devices to operating space—defines the next generation of the industry. Our Company was established in April 2015, and the development history of the Group can be traced back to December 2009 when our founder, Mr. You, founded Shenzhen Lumi. Under the leadership of our founder, we have developed as a leader in the spatial intelligence products and solutions market. For the biographies of our founder, see “Directors and Senior Management”. Over the years, we have received [REDACTED] Investments from well-known institutional and strategic investors, which further reinforced our position in the industry.

As of the Latest Practicable Date, Mr. You was entitled to exercise approximately 39.27% of the voting rights in our Company. Upon [REDACTED], pursuant to the Voting Deferral Agreements (which shall take effect from the [REDACTED] when the Existing WVR Structure (as defined below) is terminated), approximately [REDACTED] of the voting rights will be entrusted to Mr. You from Joy Capital III, L.P., Joy Capital Opportunity, L.P. See “— Voting Deferral Arrangement” below for details of the Voting Deferral Agreements. Immediately after the completion of the [REDACTED] (assuming no exercise of the [REDACTED]), Mr. You, through ECY Investments and the Voting Deferral Agreements, will be entitled to exercise approximately [REDACTED] of the voting rights in our Company. Accordingly, Mr. You and ECY Investments will form the Single Largest Group of Shareholders upon [REDACTED].

BUSINESS DEVELOPMENT MILESTONES

The following sets forth key business development milestones of our Group:

Year	Milestone
2009	• Shenzhen Lumi was established in Shenzhen, China
2013	• Focused our research and development efforts on, and commenced projects in relation to, wireless and batteryless energy-harvesting technologies and began commercialization
2015	• Released the “Xiaomi Smart Home Kit” and sold over a million units of this product
2016	• Launched our core brand — “Aqara” in China
2017	• Opened the first Aqara Home offline, full service experience store (“4S Store”) in Huaqiangbei, Shenzhen
2018	• Integrated with Apple Home platform using our first Aqara gateway and 13 accessory devices, marking the official commencement of our ecosystem integration with Apple • Established our AI team
2019	• Expanded our business into global markets through setting up overseas subsidiaries and international versions of Aqara products and solutions
2020	• The cumulative number of activated devices reached 10 million

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2024	Launched Aqara Studio
2025	- As of December 31, 2025, we ranked first in the PRC market in terms of the number of launched products and solutions and related categories, having launched over 2,200 SKUs over 50 categories. - The cumulative number of activated devices reached over 56 million globally - Recognized as a national-level “Specialized, Sophisticated, Distinctive, and Innovative” key “Little Giant” enterprise.

OUR MAJOR SUBSIDIARIES

Set forth below are details for each of our major subsidiaries which made a material contribution to our results of operations during the Track Record Period. All of them had been wholly-owned by our Company as of the Latest Practicable Date.

Name of major subsidiary	Place of incorporation/ establishment	Date of establishment and commencement of business	Principal business activities
Eigenstone	PRC	September 8, 2015	Manufacturing and/or distribution of our spatial intelligence products and solutions
Shenzhen Lumi	PRC	December 8, 2009	Manufacturing and/or conducting research and development of our spatial intelligence products and solutions
Aqara, LLC	The United States	July 15, 2019	Distribution of our spatial intelligence products and solutions

For shareholding changes of our subsidiaries during the two years immediately preceding the date of this document, see “Statutory and General Information — Further Information about Our Group — 2. Changes in Share Capital of Our Company” in Appendix IV. Save as disclosed thereunder, there were no shareholding changes in our subsidiaries during the Track Record Period and up to the Latest Practicable Date.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

1. Major shareholding changes of our Company and Major Subsidiaries

The Company was incorporated in the Cayman Islands on April 10, 2015 as an exempted company with limited liability. At the time of incorporation, it had an authorized share capital of US\$50,000 divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each. Upon establishment, our Company was held as to 66.7% by Mr. You, 25% by Lumi Global and 8.3% by Antonio Manuel De Jesus BERGES-DREYFOUS, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Lumi Global is a company incorporated in the British Virgin Islands, which has been wholly-owned by Ms. Liping You, a sister of Mr. You. It has been the common understanding among Mr. You, Ms. Liping You and the Company that 30% of the shares held by Lumi Global (i.e. approximately 10% of the share capital at the incorporation of the Company) were expected to be used for potential share incentives since the incorporation of the Company.

Between 2015 and 2023, we conducted several rounds of [REDACTED] financing. See “— [REDACTED] Investments” below for subsequent shareholding changes resulting from the [REDACTED] Investments. See also “Statutory and General Information — Further Information about Our Group — 2. Changes in Share Capital of our Company” in Appendix IV to this document for details of changes in the share capital of our Company during the two years immediately preceding the date of this document.

The shareholding of our Company has also undergone the following changes:

- On September 16, 2021, Mr. You transferred 6,000,000 Shares held by himself at a nominal consideration, to ECY Investments, where Mr. You is the sole Shareholder holding equity interests with voting rights.
- On March 26, 2026, 11,719,465 Shares and 12,422,687 Shares were issued to ESOP I and ESOP II respectively. Each of ESOP I and ESOP II is a limited liability company incorporated under the laws of British Virgin Islands, and is established for the purpose of holding Shares pursuant to the [REDACTED] Employee Share Option Plan. Each of (i) ESOP I, which is wholly owned by Futu Trustee Limited (“**Futu Trustee**”), the trustee of the ESOP Trust I, and (ii) ESOP II, which is wholly owned by Futu Corporate Service Limited (“**Futu Corporate Service**”), the trustee of the ESOP Trust II, was established to facilitate the administration of the share options granted to certain grantees under the [REDACTED] Employee Share Option Plan. Pursuant to the trust deeds constituting the ESOP Trust I and the ESOP Trust II, each entered into between our Company (on the one hand) and Futu Trustee or Futu Corporate Service (on the other hand), Futu Trustee and Futu Corporate Service shall exercise the voting rights attached to the shares held by ESOP I and ESOP II in accordance with the instructions of the authorized representative designated by the Company. For details, see “Appendix IV — Statutory and General Information — [REDACTED] Employee Share Option Plan.”
- In order to reflect the original intention that 30% of the share capital previously held by Lumi Global was reserved for potential share incentives and to implement the [REDACTED] Employee Share Option Plan, on March 26, 2026, Lumi Global transferred 14,089,696 Shares in the Company to Nova-M in consideration of one share in Nova-M. Nova-M subsequently effected a share sub-division, pursuant to which each issued ordinary share of a par value of US\$1.00 was sub-divided into 10,000 ordinary shares of a par value of US\$0.0001 each. Following the share sub-division, Nova-M issued 9,791,176 Shares to Lumi Global and 4,288,520 Shares to ESOP III on March 26, 2026. Upon completion of the above, Nova-M held 14,089,696 Shares in the Company and was owned as to approximately 70% by Lumi Global and 30% by ESOP III. ESOP III is a limited liability company incorporated under the laws of the British Virgin Islands and was established for the purpose of holding Shares pursuant to the [REDACTED] Employee Share Option Plan. ESOP III is wholly owned by Futu Nominee Service Limited (“**Futu Nominee**”), the trustee of the ESOP Trust III. Pursuant to the trust deed constituting the ESOP Trust III and entered into between our Company and Futu Nominee, Futu Nominee shall exercise the voting rights attached to the Shares held under the ESOP Trust III in accordance with the instructions of the authorized representative designated by the Company. For details, see “Appendix IV — Statutory and General Information — [REDACTED] Employee Share Option Plan.”

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

2. Adoption of the Existing WVR Structure and Unwinding upon [REDACTED]

In consideration of the introduction of external financings, in order to ensure the control of Mr. You as the founder of our Group, we adopted a weighted voting right structure (the “**Existing WVR Structure**”). Pursuant to a special resolution passed on January 31, 2019, Mr. You was entitled to four votes for each Class A Ordinary Share held by him. On October 28, 2020, such Class A Ordinary Shares were reclassified as Class A+ Ordinary Shares. As approved by the Company and its shareholders, from October 28, 2020, the voting rights attached to the Class A+ Ordinary Shares held by Mr. You were adjusted to three votes per share, while holders of all other classes of shares continued to be entitled to one vote per share.

On [●], 2026, the Shareholders of the Company have approved the adoption the Articles of Association with effect from [REDACTED]. In the Articles of Association, there will only be one class of shares, being Ordinary Shares, and all Ordinary Shares will entitle the holder to exercise one vote on resolutions at the Company’s general meetings. As such, the Existing WVR structure is expected to be unwound through the adoption of the Articles of Association with effect from [REDACTED].

3. Conversion and Redesignation

On [●], 2026, the Shareholders of the Company has approved that, immediately prior to [REDACTED], each of the Preferred Shares, Class A+ Ordinary Shares and Class B Ordinary Shares will be converted to Class A Ordinary Shares (the “**Conversion**”), and the Class A Ordinary Shares shall be redesignated as Ordinary Shares (the “**Redesignation**”).

Upon completion of the Conversion and the Redesignation, the authorized share capital of the Company will comprise US\$50,000 divided into 500,000,000 Shares. See “Share Capital” for further details.

4. Historical Contractual Arrangements

(a) Shenzhen Lumi

Historically and up to March 2022, Shenzhen Lumi was consolidated to our Group pursuant to certain contractual arrangements entered into among Eigenstone, Shenzhen Lumi, and the then registered shareholder of Shenzhen Lumi (the “**Shenzhen Lumi Contractual Arrangements**”). Under the Shenzhen Lumi Contractual Arrangements, our Group had effective control over the financial and operational matters of, and was entitled to, all the economic benefits derived from Shenzhen Lumi.

In March 2022, Eigenstone acquired the entire issued share capital of Shenzhen Lumi, and upon which, the Shenzhen Lumi Contractual Arrangements were terminated. Since then, Shenzhen Lumi became an indirectly wholly-owned subsidiary of the Company.

(b) Shenzhen Ankasa

In order to maintain effective control over our business operations, in August 2021, our Group, Shenzhen Ankasa and the registered shareholder of Shenzhen Ankasa entered into certain contractual arrangements (the “**Shenzhen Ankasa Contractual Arrangements**”), pursuant to which, Shenzhen Ankasa was consolidated into our Group. Under the Shenzhen Ankasa Contractual Arrangements, our Group had effective control over the financial and operational matters of, and was entitled to, all the economic benefits derived from Shenzhen Ankasa.

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While the Shenzhen Ankasa Contractual Arrangements were in effect, Shenzhen Ankasa has the ability to conduct certain online and technology operations, taking into consideration our business needs, our Group decided to terminate the Shenzhen Ankasa Contractual Arrangements with Shenzhen Ankasa. On March 27, 2026, our Group entered into a termination agreement with Shenzhen Ankasa and the registered shareholder of Shenzhen Ankasa to terminate the Shenzhen Ankasa Contractual Arrangements.

Upon termination of the Shenzhen Ankasa Contractual Arrangements, our Group will enter into business transactions with Shenzhen Ankasa on an as needed basis. Shenzhen Ankasa is held by Ms. Aiping You, a sister of Mr. You, a Director, and as such, Shenzhen Ankasa is a connected person of our Company. See “Connected Transactions” for further details.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

REASONS FOR THE [REDACTED]

Our Company is seeking a [REDACTED] of its Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company’s business, to strengthen our Company’s working capital and to further raise our business profile and global presence. For further details of our future plans, see “Future Plans and Use of [REDACTED].”

[REDACTED] EMPLOYEE SHARE OPTION PLAN

As of the Latest Practicable Date, we had one share incentive scheme subsisting, being the [REDACTED] Employee Share Option Plan, and had granted options thereunder. For further information, see “Statutory and General Information — [REDACTED] Employee Share Option Plan” in Appendix IV to this document.

VOTING DEFERRAL ARRANGEMENT

On March 27, 2026, each of (i) Joy Capital III, L.P., and (ii) Joy Capital Opportunity, L.P., as a grantor (collectively, the “**Voting Deferral Grantors**”), entered into a voting deferral agreement in favor of Mr. You, our Chairman of the Board, executive Director and Chief Executive Officer (the “**Voting Deferral Agreements**”), effective from the date of [REDACTED]. Pursuant to the Voting Deferral Agreements, Joy Capital III, L.P., and Joy Capital Opportunity, L.P., shall, in respect of the 11,867,570 Shares and 15,904,674 Shares held by them respectively (representing [REDACTED] and [REDACTED] of the voting right in the Company upon [REDACTED]), vote in accordance with the instructions of Mr. You and the directors appointed by Mr. You at the shareholders’ meetings of the Company.

The purpose of the Voting Deferral Agreements is to enable Mr. You to continue to exercise voting control over our Company and its business operations, notwithstanding that he will not hold more than 30% of the voting rights of our Company following the cessation of the WVR structure upon [REDACTED]. The Voting Deferral Agreements are implemented as transitional measures in connection with the cessation of the Existing WVR Structure. This ensures that Mr. You remains in a position to continue contributing to our Company through his vision and leadership, thereby supporting the Group’s overall growth, strategic planning and decision-making, and enhancing the long-term prospects and investment returns for all Shareholders.

The Voting Deferral Agreements shall remain valid for a period of two years from the date of [REDACTED], or until the occurrence of the earliest of the following events: (i) the Company ceases to be listed on the

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Stock Exchange, (ii) the Voting Deferral Grantor becomes, or be deemed as, a controlling shareholder or a member of a group of Company’s controlling shareholders under relevant laws and regulations, including the Listing Rules and the Takeovers Code of the Securities and Futures Commission of Hong Kong, (iii) the Voting Deferral Grantor ceases to hold any shares in the Company or enters into any binding agreement to sell the Shares held by it, (iv) the Company’s share voting rights held by the Voting Deferral Grantor reach or exceed 30% of the voting right of the Company, (v) the voluntary or involuntary termination of Mr. You’s employment with the Company, (vi) the mutual written agreement of the parties, (vii) a material breach of this agreement by either party and not cured within 30 days, (viii) the liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, (ix) in the event that the Voting Deferral Grantor performs the deferral rights in an unlawful manner.

Pursuant to the Voting Deferral Agreements, Mr. You is entitled to the voting rights of the relevant Shares and vote on matters at the shareholders’ meeting, except for the following matters which are immaterial from both operational and financial perspectives of the Company: (i) matters involving dealing with or the disposal of the entrusted shares or any economic interest in, or derived from such shares, (ii) any arrangements for privatization or delisting of the Company or any general offer made to shareholders of the Company; (iii) matters of which Mr. You is required to abstain from voting under the Listing Rules and applicable laws and regulations and pursuant to the Articles of our Company, and (iv) very substantial acquisition and disposal and reverse takeovers under Chapter 14 of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED] INVESTMENTS

Overview

We underwent rounds of [REDACTED] Investments, the details of which are set forth below:

Round	Form of investment	Date of initial investment agreement(s)	Date of full settlement of consideration	[REDACTED] Investors ⁽¹⁾	Shares subscribed for or acquired ⁽²⁾	Amount of consideration paid (approx) (US\$)	Post-money valuation (approx) (US\$)	Cost per share ⁽²⁾ (approx) (US\$)	Discount to Share [REDACTED] ⁽³⁾
Angel round and Series A Investment	Share subscription	July 9, 2015	January 14, 2016	Angel Investors and Series A Investors	81,333,422	11.9 million	71.7 million	0.15	[REDACTED]
Series B Investment	Share subscription and share transfers	September 27, 2017	July 24, 2018	Series B Investors	24,320,085	18.2 million	165.9 million	0.75	[REDACTED]
Series B+ Investment	Share subscription	January 31, 2019	February 13, 2019	Series B+ Investors	16,091,620	16.0 million	236.0 million	0.99	[REDACTED]
	Share transfers	January 31, 2019	January 31, 2019	Series B+ Investors	4,732,830	4.0 million	N/A	0.85	[REDACTED]
Series B2 Investment	Share subscription	October 23, 2019	January 6, 2020	Series B2 Investors	28,021,028	41.3 million	391.3 million	1.47	[REDACTED]
	Share transfers	October 23, 2019	April 28, 2020	Series B2 Investors	9,070,214	10.7 million	N/A	1.18	[REDACTED]
Series C Investment	Share subscription	October 28, 2020	December 31, 2021	Series C Investors	16,107,433	31.2 million	571.0 million	1.94	[REDACTED]
	Share transfers	October 28, 2020	October 28, 2020	Series B+ Investor	5,890,620	9.6 million	N/A	1.70	[REDACTED]
Series D Investment	Share subscription	September 16, 2021	October 9, 2021	Series D Investors	17,868,828	50.0 million	850.0 million	2.80	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) For the details of the [REDACTED] Investors, see “— Information about our Key [REDACTED] Investors” and “— Capitalization of our Company” in this section.
- (2) The shares subscribed for or acquired refer to those specified under the respective agreements. The cost per share is calculated based on the amount of investment made by the relevant [REDACTED] Investors and the number of Shares of the Company held by them corresponding to the investment.
- (3) The discount to the Share [REDACTED] is calculated based on the [REDACTED] of [REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED] Investments

1. Angel round and Series A Investment

On July 9, 2015, our Company entered into the share purchase agreements with our Angel Investors and Series A Investors at the time pursuant to which (i) 55,111,200 Class B Ordinary Shares were issued to our Angel Investors, and (ii) 26,222,222 Series A Preferred Shares were issued to our Series A Investors at the time, for an aggregate consideration of approximately US\$11.9 million. The Angel Investment and Series A Investment was fully settled on January 14, 2016.

2. Series B Investment

On September 27, 2017, February 28, 2018 and July 18, 2018, our Company entered into separate Series B share purchase agreements with our Series B Investors at the time pursuant to which an aggregate of 21,259,781 Series B Preferred Shares were issued to our Series B Investors at the time, for an aggregate consideration of approximately US\$15.9 million. The Series B Investment was fully settled on July 24, 2018. Concurrent to the Series B Investment, on February 28, 2018, share transfers and share repurchases were entered into and completed on the same date, which involve (i) the transfer of 3,060,304 Shares by Lumi Global to a Series B Investor at a consideration of approximately US\$2.3 million and (ii) the repurchase of 4,000,000 Shares by the Company at nominal consideration.

3. Series B+ Investment

On January 31, 2019, our Company entered into the Series B+ share purchase agreement with our Series B+ Investors at the time pursuant to which 16,091,620 Series B+ Preferred Shares were issued to our Series B+ Investors at the time, for an aggregate consideration of US\$16.0 million. The Series B+ Investment was fully settled on February 13, 2019. Concurrent to the Series B+ Investment, on January 31, 2019, two share transfers were entered into and completed on the same date, involving the transfer of an aggregate of 4,732,830 Shares by Angel Investors to B+ Investors for an aggregate consideration of US\$4.0 million.

4. Series B2 Investment

On October 23, 2019, our Company entered into the share purchase agreement with our Series B2 Investors at the time pursuant to which 28,021,028 Series B2 Preferred Shares were issued to our Series B2 Investors at the time, for an aggregate consideration of approximately US\$41.3 million. The Series B2 Investment was fully settled on January 6, 2020. Concurrent to the Series B2 Investments, on October 23, 2019, share transfer agreements were entered into in respect of an aggregate of 9,070,214 Shares for an aggregate consideration of US\$10.7 million. These transfers were fully completed on April 28, 2020.

5. Series C Investment

On October 28, 2020, our Company entered into share purchase agreements with our Series C Investors at the time, pursuant to which 16,107,433 Shares were issued to our certain Series C Investors at the time. The Series C Investment was fully settled on December 30, 2021. Concurrent to the Series C Investments, on October 28, 2020, share transfer agreements were entered into in respect of an aggregate of 5,890,620 Shares for an aggregate consideration of US\$10 million. These transfers were fully completed on October 28, 2020.

Subsequently, on July 16, 2021 and August 28, 2021, share transfer agreements were entered into in respect of an aggregate of 7,976,372 Shares for an aggregate consideration of approximately

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

US\$15.9 million, representing an approximate cost per share of US\$2.00. These transfers were fully completed on December 31, 2021. On July 16, 2021, the Company also repurchased an aggregate of 4,756,676 Shares at nominal consideration.

Further, on August 28, 2021, our Company entered into share purchase agreement with our Series C Investor at the time, pursuant to which 5,592,676 Shares were issued to a Series C Investor.

6. Series D Investment

On September 16, 2021, our Company entered into the warrant purchase agreement with our Series D Investors pursuant to which warrants were issued to our Series D Investors to purchase an aggregate of 28,590,125 Series D Preferred Shares, with 17,868,828 Series D Preferred Shares being ultimately exercised. The Series D Investment was fully settled on December 1, 2022.

Between December 30, 2024 and April 18, 2025, share repurchase agreements were entered into, which were completed on October 30, 2025, in respect of (i) the repurchase of 7,147,531 Shares pursuant to an agreement dated December 30, 2024 at a consideration of approximately US\$21.1 million, (ii) the repurchase of 7,147,531 Shares pursuant to an agreement dated April 18, 2025 at a consideration of approximately US\$19.9 million, and (iii) the repurchase of 3,573,766 Shares pursuant to an agreement dated April 14, 2025 at a consideration of approximately US\$10.3 million. All Series D Preferred Shares are redeemed as of the Latest Practicable Date.

7. Subsequent share transfers and redemption after Series D Investment

On June 23, 2022, a share transfer agreement was entered into and completed on the same date, in respect of the transfer of 714,753 Shares at a consideration of US\$2 million, representing a cost per share of US\$2.80.

On October 28, 2025, a share transfer agreement was entered into and completed on January 19, 2026, in respect of the transfer of 6,083,679 Shares at a consideration of approximately US\$4.4 million, representing a cost per share of US\$2. On or around October 28, 2025, another share transfer agreement was entered into and completed on March 26, 2026, in respect of the transfer of 6,083,678 Shares at a consideration of US\$4.4 million. On December 15, 2025, share transfer agreements were entered into, in respect of the transfer of (i) 8,451,731 Shares at a consideration of approximately US\$12.5 million, (ii) 1,199,970 Shares at a consideration of approximately US\$1.8 million, and (iii) 149,192 Shares at a consideration of approximately US\$0.2 million. On December 31, 2025, share transfer agreements were entered into, in respect of the transfer of (i) 751,054 Shares at a consideration of approximately US\$2.2 million, (ii) 2,982,699 Shares at a consideration of approximately US\$4.4 million, and (iii) 2,366,415 Shares at a consideration of approximately US\$3.5 million. The cost per share in respect of these transfers ranges from US\$0.73 to US\$2.88, which was determined by the relevant seller and the purchaser to the share transfer agreements independent from our Company, taking into account their respective acquisition costs and business needs.

On February 26, 2026, 5,007,027 Shares were redeemed by the Company at a consideration of US\$10 million.

For the shareholding upon completion of the above share subscriptions, transfers and redemptions, see “— Capitalization of our Company” for further details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Principal terms of the [REDACTED] Investments

Basis of determining the valuation and consideration paid

The determination of the valuation and consideration is based on arm’s length negotiations between the relevant parties with reference to among others, (i) the timing and market conditions of the investments/equity transfers and the market value of comparable companies at the relevant time, (ii) the operation of our business, the financial performance of our Group at the relevant time/period, (iii) source of the acquired shares, i.e. shares newly issued by the Company or existing shares transferred by shareholders, and (iv) the prospects of our business. In determination of the valuation, the Company takes into account the qualities that market participants consider when pricing the underlying assets or liabilities at the measurement date, and uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other materials.

Lock-up

Whilst the [REDACTED] Investors are not subject to any lock-up arrangement at the time of their [REDACTED] Investments pursuant to the relevant agreements, lock-up undertakings are expected to be given by [REDACTED] Investors to the [REDACTED], pursuant to which each [REDACTED] Investors will agree that, subject to the terms of such lock-up undertakings, it will not, whether directly or indirectly, at any time during the period of six months from the [REDACTED] dispose of any of the Shares held by such [REDACTED] Investor. For further information about lock-up arrangements by the [REDACTED] Investors to the [REDACTED], see “[REDACTED]”.

Use of proceeds from the [REDACTED] Investments

We utilized the proceeds from the [REDACTED] Investments for the operations, business expansion and general working capital purpose of our Group. As of the Latest Practicable Date, all of the funds raised from the [REDACTED] Investments have been utilized.

Strategic benefit of the [REDACTED] Investments to our Group

At the time of each of the [REDACTED] Investments, our Directors were of the view that our Company could benefit from the capital raised through the [REDACTED] Investments, the [REDACTED] Investors’ knowledge and experience, and the endorsement of and confidence in the Group’s performance, strength and prospects reflected by the [REDACTED] Investments. Additionally, investments from the [REDACTED] Investors, including state-owned enterprises which are ultimately owned by the local governments, professional investment companies or professional funds, are beneficial to business development of our Group and could also diversify our shareholding structure and Shareholders base.

Special Rights of the [REDACTED] Investors

Certain [REDACTED] Investors have been granted certain special rights in relation to our Company, including, among others, pre-emptive rights, rights of first refusal, co-sale rights, drag-along rights, information rights, redemption rights, anti-dilution rights, and appointment rights of directors to the Board.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Pursuant to adoption of the Articles of Association and the amendment to shareholders’ agreement, amongst others, the Company and all Shareholders, all shareholders’ special rights granted shall be automatically terminated upon [REDACTED], except for the redemption rights which shall be suspended on the date immediately before the date of our first submission of [REDACTED] application to the Stock Exchange, and shall be restored upon the earlier of (i) the [REDACTED] application to the Stock Exchange is rejected, denied or its review is terminated; (ii) the Company unilaterally decides to terminate or withdraw the [REDACTED] application; (iii) the [REDACTED] application submitted by the Company lapses and is not renewed within four (4) months thereafter; or (iv) the Company fails to complete the [REDACTED] within eighteen (18) months after the initial submission of the [REDACTED] application to the Stock Exchange.

Sole Sponsor’s Confirmation

On the basis that (i) the consideration for the [REDACTED] Investments was settled more than 120 clear days before the [REDACTED], and (ii) the special rights granted to the [REDACTED] Investors have been terminated as disclosed in “Special Rights of the [REDACTED] Investors” above, the Sole Sponsor confirms that the [REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information about our key [REDACTED] Investors

Set out below is a description of our [REDACTED] Investors. Save for being a shareholder of our Company, each of our [REDACTED] Investors is independent from each other and is not a connected person of our Company. To the best knowledge of our Directors, save for their respective shareholding interests in the Company or otherwise disclose below, each of our [REDACTED] Investors and their respective ultimate beneficial owners is an Independent Third Party.

Joy Capital III and Joy Capital Opportunity

Joy Capital III, L.P. (“**Joy Capital III**”) and Joy Capital Opportunity, L.P. (“**Joy Capital Opportunity**”) are exempted limited partnerships established in the Cayman Islands. Their principal business is to make equity investments in private companies.

Joy Capital III and Joy Capital Opportunity are ultimately controlled by the directors of Joy Capital GP, Ltd., the ultimate general partner of Joy Capital III and Joy Capital Opportunity.

Joy Aurora

Joy Aurora Limited is a holding company incorporated in the British Virgin Islands. It is wholly owned by Xiamen Yuexin Hongrui Venture Capital Partnership Enterprise (Limited Partnership) (廈門悅信鴻銳創業投資合夥企業(有限合夥)), which is in turn ultimately controlled by Mr. Liu Erhai.

Far East Horizon Limited

Each of Ever Trend Limited, Absolute Momentum Limited and Long Pike Limited is a limited company incorporated in the British Virgin Islands, whose principal business is investment holding. Big Vantage Shipping Limited is a company limited by shares and incorporated in Hong Kong, whose principal business is investment holding.

Ever Trend Limited is wholly owned by Grand Flight Hooyoung Investment L.P., whose general partner is Grand Flight Hooyoung Investment Management Co., Ltd, which is in turn wholly owned by Grand Flight Holdings Co., Ltd. Grand Flight Holdings Co., Ltd is owned as to 70% by Global Asend Management Limited, which is in turn wholly owned by Far East Horizon Limited, a company listed on the Stock Exchange (stock code: 3360).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Absolute Momentum Limited is owned as to (i) 49.75% by Fung Hing Lam, (ii) 49.75% by Gopher Heritage Fund, and (iii) 0.5% by Grand Flight Hooyoung Investment Management Co., Ltd.

Long Pike Limited is wholly owned by Shanghai Xiangyun Enterprise Management Partnership (Limited Partnership) (上海襄鋆企業管理合夥企業(有限合夥)), and is ultimately controlled by Far East Horizon Limited.

Big Vantage Shipping Limited is wholly-owned by Long Pike Limited.

Shunwei

Shunwei High Tech Limited (“**Shunwei High Tech**”) is a business company incorporated in the British Virgin Islands. Shunwei High Tech is wholly-owned by Shunwei China Internet Fund II, L.P. The general partner of Shunwei China Internet Fund II, L.P. is Shunwei Capital Partners II GP, L.P., and the general partner of Shunwei Capital Partners II GP, L.P. is Shunwei Capital Partners II GP Limited, which is controlled by Mr. Koh Tuck Lye.

Red Better Limited

Red Better Limited is a limited liability company established under the laws of the British Virgin Islands, which is a wholly-owned subsidiary of Fast Pace Limited (a company established under the laws of the British Virgin Islands) and Fast Pace Limited is wholly-owned by Xiaomi Corporation. Red Better Limited is an overseas investment platform of Xiaomi Corporation. Xiaomi Corporation is a limited liability company established under the laws of the Cayman Islands and is listed on the Stock Exchange of Hong Kong Limited (stock code: 1810).

Cathay Innovation Fund and Cathay Innovation Opportunity Fund

FPCI Sino-French (Innovation) Opportunity Fund (the “**Cathay Innovation Opportunity Fund**”) and FPCI Sino-French (Innovation) Fund (the “**Cathay Innovation Fund**”) are French professional investment funds (fonds professionnel de capital investissement, “**FPCI**”) established in France. Both Cathay Innovation Fund and Cathay Innovation Opportunity Fund are managed by Cathay Innovation SAS.

Tianyi Capital Holding Co., Ltd

Tianyi Capital Holding Co., Ltd (“**Tianyi Capital**”) is an investment holding company incorporated in the PRC. Its principal business is investment and corporate investment advisory services.

Tianyi Capital is wholly-owned by China Telecom Corporation Limited, a state-owned company listed on the Stock Exchange of Hong Kong Limited (stock code: 728) and listed on the Shanghai Stock Exchange (stock code: 601728).

Antonio Manuel De Jesus Berges-Dreyfous

Mr. Antonio Manuel De Jesus Berges-Dreyfous is an independent investor based in the United States of America.

Hong Kong Yunmu Innovation Technology Limited

Hong Kong Yunmu Innovation Technology Limited is an investment holding company registered in Hong Kong on 27 October 2025. It is wholly owned by Shenzhen Yunmu No. 2 Investment Partnership (Limited Partnership) (深圳雲沐貳號投資合夥企業(有限合夥)), which is ultimately controlled by Mr. Fan Zeng.

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X-HITECH Investment Limited

X-HITECH Investment Limited (“**X-HITECH**”) is an investment holding company incorporated in the British Virgin Islands.

The sole shareholder of X-HITECH is Ningbo Lanting Shiling Investment Limited Partners (LLP), which is an investment fund ultimately controlled by Liu Jiong with a primary purpose to make equity investments in private companies.

Mecca International (BVI) Limited

MECCA INTERNATIONAL (BVI) LIMITED is an investment holding company incorporated in the British Virgin Islands and is ultimately controlled by Midea Group Co., Ltd. (美的集團股份有限公司) (“**Midea**”). Midea is a global technology group comprising the smart home solutions, energy solutions & industrial technology, intelligent building technology, robotics & automation, healthcare and smart logistics, among others. Midea is listed on the Shenzhen Stock Exchange (stock code: 000333), and on the Stock Exchange of Hong Kong (stock code: 0300).

Taihe Huayu Corp

Taihe Huayu Corp is an investment holding company incorporated in the British Virgin Islands. It is wholly owned by Mr. Ye Tianyun, an Independent Third Party.

Banyan Capital Holdings Co., Ltd.

Banyan Capital Holdings Co., Ltd. (“**Banyan Capital**”) is an investment holding company incorporated in the British Virgin Islands. Its principal business includes investment and investment management. Banyan Capital is ultimately controlled by Banyan Partners Fund I, L.P., holding 68.89% equity interest of Banyan Capital.

SEB Alliance SAS

SEB Alliance SAS is a French investment company established in May 2011. SEB Alliance SAS has made investments in areas such as digital, well-being, societal and environmental transitions and thematic innovation funds. SEB Alliance SAS is ultimately managed and controlled by Groupe SEB, a French company listed on Euronext Market, Paris, Compartment A (TICKER: SEBF.PA(Reuters) and SK.FP(Bloomberg)), a large global consortium that manufactures small appliances and cookware.

RZ Investment Group LLC

RZ Investment Group LLC is a company incorporated in March 2011 in Utah, United States, primarily engaged in investment activities. RZ Investment Group LLC is wholly owned by the Minyan Ruan Legacy Trust, with Ms. Minyan Ruan serving as the settlor and her children designated as the beneficiaries. Minyan Ruan Legacy Trust is ultimately owned by Ms. Minyan Ruan.

Welight Capital L.P.

Welight Capital L.P. is a limited partnership incorporated in the Cayman Islands. Its principal business is investment holding. The sole general partner of Welight Capital is Welight Capital Management Limited, which is a limited liability company incorporated in the Cayman Islands, and wholly owned by Welight Assets Limited. The sole limited partner of Welight Capital is Welight Assets Limited. Welight Assets Limited is a limited liability company incorporated in the BVI, and is wholly owned by Mr. Wu Xiaoguang (吳宵光).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PUBLIC FLOAT AND FREE FLOAT

Following the completion the [REDACTED] (assuming the [REDACTED] is not exercised), a total of [REDACTED] Shares held by our core connected persons will not be counted towards the public float, representing approximately [REDACTED] of our share capital in aggregate upon [REDACTED], including (i) Mr. You (by himself, through ECY Investments, and the Voting Deferral Agreements), and (ii) Nova-M, which is controlled by Mr. Liping You, a sister of Mr. You.

Based on the above, it is expected that immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), a total of [REDACTED] Shares, representing [REDACTED] of our total issued Shares, will be counted as part of the public float, which is higher than the prescribed percentage of Shares required to be held in public hands under Rule 8.08(1) of the Listing Rules (being [REDACTED] as applicable across the indicative [REDACTED] range set out in this document).

Upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), it is expected that [REDACTED] representing a market capitalization of approximately [REDACTED] (assuming an [REDACTED] of [REDACTED] per [REDACTED], being the low-end of the indicative [REDACTED] range set out in this document), will be held by the public and will not be subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise). Therefore, our Company is expected to satisfy the free float requirement under Rule 8.08A of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CAPITALIZATION OF OUR COMPANY

The following table sets out our Company’s shareholding structure (a) as of the date of this document and immediately before the [REDACTED] and (b) immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and the Conversion and Redesignation is completed):

As at the date of this document and immediately before the [REDACTED]										Upon completion of the Conversion and Redesignation and immediately upon completion of the [REDACTED]			
Shareholders	Number of Shares									Voting power percentage	Shareholding percentage	Number of Shares	Shareholding percentage
	Class A Ordinary Shares	Class A+ Ordinary Shares	Class B Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series B+ Preferred Shares	Series B2 Preferred Shares	Series C Preferred Shares	Total Number of shares				
Single Largest Group of Shareholders													
Eugene Yanjun You	—	43,965,042	—	—	—	—	—	—	—	43,965,042	16.70%	37.56%	[REDACTED]
ECY Investments LLC	6,000,000	—	—	—	—	—	—	—	—	6,000,000	2.28%	1.71%	[REDACTED]
Sub-total	6,000,000	43,965,042								49,965,042	18.98%	39.27%	[REDACTED]
Other Shareholders													
Aqara ESOP Platform II Limited	12,422,687	—	—	—	—	—	—	—	—	12,422,687	4.72%	3.54%	[REDACTED]
Aqara ESOP Platform I Limited	11,719,465	—	—	—	—	—	—	—	—	11,719,465	4.45%	3.34%	[REDACTED]
Nova-M Investment Limited	14,089,696	—	—	—	—	—	—	—	—	14,089,696	5.35%	4.01%	[REDACTED]
(REDACTED) Investors													
Joy Capital III and Joy Capital Opportunity													
Joy Capital Opportunity, L.P.	—	4,710,719	944,276	—	235,625	—	10,014,054	15,904,674	6,04%	4.53%	[REDACTED]	[REDACTED]	[REDACTED]
Joy Capital III, L.P.	—	5,086,101	—	—	6,781,469	—	—	11,867,570	4.51%	3.38%	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	—	9,796,820	944,276	—	235,625	6,781,469	10,014,054	27,772,244	10.55%	7.91%	[REDACTED]	[REDACTED]	[REDACTED]
Joy Aurora													
Joy Aurora Limited	—	4,732,830	5,453,788	5,850,562	5,047,314	149,192	751,054	21,984,740	8.35%	6.26%	[REDACTED]	[REDACTED]	[REDACTED]
Far East Horizon Limited													
Long Pike Limited	—	—	—	—	—	15,597,378	—	15,597,378	5.93%	4.44%	[REDACTED]	[REDACTED]	[REDACTED]
Ever Trend Limited	—	—	—	—	4,827,486	—	—	4,827,486	1.83%	1.37%	[REDACTED]	[REDACTED]	[REDACTED]
Big Vantage Shipping Limited	—	1,695,367	—	—	—	—	—	1,695,367	0.64%	0.48%	[REDACTED]	[REDACTED]	[REDACTED]
Absolute Momentum Limited	—	1,348,386	—	—	—	—	—	1,348,386	0.51%	0.38%	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	—	3,043,783	—	—	4,827,486	15,597,378	—	23,468,617	8.92%	6.68%	[REDACTED]	[REDACTED]	[REDACTED]
Shunwei													
Shunwei High Tech Limited	—	16,104,607	5,925,926	—	—	—	—	22,030,533	8.37%	6.27%	[REDACTED]	[REDACTED]	[REDACTED]
Red Better Limited	—	20,839,811	—	—	—	—	—	20,839,811	7.92%	5.93%	[REDACTED]	[REDACTED]	[REDACTED]
Cathay Innovation Fund and Cathay Innovation Opportunity Fund													
FPCI Sino-French (Innovation) Opportunity Fund	—	—	—	—	5,412,529	4,475,769	—	9,888,298	3.76%	2.82%	[REDACTED]	[REDACTED]	[REDACTED]
FPCI Sino-French (Innovation) Fund	—	—	—	—	8,972,606	—	—	8,972,606	3.41%	2.56%	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	—	—	—	—	8,972,606	5,412,529	4,475,769	18,860,904	7.17%	5.37%	[REDACTED]	[REDACTED]	[REDACTED]

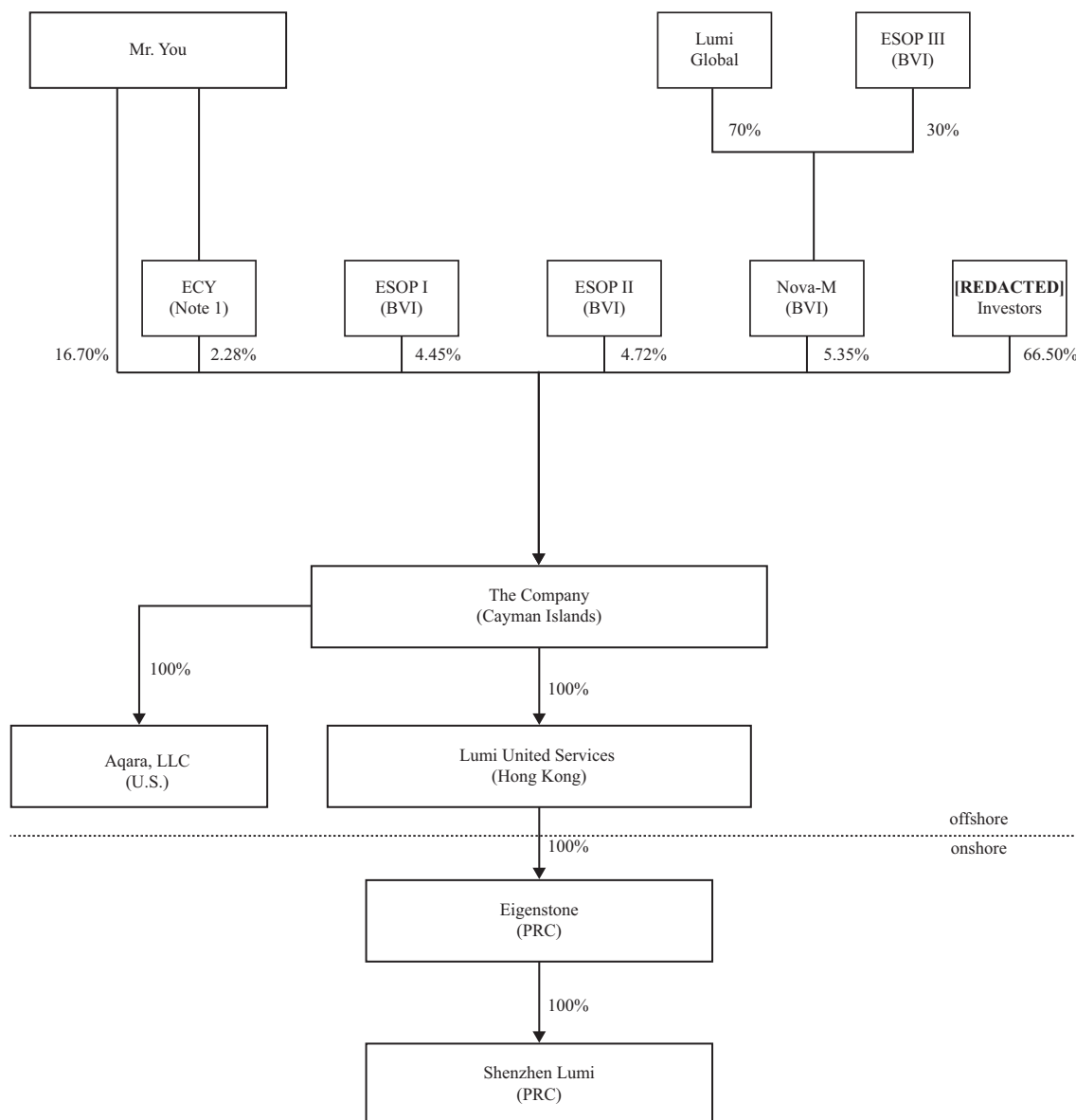
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As at the date of this document and immediately before the [REDACTED]											Upon completion of the Conversion and Redesignation and immediately upon completion of the [REDACTED]		
Shareholders	Number of Shares										Voting power percentage	Number of Shares	Shareholding percentage
	Class A Ordinary Shares	Class A+ Ordinary Shares	Class B Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series B+ Preferred Shares	Series B2 Preferred Shares	Series C Preferred Shares	Total Number of shares				
Tianyi Capital Holding Co., Ltd	2,218,291	—	—	—	—	—	—	5,592,676	7,810,967	2.97%	2.22%	[REDACTED]	[REDACTED]
Antonio Manuel De Jesus Berges-Dreyfous	4,848,485	—	—	1,481,481	—	—	—	—	6,329,966	2.40%	1.80%	[REDACTED]	[REDACTED]
Hong Kong Yunmu Innovation Technology Limited	—	—	—	5,453,788	629,890	—	—	—	6,083,678	2.31%	1.73%	[REDACTED]	[REDACTED]
X-HITECH Investment Limited	—	—	—	—	4,000,000	—	—	—	4,000,000	1.52%	1.14%	[REDACTED]	[REDACTED]
Mecca International (BVI) Limited	—	—	—	4,000,000	—	—	—	—	4,000,000	1.52%	1.14%	[REDACTED]	[REDACTED]
Taihe Huayu Corp.	3,060,304	—	593,379	—	—	—	—	—	3,653,683	1.39%	1.04%	[REDACTED]	[REDACTED]
Banyan Capital Holdings Co., Ltd	—	—	—	2,962,963	—	—	—	—	2,962,963	1.13%	0.84%	[REDACTED]	[REDACTED]
SEB Alliance SAS	—	—	—	—	1,466,697	193,939	1,017,220	—	2,677,856	1.02%	0.76%	[REDACTED]	[REDACTED]
PRZ Investment Group LLC	1,818,182	—	—	—	340,026	374,727	—	—	1,818,182	0.69%	0.52%	[REDACTED]	[REDACTED]
Welight Capital L.P.	—	—	—	—	—	—	—	—	714,753	0.27%	0.20%	[REDACTED]	[REDACTED]
Participants in the [REDACTED]	—	—	—	—	—	—	—	—	—	—	—	[REDACTED]	[REDACTED]
Total	56,177,110	43,965,042	55,111,230	26,222,222	21,259,781	16,091,620	28,021,028	16,357,784	263,205,787	100%	100%	[REDACTED]	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE PRIOR TO THE [REDACTED]

The following chart sets forth our corporate structure as of the date of this document and immediately prior to the [REDACTED]:



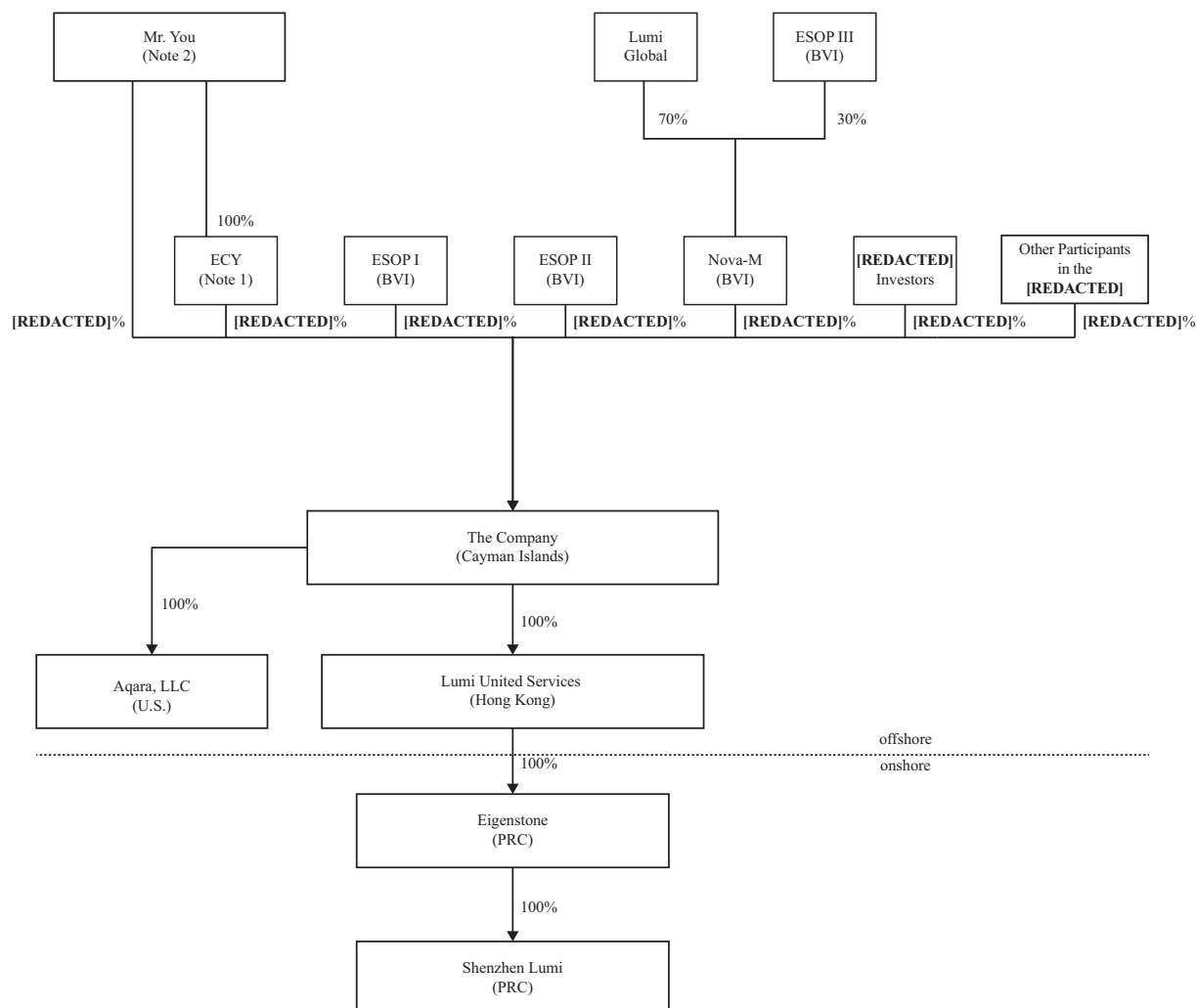
Note:

- (1) Pursuant to the Limited Liability Agreement of ECY Investments, the equity interests in ECY Investments are divided into Class A unit and Class B units. Class B units confer only economic rights in the Company and do not carry any voting rights. As of the Latest Practicable Date, Mr. You holds all issued Class A unit and Ms. Cathy Chenxi You holds all issued Class B units. As such, Mr. You holds 100% of the voting rights in ECY Investments.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE AFTER THE [REDACTED]

The following chart sets forth our corporate structure immediately after the completion of the [REDACTED], without taking into account any Share which may be issued upon the exercise of the [REDACTED] in the [REDACTED]:



Note:

- (1) Pursuant to the Limited Liability Agreement of ECY Investments, the equity interests in ECY Investments are divided into Class A unit and Class B units. Class B units confer only economic rights in the Company and do not carry any voting rights. As of the Latest Practicable Date, Mr. You holds all issued Class A unit and Ms. Cathy Chenxi You holds all issued Class B units. As such, Mr. You holds 100% of the voting rights in ECY Investments.
- (2) Pursuant to the Voting Deferral Agreements which will be effective upon [REDACTED], Joy Capital III, L.P., and Joy Capital Opportunity, L.P., shall, in respect of the 11,867,570 Shares and 15,904,674 Shares held by them respectively (representing [REDACTED] and [REDACTED] of the voting right in the Company upon [REDACTED]), vote in accordance with the instructions of Mr. You and the directors appointed by Mr. You at the shareholders' meetings of the Company. Please refer to “ — Voting Deferral Arrangement” in this section.

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OVERVIEW

Who We Are

We are a pioneer in building the foundational operating system for spatial intelligence, an emerging paradigm that transforms physical environments into computable, adaptive and continuously evolving systems powered by AI. Rather than viewing smart homes and buildings as collections of connected devices, we model and operate spaces as unified, semantic systems where “space, people, devices and behaviors” are represented, understood and acted upon through a consistent computational framework. This shift—from controlling devices to operating space—defines the next generation of the industry.

Our products and solutions are designed as a unified operating layer spanning device, edge and cloud. At the device level, intelligent sensors and controllers provide perception and actuation capabilities. At the edge level, hubs coordinate local intelligence and ensure reliability and low latency. At the system level, Aqara Studio orchestrates cross-device collaboration, semantic modeling and AI-driven decision-making. At the experience level, applications and interfaces provide intuitive access to spatial intelligence through natural interaction.

This layered yet unified architecture enables us to bridge fragmented protocols and ecosystems. Through capability mapping, diverse standards such as Matter, Zigbee, Wi-Fi, KNX BACnet, OPC UA, Modbus, and even proprietary protocols are normalized into a consistent semantic model, enabling seamless interoperability and scalable system design across residential and commercial environments.

We are not simply delivering products; we are building a spatial intelligence infrastructure that serves as a platform for continuous innovation. By transforming physical spaces into programmable and intelligible systems, we unlock new possibilities in energy optimization, health and well-being, safety, and human-centric experience design.

Our platform is inherently extensible and ecosystem-driven. Through standardized APIs, modular components and developer tools, we enable system integrators, developers and partners to build, deploy and operate applications on top of our spatial intelligence platform. Over time, this creates a network effect where data, models and applications continuously enrich the system.

We have achieved significant milestones in human-centric spatial intelligence:

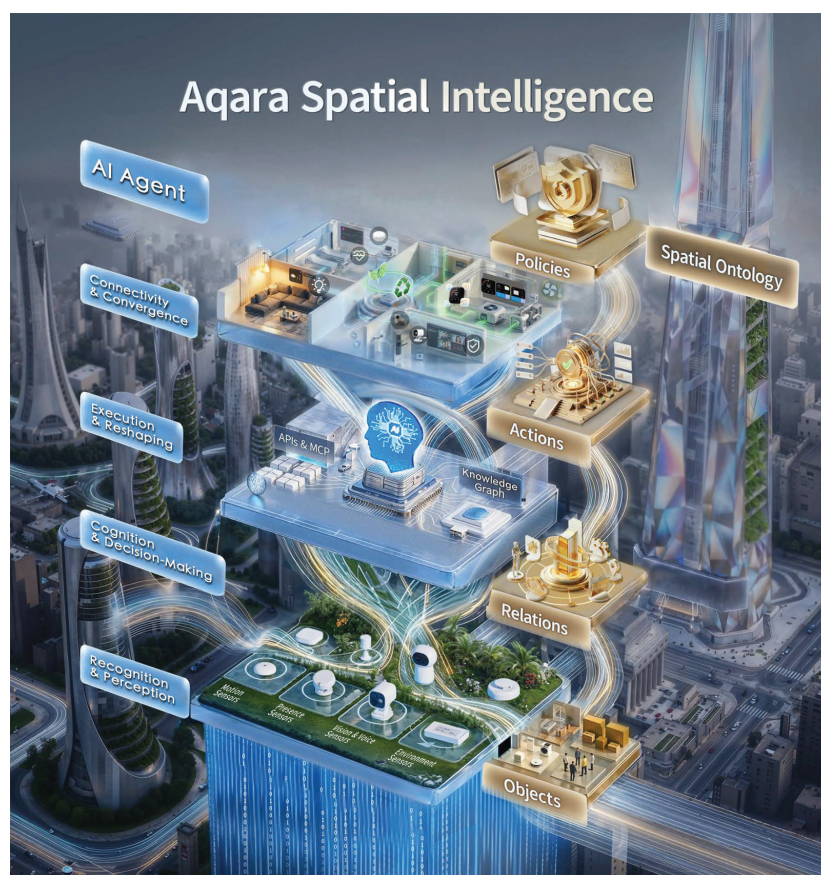


BUSINESS

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- (1) According to Frost & Sullivan, we are the world’s largest PRC-based human-centric spatial intelligence infrastructure provider based on revenue in 2024.
 - (2) According to Frost & Sullivan, our product count ranks first as of Latest Practicable Date among PRC players in the human-centric spatial intelligence infrastructure industry, covering 50+ categories and 2,200+ SKUs.
 - (3) Included in the Hurun Report’s list of Global Unicorns from 2022 to 2025.
 - (4) As of December 31, 2025
 - (5) According to Frost & Sullivan, we ranked No. 1 by sales in the smart switch category on Tmall and JD.com, No. 1 by sales in the smart gateway category on Amazon U.S. and No. 1 by sales in the smart sensor category on Amazon Germany.

Spatial intelligence represents a fundamental shift in how technology interacts with the physical world. As the industry transitions from device connectivity to AI-driven space operation, we believe the ability to model, understand and govern physical environments through a unified semantic and execution framework will become the key determinant of long-term value. We have achieved breakthrough innovations across the four essential spatial intelligence technological capabilities; these capabilities are supported by a unified framework for coordinating devices, contexts and actions across residential and commercial environments. Our **recognition & perception** technologies achieve comprehensive real-time awareness of human, objects, physical spaces and environmental conditions with superior precision. Our **cognition & decision-making** technologies enable truly personalized proactive and anticipatory services by learning user behaviors and dynamically translating complex contexts into optimized, scenario-specific action commands. Our **execution & reshaping** technologies convert these decisions into actions to be executed through terminal devices, while the seamless integration of these devices into a diverse range of environments with sufficient redundancy. Central to the integration of these three dimensions of spatial intelligence are our **connectivity & convergence** technologies, which feature comprehensive multi-protocol capabilities, covering Zigbee, Wi-Fi and Matter, among others. Together, these technologies enable our platform to move beyond passive control to deliver proactive human-centric spatial intelligence that fundamentally reshapes how spaces respond to human needs. We consistently invest significantly in research and development to maintain our technological strength and drive innovation across all dimensions of spatial intelligence. These sustained investments have enabled us to build a substantial intellectual property portfolio, with 1,262 granted patents and 549 pending patents as of December 31, 2025, evidencing the depth and breadth of our technological capabilities.

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We have established a truly international commercialization and sales footprint at scale. Overseas revenue from Aqara-branded spatial intelligence products and solutions achieved a CAGR of 28.7% from 2023 to 2025. In addition, overseas revenue constitutes an increasingly significant portion of our revenue from Aqara-branded products and solutions, growing from 42.2% in 2023 to 66.5% in 2025. Our strong overseas growth is supported by our comprehensive global sales network covering over 90 countries and regions outside the PRC through a multi-channel strategy that integrates online and offline retail operations, including our strategic partnerships with premier global retailers and major e-commerce platforms. In China, we have built the largest sales network for human-centric spatial intelligence, according to Frost & Sullivan, with over 500 Aqara Home experience stores across more than 210 cities in 31 provinces, complemented by active presence on major e-commerce platforms. As of December 31, 2025, our combined global sales channels have enabled us to serve over 15 million users worldwide.

Our products and solutions are deeply integrated with household brands such as Amazon, Apple, Google, LG, Samsung and Xiaomi. In particular, we have achieved one of the most comprehensive integrations with the Apple Home ecosystem, with more than 340 product models under 15 product categories integrated into the Apple Home ecosystem, natively supporting Apple-specific features such as HomeKit Secure Video, Adaptive Lighting, Adaptive Temperature and Home Key. Our comprehensive integration with Apple includes full device support for the Apple ecosystem. Such deep integration with household brands demonstrates our ability to meet the stringent technical and quality standards of the world's most well-known companies while continuing to drive our own innovation.

During the Track Record Period, we achieved steady expansion, with revenue reaching RMB1,471.6 million in 2025. We have experienced significant growth in revenue from our proactive AI-driven products and solutions, which increased from RMB465.7 million in 2023 to RMB907.3 million in 2025, representing a CAGR of 39.6%. Our gross profit margin ascended from 29.7% in 2023 to 33.8% in 2024, and further surged to 38.4% in 2025. We incurred net losses during the Track Record Period. Our loss

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for the period was RMB159.5 million, RMB230.8 million and RMB322.4 million in 2023, 2024 and 2025, respectively. However, we have achieved profitability on an adjusted basis since 2023. Our adjusted profit (non-IFRS measure) was RMB45.3 million in 2023, RMB113.1 million in 2024 and RMB56.9 million in 2025.

Our Market Opportunities

Spatial intelligence refers to the seamless integration of AI within physical environments, enabling them to perceive, interpret and coordinate interactions among people, objects and spaces. Unlike traditional IoT systems, which operate based on preset rules and isolated devices, spatial intelligence incorporates AI to create collaborative, scenario-driven environments that can sense real-world conditions, interpret user intentions and make autonomous decisions in real-time. While AI has made significant progress in virtual domains, its true potential is only unlocked when the gap between digital intelligence and the physical spaces is bridged to achieve spatial intelligence.

As spatial intelligence continues to advance, human-centric spaces — which encompass residential and commercial spaces — have emerged as the most natural and promising domain for its development. Human-centric spaces are characterized by a high density of physical interactions, diverse behavioral scenarios, a wide array of intelligent devices and increasingly complex user demands — all of which create ideal conditions for the application and evolution of spatial intelligence. According to Frost & Sullivan, the global market for human-centric spatial intelligence products and solutions is projected to reach RMB10,143.0 billion by 2030, reflecting a CAGR of 14.7% from 2025 to 2030.

Human-centric spatial intelligence products and solutions consist of two key segments: infrastructure (which forms the foundational backbone comprising sensors, hubs and controllers) and terminal devices. The infrastructure segment represents the fastest-growing subsegment, driven by rapid advances in AI technologies, rising user demand for intelligent experiences and strong policy support for “AI+” initiatives. In particular, the infrastructure segment occupies the central strategic position as the foundational layer that enables and orchestrates all terminal devices, allowing diverse devices and services to be built upon it, generating compounding network effects as adoption scales. Furthermore, once deployed, infrastructure creates substantial switching costs and customer lock-in due to its embedded nature, resulting in high retention and recurring revenue opportunities. According to Frost & Sullivan, the global human-centric spatial intelligence infrastructure market is expected to reach a revenue of RMB1,859.3 billion by 2030, representing a CAGR of 18.6% from 2025. Growth in the PRC is expected to be equally strong, supported by robust national AI strategies, smart city initiatives and accelerated deployment of spatial intelligence technologies. The PRC market is projected to reach a revenue of RMB418.7 billion by 2030, representing a CAGR of 20.9% from 2025, according to the same source.

The increasing adoption of proactive AI is the defining characteristic of the spatial intelligence era. Proactive AI enables intent-driven control, predictive services and autonomous optimization, delivering significantly higher levels of efficiency, personalization and user experience across human-centric spaces. The application of proactive AI to spatial intelligence infrastructure began to take shape in 2023. After a period of steady initial growth from 2023 to 2025, a phase of rapid acceleration is projected to begin over the next several years, fueled by multiple factors, including policy support, technological advancements, greater ecosystem openness, cross-platform interoperability and continuous improvements in user experience and service innovation — collectively driving the market to an inflection point and launching a new phase of expansion. According to Frost & Sullivan, global penetration rates of proactive AI adoption in human-centric spatial intelligence infrastructure were 8.0% and 7.2% in residential and commercial spaces, respectively, in 2025 and are expected to increase to 62.5% and 46.0%, respectively, 2030.

According to Frost & Sullivan, we are the largest China-based provider of proactive AI-driven human-centric spatial intelligence infrastructure and one of the largest globally in terms of revenue in 2024.

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As the pioneer and leader in the foundational segment of human-centric spatial intelligence infrastructure, we are uniquely positioned to capture the growth opportunities from the continued expansion and evolution of the spatial intelligence industry.

Our Path of Evolution

Our evolution mirrors the broader industry trajectory from single-product intelligence to whole-home intelligence and ultimately to spatial intelligence. Founded in 2009, we initially focused on advancing IoT connectivity technology, establishing a strong foundation in low-power wireless communication for IoT systems. In 2014, we officially entered the smart home market with a focus on innovative smart home products. In the same year, we achieved a transformative milestone through our partnership with Xiaomi, as the Xiaomi Smart Home Kit we developed achieved sales exceeding one million units and gained widespread market recognition. This success established our leadership in the single-product intelligence era and demonstrated our ability to make smart home technology accessible to mass-market consumers.

In 2016, we advanced into whole-home intelligence with the official launch of our Aqara brand, structuring our business around spatial application scenarios. For residential customers, we pioneered the “4S” (Solution, Sales, Service and Survey) service system for the smart home industry, delivering comprehensive one-stop service from solution design through installation to after-sales support, significantly lowering adoption barriers for consumers. In parallel, we expanded into commercial spaces, targeting commercial complexes and public buildings. Our international expansion accelerated in 2019 with the launch of our first self-managed overseas brand store on Amazon in the United States, followed by successful market entry in South Korea through our LG partnership, achieving breakthroughs across multiple key international markets. In 2021, we launched our brand’s official store on Amazon in Europe, substantially enhancing our brand visibility and customer reach across the region.

In 2023, our “Spatial Intelligence, Comprehensive Evolution” launch event marked our entry into the spatial intelligence era. Leveraging our full-stack proprietary technology, we now deeply integrate AI algorithms throughout our products and solutions, with over 90% of our Aqara-branded products and solutions being proactively AI-driven in 2025, empowering devices with proactive perception, edge computing and real-time response capabilities that enable spaces to “see,” “think” and “act.” Our leadership in connectivity technology and commitment to ecosystem openness have earned our recognition as a Global Unicorn by the Hurun Report for four consecutive years from 2022 to 2025. Our products maintain broad compatibility with major global platforms, delivering seamless spatial intelligence experiences for users worldwide. Today, we empower intelligence across both residential and commercial spaces, making them smarter, more responsive and more sustainable.

Our Products and Solutions

We offer a comprehensive portfolio of products and solutions through which we pioneer the systemization and commercialization of human-centric spatial intelligence at scale. We offer Aqara-branded products and solutions that integrate hardware, software and AI algorithms to deliver human-centric spatial intelligence, supplemented by our ODM offerings that serve partner brands such as Xiaomi. Our Aqara-branded products and solutions are built on three core product categories that work in concert to form an end-to-end spatial intelligence infrastructure. As of December 31, 2025, our product matrix comprised over 50 categories and more than 2,200 SKUs, with cumulative activation exceeding 56 million devices.

- **Sensors:** These products have the ability to “recognize & perceive” spaces. They achieve high-precision detection of human behaviors and objects, spatial dynamics and environmental conditions. Key products include AI-empowered high precision scene sensors, intelligent cameras, smart sleep monitor strips, door and window sensors, vibration sensors, motion sensors, temperature and humidity sensors, air quality monitoring panels, smoke detectors and more.

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- **Hubs:** These products have “cognition & decision-making” capabilities. They serve as the central nodes for device connectivity and computational processing, enabling proactive and cross-device collaboration. Key products include smart gateways and smart screens.
- **Controllers:** These products have the ability to “execute & reshape” the space. They execute actions and achieve proactive and personalized transformation of the spatial environment. Key products include intelligent switches and sockets, lighting-controlling modules and lights, door locks, curtain motors and thermostats.

These hardware products are unified through the Aqara App, which provides the user interface for controlling and managing all devices, with our AI Copilot embedded to enhance user interaction. Anchoring our portfolio of spatial intelligence products and solutions is Aqara Studio, our proprietary operating system that orchestrates cross-device collaboration and enables rapid deployment of solutions. Working seamlessly together, our full-stack products and solutions continuously capture and process real-time spatial, environmental and device data, enabling a close-loop process of sensing, reasoning and execution and allowing spaces to adapt proactively and reliably to user needs across diverse spatial intelligence functions, such as lighting, health monitoring, security and protection, HVAC and low carbon and energy saving.

Once deployed, our hardware products become embedded in the physical infrastructure of buildings and structural environments, forming an installed infrastructure that is difficult to replicate or displace, resulting in customer lock-in, high retention and recurring revenue opportunities.

Our Technologies

Spatial intelligence represents a fundamental shift from “connecting devices” to “operating spaces.” This shift requires not only advances in sensing, computing and control, but also a unified system capable of modeling, understanding and safely executing actions in the physical world.

Our technological foundation is built on an integrated AI-native architecture composed of four tightly coupled layers: **Ontology** (semantic definition), **Graph** (state and structure), **Skills** (governed execution) and **Telemetry** (feedback and learning). Together, these layers form a closed-loop system that enables physical environments to perceive, reason, act and continuously improve over time.

At the core of this architecture is an ontology defined through Objects, Relations, Actions and Policies (“**ORAP**”), which provides a unified semantic model for representing physical space. This model abstracts heterogeneous devices, protocols and data into a consistent, machine-understandable representation, allowing the system to operate on spatial concepts such as rooms, zones, functions and intents rather than device-level primitives.

This ontology is materialized through the Home Graph, which serves as the single source of truth for spatial structure, device topology, real-time states and operational constraints. The Home Graph provides a consistent, queryable and subscribable model across device, edge and cloud layers, ensuring system-wide coherence, traceability and interpretability.

On top of the Home Graph, all operations are executed through standardized Skills, which encapsulate control, automation and configuration under explicit policy constraints. This governed execution model ensures that all actions are safe, auditable and reversible.

Finally, a unified Telemetry layer captures the full lifecycle of system interactions - from intent and context to execution and outcome - enabling continuous feedback, system optimization and AI-driven learning. Through this closed-loop mechanism, the system continuously adapts and improves its performance over time.

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Through the integration of Ontology, Graph, Skills and Telemetry, our platform establishes a complete “understand-execute-learn” cycle, enabling AI agents to safely operate and continuously optimize physical environments at scale.

Specifically, our spatial intelligence technologies include four essential capabilities — “*recognition & perception*,” “*cognition & decision-making*,” “*execution & reshaping*” and “*connectivity & convergence*.” We have developed breakthrough technologies across each of these critical dimensions:

- ***Recognition & Perception:*** Spatial intelligence depends fundamentally on the ability to perceive and interpret the physical environment with precision and reliability. We have developed a multi-layered perception platform that combines multiple complementary sensing modalities — millimeter-wave radar, computer vision and distributed sensor networks — to create a comprehensive understanding of residential and commercial spaces and occupant activities. This integrated approach enables our sensors to detect presence, recognize behaviors, monitor vital signs and interpret user intent with accuracy levels that substantially exceed industry standards, while maintaining privacy through local processing. A key technology of our sensors is ultra-low-power consumption with roughly one-third the power consumption of typical products, enabling multi-year battery life without compromising reliable communication or performance.
- ***Cognition & Decision-Making:*** Transforming raw sensor inputs into intelligent action requires sophisticated cognitive capabilities that can interpret context, understand intent and orchestrate responses in real time. We have developed cognition and decision-making technologies that process information at the network edge for immediate responsiveness, interpret natural language to bridge human intent with machine execution and deploy autonomous agents that learn from patterns to anticipate needs. This enables spatial intelligence infrastructure to not only perceive what is happening in a space, but to understand why it matters and determine the most appropriate response, operating with minimal latency while respecting privacy through local processing.
- ***Execution & Reshaping:*** Spatial intelligence must ultimately execute physical actions through real-world devices and reshape existing spaces to support intelligent control without requiring costly renovations. We have developed technologies that enable our platform to work within the constraints of legacy residential electrical systems while maintaining reliable operation even when connectivity fails. Our smart switch innovations reshape how residential and commercial space can be upgraded by eliminating wiring barriers, while our disaster recovery architecture reshapes traditional centralized control into distributed systems that execute automation locally when cloud or hub connectivity is lost. Together, these capabilities transform how spatial intelligence integrates into existing facilities and executes reliable control under real-world conditions.
- ***Connectivity & Convergence:*** Spatial intelligence systems depend on stable, efficient wireless connectivity that can reliably coordinate as many as tens of thousands of devices across multiple communication protocols. We have developed foundational wireless connectivity technologies that feature high reliability and comprehensive protocol compatibility. Our approach addresses the fundamental challenge of enabling diverse IoT devices to communicate seamlessly within large-scale networks, while maintaining the stability and responsiveness required for real-time intelligent control. We support multiple connectivity protocols and standards, including Zigbee, Wi-Fi and Matter, among others, ensuring our platform aligns with regional standards and multiple ecosystems.

A critical element of our spatial ontology framework is the policies component, which plays a central role of encoding the governance principles for determining what our spatial intelligence infrastructure is permitted to do, encompassing matters such as privacy-first processing, data minimization, user consent and jurisdictional compliance. By embedding these policies directly into our spatial ontology framework, we ensure responsible usage by design, enabling every perception, decision and action in our spatial intelligence infrastructure to operate within clearly defined regulatory and ethical boundaries across the markets we serve.

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OUR COMPETITIVE STRENGTHS

Pioneer and Leader in Human-Centric Spatial Intelligence Infrastructure

We have built an AI-native operating layer that models, understands and operates physical environments, positioning us as a foundational infrastructure provider rather than a device vendor. According to Frost & Sullivan, we are the largest China-based provider of proactive AI-driven human-centric spatial intelligence infrastructure and one of the largest globally in terms of revenue in 2024. Our leadership position is underpinned by our comprehensive full-stack capabilities, as we provide the most comprehensive human-centric spatial intelligence products and solutions covering hardware, software and services, according to Frost & Sullivan. In addition, in 2025, we were named a National-level Specialized and Innovative 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, which is a testament to our market leadership.

Our leadership position in human-centric spatial intelligence infrastructure is particularly strategic for our future development given the segment’s exceptional growth trajectory. Beyond connectivity, this layer increasingly serves as the operating foundation for contextual understanding, coordinated actions and adaptive service delivery across spaces. The infrastructure segment represents the fastest-growing subsegment within the human-centric spatial intelligence market, driven by rapid advances in AI technologies, rising user demand for intelligent experiences and strong policy support for “AI+” initiatives.

In particular, the infrastructure segment occupies the central strategic position as the foundational layer that enables and orchestrates all terminal devices, as well as continuously captures and processes real-time spatial and environmental data, thereby allowing diverse devices and services to be built upon it while generating compounding network effects as adoption scales. Furthermore, once deployed, infrastructure creates substantial switching costs and customer lock-in due to its embedded nature, resulting in high retention and recurring revenue opportunities. For example, over 70% of users who first connected a device to the Aqara app in 2022 have added one or more new devices within 2022. Within this same group, the proportion of users who continued to add new devices in 2023, 2024 and 2025 was 38.06%, 29.14% and 26.51%, respectively. In addition, as of December 31, 2025, an average of 20.02 devices per user were connected to the Aqara app. As the pioneer and leader in the foundational segment of human-centric spatial intelligence infrastructure, we are uniquely positioned to capture the growth opportunities from the continued expansion and evolution of the spatial intelligence industry.

Proprietary Human-Centric Spatial Intelligence Technologies Creating a Deep Competitive Moat

Developing proactive AI-empowered human-centric spatial intelligence infrastructure is highly technology-intensive and requires capabilities that overcome substantial technical barriers across multiple critical dimensions. The *recognition & perception* layer demands accurate capture and fusion of complex multimodal sensing. The *cognition & decision* layer requires advanced AI to process sensor information, extract features and enable real-time adaptive decision-making. The *execution & reshaping* layer must ensure reliable execution through coordinated controllers and feedback loops. The *connectivity & convergence* layer requires seamless multi-protocol integration and device orchestration to enable stable communication across diverse ecosystems. In addition, embedding AI across cloud, edge and devices introduces challenges in latency, computing distribution and data privacy. These complexities demand multidisciplinary expertise spanning hardware engineering, AI algorithms, wireless protocols and system architecture. In particular, the ability to organize real-world spatial data, interpret context and coordinate reliable actions across heterogeneous devices and protocols creates a significant barrier to entry.

We have developed breakthrough technologies to address these complexities across all of these critical dimensions required for human-centric spatial intelligence. Our full-stack technologies create significant competitive advantages by addressing the key technical challenges in the human-centric spatial intelligence industry, allowing us to deliver integrated solutions that address these challenges end-to-end. These technologies do not operate in isolation; rather, they allow us to coordinate heterogeneous devices, interpret spatial context and translate insights into dependable, real-world actions across scenarios, creating a deep competitive moat.

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In addition, our proprietary technologies create compounding advantages over time as our installed base grows through continuous learning and optimization. Furthermore, our AI-native architecture positions us to benefit directly from ongoing advances in AI, enabling rapid integration of new capabilities.

Successful Commercialization Across Residential and Commercial Spaces

We have achieved significant commercial success through our comprehensive portfolio of human-centric spatial intelligence products and solutions that spans the full technology stack. In particular, our Aqara-branded ecosystem integrates hardware, software and AI algorithms to deliver end-to-end human-centric spatial intelligence infrastructure. This integrated approach has enabled us to achieve substantial market scale, with over 50 categories and more than 2,200 SKUs as of December 31, 2025, cumulative activation exceeding 56 million devices and a global user base of over 15 million across over 90 countries and regions. This scale of commercialization demonstrates our ability to translate advanced human-centric spatial intelligence technology into commercially successful products and solutions that resonate with both consumer and commercial customers worldwide. These deployments also demonstrate the repeatability of our infrastructure across diverse spatial environments and support the accumulation of reusable data insights and operational know-how.

Our commercialized products and solutions deliver tangible value by addressing critical pain points across key application scenarios in both residential and commercial spaces. In residential environments, our spatial intelligence architecture automatically adjusts lighting, HVAC and other appliances to enhance comfort while reducing energy consumption, with integrated AI learning from user behavior to predict needs and autonomously adjust settings.

In commercial spaces, our solutions are deployed for security management, environmental control, energy optimization and operational efficiency, among others. We have successfully completed numerous landmark projects, including the Minsheng Bank office renovation, the TRI-ZEN residential project in Sri Lanka and the My Workspace project in South Korea, demonstrating our capability to deliver solutions across diverse scenarios and industries:

- ***Minsheng Bank, Beijing and Chengdu:*** The renovation of Minsheng Bank’s offices in Beijing and Chengdu showcases our capabilities in energy management and sustainability. Covering 133,000 square meters and using over 11,000 devices, the project employs our latest edge-side private deployment solution. An energy management center provides real-time monitoring for “electricity visualization” and “carbon visualization,” establishing a dual path for carbon reduction.
- ***TRI-ZEN Project, Sri Lanka:*** As the first high-rise in Sri Lanka with a comprehensive spatial intelligence solution, all 897 units in TRI-ZEN are equipped with our systems, totaling over 16,000 intelligent devices. We facilitated deep API and SDK integration, allowing residents to seamlessly control all devices through the developer’s dedicated app, creating a comfortable, safe and convenient living environment.
- ***My Workspace, South Korea:*** In collaboration with the My Workspace branch in Gangnam, Seoul, we deployed over 2,000 intelligent devices. The system provides centralized monitoring and control and adapts to usage needs, reducing energy consumption and optimizing operational efficiency.

Our commercialization success is reinforced by strategic partnerships with leading technology and industrial companies. We actively establish deep collaborations with top global brands such as Apple, Google, LG, Samsung and Xiaomi, which extend our reach across multiple major platforms. Our enterprise-level service capabilities have attracted collaborations with international industrial leaders, further enhancing our brand credibility in commercial applications. For example, we signed a strategic cooperation agreement with Siemens in March 2026 to join forces to collaborate in the area of spatial intelligence and smart buildings. Through these strategic partnerships, we are able to deliver and commercialize human-centric spatial intelligence products and solutions at scale.

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Our successful commercialization across both residential and commercial spaces demonstrates not only market demand for our products and solutions, but also the adaptability and scalability of our underlying spatial intelligence infrastructure across varied types of environments.

Comprehensive Integration with Apple Ecosystem and Significant Apple Store Presence

Integration with the Apple Home ecosystem has been an important strategic focus for us. For example, we were announced as a launch partner for Home Key at WWDC-21. We have consistently been one of the first to launch products with Apple-specific features. According to Frost & Sullivan, we launched the PRC’s first HomeKit Secure Video camera in May 2020, the world’s first Apple Home Key-enabled smart door lock in January 2022, the PRC’s first low-power HomeKit Secure Video doorbell in February 2023 and the PRC’s first low-light full-color HomeKit Secure Video camera in September 2024. By being the first to launch products with these Apple-specific features, we are able to increase our visibility within the Apple Home ecosystem and drive early adoption of our products. As of December 31, 2025, we offered more than 340 product models under 15 product categories that can be controlled directly from the Apple Home app. This comprehensive integration with the Apple Home ecosystem enables customers to build end-to-end human-centric spatial intelligence solutions entirely within the Apple platform, which in turn creates strong lock-in for our own product ecosystem as Apple Home users using our products expand across multiple product categories. We have participated in numerous New Products Introduction (NPI) projects with the Apple team to bring the most cutting-edge and innovative features in the Apple Home ecosystem to smart home users at the earliest opportunity. At CES 2026, we launched the Smart Lock U400 — the market’s first smart lock supporting hands-free unlocking via Apple devices using UWB technology. We also announced the Thermostat Hub W200, which is the first thermostat in North America to support the iOS-exclusive features — Adaptive Temperature and Clean Energy Guidance.

Our significant presence in Apple Stores also strengthens our sales footprint globally. Since we launched our Aqara-branded products in Apple Stores in 2019, over 30 of our products have been sold in Apple’s official retail stores across 18 countries and regions. This provides us with unparalleled access to Apple’s premium global retail network.

Strong International Growth Supported by Robust Overseas Multi-channel Sales Network

We have achieved exceptional overseas growth for our Aqara-branded products and solutions, with overseas revenue growing from RMB379.6 million in 2023 to RMB629.0 million in 2025, representing a CAGR of 28.7%. Overseas revenue from Aqara branded products and solutions as a proportion of total revenue from Aqara-branded products and solutions increased from 42.2% in 2023 to 66.5% in 2025, demonstrating our growing sales overseas. During the Track Record Period, we had expanded our presence to over 90 countries and regions outside the PRC, serving over 15 million individual users and over 3,995 enterprise users globally, cumulative activation exceeding 56 million devices. We are also expanding our physical retail footprint internationally.

This strong overseas growth is supported by our comprehensive overseas multi-channel sales network that seamlessly integrates online and offline channels to maximize market reach and customer accessibility. Specifically, our online presence spans major e-commerce platforms such as Amazon, while our offline distribution network reaches customers through over 70 countries and regions. We have established strategic partnerships with premier electronics retailers, positioning our products in high-traffic retail environments that reinforce our premium brand positioning. In addition, we partner with leading telecom operators to access their extensive user bases and leverage their distribution networks and customer relationships. These partnerships enable us to provide localized support and services across key markets, ensuring seamless customer experiences from purchase through installation and ongoing support. This integrated multi-channel approach, combining direct online presence, premium retail partnerships and distributor collaborations, creates a robust and scalable go-to-market infrastructure that positions us to capture continued overseas growth.

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Products’ Interoperability within the Ecosystem and Pioneering Standards Leadership

Interoperability is a core differentiator of our spatial intelligence platform. Our ability to connect, coordinate and orchestrate devices across multiple protocols and ecosystems allows us to build richer scenarios, expand addressable use cases and improve the resilience and scalability of our solutions. We possess the spatial intelligence industry’s most comprehensive open protocol integration architecture, according to Frost & Sullivan, uniquely combining Zigbee, Wi-Fi and Matter, among others, within a unified platform. This multi-protocol approach creates significant competitive advantages by eliminating the compatibility barriers and fragmentation and allowing us to connect to more devices, which attracts a broader user base and accelerates our ecosystem growth. In addition, by supporting the latest protocols such as Thread alongside more established protocols such as Zigbee, Wi-Fi and Bluetooth, we act as a bridge between legacy technologies and the future, ensuring backward compatibility while driving the industry forward. Our multi-protocol capability also enables us to adapt to prevailing regional protocol preferences as we expand internationally, accelerating market entry and local adoption, differentiating us from single-protocol competitors. Such interoperability is not merely a product feature, but a core requirement for spatial intelligence infrastructure capable of coordinating actions and services across complex environments.

In addition, we are at the forefront of defining and shaping the future of human-centric spatial intelligence connectivity through our pioneering leadership in open ecosystem standards. For example, as a core contributing member of the Connectivity Standards Alliance (“CSA”), we work alongside leading technology companies such as Amazon, Apple, Google and Samsung to drive the evolution of Matter. For example, we were featured at WWDC-22 for early Matter adoption. According to Frost & Sullivan, we are one of the few companies globally to have participated in the full lifecycle of every Matter version release, demonstrating our deep technical expertise and strategic influence in shaping the future of human-centric spatial intelligence connectivity. In addition, we are one of only 13 companies worldwide, and two in Chinese mainland, to have obtained the CSA Matter Non-VID Scoped Product Attestation Authorities certification, which allows us to independently issue device certificates and places us in a central position within the device security certification system. Our standards leadership also helps us to benefit from broader ecosystem adoption and to collaborate more effectively with third-party participants.

Experienced Management and Innovation-Driven Culture

We are led by an experienced and diverse management team. Our founder, Mr. Eugene Yanjun You, has profound industry knowledge and keen market insight from years in the automation and control field. Our management team has backgrounds in technology, product innovation and strategic management from renowned companies such as Xiaomi, Samsung and J.P. Morgan. Their expertise helps ensure the soundness of our strategic decisions and the efficiency of our execution.

Our unique corporate culture is key to our success. We are committed to being “user first” and operating with integrity. We also foster an “engineer culture” that encourages innovation, embraces learning from challenges, fosters open collaboration and pursues excellence. We champion an equal, friendly and partner-like work atmosphere, creating a platform that supports personal growth and links employee development with creating value for users. We believe that this stimulates our team’s innovative vitality and serves as a foundation for our long-term development.

OUR STRATEGIES

Deepen AI-Native Capabilities

We will continue to invest in AI technologies, particularly in areas such as context understanding, decision-making and autonomous system optimization, to enhance the intelligence and adaptability of our platform. AI capabilities are the critical differentiator that transforms spatial intelligence from passive

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control and rule-based automation to proactive, context-aware and increasingly autonomous experiences. As the spatial intelligence market shifts toward AI-empowered products and solutions, we believe that our continued investment in core AI technologies will deepen our competitive moats and expand our addressable market. We intend to continue investing in AI technologies together with the foundational capabilities that support spatial intelligence, including real-time data processing, contextual understanding, decision-making and reliable execution across devices and environments.

We will direct our research and development investments to capabilities that drive measurable business outcomes. We plan to enhance key technologies embedded in our products and solutions including large-scale wireless communication, ultra-low-power energy management for smart terminals, distributed local automation, cloud-edge-device collaboration, multimodal perception, full-duplex voice interaction and large language model driven autonomous spatial agents that enable proactive and personalized spatial services; develop vector lighting that orchestrates direction, intensity, color temperature, distribution and timing for scenario-based ambience; and build energy-harvesting solutions spanning solar, thermal and mechanical energy with efficient conversion, storage, charge management, low-power protocols and dynamic power models.

We will pursue these advancements through strategic industry-academia research collaborations that accelerate breakthrough innovation. We will adopt an integrated approach that spans the full technology stack, ensuring that AI and other technological capabilities are embedded end-to-end and deliver cohesive, differentiated solutions. We will also continue to deepen the development of our spatial ontology framework, which we believe will serve as our enduring technical foundation that unifies our technology stack to allow us to deliver superior spatial intelligence capabilities in the future.

Broaden Human-Centric Spatial Intelligence Application Scenarios

We aim to expand our human-centric spatial intelligence capabilities across high-growth application scenarios to capture emerging market opportunities. We will deepen our focus on key strategic areas, particularly in assisted living and low-carbon building management. In the assisted living scenario, we will leverage multimodal sensing technologies to enable fall detection, contactless vital-sign monitoring and AI-empowered companionship features that accelerate emergency response and deliver more personalized care experiences. In the low-carbon scenario, we will deploy integrated spatial intelligence systems that optimize energy consumption through real-time monitoring and adaptive control of HVAC, lighting and other building systems. By leveraging AI-driven predictive analytics and automated adjustments based on occupancy patterns and environmental conditions, our solutions enable significant reductions in energy waste and carbon emissions while maintaining optimal comfort levels. These scenarios are particularly well suited to infrastructure capable of integrating sensing, contextual understanding and coordinated responses across multiple devices and systems.

We believe that this scenario expansion will strengthen our market position and drive sustainable growth. Our focus on assisted living and low-carbon scenarios is strategically aligned with major demographic and policy trends. The global aging population, coupled with government initiatives promoting elderly care infrastructure, creates substantial demand for intelligent assisted living solutions. Similarly, decarbonization trends and government policies worldwide are driving carbon reduction targets and green building standards, creating significant opportunities for low-carbon spatial intelligence solutions that help building operators achieve compliance while reducing operational costs. By offering comprehensive solutions across these high-growth application scenarios, we aim to expand our addressable market while building competitive advantages that support long-term business growth and market leadership.

Accelerate Global Market Expansion

We aim to accelerate our global market expansion by strengthening our presence in key international markets across Europe, North America and Asia Pacific. Our expansion strategy prioritizes building direct

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customer relationships through online self-operated channels, which provide greater control over brand experience while improving unit economics. We will simultaneously expand our offline presence through strategic retail partnerships and participation in major industry exhibitions to enhance brand visibility and credibility in target markets. Our geographic expansion will focus on both residential and commercial segments, with particular emphasis on the high-value residential custom installation market and commercial space opportunities where our comprehensive human-centric spatial intelligence solutions deliver differentiated value.

We will execute this expansion through localized go-to-market capabilities and strategic ecosystem partnerships. We will establish regional teams with deep local market knowledge to optimize marketing, sales and service delivery for each geography. To accelerate market penetration, we will expand our network of certified installers and distributors who can deliver professional installation and support, particularly for complex residential and commercial projects. We also aim to deepen technical integration with leading regional partners to ensure seamless interoperability and broaden our addressable customer base. We believe that this integrated approach — combining localized operations, expanded distribution networks and ecosystem integration — will enable us to capture market share in high-growth international markets while building sustainable competitive advantages.

Drive Growth and Foster Innovation through Open Collaboration with Ecosystem Participants

We plan to continue to accelerate our growth by attracting enterprise partners and individual developers through an open-platform approach. We will focus on cultivating Aqara Studio as our open development platform and marketplace, combining an intuitive user interface with an extensive library of easy-to-deploy plugins that facilitate enterprise and individual developers’ ability to build, publish and monetize spatial intelligence applications. We also plan to cultivate a vibrant developers’ community, which will complement Aqara Studio by fostering knowledge sharing, facilitating feature requests and converting enthusiastic users into active creators who contribute to the ecosystem.

We believe that this open collaboration approach will create significant strategic value. Backed by one of the most expansive product portfolios in the market, our open-platform approach will attract an even broader user base. We aim to attract a broader user base, which in turn drives business growth and draws innovative developers to our platform. As Aqara Studio becomes a central hub for developer creativity and innovation, we will benefit from a continuous influx of high-quality ideas and solutions that enhance our platform’s capabilities and strengthen our brand influence in the spatial intelligence ecosystem. This approach will unlock additional revenue streams through marketplace transactions and enterprise partnerships. The resulting network effects — where increased user adoption attracts more developers, whose innovations further enhance platform value and attract enterprise partners — will amplify our value proposition and strengthen our competitive position in the market. Over time, and in line with product maturity and market demand, such collaboration may further enhance our solution coverage, deployment efficiency and software-enabled service capabilities.

OUR PRODUCTS AND SOLUTIONS

Our products and solutions center on deploying hardware and software that provide spaces with four core capabilities: ***recognition & perception, cognition & decision-making, execution & reshaping*** and ***connectivity & convergence***. With advanced and reliable interconnectivity, we have created human-centric spatial intelligence systems capable of autonomously completing the full chain of perception, decision-making and execution and empowering intelligent terminal devices, thereby transforming spaces and lifestyles. Our system consists of three main categories of products: (i) sensors, (ii) hubs and (iii) controllers. These products are equipped with technical excellence with elegant design touches, combining intelligence with aesthetic appeal.

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Aqara-branded spatial intelligence products and solutions	899,925	62.6	918,474	61.7	946,517	64.3
Sensors	256,021	17.8	235,823	15.8	308,196	20.9
Hubs	81,728	5.7	108,909	7.3	113,311	7.7
Controllers	562,176	39.1	573,742	38.6	525,010	35.7
ODM Products	518,784	36.0	543,014	36.5	496,701	33.8
Others⁽¹⁾	20,676	1.4	27,085	1.8	28,410	1.9
Total	1,439,385	100.0	1,488,573	100.0	1,471,628	100.0

Note:

- (1) Others mainly included the provision of installation services, IoT platform development services and other services, and sales of supplementary parts.

Aqara-branded Human-centric Spatial Intelligence Products and Solutions

Our products mainly consists of three main categories: (i) sensors, (ii) hubs and (iii) controllers. Selected images representing key products from each category are presented below.

Sensors

These products have the ability to *recognize & perceive* the space, accurately capturing human presence, posture, behavioral intent and environmental status for autonomous perception of the living space environment and user behavior.

In 2023, 2024 and 2025, revenue generated from the sale of sensors was RMB256.0 million, RMB235.8 million and RMB308.2 million, respectively, representing 17.8%, 15.8% and 20.9%, respectively, of our total revenue in the corresponding periods. According to Frost & Sullivan, we offer the most comprehensive range during the Track Record Period of sensors in the human-centric spatial intelligence infrastructure industry.

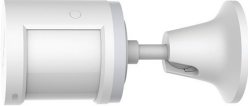
Our sensors include three key categories based on the different types of signals each sensor is capable of detecting. First, human and object sensing encompasses distinguishing between people and objects and, for humans, detecting presence, heart rate, respiratory activity, posture, and activity level. Second, space sensing focuses on movement, distance and direction which means where people and objects are and how they move through space. Third, environmental sensing targets temperature, humidity, light, hazardous gases and atmospheric pressure to understand environmental conditions and manage comfort and safety.

Our sensors have a key feature of ultra-low-power consumption, which is achieved through cross-layer engineering that tightly integrates hardware design, firmware control and protocol optimization. Our sensors’ power use is about one-third of the industry average, meaningfully advancing energy efficiency and decarbonisation objectives. This ultra-low-power consumption translates into extended battery life, for instance, up to 10 years for smoke detectors and five years for door and window sensors, which are longer than industry average.

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1. Human and Object Sensing	Descriptions	Pictures
<i>Scene Sensors</i>	The scene sensors are cutting-edge and all-in-one products which can simultaneously track up to ten individuals, pets or even moving objects such as robot vacuums, providing real-time information on their direction, position and posture. The scene sensors support manual zone division by allowing users to partition the floor plan into distinct zones in the Aqara app, enabling differentiated monitoring and control across zones by mapping activity to specific locations for precise alerts and care routines. The scene sensors support up to 30 divided zones which is an industry-leading capacity. They can also be applied in commercial spaces to detect the human traffic across different zones.	
<i>Intelligent Cameras</i>	Our intelligent cameras are designed to deliver comprehensive security, intelligent monitoring and seamless integration for modern spaces. Features such as gesture recognition, human shape detection and facial recognition empower the cameras to distinguish between occupants, pets and potential intruders. The cameras support auto-tracking, panoramic cruise and fixed-point monitoring. In combination with other sensors, the different sources of information support higher-level inferences such as accidental fall. High-definition video quality is a hallmark of our camera lineup. Some models offer 2K ultra-clear resolution with enhanced infrared night vision, ensuring vivid footage both day and night. Our cameras are more than just surveillance devices. Many models feature integrated hub functionality and support Zigbee sub-device connections. Users can control the cameras via voice commands, remote access and scheduled routines. In 2026, we launched the industry’s first Matter-certified Camera G350, which connects directly to Matter-enabled platforms while delivering live view, two-way audio, and alerts within the Matter ecosystem.	
<i>Smart Sleep Monitor Strips</i>	Our smart sleep monitor strips track sleep quality. They offer a novel experience in sleep monitoring by being positioned under the bedsheet rather than functioning as a wearable device. Our smart sleep monitor strips are equipped with algorithms, which become more precise over time, hence enabling more useful sleep analysis and actionable insights resulting sleep analysis and actionable insights becoming more useful over time.	

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2. Space Sensing	Descriptions	Pictures
<i>Vibration Sensors</i>	Our vibration sensors are a compact and adhesive smart product designed to detect motion and inactivity wherever the users need. They can detect vibrations of 0.024g or higher. Peel-and-stick installation takes just seconds. Once paired with an Aqara hub, they become a powerful trigger for home automations and safety alerts – turning on lights when vibration is detected, sending notifications if unexpected activity occurs, or reminding users when there’s prolonged stillness in a monitored area. Their low-profile and battery-powered design blend seamlessly into a space, while privacy-first and on-device sensing helps users monitor entrances, cabinets or personal items without cameras. The vibration sensors deliver reliable and flexible activity sensing that scales with any space.	
<i>Motion Sensors</i>	Our motion sensors are a compact and versatile product that intelligently detects human or animal movement within a space. They offer a 7-meter detection range and a wide 170° detection angle. Each motion sensor comes with a 360° rotatable stand and supports multiple installation methods, including magnetic, adhesive and flat placement.	
<i>Door and Window Sensors</i>	Our door and window sensors provide real-time detection of door and window open/close status. They provide highly accurate detection and include a built-in tamper alarm.	

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3. Environmental Sensing	Descriptions	Pictures
<i>Temperature and Humidity Sensors</i>	Our temperature and humidity sensors deliver precise, real-time monitoring of indoor climate, including temperature, humidity and air pressure. With three adjustable sensitivity levels, they adapt to a variety of environments and user needs. They provide instant feedback and record dynamic environmental changes, helping users maintain a comfortable and healthy environment. With Aqara’s advanced climate sensor, users can control the Aqara thermostat and other devices from anywhere in the room, while the built-in display provides real-time climate readings for added convenience and precision.	
<i>Air Quality Monitoring Panels</i>	Our air quality monitoring panel actively monitors key air quality indicators, including CO₂, PM2.5, PM10, humidity and temperature, providing comprehensive, real-time data and environment reports. It is an indispensable part of an intelligent environmental management system that ensures indoor air remains fresh and health. When CO₂ levels rise, the air quality monitoring panel automatically activates and increases fresh air ventilation, while high PM2.5 levels trigger the air purification system to filter out harmful particles. The Air Quality Monitoring Panel also works in tandem with thermostats to maintain dynamic balance of temperature and humidity, creating a consistently comfortable environment.	
<i>Smoke Detectors</i>	Our smoke detectors are a high-sensitivity safety product designed to protect property from fire hazards. Utilizing advanced dual-channel maze detection technology, they can quickly and accurately detect the presence of smoke, ensuring early warning in case of fire. With a constant connection with the Aqara app, the smoke detectors offer peace of mind and continuous protection.	
<i>Natural Gas Detectors</i>	Our natural gas detectors provide round-the-clock protection against gas leaks. They continuously monitor natural gas concentration in real time and send immediate remote alerts to users’ mobile device if dangerous levels are detected. They feature a self-check function through the Aqara app, allowing uninterrupted operation and easy maintenance. They offer constant vigilance and rapid response to potential gas hazards.	

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Descriptions	Pictures
<i>Brightness Sensors</i> Our brightness sensors provide intelligent detection of ambient light changes to help optimize lighting and energy use. It monitors illuminance to determine indoor brightness. It supports multiple installation methods, including magnetic, adhesive and flat placement.	
<i>Water Leak Sensors</i> Our water leak sensors offers targeted monitoring for leaks and flooding. It detects the presence of water at specific points such as beneath appliances, under sinks and near sumps, turning an otherwise invisible failure mode into a clear object-state event. When water leak sensors are used with the Aqara Smart Valve, pipes can automatically shut off when a leak is detected, helping prevent significant damage.	
<i>Hubs</i> These products have “cognition and decision-making” capabilities, making autonomous judgments and decisions based on the spatial environment and user behavior to achieve cross-device collaboration and smart scene linkage. In 2023 and 2024, and 2025, revenue generated from the sale of hubs was RMB81.7 million, RMB108.9 million and RMB113.3 million, respectively, representing 5.7%, 7.3% and 7.7%, respectively, of our total revenue in the corresponding periods. Key products include smart gateways and smart screens.	
Descriptions	Pictures
<i>Smart Gateways</i> Our gateways enable seamless communication, automation and control across a vast array of connected devices. These gateways leverage AI capabilities at the edge and act as powerful hubs that connect sensors, switches, lighting, security systems, HVAC, entertainment and more. They bridge wireless protocols such as Zigbee, Thread, Bluetooth, Wi-Fi and IR. With our gateways, users can unify all their smart devices under one roof, enabling features like whole-home automation, real-time device status monitoring, remote access and intelligent scene linkage. The gateways support app-based management and integration with major platforms such as Apple Home, allowing users to interact with their residential or commercial space.	

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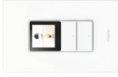
Descriptions	Pictures
Stability and speed are at the core of our gateway design. With dual-band Wi-Fi, powerful processors (such as the 1GHz dual-core in the Hub M2) and large memory (up to 64MB), our gateways deliver fast, low-latency and robust wireless connections for all connected devices. The gateways can stably support over 100 sub-devices, ensuring that even large and complex setups remain responsive and reliable. Our gateways leverage Ark Technology 2.0 and multi-level local disaster recovery systems to guarantee that automation continues to function even in the event of server, network or gateway failures. Most automation data is stored locally to reduce response latency and enhance privacy. Even if the internet goes down, the intelligent space routines including the lighting schedules, security alerts and device linkages will continue to operate smoothly. <i>Smart Screens</i> Our smart screens are wall-mounted, interactive control panels that act as the central command interface, unifying day-to-day control and exhibiting status for lighting, temperature, energy usage and entertainment into one place. They typically feature responsive color IPS displays in compact sizes suited to rooms and hallways, support multi-modal input (touch, on-device voice assistant and mobile app), and can directly switch multiple lighting circuits while also triggering one-tap scenes and automations. Some of our smart screens also have a gateway embedded. They provide at-a-glance dashboards for room-by-room status and interoperate with major ecosystems such as Apple Home. Context-aware sensing, such as near-field wake, motion-activated display and ambient-light detection, enables the screens to light up when users approach, adjust their brightness automatically, and remain unobtrusive when not in use. Rich UI elements, customizable themes and fluid animations make complex control easily manageable, while value-add features like distributed video streaming, music playback and even family photo albums leverage the display for everyday life. Safety and reliability features (e.g., over-heat and overload protection) and remote access via Aqara app offer a cohesive experience that elevates the overall spatial intelligence experience at a glance.	

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Controllers

These products have the *execution and reshaping* capabilities, enabling autonomous control of the spatial environment. By connecting and controlling smart terminal devices, they achieve autonomous and personalized transformation of the spatial environment.

In 2023, 2024 and 2025, revenue generated from the sale of controllers was RMB562.2 million, RMB573.7 million and RMB525.0 million, respectively, representing 39.1%, 38.6% and 35.7%, respectively, of our total revenue in the corresponding periods. Key products include intelligent switches and sockets, lighting controlling modules and lights, door locks, curtain motors and thermostats.

Descriptions	Pictures
<i>Switches</i> Our smart switches allow users to achieve remote control, automation and scheduling through apps or voice assistants. These switches include push-button models, wireless models and rotary dimmer models. These are designed to blend technology with esthetics. These switches offer state-of-the-art communication performance, ensuring stable wireless control even in large homes. They support multiple control methods, including manual operation, voice commands, remote control through our Aqara app, Apple Home or Alexa and scheduled automation. Many of the switches feature customizable smart buttons and detect actions such as double-tap, long-press and short-press, allowing one switch to control several functions or scenes. Many of our switches have dual-protocol to offer users more flexibility to be connected to a broader Matter platform or Zigbee platform. Some of our switches also uses radar sensors for more precise energy saving and automation experiences. Our dual-channel control module allows users to upgrade existing switches, lights and other devices to smart control without replacing the original equipment. It supports both dry-contact and hybrid-contact wiring modes, features a compact design that fits most in-wall junction boxes, and can be installed on a DIN rail for integration into distribution boards. Users can control the module through our Aqara app, by voice, or by setting schedules, making it easy to add smart functionality to almost any circuit in the spatial infrastructure. One of our flagship switch products is Aqara Cube, which is a remote control device with six sides, each corresponding to a different scene or function. It supports six types of actions — rotate, tap, shake, flip 90°, flip 180° and push — enabling flexible control of lights, curtains, HVAC, entertainment systems and more. The Aqara Cube transforms spatial automation into a playful and interactive experience.	   

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Descriptions	Pictures
<i>Sockets</i> Our smart sockets allow users to remotely control, automate and monitor the energy usage of plugged-in appliances for enhanced convenience and efficiency. Our smart wall sockets can extend wireless coverage in a space by acting as Zigbee routers. By adding these routers throughout the space, users effectively create more paths back to the gateways and increase range wireless network. The sockets can measure and report power consumption in real time, allowing users to monitor energy use and receive alerts for unusual activity. The sockets feature an independent safety shutter to prevent accidental electric shock, as well as over-heat and overload protection to reduce the risk of accidents. The switches and sockets also come in various colors and feature an esthetic design to match different space styles. They support modular installation and can be freely combined, allowing users to arrange and group them as needed. Some models include touch screens and rotary buttons, and they are made from high-quality materials such as AG glass and UV vein film, which enhance both their durability and visual appeal. <i>Lighting Controlling Modules and Lights</i> Our smart lighting solutions deliver millisecond-level response and seamless synchronization across rooms. The lighting controlling modules enable personalized dimming curves and scene presets, providing users with different choices including smooth fade-in/fade-out and flexible color adjustment. Leveraging on the full-spectrum light sources, smart dimming modules and voice control, our smart lighting solutions deliver effortless, esthetic and reliable lighting. Aqara’s smart lighting supports adaptive lighting in the Apple Home ecosystem. It automatically adjusts throughout the day to align with user’s natural circadian rhythms, helping boost productivity, encourage relaxation, and improve sleep quality. Our smart dimming modules are the backbone of intelligent lighting control, which enable precise and smooth adjustment of brightness and color temperature for lights. These modules make it easy to upgrade ordinary fixtures to smart and responsive lighting solutions in residential and commercial space. We also offer a wide range of compatible lights, including smart downlights, spotlights, track lights, ceiling lights and LED strips, that work seamlessly with the modules.	    

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Descriptions	Pictures
<i>Door Locks</i> Our smart door locks support a wide variety of unlocking methods such as fingerprint, facial recognition and multi-mode unlocking. These locks are engineered to deliver not only a superior unlocking experience but also industry-leading security and innovative biometric features. Our smart door locks deliver an industry-leading unlocking experience, setting new standards for speed, accuracy and convenience. The fingerprint recognition rate is as high as 99.7% with recognition time as short as 0.5 second and a false acceptance rate (FAR) of less than 0.001%. The facial recognition wake-up and unlocking are achieved in as little as 0.1 and 1 second, respectively. Multiple unlocking methods are available to suit each user’s preference, including fingerprint, facial recognition, password, temporary password, NFC, Bluetooth, emergency key, Aqara app and Apple Home Key. Most models feature a fingerprint sensor, which is equipped with high security-grade lock cylinder and Swedish financial-grade fingerprint detection algorithms. The main control chip is rear-mounted for added security. The integrated recognition technology, built-in clutch and multiple electromagnetic protection structures guard against tampering and forced entry. Comprehensive electronic monitoring detects the status of the lock at all times, issuing abnormal alarms if necessary. During CES 2026, we launched the world’s first smart door lock powered by UWB technology — Smart Lock U400, delivering a seamless hands-free approach-unlock experience for users without compromising privacy or security.	
<i>Curtain Motors</i> Our smart curtain motors deliver independent left and right panel control on a single track. Powered by dual DC motors, it allows each side of the curtains to be opened or closed independently or in synchronization. A custom aerospace-grade aluminum track with dual-sided electrophoresis and a precision transmission box ensures strong, durable, smooth, and quiet movement—even on spans up to 8 meters. A stable-speed algorithm keeps noise around 27 dB. Controls include schedules, remote, voice and manual options, with select models supporting Zigbee. Users can set custom opening ratios for ideal light and privacy. Our smart tubular motors bring effortless lifting to a variety of shading solutions, eliminating the need for manual operation. With support for roller blinds, venetian blinds, Shangri-La blinds and sheer blinds, these motors adapt to any interior style. Its high-quality DC motor delivers strong load-bearing capacity (up to 8N·m torque) with low noise and smooth performance. For users seeking a quick and easy solution, we also offer a line of retrofit, wireless curtain controllers that work directly with roller shades and curtains of various sizes.	

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Descriptions	Pictures
<i>Thermostats</i> Our thermostats portfolio is designed to make heating/cooling smarter, more comfortable and more energy efficient. Our VRF controllers can integrate air-conditioning systems, fresh-air ventilation systems and floor heating into the human-centric spatial intelligence ecosystem. When paired with a hub-enabled device, they enable mobile app control of power on/off, temperature adjustment, mode switching and fan speed adjustment. Our W400 thermostat is wall-mounted touchscreen controller designed for central climate management across air conditioning, ventilation and floor heating system. It combines Wi-Fi, Zigbee and Bluetooth to enable rich automations, multi-device control and reliable mesh performance. This thermostat empowers both residential and commercial space with interconnected and intelligent thermostat systems, delivering comfort and energy efficiency. Our radiator thermostats are designed to provide users with room-by-room control of heating. Installed on most standard radiator fittings, they use a quiet and motorized valve to regulate hot water flow and maintain a precise target temperature in each space. Built on Zigbee 3.0 for low-latency, reliable performance and long battery life, they integrate seamlessly with major ecosystems.	

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Aqara App

The Aqara app is the command center for the intelligent space, giving users simple and reliable control of Aqara devices from a single and intuitive interface on iOS or Android. Users can create rooms and zones, check real-time device status, and interact with the space from virtually anywhere. Whether the user is turning lights on and off, adjusting climate settings, checking door and window statuses or viewing camera feeds, the Aqara app makes everyday interactions fast and reliable. The Aqara app also supports remote access, notifications and firmware updates to keep everything current.

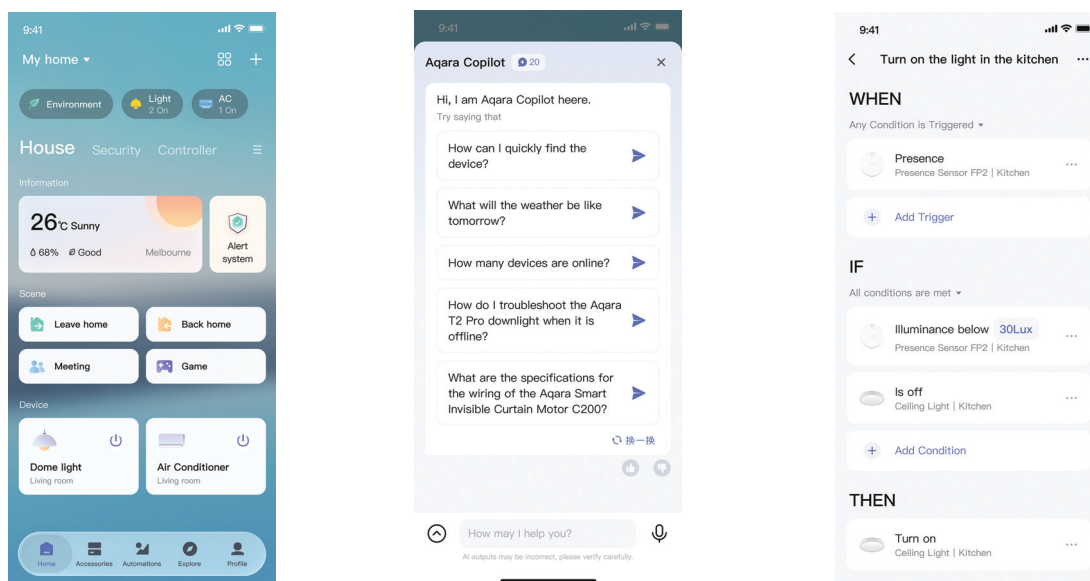
Beyond simple controls, the Aqara app helps users build a truly smart environment through scenes and automations. Users can create time- or condition-based routines, such as turning on lights at sunset, running an air purifier when air quality dips, or arming security modes when everyone leaves home. Automations can combine multiple devices and triggers, enabling rich and cross-device behaviors that adapt to users’ routines.

With compatible hubs and integration with major ecosystems, including Amazon Alexa, Apple Home and Google Home, users can mix Aqara products with third-party devices and still manage everything through the Aqara app. The automations can thus extend to a broader range of devices connected via partner platforms, reducing app-hopping and making sophisticated, cross-brand routines possible.

The Aqara app supports local LAN control, allowing users to operate edge hub devices directly over the local network without connecting to the cloud or the internet. Within the Wi-Fi in a space, users can achieve low-latency control, such as instantly switching lights, adjusting thermostats or viewing sensor status, without relying on remote servers. Automation rules can also run locally to avoid interruption during cloud outages, and all data remains on the local network to enhance security and reliability.

Embedded in the Aqara app, the Aqara AI copilot is a context-aware assistant for setup, control, and automation design. Users can use natural language in text or voice and ask the copilot to create scenes, fine-tune schedules or adjust device settings. User would just need to tell it what they want to happen and when, and the Aqara AI copilot will propose or generate automations that reflect users’ intent. The copilot can also offer proactive suggestions based on users’ devices and usage patterns, helping users discover capabilities that might otherwise be missed.

The Aqara AI copilot also supports troubleshooting and optimization. When issues arise, copilot performs intelligent fault detection, presents diagnostic panels with root-cause analysis and delivers comprehensive, targeted troubleshooting. Users can resolve problems quickly and keep their intelligent space running smoothly.



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Aqara Studio

Aqara Studio is our AI-native IoT operating system designed to unify, understand and operate physical environments across smart residential and commercial spaces. It provides a foundational platform where devices, spaces, users and operational workflows are modeled, orchestrated and continuously optimized through a unified semantic and execution framework.

Aqara Studio natively supports modern wireless ecosystems such as Matter, Zigbee, MQTT and Wi-Fi, while interoperating with established building automation standards including KNX, BACnet, Modbus and OPC UA. Through its ontology-based capability mapping, these diverse protocols are normalized into a unified semantic model, decoupling upper-layer applications and AI agents from protocol complexity and enabling seamless orchestration of mixed-device environments.

Designed for system integrators, developers and operators, Aqara Studio combines visual logic programming, low-code automation, and open APIs to accelerate deployment and customization. Its modular architecture supports secondary development, industry-specific extensions and large-scale project delivery across offices, hotels, hospitals, schools and residential properties.

Data security, privacy and governance are foundational principles of the platform. Aqara Studio enforces fine-grained access control, policy-based execution, auditability and data protection across all layers. By ensuring that every action is explainable, traceable and compliant, the platform provides a reliable foundation for deploying AI-driven automation in real-world environments.

The result is a powerful, open and extensible system that transforms fragmented IoT infrastructures into a unified, intelligent and continuously evolving spatial computing platform. Aqara Studio positions itself not merely as an IoT management tool, but as a foundational operating system for spatial intelligence, where physical spaces become computable, controllable and autonomously optimized by AI.

Typical Spatial Intelligence Functions

Leveraging on our sensors, hubs, controllers, Aqara App and Aqara Studio, our full-stack and close-loop products and solutions deliver diverse functions, including lighting, health monitoring, security and protection, HVAC, low carbon and energy saving.

Unlike traditional IoT systems that operate on isolated device logic, Aqara’s system is built on an AI-native architecture where all devices, spaces, users and behaviors are represented through a unified ontology. This enables the system to model real-world environments as a continuously evolving home graph, allowing AI agents to interpret context, make decisions, execute actions via skills, and learn from outcomes. As a result, each function described below is not a standalone feature, but part of a unified, data-driven and self-optimizing system.

Lighting

We enable solutions that tailor lighting to individual occupants’ preferences and habits. Camera with local face recognition or the smart door lock detect which person has arrived. When a recognized person enters, the hub triggers that individual’s preferred lighting scene, such as warm 40% brightness in the hallway for one person, or a cool 70% scene for another. The hub runs a corresponding “Welcome Home” scene tied to that person’s profile. With the presence sensor, lighting can follow a person through zones of a room, turning on only nearby lights and turning others off as they leave. If a user adjusts the lighting, whether dimming or brightening levels, changing color temperature or selecting a different scene, the system will adapt and learn these preferences in context (labeled with, for example, the specific user, area and time of day) and take these into consideration in similar scenes next time. This both personalizes the ambience and saves energy.

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Through the ontology layer, these interactions are abstracted as structured preferences and behaviors rather than raw device commands. AI agents continuously analyze data, enabling the system to learn personalized patterns and optimize future responses. Over time, lighting evolves from rule-based automation into an adaptive, context-aware service that balances comfort, personalization and energy efficiency.

Health Monitoring

Our health monitoring solutions focus on early detection and timely assistance without intruding on personal privacy. By combining millimeter wave presence sensor and ambient sensors with local automations and encrypted data handling, we are able to help detect falls and unusual activity patterns while preserving users’ privacy and independence. These capabilities can be deployed across different types of human-centric spaces such as homes, elderly care centers and hospitals.

A typical deployment places a human presence sensor in the bathroom for fall detection with another human presence sensor in the bedroom for wake/sleep status. These can be combined with door and window sensors on exterior doors and key cabinets which can signal potential wandering or night-time exits and support routine checks on medication cabinets or refrigerators that should open at typical times. If a fall is detected, the system can notify family or caregivers immediately. If an expected morning movement does not occur, caregivers receive a gentle check-in alert. If a door opens late at night, a discreet notification is sent to designated contacts. The cumulation of data gathered from these devices could essentially replace the necessity of a camera so that occupants can obtain more privacy without compromising on safety and security. However, we also offer camera hub with privacy shutter that can provide visual confirmation when an event triggers it.

These capabilities are powered by the Home Graph, where behavioral patterns are modeled as temporal and spatial relationships rather than isolated events. AI agents analyze deviations from learned patterns using data, enabling proactive and context-aware interventions. Importantly, sensitive data is processed locally or in a privacy-preserving manner, ensuring that intelligence is derived without compromising user privacy. This transforms health monitoring from reactive alerting into predictive and assistive care.

Security and Protection

Our security system brings together sensors, hubs and controllers to protect users’ property around the clock. Our sensors are installed discreetly which enables instant responses in the form of on-site sirens and mobile notifications, so that users are alerted to intrusions, smoke, water leaks or abnormal environmental conditions the moment they occur. Because many routines execute locally on the hub, critical alerts continue to work even if the internet connection is down. Separately, since we design both door locks and doorbell cameras, users can essentially look at the feed from camera remotely and also unlock the door remotely for specific guests or people they know.

When the space is armed, our sensors such as millimeter-wave human presence sensors, motion sensors, door and window sensors and cameras provide real-time detection of entry, movement and unusual activity. These sensors distinguish people, pets and potential intruders and can support auto-tracking and night vision. These signals are fused to reduce false alarms. The hubs unify Zigbee/Thread/Bluetooth/Wi-Fi devices, keep most automations local for speed and resilience. It can trigger alarm scene if unusual presence is detected at entry. The controllers execute and amplify the response in one coordinated action. Door locks report the situation and can lock down on command. Smart sockets cut or apply power as needed. Lights and sirens are activated automatically and can be deactivated remotely. Cameras begin recording the relevant events.

Within Aqara Studio, security is not defined as isolated triggers, but as a coordinated set of actions within the ontology-driven system. Events are interpreted within spatial and contextual relationships in the

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home graph, while responses are executed through skills under strict policy control. This ensures that all actions are explainable, auditable and reversible. AI agents further enhance the system by reducing false alarms through multi-signal correlation and continuously improving detection accuracy via feedback.

HVAC

In a typical setting, the sensors monitor occupancy, temperature, humidity, air quality and window/door status. This establishes whether spaces are in use and how conditions are trending. The hubs apply local logic to balance comfort and efficiency. They run schedules (e.g., pre-conditioning before arrival) and adapt setpoints based on real-time occupancy and indoor conditions. The controllers coordinate terminal devices to adjust fan speeds, air-conditioning status and curtains to provide comfort without wasting energy.

For instance, when the living room occupancy rises above a certain threshold on a weekday night, human presence sensor and temperature and humidity sensor signal to the hub to switch to peak mode, including widening ventilation and turning on turbo cooling for that room, and the controllers coordinate the ventilator and air-conditioner to execute. Our solutions deliver customized, demand-driven comfort across the space.

Through the ontology-based model, HVAC control is abstracted as a function of space, occupancy and environmental state rather than device-specific commands. The home graph captures real-time and historical context, enabling AI agents to optimize setpoints dynamically. The learning data allows the system to continuously refine control strategies, shifting from static scheduling to adaptive, demand-driven climate management.

Low Carbon and Energy Saving

Our system can help reduce standby power via smart sockets, shift flexible loads to off peak hours, apply occupancy-based set backs and optimize shading to lower heating and cooling demand.

Our sensors observe the occupancy patterns. The hubs orchestrate energy-aware schedules. Our controllers execute occupancy-based setbacks to HVAC, lighting, power and shading strategies.

For instance, lights come on only when occupants are there and ambient light is low, and fade out when people leave. The HVAC shifts into comfort when occupants are present and drops to eco setpoints when people are away from certain zones of the space. Smart sockets turn off idle devices, while door and window sensors pause heating or cooling if a window is open to avoid waste of energy. Curtain controllers work with light and temperature readings to harvest daylight or reduce heat gain.

Beyond individual optimizations, Aqara’s platform enables system-level energy intelligence. By aggregating data across devices, spaces and time, the system builds a comprehensive energy model within the home graph. AI agents use this model to identify inefficiencies, predict consumption patterns and optimize energy usage proactively. This elevates energy management from reactive control to data-driven optimization aligned with sustainability goals.

ODM Products

We generated revenue by developing and manufacturing customized products for third parties such as Xiaomi. The ODM products are supplied to each third party across its sales channels, providing us with an additional recurring revenue stream.

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In 2023, 2024 and 2025, revenue generated from the sales of ODM products was RMB518.8 million, RMB543.0 million and RMB496.7 million, respectively, representing 36.0%, 36.5% and 33.8%, respectively, of our total revenue in the corresponding periods.

Under the arrangement with ODM customers, we are responsible for end-to-end development, manufacturing and supply against ODM customers’ purchase orders, while ODM customers designate the trademarks, industrial design (ID) and packaging schemes for these products. The ODM customers hold exclusive sales and disposition rights across all channels and geographies.

The typical terms of the agreement with ODM customers are:

- **Order and Delivery:** Purchase orders become effective upon our confirmation within three business days. If we cannot meet delivery schedule, we must notify the ODM customers in advance and obtain written consent.
- **Quality:** We must ensure that products match certified samples and performance metrics.
- **Intellectual Property:** The intellectual property generated from the production process are owned by us unless it is specified and agreed otherwise.
- **Termination:** The ODM customers may terminate the agreement for material breach, repeated breaches after notice, our insolvency or inability to perform, failure to meet quality standards after three rectifications, unauthorized delivery delays and other specified grounds.
- **Pricing and Profit Sharing:** We charge the ODM customers based on the agreed purchase price, and may be entitled to share a certain percentage of profit.

OUR TECHNOLOGIES

Spatial intelligence represents a fundamental shift from “connecting devices” to “operating spaces.” This shift requires not only advances in sensing, computing and control, but a unified system that can model, understand and safely execute actions in the physical world.

Our technological foundation is built on an integrated AI-native architecture composed of four tightly coupled layers: **Ontology** (semantic definition), **Graph** (state and structure), **Skills** (governed execution) and **Telemetry** (feedback and learning). Together, these layers form a closed-loop system that enables physical environments to perceive, reason, act and continuously improve over time.

At the core of this architecture is an ontology defined through Objects, Relations, Actions and Policies (“**ORAP**”), which provides a unified semantic model for representing physical space. This model abstracts heterogeneous devices, protocols and data into a consistent, machine-understandable representation, allowing the system to operate on spatial concepts such as rooms, zones, functions and intents rather than device-level primitives.

This ontology is materialized through the Home Graph, which serves as the single source of truth for spatial structure, device topology, real-time states and operational constraints. The Home Graph provides a consistent, queryable and subscribable model across device, edge and cloud layers, ensuring system-wide coherence, traceability and interpretability.

On top of the Home Graph, all operations are executed through standardized Skills, which encapsulate control, automation and configuration under explicit policy constraints. This governed execution model ensures that all actions are safe, auditable and reversible.

Finally, a unified Telemetry layer captures the full lifecycle of system interactions - from intent and context to execution and outcome - enabling continuous feedback, system optimization and AI-driven learning. Through this closed-loop mechanism, the system continuously adapts and improves its performance over time.

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Complementing this architecture is our multi-protocol connectivity and convergence capability. Through capability mapping and semantic normalization, we unify diverse standards such as Matter, Zigbee, Wi-Fi, KNX and BACnet into a consistent model. This decouples upper-layer intelligence from protocol complexity and enables seamless orchestration across heterogeneous environments.

Through the integration of Ontology, Graph, Skills and Telemetry, our platform establishes a complete “understand-execute-learn” cycle, enabling AI agents to safely operate and continuously optimize physical environments at scale.

Specifically, our spatial intelligence technologies include essential capabilities across ***recognition & perception, cognition & decision-making*** and ***execution & reshaping***; at the heart of integrating these three dimensions of spatial intelligence are the ***connectivity & convergence*** technologies. We have developed breakthrough technologies across each of these critical dimensions. Our recognition and perception technologies achieve awareness of human, object, space and environment with superior accuracy. Our cognition and decision-making technologies transform sensory data into intelligent action with minimal latency while respecting privacy through local processing. Our execution and reshaping technologies ensure these decisions translate into dependable physical outcomes even within existing home infrastructures and during connectivity outages. Our “***connectivity & convergence***” technologies orchestrate stable communication across a diverse range of devices with multi-protocol capabilities. Collectively, these technologies form a high barrier to entry clearly setting us apart from our industry peers.

Recognition & Perception

Spatial intelligence depends fundamentally on the ability to perceive and interpret the physical environment with precision and reliability. We have developed a multi-layered perception platform to create a comprehensive understanding of residential and commercial spaces and occupant activities. This integrated approach enables our sensors to detect presence, recognize behaviors, monitor vital signs and interpret user intent with accuracy levels that substantially exceed industry standards, while maintaining privacy through local processing and intelligent data management. A key technology of our sensors is ultra-low-power consumption with roughly one-third the power consumption of typical products, enabling multi-year battery life without compromising reliable communication or performance.

- ***Millimeter-Wave Radar Sensing:*** We have pioneered millimeter-wave radar technology for spatial intelligence, enabling human presence detection, multi-target positioning, posture recognition and vital sign monitoring. Our systems track up to ten individuals simultaneously compared to an industry standard of three or fewer, reduce decision latency for critical posture events to under 20 seconds versus the industry average of five minutes and achieve static monitoring coverage exceeding 80% compared to the industry average of less than 45%. Millimeter-wave radar detects precise respiratory rate data (accurate to ± 2 breaths per minute) monitors sleep/wake cycles through completely unobtrusive background operation.
- ***Visual Perception Systems:*** Our gesture recognition system identifies more than 24 static and 12 dynamic hand gestures within five meters, allowing us to deploy comprehensive gesture control across spatial intelligence scenarios.
- ***Multi-Modal Sensor Fusion:*** We integrate signals from diverse sensors types to construct reliable inference models of occupant state through multi-modal event fusion. Multi-source sensing with cross-validation increases detection accuracy to 99.9% compared to approximately 95-97% for single-sensor approaches. Multi-node coordination improves response speed by over 30% with increasing stability as sensor density grows. All computation occurs locally, eliminating sensitive data transmission while maximizing utilization of existing devices without additional high-power hardware.

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- ***Ultra-low Power Consumption:*** Our sensors achieve ultra-low-power consumption through cross-layer engineering that tightly integrates hardware design, firmware control and protocol optimization, without compromising detection accuracy, responsiveness or privacy. At the hardware level, low-leakage components and power-segmented architectures enable deep-sleep states and rapid wake-ups. Firmware implements adaptive duty cycling, event-driven sensing and context-aware sampling so that higher-power modalities activate only when warranted. On-device intelligence prioritizes local processing to avoid sending data back and forth unnecessarily. Refined wireless mechanisms and protocol-level optimizations cut airtime and retries. These technical features translate into extended battery life, in some cases as long as 10 years for certain sensors.
- ***UWB (Ultra-Wide Band) Technology:*** We launched the market’s first door lock equipped with UWB (Ultra-Wideband) technology, a short-range, low-power solution that transmits data via extremely short pulses across a wide frequency band. It is specifically engineered for precise, secure, real-time measurement of location, distance, and direction. By calculating both distance and direction, UWB enables the Aqara U400 lock to better interpret user intent. This ensures the U400 unlocks precisely when an authorized user walks to the door, without pulling out their keys or phone, while minimizing unauthorized access and accidental unlocking.

Cognition & Decision-making

Transforming raw sensor data into intelligent action requires sophisticated cognitive capabilities that can interpret context, understand intent and orchestrate responses in real time. We have developed cognition and decision-making technologies that process information at the edge for immediate responsiveness, interpret natural language to bridge human intent with machine execution and deploy autonomous agents that learn from patterns to anticipate needs. This enables spatial intelligence infrastructure to not only perceive what is happening in a space, but to understand why it matters and determine the most appropriate response, operating with minimal latency while respecting privacy through local processing.

- ***“Lightweight” Edge Intelligence:*** We have developed a distributed computing architecture that processes spatial data at the edge, delivering real-time responsiveness while minimizing cloud latency. Our optimization techniques reduce model size by over 70% and accelerate inference speed by more than three times with minimal accuracy loss. Our platform achieves sub-50-millisecond response times and maintains autonomous operation during network interruptions. We incorporate decentralized learning and differential privacy protocols that enhance collaborative training efficiency by approximately 40% while preserving data ownership and control.
- ***Natural Language Interface:*** We leverage the large language model to provide intuitive device control through natural language. Our system interprets colloquial commands with over 97% intent recognition accuracy across more than ten languages. Dialog state tracking maintains conversational context for natural interaction, while our platform supports automated diagnostics and troubleshooting. Advanced signal processing enables reliable voice interaction in complex indoor acoustic environments.
- ***Scenario-based Spatial Intelligence System:*** Our AI-empowered cognition and decision-making system agents use large language model reasoning and graph neural networks to construct dynamic representations of residential and commercial environments and occupant behaviors. Through reinforcement learning, our system autonomously translates complex instructions into coordinated multi-device actions that are tailored to different specific scenarios. Real-time state monitoring and dynamic resource allocation optimize decision processes. Our system delivers personalized services with over 90% accuracy, reduces energy consumption by approximately 25% and improves response speed by 60%, enabling predictive and proactive spatial intelligence.

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Execution & Reshaping

Spatial intelligence must ultimately execute physical actions through real-world devices to support intelligent control without requiring costly renovations. We have developed technologies that enable our platform to work within the constraints of legacy electrical systems while maintaining reliable operation even when connectivity fails. Our smart switch innovations reshape how residential and commercial space can be upgraded by eliminating wiring barriers that typically require professional installation, while our disaster recovery architecture reshapes traditional centralized control into distributed systems that execute automation locally when cloud or hub connectivity is lost. Together, these capabilities transform how spatial intelligence integrates into existing spaces and executes reliable control under real-world conditions.

- ***Advanced Smart Switch Technologies:*** We have developed proprietary single-live-wire power technology and MARS technology to enhance smart switch adaptability, compatibility and stability. Our single-live-wire solution employs intelligent dynamic power management that automatically identifies circuit types and adjusts operating modes. This single-live-wire design enables our products and solutions to be deployed in older buildings that lack a neutral wire which significantly expands the use of our products in residential and commercial spaces. Our MARS technology uses intelligent load detection to resolve control conflicts, enabling seamless coordination between traditional manual control and wireless intelligent control while supporting cross-brand terminal load compatibility. It solves the common smart-lighting pain point where turning off a wall switch would disable the intelligent control of lights.
- ***“Ark” Multi-Level Disaster Recovery Architecture:*** We have developed our proprietary “Ark” technology, an architecture that builds collaborative redundancy across network, hub and device layers using a proxy-hub mechanism, fundamentally resolving single-point-of-failure vulnerabilities. During failover events, our proxy-hub actively assumes core logic and control tasks rather than merely forwarding signals. In disaster recovery mode, local automation response latency averages less than 50 milliseconds, and a single proxy-hub can temporarily manage up to 127 devices, ensuring basic functions remain unaffected in most residential and commercial environments. This architecture achieves over 99.9% local functionality availability, providing exceptional system resilience.

Connectivity & Convergence

Spatial intelligence systems depend on stable, efficient wireless connectivity that can reliably coordinate hundreds of devices across multiple communication protocols. We have developed foundational wireless connectivity technologies that establish a new paradigm featuring high reliability and comprehensive protocol compatibility. Our approach addresses the fundamental challenge of enabling diverse IoT devices to communicate seamlessly within large-scale spatial networks, while maintaining the stability and responsiveness required for real-time intelligent control.

- ***High-Reliability Wireless Data Transmission:*** We have developed advanced network management capabilities that ensure high throughput, low latency and strong fault tolerance even when coordinating hundreds of connected devices. Our intelligent data reporting mechanisms avoid network collisions and congestion, substantially improving transmission success rates and overall network throughput. Our transmission strategy supports self-adaption based on link quality, network load and command types to prioritize critical instructions. Our optimized routing algorithms combine traditional distributed routing with source routing to improve fault tolerance and path reliability, maintaining stable operation even when individual network nodes fail or experience interference.
- ***Single-chip Dual-Protocol Integration Technology:*** We are among the first to develop integrated solutions that support Thread and Zigbee protocols on a single chip. Unlike common dual-chip or

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standalone hub approaches, our optimized architecture allows both protocols to operate in parallel on shared hardware resources through efficient coordination of processing tasks, memory allocation and radio frequency utilization, significantly reducing cost and power consumption. Our dynamic scheduling optimizes radio frequency interference and power usage, while integrating the security models of both Zigbee and Thread protocols. This enables a single device to interoperate with the large installed base of Zigbee devices while supporting next-generation Thread protocols over matter devices, substantially enhancing connection reliability and compatibility across device generations and manufacturers.

MANUFACTURING AND PRODUCTION

We employ a strategic hybrid approach for our production and supply chain operations. Approximately 90% of our total product output is fulfilled through a network of carefully selected OEM partners, with the remaining 10% produced in-house at our Dongguan production base. By partnering with rigorously vetted OEMs for large-scale and high-volume output, we optimize unit economics while maintaining robust quality oversight. In parallel, our Dongguan production base provides the agility and confidentiality required for flexible, small-batch requests, customized builds and return repairs.

Outsourced Manufacturing

Our outsourced manufacturing partners are responsible for the large-scale production of high-volume products, including those supplied to our major customers such as Xiaomi. We collaborate with a roster of established OEMs. These partners are selected through a rigorous evaluation process that includes initial screening, on-site audits and comprehensive assessments of quality management systems, research and development capabilities and production facilities. The typical onboarding process for new OEM partners spans approximately three to five months, ensuring that only those manufacturers who meet our stringent standards for quality, reliability and technical competence are engaged.

Our contractual arrangements with OEM partners are designed to protect our intellectual property and core technologies. Key contract terms address confidentiality, technical standards, delivery schedules and liability for quality issues. We also maintain dynamic supplier management practices, including quarterly performance reviews and ongoing risk assessments, to ensure continuous improvement and alignment with our operational objectives. This outsourced manufacturing model, underpinned by rigorous oversight and strategic supplier relationships, enables us to deliver high-quality products to a broad and growing customer base, both domestically and internationally.

To safeguard product quality and delivery timelines, we implement a robust quality assurance framework across our outsourced manufacturing operations. All products manufactured by OEM partners are subject to our proprietary Aqara quality management system, with each batch undergoing strict inspection protocols. In the event of any quality issues, we have established clear procedures for root cause analysis and remediation, with financial responsibility for losses typically allocated according to the nature and source of the defect.

In-house Production Facility

Since 2023, we have been operating an in-house production facility in Dongguan, China that spans approximately 18,000 square meters and plays an important role for our manufacturing activities. The Dongguan facility handles specialized tasks including the reworking and repair of smart door locks, small-batch product validation and the customization of switches. This facility operates under a long-term lease, with all requisite agreements and supporting documentation in place to ensure compliance and operational stability.

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In this production facility, we operate three dedicated assembly and testing lines covering a diverse smart door locks portfolio, including fingerprint, keypad and facial recognition locks. Each line delivers an average daily capacity of 500–1,000 units to meet high-standard delivery across multiple scenarios. In addition, we run multiple lines focused on smart sensors and controllers, including temperature and humidity sensors, smart switches and environmental sensors. Each line achieves an average daily throughput of 1,500–3,000 pieces, supporting seamless linkage across spatial intelligent systems. Approximately 54 employees are currently on duty across production operations, quality control and equipment maintenance. Adopting a “lean production and intelligent management” model, we use standardized work procedures and digitalized systems to enable end-to-end control from material input to finished goods delivery, consistently achieving a planned on-time delivery rate above 99.8% and a product yield above 99%. Our production facility ensures efficient, consistent and highly reliable manufacturing for our customers.

OUR SUPPLY CHAIN

Procurement

We have established a comprehensive and disciplined procurement system that underpins the reliability and scalability of our supply chain. Our procurement activities are primarily focused on securing high-quality materials and components necessary for the production of our human-centric spatial intelligence products. Our procurement model is centered on a standard order-based approach, supplemented by advanced strategic procurement for critical components, such as core chips. There is limited single-source procurements for urgent or non-substitutable components. All procurement activities are governed by a standardized process that includes inquiry, negotiation and rigorous internal review, ensuring transparency and consistency in supplier selection and contract execution.

Although most raw materials and components essential to our in-house products are generally available from multiple sources, a few components are currently sourced from a single or limited number of high quality suppliers in the industry. Therefore, many raw materials and components used by us, including those that are available from multiple sources, may at times be subject to industry-wide shortage and significant pricing fluctuations. See “Risk Factors — Risks Relating to Our Business and Industry — We depend on a large number of third-party suppliers for key raw materials, components and manufacturing equipment, and any disruption in their supply or significant increase in their prices will negatively affect our business.”

Given the competitive nature of the market, we generally cannot pass on price increases for raw materials, parts and components to our customers in full. To reduce the price and purchasing risks on the procurement side, we rely in particular on long-term supply contracts, a competitive bidding process among suppliers and the continuous optimization of our supplier portfolio, as well as on establishment of raw material reserves and strategic acquisitions of raw materials when increases in the raw material prices are expected.

Selection and Engagement of Our Suppliers

We have established a rigorous and systematic process for the selection and engagement of suppliers, which is fundamental to the stability and quality of our supply chain. Our approach is designed to ensure that all suppliers meet our high standards for quality, reliability and technical capability, thereby supporting our commitment to delivering premium human-centric spatial intelligence products and solutions.

Our supplier selection process begins with a comprehensive assessment of business needs and available resources for each product category. We conduct an initial screening and shortlisting of potential suppliers, typically identifying three to five candidates for further evaluation. This is followed by on-site audits and in-depth due diligence. The entire onboarding process for new suppliers generally spans about three to seven months, reflecting our dedication to thoroughness and risk mitigation. Once a supplier passes our evaluation,

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we formalize the engagement through detailed contractual arrangements that address key areas such as product quality, delivery timelines, confidentiality and intellectual property protection. We also require suppliers to comply with our internal policies and industry best practices, including environmental and safety standards where applicable.

Supplier performance is subject to ongoing monitoring and dynamic management. We conduct systematic evaluations on a quarterly basis, taking into account both the performance of existing suppliers and the requirements of new projects. Quarterly performance reviews and risk assessments are integral to our supplier management system, allowing us to identify areas for improvement and implement corrective actions as needed. If a supplier’s performance rating falls below our standards, we may restrict procurement, assist with improvement plans, or if necessary, discontinue the relationship.

Major Suppliers

We have developed and maintained relationships with some of the most reputable and trusted suppliers. We work closely with our suppliers to ensure timely availability and delivery of materials and products.

During the Track Record Period, our purchases from our five largest suppliers accounted for 21.7%, 19.9% and 19.3% of our total purchases in 2023, 2024 and 2025, respectively, while our purchase from the largest supplier accounted for 7.3%, 6.4% and 4.9% of our total purchases, respectively, for the same years/period. During the Track Record Period, our suppliers generally granted us a credit term of 30 to 60 days.

Our suppliers mainly consist of raw material providers and OEM partners. The following tables set forth the details of our five largest suppliers based on our purchases from them in each year/period during the Track Record Period:

For the Year Ended December 31, 2025

Ranking	Supplier	Purchase amount (RMB'000)	Percentage of total purchase	Products/ services purchased	Year of commencing business relationship with us	Credit terms
1.	Supplier A (Xiaomi) ⁽¹⁾	50,231	4.9%	IC/Module/Adapter	2017	Payment due 30 days after invoice
2.	Supplier B ⁽²⁾	38,494	3.8%	Smoke detector	2017	Payment due 45 days after invoice
3.	Supplier C ⁽³⁾	37,802	3.7%	Safe	2024	Payment due 30 days after invoice
4.	Supplier D ⁽⁴⁾	37,689	3.7%	Air conditioner companion	2021	Payment due 45 days after invoice
5.	Supplier E ⁽⁵⁾	32,294	3.2%	Camera	2020	Payment due 60 days after invoice

For the Year Ended December 31, 2024

Ranking	Supplier	Purchase amount (RMB'000)	Percentage of total purchase	Products/ services purchased	Year of commencing business relationship with us	Credit terms
1.	Supplier F ⁽⁶⁾	65,555	6.4%	Door lock	2017	Payment due 60 days after invoice
2.	Supplier G ⁽⁷⁾	47,192	4.6%	Curtain motor	2018	Payment due 60 days after invoice
3.	Supplier A (Xiaomi)	39,655	3.8%	IC/Module/Adapter	2017	Payment due 30 days after invoice
4.	Supplier D	27,517	2.7%	Air conditioner companion	2021	Payment due 30 days after invoice
5.	Supplier H ⁽⁸⁾	25,053	2.4%	Switch/Sensor	2020	Payment due 30 days after invoice

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For the Year Ended December 31, 2023

Ranking	Supplier	Purchase amount (RMB'000)	Percentage of total purchase	Products/ services purchased	Year of commencing business relationship with us	Credit terms
1.	Supplier I ⁽⁹⁾	77,994	7.3%	Door lock	2022	Payment due 60 days after invoice
2.	Supplier F	51,576	4.8%	Door lock	2017	Payment due 60 days after invoice
3.	Supplier G	39,180	3.7%	Curtain motor	2018	Payment due 30 days after invoice
4.	Supplier J ⁽¹⁰⁾	33,316	3.1%	IC	2021	Payment due 30 days after invoice
5.	Supplier A (Xiaomi)	30,403	2.8%	IC/Module/Adapter	2017	Payment due 30 days after invoice

Notes:

- (1) Supplier A (Xiaomi) is a consumer electronics and smart manufacturing company with a core focus on smartphones, smart hardware, and IoT platforms.
- (2) Supplier B is a manufacturing company engaged in research and development, production and sales of fire alarm detectors and accessories, audible and visual alarm products and water flow indicators.
- (3) Supplier C is a global enterprise engaged in the design, manufacturing and services of safe (cabinet) security storage products.
- (4) Supplier D is a company engaged in providing smart hardware research and development, manufacturing and system solutions. It is our OEM partner.
- (5) Supplier E is a high-tech enterprise engaged in the research and development, production and sales of smart imaging home systems, AI intelligent driving and AI industry tablets.
- (6) Supplier F is a company engaged in smart hardware and related businesses. It is our OEM partner.
- (7) Supplier G is a technology-innovation leader engaged in providing professional global solutions for smart home electric systems, with a main focus on various smart home electric systems.
- (8) Supplier H is a company engaged in production and processing for IoT. It is our OEM partner.
- (9) Supplier I is a company engaged in producing smart displays and smart hardware. It is an our OEM partner.
- (10) Supplier J is an international trading company engaged in the import and export of goods across multiple fields, including heavy industry, electronic products, textiles, and chemicals.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers (except Xiaomi) in each year/period were Independent Third Parties. Our transactions with Xiaomi were conducted on arms' length. There was no past or present relationship (including business, employment, financing, family, trust or otherwise) between each of the five largest suppliers (except Xiaomi) during the Track Record Period and us, our Directors, Shareholders or senior management, or any of their respective associates.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant fluctuation in prices set by our suppliers, material breach of contracts on the part of our suppliers or delay in delivery of our orders from our suppliers, nor did we have any material disputes with our suppliers.

To the best of our Directors' knowledge, none of our Directors or their respective associates or any person who owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers (except Xiaomi) in each year/period as of the Latest Practicable Date.

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Contractual Agreement with Suppliers

They key terms of our framework procurement agreements with our suppliers typically include:

- **Purchase Amount and Orders:** We specify the product, specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers.
- **Payment and Delivery:** We are responsible for timely payment to suppliers, while suppliers are responsible for delivering products to our designated location specified in each purchase order. We generally pay our suppliers within 30 - 60 days upon receipt of invoice.
- **Acceptance and Inspection:** We have the right to return or replace products for a variety of reasons, including visible defects and non-conformity with product specifications or quantity with the order placed.
- **Termination:** We list several grounds for termination such as delays in deliveries exceeding 30 days, multiple nonconforming deliveries and certain supplier credit-risk events.

SALES, SERVICES, DISTRIBUTION AND MARKETING

Our Sales and Services Networks

We adopt an integrated omni-channel strategy that combines an offline sales network and online channels, enabling us to serve customers wherever and however they prefer to engage. Given the nature of infrastructure products, our offline presence, comprising consultants and technicians across experience stores, remains essential for in-person needs assessment, scenario-based solution design, installation, maintenance and lifecycle support. At the same time, in response to evolving consumer spending preferences and the increasing digitization of purchasing behavior, we have expanded our online footprint through our official website, official flagship stores and distributors on leading e-commerce platforms. Together, these complementary channels ensure that customers receive expert guidance and end-to-end service offline, while benefiting from the accessibility, convenience and scale of our online ecosystem.

Chinese Mainland

Offline Sales Network

We have established a comprehensive and deeply rooted offline sales network in the PRC, which serves as a cornerstone of our market presence and brand strategy. As of the Last Practicable Date, we have more than 500 experience stores operating 31 provinces in the PRC, giving the brand a presence in over 210 cities.

Each experience store is staffed by consultants and technicians who have completed our internal certification program, delivering a comprehensive suite of services—from initial assessment and system design to installation, maintenance, and upgrades—all under unified standards. This end-to-end capability transforms the client experience from a fragmented, product-by-product process into a streamlined, long-term service relationship.

The vast majority of our experience stores are operated by our distributors. To support the effectiveness and consistency of our offline network, we have implemented rigorous distributor selection, onboarding and performance management processes. All distributors are subject to annual agreements, with clear requirements regarding operational standards, brand representation and compliance with our pricing and

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market discipline policies. We provide ongoing training, marketing support and technical assistance to our distributors, enabling them to deliver high-quality service and maintain the integrity of our brand across all offline touchpoints. In addition to sales through experience stores, we also sell to a number of enterprise customers, project contractors and telecom operators.

Online Sales Network

We have developed a comprehensive and dynamic online sales network in the PRC that serves as a key pillar of our commercial strategy and market reach. Our online sales channels are anchored by official flagship stores on leading e-commerce platforms, such as Tmall and JD.com. Through these platforms, we offer a broad portfolio of human-centric spatial intelligence products and solutions directly to consumers, leveraging the extensive user bases and advanced logistics capabilities of China’s e-commerce ecosystems. Apart from operating self-managed flagship stores, we have authorized third-party operated stores on Tmall, Taobao, JD.com, Pinduoduo, Xiaomi Youpin and Douyin. Separately, for JD.com, we also sell our products directly to them for their self-operated online retail.

Our online sales model is designed to maximize both reach and operational efficiency, ensuring our products are accessible to a wide range of customers. Our distributors are subject to rigorous qualification criteria and ongoing performance assessments. This approach allows us to maintain strong brand control, enforce pricing discipline and ensure consistent customer experience across all online touchpoints.

To support our online sales operations, we have established a dedicated e-commerce operations team responsible for platform management, marketing, customer service and data analytics. Our team works closely with platform partners to optimize product listings, execute promotional campaigns and respond rapidly to market trends. We also invest in digital marketing and social media engagement, utilizing content creation, influencer partnerships and targeted advertising to drive brand awareness and customer acquisition.

Through this robust online sales network, we are able to reach millions of consumers in the PRC, strengthen our brand presence and respond flexibly to evolving market demands. Our online channels not only drive significant sales volume but also serve as important platforms for customer engagement, product education and the cultivation of long-term brand loyalty. Such measures enhance the operating efficiencies of our online sales channels and strengthen the competitive edge of our omni-channel sales network.

Overseas

We have developed a robust and expanding overseas sales network that enables us to deliver our human-centric spatial intelligence products and solutions to customers around the world. In 2023, 2024, and 2025, revenue generated from our business overseas was RMB379.6 million, RMB516.8 million and RMB629.0 million, respectively, representing 42.2%, 56.3% and 66.5%, respectively, of our total Aqara-branded revenue in the corresponding periods.

Our international sales strategy is built on a multi-channel approach, combining direct sales to key accounts, distribution partnerships and e-commerce platforms. This diversified model allows us to effectively reach both business clients and end consumers in a wide range of markets outside China. Our overseas sales channels include direct engagement with major international clients, as well as collaboration with a network of established distributors who possess deep local market knowledge and resources. We have formed long-term relationships with these partners to ensure the reliable delivery and localized support of our products in regions such as North America, Europe and Asia-Pacific and in countries such as the United States, Germany, France, the United Kingdom and South Korea. In addition, we leverage leading global e-commerce platforms to make our products accessible to a broad base of international consumers. Our presence on these platforms is supported by dedicated teams responsible for online operations, customer service and digital marketing. In addition, we are in the process of expanding our offline experience stores in the overseas market.

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Through our overseas sales network, we have established a strong foundation for global growth, diversified our revenue streams and enhanced our brand recognition on the international stage. As we continue to expand our product portfolio and deepen our relationships with overseas partners, we are well positioned to capture new opportunities and deliver innovative human-centric spatial intelligence products and solutions to customers around the world.

Our Distributorship Model

Our distributors are crucial partners who offer value beyond reselling our products. They provide local market knowledge, including industry dynamics, business practices and relationships with key players, which aids in effective market penetration and customer engagement, especially in diverse international markets. In addition, our distributors possess technical expertise crucial for customers education, solution design and implementation and after-sale service. Their teams conduct needs assessments, evaluate feasibility, plan integrations and offer product recommendations to help ensure that our products meet end-customers’ specific requirements. A significant aspect of their role is comprehensive after-sales support, including installation, training, maintenance, troubleshooting and technical support. They also manage spare parts, software updates and performance monitoring, which helps ensure consistent product performance and customer satisfaction throughout the product lifecycle, fosters long-term customer relationships and encourages expanded deployments. In 2023, 2024 and 2025, revenue generated from our distributors was RMB605.9 million, RMB570.7 million and RMB539.8 million, respectively, representing 67.3%, 62.1% and 57.0%, respectively, of our total revenue from Aqara-branded spatial intelligence products and solutions in the corresponding periods. The revenue contribution from our distributors generally decreased during the Track Record Period mainly due to the decreased number of distributors in Chinese Mainland resulting from our strategic adjustment to focus on cooperation with outstanding trading partners and eliminate underperforming ones, partially offset by the expansion of our overseas distribution network.

We have strategically developed a comprehensive global network of distributors that serves as the foundation of our market reach. During the Track Record Period, we had established partnerships with active distributors in more than 70 countries and regions. The active distributors are responsible for comprehensive market development within their assigned areas, including building distribution networks, expanding retail channels and coordinating to meet specific project requirements. The following table sets forth our total number of active distributors and their movements (including additions and terminations) for the periods indicated. Active distributors are defined as those who purchased from us during the specified period in the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Number of active distributors at the beginning of the period	1,038	1,034	1,008
Number of new active distributors	284	204	117
Number of terminated active distributors	288	230	292
Net increase/(decrease) in number of active distributors	(4)	(26)	(175)
Number of active distributors at the end of the period	1,034	1,008	833

During the Track Record Period, our additions of new active distributors primarily reflect our proactive efforts in expanding our distribution network. We experienced a high gross churn rate among active distributors during the Track Record Period, mainly due to our expansion into different local markets and our efforts to select distributors who can more effectively drive market penetration and customer engagement. According to Frost & Sullivan, relatively high distributor turnover is common in the spatial intelligence products and solutions industry, especially when expanding to new markets. This is largely driven by the dynamics of market expansion, as companies often need to adjust or replace distributors to better align with local market conditions, regulatory environments and evolving customer needs. Additionally, we may occasionally terminate distribution relationships for distributors breaches of contracts or repeated failure to meet sales target.

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We manage our distributors through a structured process starting with rigorous selection based on market presence, technical capabilities, service infrastructure, financial stability and alignment with our values. Our distributors undergo comprehensive onboarding, including training in our products and technologies, sales methodology, technical certification and marketing guidelines, which help enable them to become competent representatives of our products. We support our distributors with technical and sales enablement, marketing assistance and business development, offering training and troubleshooting guidance. In addition, we provide performance analytics, growth strategy development and support for new product introductions.

We have a seller-buyer relationship with our distributors and relevant revenue is recognized when products are transferred to the distributors, generally upon acceptance of the products as agreed in the sales contracts. Our distributors place orders with us based on market demand and then on-sell our products to their customers who may be sub-distributors or end-users. Therefore, we believe that channel stuffing is unlikely to occur in our distribution channels and generally does not pose significant managerial concern.

In 2023, 2024 and 2025, we recorded trade receivables turnover days of 28 days, 26 days and 25 days, respectively. We do not see material recoverability risks for our trade receivables in relation to the dealings with our distributors.

We typically enter into distribution agreements with our distributors and may conduct regular checks on their sales performance. The conduct of our distributors is primarily governed by these agreements. Our Directors consider all our distributors to be our direct customers, primarily because (i) these customers generally purchase our products on a purchase order basis, establishing a seller-buyer relationship; and (ii) the title and risks of damage to these products are typically transferred to the distributors once we have delivered the products to their designated locations.

In the overseas market, some of our distributors may have appointed sub-distributors. We do not require sub-distributors to enter into direct agreements with us and might have limited control over sub-distributors. See “Risk Factors – We depend on sales to our distributors for a certain portion of our revenue and our arrangement with distributors is subject to a number of risks.”

We typically enter into standard distribution agreements with our distribution partners across different geographic regions. Salient terms of our standard distribution agreements generally include:

- **Designated Distribution Area:** The distributor is appointed on a non-exclusive basis for a defined territory and may sell, distribute, supply, and market the products only within that territory. The distributor may not sell outside the territory without our prior written authorization.
- **Sales Target:** The distribution agreement contemplates specific sales targets for the territory. For distributors in the PRC if they fail to meet the target, the principal may terminate the agreement. For distributors in the overseas market, there is no provision regarding termination on the basis of failure to meet the sales targets.
- **Right to Use Our Trademark:** We authorize our distributors to use our trademarks within the duration and scope of distribution agreements.
- **Price Management:** We provide distributors with suggested retail prices of our products.
- **Payments:** Distributors should make payment on time according to the payment terms in the order, either full payment before shipment or with a credit period.

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- **Sub-distribution:** For distributors in the PRC, they are prohibited from appointing sub-distributors. For the distributors in the overseas market, they may, in their sole discretion, appoint their affiliates as sub-distributors.
- **Limitations on Return or Exchange:** We typically do not accept returns or issue refunds, except under our then-current warranty practices. According to Frost & Sullivan, our goods return policy with distributors is in line with the industry practice.
- **Termination:** We list several conditions that may result in breach of contract in the distribution agreements, such as missed sales targets for two consecutive quarters, payment overdue beyond a certain period of time and trademark breach. We are entitled to terminate the distribution agreements if our distribution partners breach the distribution agreements.

We have implemented a comprehensive and structured policy to prevent market cannibalization among our distributors. This includes (i) managing the number of regional distributors for each geographical region; (ii) clearly delineating the geographic coverage of our distributors and explicitly prohibiting them from selling our products outside their designated geographical regions, and delegating our distributors to manage their respective sub-distributors to avoid cannibalization. This ensures that no distributor competes with another for the same end customer, thereby maintaining a streamlined and efficient process. By ensuring the absence of overlap, we not only protect the interests of our distributors but also create an environment that fosters healthy competition and mutual growth across regions.

During the Track Record Period, our business relationship with distributors is generally terminated (i) upon the expiration of the term of the distribution agreement or (ii) unilaterally by us or the distributor as a result of breaches of the terms and conditions of the distribution agreements (e.g. distributors’ failure to meet sales targets for two consecutive quarters or failure to re-initiate the store set-up process within 30 days after a store closure).

During the Track Record Period and up to the Latest Practicable Date, all of our distribution partners were Independent Third Parties, except (i) Aqara Life Co. Ltd. (Customer B) with a minority stake of 19.5% held by us, (ii) Nanjing Tangtangjia Intelligent Technology Co., Ltd. which is wholly owned by the spouse of one of our former employees, (iii) Shenzhen Lianheng Intelligent Control Technology Co., Ltd. with a minority stake of 11.5% held by us, (iv) Shenzhen Huanxiong Intelligent Design Co., Ltd. which is wholly owned by one of our former employees, and (v) Joy SmartHome Limited which is a joint venture with a majority of its stake held by one of our Shareholders and a minority stake of 8.1% held by us.

According to Frost & Sullivan, it is consistent with industry norm for providers of human-centric spatial intelligence products and solutions to engage distributors in order to take advantage of their knowledge in relation to local marketing practices and consumer preferences.

Branding and Marketing

We have built a significant brand presence through a combination of online and offline channels, including more than 500 experience stores across China, a robust digital footprint on leading e-commerce and social media platforms. We also increase our brand awareness through comprehensive integration with the ecosystems of many household brands such as Amazon, Apple, Google, LG, Samsung and Xiaomi. Our comprehensive integration with Apple, in particular, has positioned us as a preferred brand for users seeking seamless integration with the Apple Home ecosystem.

Our marketing strategy emphasizes immersive customer experiences, scenario-based storytelling and multi-channel engagement. We invest in content creation, influencer partnerships and targeted digital campaigns to drive brand awareness and educate consumers about the benefits of spatial intelligence

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technology. Our approach includes regular production of creative video content, organization of brand events and product showcases in industry exhibitions and forums.

To ensure consistency and compliance in our brand communications, we have implemented comprehensive internal controls, including standardized visual identity guidelines, multi-level content review processes and regular training on advertising regulations. We monitor our brand reputation through both automated and manual channels, enabling us to respond promptly to market feedback and potential risks.

Our branding and marketing investments are regularly reviewed and adjusted to reflect changes in consumer behavior, media trends and competitive dynamics. By maintaining a disciplined and adaptive approach, we aim to strengthen our brand equity, support business growth and position ourselves as a leader in the spatial intelligence industry.

OUR REVENUE MODEL AND PRICING

We generated revenue primarily through the sale of human-centric spatial intelligence products and solutions to customers during the Track Record Period. This revenue stream include the sales of both Aqara-branded products and ODM products. In addition, we derive a smaller portion of revenue from the provision of installation services, IoT platform development services and other services, and sales of supplementary parts.

Our pricing decisions are informed by a range of factors, including product cost structure, competitive landscape, channel dynamics and the strategic role of each product within our overall solution offering. We provide recommended retail prices to our distributors, while allowing distributors to have limited discretion in determining the final retail prices. We regularly review and adjust our pricing policies to reflect changes in market conditions and to support sustainable growth and profitability.

OUR CUSTOMERS

We have established a broad and diversified customer base. In 2023, 2024 and 2025, total revenue from our five largest customers was RMB615.0 million, RMB629.1 million and RMB571.5 million, respectively, accounting for 42.7%, 42.3% and 38.9% of our total revenue, respectively. In the same years, revenue from our single largest customer in each year during the Track Record Period was RMB471.6 million, RMB501.5 million and RMB477.0 million, respectively, accounting for 32.8%, 33.7% and 32.4% of our total revenue, respectively.

The following tables set forth the details of our five largest customers based on their revenue contribution in each year/period during the Track Record Period:

For the Year Ended December 31, 2023

Ranking	Customer	Revenue	Percentage of total revenue	Products/ services purchased from us	Year of commencing business relationship with us	Credit terms
		(RMB'000)				
1.	Customer A (Xiaomi) ⁽¹⁾	471,628	32.8%	Smart products	2015	Net 30 upon invoice
2.	Customer B ⁽²⁾	55,764	3.9%	Smart products	2019	Net 60 upon monthly statement
3.	Customer C ⁽³⁾	39,487	2.7%	Smart products	2025	Advance received
4.	Customer D ⁽⁴⁾	26,199	1.8%	Smart products	2019	Advance received
5.	Customer E ⁽⁵⁾	21,951	1.5%	Smart products	2019	Net 30 upon monthly statement

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For the Year Ended December 31, 2024

Ranking	Customer	Revenue (RMB'000)	Percentage of total revenue	Products/ services purchased from us	Year of commencing business relationship with us	Credit terms
1.	Customer A (Xiaomi)	501,490	33.7%	Smart products	2015	Net 30 upon invoice
2.	Customer B	54,708	3.7%	Smart products and software services	2019	Net 30 or 60 upon monthly statement
3.	Customer D	25,617	1.7%	Smart products	2019	Advance received
4.	Customer F ⁽⁶⁾	24,993	1.7%	Smart products	2024	Advance received
5.	Customer G ⁽⁷⁾	22,265	1.5%	Smart products	2019	Advance received

For the Year Ended December 31, 2025

Ranking	Customer	Revenue (RMB'000)	Percentage of total revenue	Products/ services purchased from us	Year of commencing business relationship with us	Credit terms
1.	Customer A (Xiaomi)	476,953	32.4%	Smart products	2015	Net 30 upon invoice
2.	Customer B	42,735	2.9%	Smart products and software services	2019	Net 30 or 60 upon monthly statement
3.	Customer G	18,998	1.3%	Smart products	2019	Advance received
4.	Customer H ⁽⁸⁾	17,136	1.2%	Smart products	2022	Net 30 upon monthly statement
5.	Customer I ⁽⁹⁾	15,676	1.1%	Smart products	2017	Net 30 upon monthly statement

Notes:

- (1) Customer A (Xiaomi) is a consumer electronics and smart manufacturing company.
- (2) Customer B is a distributor in South Korea selling Aqara-branded products.
- (3) Customer C is a distributor in Denmark, focused on technical sales and solution support, primarily serving customers such as smart home retailers, electrician and installer channels and system integrators.
- (4) Customer D is a cross-border e-commerce distributor selling Aqara-branded products.
- (5) Customer E is a import and export trading company, primarily engaged in business with local agents, retailers and online retail platforms for smart devices.
- (6) Customer F is a distributor in Kyrgyzstan, primarily engaged in the distribution and trade of electronic consumer products.
- (7) Customer G is a distributor in Russia, primarily engaged in telecommunications operator-related business and the distribution and trade of electronic consumer products.
- (8) Customer H is a national high-tech enterprise focused on the digital economy and computing power services, providing cybersecurity, cloud computing and digital transformation solutions.
- (9) Customer I is a major PRC online retail platform operator.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers (except Xiaomi and Customer B) in each year/period were Independent Third Parties. There was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the five largest customers during the Track Record Period and us, our Directors, Shareholders or senior management, or any of their respective associates.

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Xiaomi is our largest customer and significant commercial partner. We have a longstanding, deeply integrated collaboration across Xiaomi-branded product development, manufacturing and sales.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with the aforementioned customers, nor did we receive any material complaints from such customers. We did not receive any material product returns from our customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge of our Directors and senior management, there were no material product returns as of the Latest Practicable Date.

To the best of our Directors’ knowledge, none of our Directors or their respective associates or any person who, owned more than 5% of our issued share capital, had any interest in any of our five largest customers (except Xiaomi) in each year/period as of the Latest Practicable Date.

Overlapping Customer and Supplier

During the Track Record Period, Xiaomi, Supplier A, was also our major customer. We developed and manufactured customized Xiaomi-branded products and generated revenue from their sales. Conversely, Xiaomi supplied us with ICs, modules and adapters. During the Track Record Period, revenue generated from Xiaomi represented 32.8%, 33.7% and 32.4% of our total revenue, respectively, and the amount of procurement we incurred represented 2.8%, 3.8% and 4.9% of our procurement, respectively. We entered into separate agreements with Xiaomi on an arm’s-length basis in the ordinary course of business, and we negotiated terms with Xiaomi using independent business teams. To the best of our Directors’ knowledge, these transactions were neither dependent nor conditioned upon each other. As of the Latest Practicable Date, Xiaomi owned 7.92% of the issued share capital of our Company.

In 2023, 2024 and 2025, Customers I was also our supplier. Customers I provided us with marketing service. During the Track Record Period, the amount of procurement we incurred represented 0.22%, 0.18% and 0.15% of our procurement in relation to Customer I. We entered into separate agreements with such companies and its affiliated company on an arm’s-length basis in the ordinary course of business, and we negotiated terms with such company and its affiliated company using independent business teams. To the best of our Directors’ knowledge, these transactions were neither dependent nor conditioned upon each other. As of the Latest Practicable Date, to the best of our Directors’ knowledge, none of our Directors, their associates or any Shareholders who owned more than 5% of the issued share capital of our Company, had any interest in these overlapping customers and suppliers in the Track Record Period.

To the best of our Directors’ knowledge, there were no other overlaps between our major customers/suppliers and our suppliers/customers.

QUALITY MANAGEMENT

We have established a comprehensive product quality management system that underpins our commitment to delivering reliable, high-performance human-centric spatial intelligence products and solutions. We believe that our brands are valued by customers for their high quality and that product quality is essential to maintaining our competitive position. Highly reliable, quality products foster consumer satisfaction and confidence in our brand name, which in turn encourages brand loyalty and enhances our reputation. Our quality management framework applies to all stages of our operations, including in-house manufacturing, outsourced production and procurement of materials and components. We adhere to strict internal standards and industry best practices to ensure that every product we deliver meets or exceeds customer expectations and regulatory requirements.

Our quality assurance process begins with the careful selection and ongoing evaluation of suppliers and manufacturing partners. We conduct systematic assessments of supplier capabilities, including on-site audits

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and reviews of quality management systems, research and development capacity and production facilities. All new suppliers and OEM partners undergo a rigorous onboarding process, typically spanning several months, to ensure alignment with our quality standards. We also perform regular performance reviews and risk assessments for all existing partners, and we implement corrective actions or restrict procurement if a supplier’s performance falls below our requirements.

During the production process, we apply our proprietary Aqara quality management system to both self-manufactured and outsourced products. Each batch of products is subject to strict inspection protocols, including both initial and final quality checks.

We are committed to providing customers with a comprehensive warranty and robust after-sales service. Our products are backed by a limited warranty for a specified period depending on the products type. In 2023, 2024 and 2025, our warranty expenses were RMB5.5 million, RMB5.0 million and RMB9.4 million, respectively. Our customer support team and our distributors both have capabilities of providing assistance with installation, product usage and troubleshooting as appropriate, to help ensure ongoing customer satisfaction.

During the Track Record Period and up to the Latest Practicable Date, we did not receive (i) any material fines, product recall orders or other penalties from relevant competent authorities regarding material product quality issues or (ii) any material complaints from consumers. As of the Latest Practicable Date, our Directors and management were not aware of any pending product recalls or investigations/actions by relevant authorities or consumer groups which may lead to a product recall.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We have established a robust and efficient warehousing, logistics and inventory management system to support our nationwide and international sales operations. Our primary warehousing hub is located in Huizhou, which serves as the central distribution center for both our online and offline channels. This centralized approach enables us to efficiently manage inventory, streamline order fulfillment and ensure timely delivery of products to customers and channel partners across China and overseas markets.

Our warehousing operations are primarily outsourced to professional third-party providers who offer comprehensive space management, inventory insurance and system protection services. We conduct regular performance assessments, including annual evaluations and monthly inventory counts, to ensure the accuracy and security of our inventory. All warehouse data is systematically tracked and published on a monthly basis, providing transparency and facilitating effective inventory control. In addition, we also use Amazon’s warehousing services in the overseas sales.

For logistics, we partner with leading third-party logistics providers, both domestically and internationally. Our logistics partners are selected and managed through a rigorous evaluation process, and their performance is reviewed on a regular basis. This outsourced logistics model allows us to leverage the extensive delivery networks and operational expertise of our partners, ensuring reliable and cost-effective transportation of goods to end customers, distributors and project sites.

Our inventory mainly comprises raw materials, work-in-progress, finished goods and goods in transit. As of December 31, 2023, 2024 and 2025, the balance of our inventories was RMB285.5 million, RMB263.6 million and RMB262.3 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 108 days, 102 days and 106 days, respectively.

Our inventory management system is designed to respond flexibly to market demand and sales fluctuations. We utilize advanced digital tools to monitor inventory levels, forecast demand and coordinate replenishment across our sales channels. For online sales, products are typically shipped directly from our

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central warehouse to customers using the proprietary logistics systems of major e-commerce platforms. For offline sales, we ensure that inventory is available to meet both routine and urgent requirements.

Through this integrated warehousing, logistics and inventory management framework, we are able to maintain high service levels, minimize delivery lead times and optimize operational costs. This infrastructure supports our ability to scale efficiently, respond rapidly to customer needs and uphold our commitment to quality and reliability in every market we serve.

INTELLECTUAL PROPERTY

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. Our future commercial success partly relies on our ability to secure and maintain patents and other intellectual property rights, as well as proprietary protections for key technologies, inventions and know-how related to our business. This includes defending and enforcing our patents, safeguarding the confidentiality of our trade secrets and ensuring our operations do not infringe upon, misappropriate or violate the intellectual property rights of third parties.

As of December 31, 2025, we have applied for 1,811 (with 1,248 being granted patents in the PRC and 14 being granted in other countries). In addition, we own 939 registered trademarks in the PRC and 304 registered trademarks in other countries.

Our patents are acquired mainly through self-development. See Appendix IV for our portfolio of material patents.

RESEARCH AND DEVELOPMENT

Our ability to compete successfully depends to a significant extent upon our ability to develop innovative, advanced technologies that respond to evolving customer demands and preferences in the spatial intelligence area. To this end, we dedicate substantial resources to research and development. During the Track Record Period, our research and development expenses were RMB172.8 million, RMB183.3 million and RMB233.7 million in 2023, 2024 and 2025, respectively, representing 12.0%, 12.3% and 15.9% of our revenue in the respective years/periods. Our research and development has been focusing on building technology capabilities in AI deployment and various spatial intelligence application scenarios. We have also been designated as a Shenzhen Postdoctoral Innovation Practice Base by the Shenzhen Municipal Human Resources and Social Security Bureau.

Research and Development Team

As of December 31, 2025, we had a research and development team of 460 members, accounting for nearly 50% of our workforce. Among the research and development team members, approximately 91% hold a bachelor’s degree or higher, and about 18% hold a master’s or doctoral degree.

We maintain key management and technical personnel by offering competitive remuneration packages and welfare benefits. In addition, we invest in training programs to enhance the skills of our key employees. If a key employee requests to terminate his/her employment, we engage in close communication to understand their reasons for leaving and gather feedback. To mitigate any negative impact from the departure of key employees, we actively recruit candidates with relevant expertise through online recruitment, internal referrals and employment agencies, among others.

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The key terms of agreements with our management and technical staff are outlined below.

- ***Inventions / Intellectual Properties Arrangement:*** We retain all rights, titles and interests, including patent rights, copyrights, trade secret rights and other intellectual property rights related to any inventions, designs, know-how, ideas and information created, conceived, or developed by the employees during their employment (including one-year after the termination of the employment) and in connection with the employment, to the fullest extent permitted by law. The employee must promptly disclose all such inventions to us.
- ***Confidentiality:*** During and after employment, the employee must not disclose, share, publish or use any technical or trade secrets belonging to us or any third party to whom we owe a duty of confidentiality, without our prior written consent.
- ***Non-Compete:*** We reserve the right to unilaterally enforce a non-compete period of up to 24 months following employment termination. During employment and any initiated non-compete period, the employee must refrain from engaging in competitive activities.

Research and Development Process

Our process is typically initiated through the identification of market demand by the sales function or the discovery of technological opportunities by the research and development team. After product positioning and prior to formal project approval, we undertake comprehensive market and technical analyses, define product specifications, establish process validation protocols, formulate quality assurance plans and determines target cost structures. During the new product development process, particularly at the product positioning stage, senior management including the Chief Executive Officer, is actively involved in decision-making. To ensure effective execution, we form dedicated project teams, comprising both cross-functional teams focused on specific projects and functional groups responsible for maintaining core technical competencies.

Our research and development process mainly includes the following stages:

- ***Market Need Identification and Customer Research:*** We begin an research and development initiative by identifying specific customer problems and market opportunities. Our teams work directly with customers, distributors and industry partners to understand operational challenges and define clear requirements that guide our development priorities.
- ***Technology Assessment:*** We evaluate how our existing proven technologies can be leveraged and combined with new innovations to address identified market needs.
- ***Collaborative Development and Prototyping:*** We execute development through our cross-functional teams that integrate specialists from different areas.
- ***Integration and Testing:*** Our cross-functional teams integrate hardware, software and AI components into complete systems. A demo must be produced from the pilot run for research and development validation and user testing. We validate performance against customer requirements.
- ***Commercialization and Continuous Improvement:*** We transition successful developments to our business unit for market launch, entering into formal mass production phase. We maintain ongoing refinement based on real-world deployment feedback.

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DATA PRIVACY AND SECURITY

Our products come with features that natively supports privacy protection. For example, our millimeter-wave radar technology achieves capabilities such as occupancy detection and posture awareness by detecting point cloud dataset, which means it handles only non-imaging, de-identified data and hence maximize user privacy and data security. Our cameras support a configurable blackout zone feature, allowing users to permanently mask specific private areas so that these regions are never captured, transmitted or stored under any circumstances, ensuring absolute privacy protection at the source.

Our privacy-first approach ensures complete user privacy and data sovereignty through local data processing and strict data control measures. Edge computing allows device data to remain locally processed unless the customers allow data upload. In this case, we take measures to ensure that uploaded data is never transmitted to external servers or shared with third parties. For cloud-based data storage, we apply comprehensive security measures, including encrypted transmission, access control, de-identification of personal data, and data backup mechanisms, to ensure that personal information remains secure and under user control at all times.

Looking forward, we remain dedicated to strengthening our data security framework, prioritizing innovation and adaptability in our practices to meet the growing expectations of data protection in global markets.

Our PRC Legal Adviser is of the view that, as of the Latest Practicable Date, we have been in compliance with the relevant PRC laws and regulations relating to cybersecurity and data protection in all material aspects.

COMPETITION

The markets for IoT products are traditionally characterized by fragmented competition centered around individual devices, features and price-performance trade-offs. However, as the industry transitions from device connectivity to AI-driven spatial intelligence, competition is increasingly shifting from standalone products to integrated systems capable of modeling, understanding and operating physical environments.

We differentiate ourselves by positioning not as a device vendor, but as a provider of a full-stack spatial intelligence operating system. Our platform integrates hardware, edge computing, cloud infrastructure and AI into a unified semantic and execution framework, enabling spaces to function as coherent, adaptive and continuously evolving systems rather than collections of isolated devices.

Unlike traditional vertically integrated solutions that remain closed and device-centric, our architecture combines end-to-end system integration with an open, extensible platform. This approach enhances user experience through seamless orchestration across devices and scenarios, while also enabling developers, system integrators and ecosystem partners to build on top of our platform, expanding functionality and accelerating innovation.

We compete with both domestic and global players across the broader spatial intelligence and smart environment industry. However, we believe the basis of competition is evolving from product-level attributes to system-level capabilities. Key competitive dimensions increasingly include the ability to:

- offer users an extensible range of products and platforms without ecosystem restrictions;
- model physical environments through a unified semantic layer;
- coordinate heterogeneous devices and protocols within a consistent operational framework;
- enable safe, auditable and scalable execution of actions;

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- continuously improve system performance through data-driven feedback loops; and
- deliver integrated, end-to-end user experiences across diverse scenarios.

These system-level capabilities go beyond traditional factors such as product features, price performance, design and distribution, and represent a structural shift in how value is created in the industry.

Our competitive moat is rooted in our integrated architecture of Ontology, Graph, Skills and Telemetry, which enables unified semantic understanding, governed execution and continuous optimization across device, edge and cloud layers. As our platform scales across users, devices and scenarios, the resulting data, deployment experience and ecosystem participation further strengthen our advantage and increase the difficulty of replication.

EMPLOYEES

As of December 31, 2025, we had 941 full-time employees. The following table sets forth the number of our employees by function as of December 31, 2025:

<u>Function</u>	<u>Number of employees</u>	<u>% of total</u>
Research and development	460	48.9%
Marketing	289	30.7%
Supply chain	141	15.0%
Support	51	5.4%
Total	941	100.0%

As of December 31, 2025, 99.3% of our employees were based in the PRC, while our other employees were primarily based in the United States.

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We offer our employees competitive salaries, performance-based cash bonuses and equity-based incentives and create an environment that encourages self-development. We have generally been able to attract and retain qualified personnel and maintain a stable core management team. We also offer comprehensive training and development programs.

As required by PRC laws and regulation, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing provident fund. We are required under the PRC laws to make contributions to employee benefit plans for our PRC-based employees at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. We also purchase commercial health insurance for some of our Directors and key personnel, purchase accidental insurance for some of our production staff and purchase comprehensive travel insurance for our staff during overseas business travel. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted share-based incentive awards to our employees to incentivize their contributions to our growth and development.

We enter into standard labor, confidentiality and non-compete agreements with our employees. The non-compete restricted period typically expires one to two years after the termination of the employment relationship, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

As of the Latest Practicable Date, we had not experienced any significant labor disputes. None of our employees are represented by labor unions.

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PROPERTIES

Our corporate headquarter is located in Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, we leased (i) 20 properties in the PRC with an aggregate gross floor area of approximately 45,510.18 square meters and (ii) one property offshore in the United States, with an aggregate gross floor area of approximately 18.2 square meters, all from Independent Third Parties. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one to five years. The properties we owned or leased are primarily used for production, warehouse or office purposes.

As of the Latest Practicable Date, we had not fully fulfilled our obligation to file our lease agreement with the relevant competent authorities. We had not obtained from certain lessors of our leased properties documents proving their ownership or leasing rights over the relevant premises. In addition, we had not maintained valid lease agreements in respect of the registered addresses of certain of our branches and one office premise of Shenzhen Lumi. We also carried out certain renovation work on one of our leased premises located in Dongguan, without obtaining the requisite construction work permit prior to the commencement of the renovation and without completing the filing for completion inspection.

We believe that the above matters will not have any material adverse effect on our financial condition or results of operations. As of the Latest Practicable Date, we confirm that we had not received any inquiries, penalties or other administrative measures from the relevant authorities in relation to the above matter. See “Risk Factors — Risks Relating to Our Business and Industry — Our leased property interests may be defective, and our right to lease the properties could be challenged due to such defects. Additionally, failure to renew our current leases or locate desirable alternatives could adversely affect our business.”

As of December 31, 2025, we had no owned property interest that formed part of our non-property activities that had a carrying amount of 15% or more of total assets pursuant to Rule 5.01B(2)(b) of the Listing Rules. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties arising from the non-registration of our lease agreements and had not experienced any material dispute arising out of, or in relation to, our leased properties.

INSURANCE

We maintain property insurance for our inventories, vehicles and other assets. We also maintain insurance for Directors’ and officers’ liabilities and product liabilities, and have obtained credit insurance and transportation and third-party logistics insurance for product shipments. These insurance policies cover the risk of damage arising from natural disasters and certain accidents. Most of our insurance policies are subject to standard deductions, exclusions and limitations. We are also required by PRC social insurance laws and regulations to make contributions for social insurance funds for our employees. During the Track Record Period, we provided social insurance, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees in the PRC as required by the PRC laws and regulations and statutorily required insurance coverage for overseas employees.

We believe that our insurance coverage is in line with industry practice in the PRC, including with respect to the terms and coverage of the insurance policies. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. For more information, see “Risk Factors — Risks Relating to Our Business and Industry — Our limited insurance coverage may not cover all losses, which may increase our operational costs.” in this document.

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AWARDS AND RECOGNITIONS

During the Track Record Period, we received numerous awards and recognitions for our technologies as well as our products. Some of the significant awards and recognitions we received are set forth below.

<u>Award year</u>	<u>Awarding institution/authority</u>	<u>Award/Recognition</u>
2026	The Verge	The Verge Awards at CES 2026 (Best smart home device — Smart Lock U400)
2026	WireCutter (NYTimes)	The Best of CES 2026 (Smart Lock U400)
2026	Tom’s Guide	CES 2026 Awards: The top 27 new gadgets (Smart Lock U400)
2025	Ministry of Industry and Information Technology of China	National-Level Specialized and Innovative Key “Little Giant” Enterprise (國家級專精特新重點“小巨人”企業)
2025	Shenzhen Municipal Bureau of Industry and Information Technology	Shenzhen Manufacturing Industry Champion Enterprise Winner — IoT Spatial Perception Sensors
2025	Hurun Research Institute	Hurun Global Unicorn (also awarded in 2022, 2023, 2024)
2025	Sina Home	Golden Quality Award 2024 — Most Trusted and Reliable Brand by Consumers
2025	Computer Bild	Best Smart Lock 2025
2025	CNET	Best Indoor Security Cameras 2025
2025	The Verge	The Best Doorbell Cameras
2025	The Verge	Best Smart Door Locks
2025	Forbes	The Best Smart Locks
2025	Wirecutter	The Best Smart Sensors for Alexa, Apple Home and Google Home
2024	Jiemian News	2024 Home Glory List — Annual Whole House Customization Brand
2024	iF International Forum Design	iF Design Award — Aqara Smart Control Knob V1 UI Interaction
2024	Shenzhen Municipal Human Resources and Social Security Bureau	Postdoctoral Innovation Practice Base
2023	The Verge	The Verge Awards at CES 2023
2023	Fortune	Most Influential IoT Innovation List

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<u>Award year</u>	<u>Awarding institution/authority</u>	<u>Award/Recognition</u>
2023	iF International Forum Design	iF Design Award — Aqara Human Presence Sensor FP2
2023	iF International Forum Design	iF Design Award — Aqara Smart Curtain Companion E1
2023	Ministry of Industry and Information Technology	National Industrial Design Center
2023	Shenzhen Municipal Ecology and Environment Bureau	Top Ten Green and Low-Carbon Cases

LICENSES, CERTIFICATES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, except as disclosed in this document we had obtained all requisite licenses, certificates and permits from the relevant authorities that are material to our operations in China. We are required to renew such licenses, permits, approvals and certificates from time to time, and we do not expect any material legal obstacles in such renewal once the relevant documents are submitted as required by the relevant government authorities.

In addition, during the Track Record Period and up to the Latest Practicable Date, except as disclosed in this document we had obtained all material licenses, certificates and permits necessary to conduct our business in all relevant jurisdictions. We do not expect any material legal obstacles in renewing our licenses, certificates and permits, as necessary, from time to time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Since our inception, energy efficiency and low carbon have been embedded in our corporate DNA, shaping our strategy, products and technologies. Our business is inherently aligned with the decarbonisation objective. The human-centric spatial intelligence infrastructure we build orchestrates various scenarios such as intelligent dimming and smart temperature control to achieve optimization of energy use. As a result, we achieve reduction of energy consumption and carbon emissions while maintaining comfort and efficiency. As a case in point, our headquarters building project was honored as one of the “Top Ten Green and Low-Carbon Projects in Shenzhen” at the United Nations Framework Convention on Climate Change, which recognized our achievement of 20%–40% reduction in energy consumption in the office setting. In addition, a key technology of our sensors is ultra-low-power consumption with roughly one-third the power consumption of typical products, meaningfully advancing energy efficiency and low carbon objectives. We acknowledge our environmental protection and social responsibilities and are aware of the energy, climate-related and workplace safety issues that may impact our Group’s business operations. We are fully committed to integrating the principles of sustainable development into our daily operations and decision-making processes. We are committed to complying with ESG reporting requirements upon [REDACTED].

ESG Governance

To implement ESG development principles and provide organizational assurance for the conduct of ESG management, we have established a three-tier ESG governance structure with defined responsibilities at each level, comprising the ESG Management Committee, ESG Secretariat, and ESG Working Group.

The Board of Directors serves as the highest decision-making body for the Group’s ESG matters. The ESG Management Committee is responsible for (a) establishing oversight and management mechanisms for ESG-related compliance; (b) monitoring and analyzing ESG laws, regulations, and policies; (c) identifying,

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overseeing, and managing material ESG-related risks and opportunities, including climate-related matters; (d) reviewing the Group’s overall climate-related strategies and policies; and (e) evaluating the Group’s ESG performance and providing recommendations.

The ESG Secretariat operates under the ESG Management Committee as the central coordinating body, responsible for facilitating communication between the ESG Management Committee and the Working Group, implementing ESG Management Committee directives, maintaining Group ESG records, and overseeing the collection, consolidation, and timely regulatory disclosure of ESG performance data.

The ESG Working Group serves as the executive body for ESG implementation, responsible for driving the execution of ESG initiatives, monitoring progress, and regularly consolidating and reporting on the performance of ESG topics managed by respective departments.

Environment

Addressing climate change and minimizing environmental impact are critical to achieving a sustainable future. To identify and manage environmental factors arising from our operational activities, the Group has established “The Protocol of Environmental Factor Identification and Assessment Management” and the “Environmental Factor Identification and Evaluation Form”.

While our operations, focused on R&D, are not within a highly polluting industry. In the product development process, we prioritize materials and components with better environmental compatibility. To enhance resource efficiency and achieve sustainable development, we select materials that are easy to recycle, reuse, or degrade. During the Track Record Period and up to the Latest Practicable Date, we had not received any fines or penalties associated with the breach of any environmental laws or regulations.

Greenhouse Gas (GHG) Emissions

GHG emissions data during the Track Record Period is as follow:

GHG emissions	Unit	Year ended December 31,		
		2023	2024	2025
Scope 1 emissions	kg	15,941	11,848	22,644
Scope 2 emissions	kg	589,838	647,211	583,625
Scope 3 emissions	kg	206,860	150,807	377,275
Total GHG emissions (Scope 1+2)	kg	605,779	659,059	606,269
Total GHG emissions intensity (Scope 1+2)	kg/RMB’000	0.42	0.44	0.42
Total GHG emissions (Scope 1+2+3)	kg	812,639	809,865	983,544
Total GHG emissions intensity (Scope 1+2+3)	kg/RMB’000	0.56	0.55	0.67

Notes:

- Scope 1 refers to direct emissions from fuel consumption and company vehicles, which are minimal due to our R&D-focused operations.
- Scope 2 refers to indirect emissions from purchased electricity used in our facilities.
- Scope 3 refers to indirect emissions within our value chain, including those from operational waste and business travel.

Hazardous and Non-Hazardous Waste

To standardize the collection, classification, transportation and temporary storage of solid waste, the Group has formulated the “Solid Waste Management Regulations”, “Solid Waste Classification List” and “Hazardous Waste Treatment Registration Form”.

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During the Track Record Period, our operations generated both non-hazardous and hazardous waste, mainly general office waste. Among these, non-hazardous waste consists primarily of paper, while hazardous waste mainly includes used batteries and used toners. We have systematically recorded and managed the waste streams. Non-hazardous waste is uniformly collected in recyclable bins, and hazardous waste is handed over to the property management company for centralized recycling and disposal twice a year. Due to our business model, our hazardous and non-hazardous waste discharges are limited.

Hazardous and non-hazardous waste data during the Track Record Period is as follow:

Waste	Unit	Year ended December 31,		
		2023	2024	2025
Total Hazardous Waste	kg	20	11	20
Total Hazardous Waste Intensity	kg/RMB'000	0.000014	0.000007	0.000014
Recycled Hazardous Waste (from the above total)	kg	20	11	20
Total Non-Hazardous Waste	kg	1,210	1,824	2,283
Total Non-Hazardous Waste Intensity	kg/RMB'000	0.001	0.001	0.002

Packaging Materials

As a research and development-oriented enterprise, we will continue to invest in innovation and R&D, seeking new production methods, packaging materials and transportation methods to promote low-carbon technologies and sustainable development solutions and reduce GHG emissions.

Our packaging materials mainly consist of product boxes and outer cartons, both of which are paper-based and bear a recyclable label. Packaging consumption data during the Track Record Period is as follow:

Packaging Consumption	Unit	Year ended December 31,		
		2023	2024	2025
Total Packaging Consumption	kg	142	165	128

Energy Consumption

We actively implement strategies to enhance energy efficiency. Meanwhile, we have implemented the “Regulations on Energy Conservation and Consumption Reduction Management” to enhance employees’ awareness of energy conservation, improve energy utilization efficiency, and achieve energy conservation and consumption reduction.

We care about electrical safety and implement the “Regulations on Safe Electricity Use Management”. We encouraged employees to conserve energy and reduce emissions, actively promoting green office practices in daily operations.

- Lighting system optimization: used energy-efficient LED lighting, significantly reducing energy consumption for illumination.
- Reasonable use of air conditioners: The indoor cooling temperature in summer should not be lower than 26°C. It is advocated to turn off the air conditioner half an hour before leaving work.

Electricity consumption data during the Track Record Period is as follow:

Electricity Consumption	Unit	Year ended December 31,		
		2023	2024	2025
Total Electricity Consumption	KWh	1,524,522	1,672,812	1,508,465
Total Electricity Consumption Intensity	KWh/RMB'000	1.05	1.13	1.03

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Fresh Water Consumption

Municipal water supply networks are the main incoming source of water, and the Group implements the “Domestic Water Management System” to ensure the healthy and safe use of water for employees. The Group did not encounter major difficulties seeking suitable water sources during the Track Record Period.

We are committed to mitigating or minimizing the adverse environmental impacts resulting from our operations. To achieve our goal of sustainable development, we have already implemented the following environmentally friendly measures:

- Strengthen the daily inspection, maintenance, and management of water-using equipment, and promptly address any incidents of leakage, spillage, dripping, or leaking.
- Reduce the use of bottled water.
- The Human Resources and Administration Center has strengthened the promotion of water conservation. Any waste of water will be criticized and punished.

Fresh water data during the Track Record Period is as follow:

<u>Water Consumption</u>	<u>Unit</u>	<u>Year ended December 31,</u>		
		<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Fresh Water Consumption	m ³	11,690	11,129	10,840
Total Fresh Water Consumption Intensity	m ³ /RMB'000	0.008	0.007	0.007

Targets

We have set the following specific ESG-related targets:

<u>Strategy theme</u>	<u>Reduction targets by 2026</u>	<u>Reduction targets by 2030</u>
GHG Emission reduction	Based on the year 2025, 0.5% reduction in the GHG emission intensity per RMB'000	Based on the year 2023, 20% reduction in the GHG emission intensity per RMB'000
Electricity consumption reduction	Based on the year 2025, 0.5% reduction in the electricity consumption reduction in intensity per RMB'000	Based on the year 2023, 20% reduction in the electricity consumption reduction in intensity per RMB'000
Water consumption	Based on the year 2025, 0.5% reduction in the water consumption intensity per RMB'000	Based on the year 2023, 20% reduction in the water consumption intensity per RMB'000
Wastes discharge	Based on the year 2025, 0.5% reduction in the waste intensity per RMB'000	Based on the year 2023, 20% reduction in the waste intensity per RMB'000

Climate Change Risks and Opportunities

We recognize that climate-related issues pose varying degrees of threats to our operations while simultaneously presenting new opportunities. The climate-related risks that we have identified can be categorized into two primary types: physical risks and transition risks.

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Physical risk refers to the risks related to the physical impacts of climate change, including acute risks and chronic risks. In terms of acute risks, our operations are confronted with personal risks brought about by extreme weather events such as typhoons, heavy rain and floods. These accidents have a particularly severe impact on coastal facilities and may lead to power outages and work stoppages. In terms of chronic risks, we are confronted with the long-term risk of climate change. The continuous high temperatures caused by global warming may increase the energy consumption of our cooling equipment, thereby raising operating costs.

Transition risk refers to medium and long-term financial risk related to the shift towards a lower-carbon economy, for example, changes in climate-related policies and regulations, technological changes, or a change in market sentiment. If we fail to meet the market’s demand for high-efficiency and low-carbon products in a timely manner, it may lead to customer loss and a decline in operating performance.

We also recognize that climate change may create opportunities for our business operations and financial performance when we endeavor to mitigate and adapt to it. Specifically, these opportunities cover these dimensions: resource efficiency, product and service innovation, and market expansion. To seize such opportunities, we are committed to developing low-power consumption systems [and products]. Currently, we have developed energy efficiency-focused low-power consumption systems, which are not only sold externally but also adopted within our Group. These systems and related products are expected to reduce our operating costs, enhance our market competitive position, and help us capitalize on shifting preferences of consumers and producers.

The Group is committed to the work of green and low-carbon transition, implements the “Green and Low-Carbon Enterprise Management System”, the “Green and Low-Carbon Enterprise Creation Goals and Plans”, “Emergency Preparedness and Response Control Procedure”, and “Emergency Plan”. By installing intelligent sensors, replacing energy-saving equipment, and introducing advanced smart energy management systems, real-time monitoring and statistical analysis of energy consumption can be achieved, key energy-consuming links can be identified, and targeted energy-saving measures can be taken.

During the Track Record Period, we obtained the “Green and Low-Carbon Enterprise Certificate”, “Carbon Neutrality Verification Statement”, “Seventh Batch of National Green Products”, “2023 New Domestic Brand Cool Top 10 ESG Special Contribution Award” and “Top 10 Green and Low-Carbon Cases in Shenzhen”.

Corporate Social Responsibility

Employment

We strictly comply with relevant laws and regulations, including “the Labor Law of the PRC (《中華人民共和國勞動法》)”, “the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》)” and “the Regulation on the Implementation of the Employment Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》)”. To ensure the legality and compliance of our employment practices, we have formulated a set of policies, including the “Recruitment Management System”, “Employee Handbook”, “Leave Management System” and “Regulations on Employee Business Administration”.

We are committed to creating a diverse, fair and inclusive working environment, refusing to employ children, providing all employees with equal employment opportunities and fair treatment. We never tolerate any actions, remarks, jokes, or comments targeting an individual’s gender, race, skin color, religion, belief, nationality, ethnicity, age, disability, sexual orientation, gender identity, or any other legally protected personal characteristics. As of June 30, 2025, we have 534 male employees and 328 female employees.

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We offer our employees competitive salaries, performance-based cash bonuses and equity-based incentives and create an environment that encourages self-development. We offer comprehensive training and development programs, and have established a complete training system, organized external training, and provided subsidies for employees to enhance their professional capabilities or academic qualifications.

Workplace Safety and Benefit

We place first aid kits across our Group premises. This ensures employees can access essential medical supplies promptly in the event of an injury, thereby preventing the aggravation of conditions or delays in treatment.

We focus on employee care. We participate in various employee social security plans that are organized by municipal and provincial governments, purchase commercial health insurance for certain of our Directors and key personnel, provide accident insurance for certain of our production staff, and purchase comprehensive travel insurance for our staff during overseas business trips. We also provide annual physical examinations for employees, hold activities for traditional festivals, distribute birthday benefits, and organize club activities from time to time.

Supplier Management

We place great importance on supply chain management and have formulated policies such as the “Procurement Control Procedure”, “Bidding and Tendering Management System”, “Supplier QCDS Assessment and Evaluation Operation Method”, “Management Control Procedure Document for the Introduction of Production Suppliers”, and “Comprehensive Procurement Supplier Management System”. We have developed and maintained relationships with some of the most reputable and trusted suppliers. We conduct QCDS assessments and scoring for suppliers, publish the Environment, Health, and Safety impact reports for suppliers, and standardize the processes for the development, introduction and optimization of suppliers to ensure the timelines and availability of materials and products delivered by suppliers. We require suppliers to comply with our internal policies and industry best practices, including environmental, safety standards and social responsibility requirements.

Service and Product Quality

We are committed to providing customers with high-quality products and services, and place great importance on listening to their voices. We have formulated the “Customer Complaint Handling Process Control Procedure Document” and the “Customer Service Department Quality Inspection Standards” to enhance the quality of customer service and continuously improve customer satisfaction. During the Track Record Period, we have received awards such as “Sunflower Award 2025”, “Brand Trusted by Consumers for Safe Delivery in 2024”, “National Industrial Design Center”, and “The Ambient Best in Show CES 2025”.

Anti-corruption

We sign the “Integrity Commitment Letter” with employees, the “Business Integrity Contract” and the “Sunshine Integrity Agreement” with our partners. We strictly prohibit bribery, extortion, fraud, money laundering and other immoral behaviors, such as illegally accepting or demanding commissions or other improper benefits.

We have established an anti-fraud and reporting management system, implementing the “Internal Control and Compliance Management System of the Supply Chain Center”, “Anti-Money Laundering Management Measures”, and “Internal Reporting Management Regulations”, and clearly defined the specific responsibilities of each department and individual in the anti-corruption work.

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LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. See “Risk Factors — Risks Relating to Our Business and Industry — Our business may suffer as a result of adverse outcomes of current or future litigation and regulatory actions, including with respect to anti-competitive practices.”

During the Track Record Period and up to the Latest Practicable Date, there had been no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

Third-Party Payment Arrangements

Background

During the Track Record Period, certain of our distributors (the “**Relevant Customers**”) have settled payments with us through third-party payers (such payer(s), the “**Third-Party Payer(s)**,” and such arrangement(s), the “**Third-Party Payment Arrangement(s)**”). Our Third-Party Payment Arrangements arose solely from the transactions in the Aqara Online Order Mall (which is a website we built to facilitate contracted distributors’ ordering) via “Alipay”, a payment platform with real-name verification.

The Third-Party Payment Arrangement(s) primarily include settlement by representatives within the same group of the Relevant Customers. In 2023, 2024 and 2025, there were 491, 471 and 387 Relevant Customers, respectively, and the aggregate amount of Third Party Payment Arrangement was RMB50.3 million, RMB42.2 million, and RMB27.8 million, representing approximately 3.5%, 2.8% and 1.9% of our total revenues, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had not initiated any Third-Party Payment Arrangements, but only accepted the Third-Party Payments paid by the Third-Party Payers via Alipay. In addition, during the Track Record Period and up to the Latest Practicable Date, we have not provided any discount, commission, rebate, or other benefits to any of the Relevant Customers or the Third-Party Payers to facilitate or encourage the Third-Party Payment Arrangements. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date: (i) all settlements under Third-Party Payment Arrangements were based on genuine transactions and valid contracts; (ii) settlement amounts under Third-Party Payment Arrangements matched the relevant transaction amounts; (iii) we are not aware of any commercial bribery, money laundering or tax evasion related to such Third-Party Payment Arrangements; (iv) no Relevant Customer claimed any interest in payments made or received through Third-Party Payment Arrangements; (v) we did not encounter refund requests, disputes or material claims related to Third-Party Payment Arrangements; and (vi) we had not been subject to any investigation, enquiries, or administrative penalties by the relevant government authorities with respect to the Third-party Payment Arrangements. As advised by our PRC Legal Adviser, based on the foregoing, our acceptance of payments through the Third Party Payment Arrangements do not violate any mandatory provisions of applicable PRC laws and regulations.

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Reasons for Third-Party Payment Arrangement

All of the Third-Party Payment Arrangements took place in the PRC and substantially all of the Relevant Customers and Third-party Payers are located in China. According to Frost & Sullivan, it is a common commercial practice for distributors in the PRC to settle payments with providers of spatial intelligence products and solutions through third-party payers. Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers utilized Third-Party Payment Arrangements primarily because:

- some Relevant Customers in the form of small and medium-sized corporate entities or sole proprietorship enterprises sought to minimize the inconvenience of using corporate accounts to allow for more operational flexibility, and Alipay is widely used as a payment tool in the PRC; and
- it is in line with the internal financial management practices of some Relevant Customers, especially for some small and medium-sized corporate entities or sole proprietorship enterprises to use the accounts of certain affiliated persons such as their legal representatives or actual controllers (and/or their family members for their operation efficiency).

None of the Relevant Customers had ranked among our top five largest customers or had individually made material contributions to our revenue during the Track Record Period. All of the Relevant Customers and the Third-party Payers are Independent Third Parties.

Rectification Measures for Third-Party Payment Arrangements

To safeguard our Group’s interest against risks associated with Third-Party Payment Arrangements, the following rectification measures have been adopted by our Group

- ***Updated Aqara Online Order Mall Usage Agreement:*** We have updated our Aqara Online Order Mall Usage Agreement, which forms part of the distributor agreement, which now requires acceptance upon signing of the distributor agreement and login or registration of the Aqara Online Order Mall, treats login with registered credentials as binding authorization, and obliges payers to warrant that funds are lawful, authorized and not connected to bribery, tax evasion, fraud or money-laundering. In addition, any tax, legal or regulatory consequences of third-party payments are borne by the payer, and purchases cannot proceed unless the updated agreement is confirmed.
- ***System settings to prevent unauthorized third-party payments:*** Customers must submit verified corporate details and declare the payment account. If the paying account is not in the contractual counterparty’s name, tightly limited authorizations (such as legal representative or shareholder) and additional authorization documents are required. Third-party payments are subject to a pre-approval risk control process, with joint approval required from sales, finance and legal departments. When negotiating contracts with customers, the sales department must clearly inform them of our Company’s requirements regarding third-party payments and collect the “Third-Party Payment Declaration Letter” with supporting documents evidencing the relationship with the third-party payer. The sales department should also advance the approval process for third-party payments and handle the relevant archiving. The finance department is responsible for verifying whether the payer name on received payments matches the approved third-party payment information. If there is a mismatch, the finance department must immediately notify the sales department to contact such customer for written clarification and confirmation for discrepancies, and process refunds when necessary. The legal department shall review and assess third-party payment applications submitted by customers.

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- ***Improvement of internal control procedures:*** The Cash Management Policy has been strengthened to document permitted third-party payment scenarios and reporting so as to ensure the integrity of our system settings.

As of the Latest Practicable Date, we had implemented the Rectification Measures and had rectified substantially all Third-Party Payment Arrangements.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Directors believe that internal control procedures and risk management are crucial to our business development and success. In order to strengthen our internal control procedures and risk management system to better safeguard the interests of our Shareholders, we have adopted enhanced internal control and risk management measures as follows:

We have engaged an internal control consultant to evaluate the effectiveness of our internal controls related to our business processes, identify areas of improvement, propose remedial measures, and review the implementation of these measures. The scope of the internal control review encompasses entity-level controls and business process level controls, including (i) sales of products, and account receivables management and collection, (ii) procurement, and account payables management and payment, (iii) inventory management, (iv) production management, (v) human resource and payroll, (vi) funds, investments and financing, (vii) research and development, (viii) compliance and ESG, (ix) insurance, (x) financial reporting and disclosure controls, (xi) taxes, (xii) distributor management and (xiii) intellectual property and patent management.

We maintain risk management policies and procedures designed to mitigate the impact of fluctuations in foreign exchange rates and raw material costs on our operations and financial results. These measures include monitoring exposures across currencies and raw materials, diversifying suppliers and procurement sources and optimizing inventory and purchasing strategies. Our risk oversight framework includes defined limits, periodic stress testing and regular management reporting to support timely decision-making.

Taking into consideration the adoption and implementation of the above-mentioned internal control procedures and risk management measures, our Directors are of the view that our enhanced internal control and risk management system is adequate and effective to address various potential risks identified in relation to our business.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of 9 Directors, including 4 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors.

The table below sets our information in respect of our Directors.

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Date of appointment as Director</u>	<u>Position(s) for the current tenure in our Company</u>	<u>Roles and responsibilities</u>
<i>Executive Directors</i>					
Mr. Eugene Yanjun You	63	Since inception	April 10, 2015	Chairman of the Board, executive Director and Chief Executive Officer	Responsible for strategic vision, technology development and business planning of our Group
Dr. Zhen Lin	49	April 1, 2021	August 28, 2021	Vice Chairman of the Board, executive Director and President	Responsible for corporate management and business operations of our Group
Ms. Li Kong	44	January 16, 2019	October 28, 2020	Executive Director and Senior Vice President	Responsible for the research and development of our Group
Ms. Cathy Chenxi You	38	March 19, 2019	March 22, 2023	Executive Director and Senior Vice President	Responsible for the overseas marketing and business development of our Group
<i>Non-executive Directors</i>					
Mr. Jun Yang	45	October 23, 2019	October 23, 2019	Non-executive Director	Providing guidance and advice to the Board on the corporate and business strategies
Mr. Wen Jiang	40	March 21, 2022	March 21, 2022	Non-executive Director	Providing guidance and advice to the Board on the corporate and business strategies
<i>Independent non-executive Directors</i>					
Mr. Tianyu Jiang	40	March 26, 2026	March 26, 2026	Independent non-executive Director	Responsible for supervising and providing independent advice to the Board
Ms. Nan Shen	41	March 26, 2026	March 26, 2026	Independent non-executive Director	Responsible for supervising and providing independent advice to the Board

DIRECTORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Date of appointment as Director</u>	<u>Position(s) for the current tenure in our Company</u>	<u>Roles and responsibilities</u>
Mr. Xueyin Zhong	41	March 26, 2026	March 26, 2026	Independent non-executive Director	Responsible for supervising and providing independent advice to the Board

DIRECTORS

Our Board consists of 9 Directors, comprising 4 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board’s work at our Shareholders’ meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles of Association.

Executive Directors

Mr. Eugene Yanjun You (游延筠)

Mr. Eugene Yanjun You, aged 63, is the founder, the Chairman of the Board, an executive Director and the Chief Executive Officer of our Company. He is principally responsible for strategic vision, technology development and business planning of our Group. Mr. You is the father of Ms. Cathy Chenxi You, our executive Director.

He founded our Group and has served as our chairman and chief executive officer since then, where he is responsible for strategic planning, overall business management, technology roadmap and product strategy, key talent development and major external partnerships.

Prior to founding our Group, Mr. You served as a Technical and Engineering Manager at EnOcean Inc. from January 2008 to March 2011. Before that, he worked as an engineer at Trulite Inc. and Rio Tinto prior to January 2008. Earlier in his career, Mr. You held academic positions as a university lecturer at South China University of Technology, Guangdong University of Education, and Guizhou Education University before November 1996.

Dr. Zhen Lin (林震)

Dr. Zhen Lin, aged 49, is the Vice Chairman of the Board, an executive Director, and President of our Company. He is principally responsible for corporate management and business operations of our Group.

Dr. Lin joined the Group in April 2021, acting as the vice chairman and president of Shenzhen Lumi. He is principally responsible for the Group’s overall business and management, including strategic planning, business operations and team management.

Prior to joining the Group, Dr. Lin served in Oriental Pearl Group Co., Ltd. (東方明珠新媒體股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600637) from March 2017 to February 2021, with his last position as a senior vice president. Before February 2017, he was a vice president at Beijing Xiaomi Electronics Co., Ltd. (北京小米電子產品有限公司) and the chief operating officer and chief sales officer at China Internet TV (中國互聯網電視). Dr. Lin was appointed as a professor for the Master of International Business (MIB) program at the School of Business, Renmin University of China in June 2021.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Lin obtained a Doctor of Management degree from The Hong Kong Polytechnic University in October 2013, and a Master of Business Administration degree from the University of Canberra in December 2007.

Ms. Li Kong (孔麗)

Ms. Li Kong, aged 44, is an executive Director and a Senior Vice President of our Company. She is principally responsible for research & development of our Group. She has served as senior vice president of the Group since May 2022 and was previously vice president from December 2019 to May 2022 and project director of the Group from January 2019 to December 2019.

Prior to joining the Group, Ms. Kong was a project leader for wearable products at Kuaishou Technology, a company listed on the Stock Exchange (stock code: 1024) from June 2017 to December 2018. From October 2011 to May 2017, she served as a department manager at JRD Communication (Shenzhen) Ltd (捷開通訊(深圳)有限公司). Between August 2010 and October 2011, she was a senior project manager at Rolling Wireless Communication Technology (Shenzhen) Ltd (銳凌無線通訊科技(深圳)有限公司). From February 2009 to July 2010, she was a project manager at IBM Technology (Shenzhen) Co., Ltd.

Ms. Kong obtained a master’s degree in software engineering at Nanjing University in March 2014, and obtained a bachelor’s degree in English (International Trade) at Nanjing University of Aeronautics and Astronautics in June 2004.

Ms. Cathy Chenxi You (游晨希)

Ms. Cathy Chenxi You, aged 38, is an executive Director and a Senior Vice President of our Company. She is responsible for the overseas sales of the Group. Ms. You is the daughter of Mr. Eugene Yanjun You. She joined the Group in March 2019 and is responsible for the Group’s international sales and branding functions, including annual overseas sales strategy formulation, sales target delivery, channel development and management, and the planning and execution of international brand strategy. She also serves concurrently as senior vice president at Aqara, LLC in New York, where she is responsible for overseeing all sales and marketing activity for the international market.

Prior to joining the Group, Ms. You served with her last positions as a senior manager and Deputy Chief of Staff, Strategy and Transformation at Samsung Electronics America from 2018 to 2019, where she led firm-wide strategic initiatives related to digital transformation and direct-to-consumer strategy. From 2013 to 2016, she worked at Razorfish (a subsidiary of Publicis Groupe) as a director of data sciences focusing on digital marketing measurement and consulting in New York. From 2012 to 2013, she was an investment analyst in the Market Strategies Strategic Investments group at J.P. Morgan Investment Bank, and from 2010 to 2012 she worked at Citigroup Investment Banking Division as an analyst in New York.

Ms. You obtained a Master of Business Administration degree from Harvard Business School in the United States in May 2018 and a Bachelor of Arts degree from Cornell University in the United States in May 2010.

Non-executive Directors

Mr. Jun Yang (楊俊)

Mr. Jun Yang, aged 45, has been a director of our Group since October 23, 2019. He is responsible for overseeing board affairs and providing strategic advice and guidance on the Group’s business matters.

He has served as a director of Peijia Medical, a company listed on the Stock Exchange (stock code: 9996) since August 12, 2020. Prior to joining the Group, Mr. Yang accumulated experience in

DIRECTORS AND SENIOR MANAGEMENT

finance. He served with his last position as a credit analyst (executive director level) at SCLOWY from October 2009 to August 2011. He then joined Far East Horizon Limited, a company listed on the Stock Exchange (stock code: 3360) and successively served as general manager assistant, deputy general manager and general manager of the investment department at Far East International Financial Leasing Co., Ltd. from August 2011 to April 2016, where he led equity investment activities and departmental team management. Since June 2016, he has been a managing director of Grand Flight Investment Management Co., Ltd. (遠翼投資管理有限公司), a private equity fund manager, where he is responsible for corporate strategy, management and investor relations, participates as a key decision-maker in the funds' equity investments and oversees overall performance and compliance operations.

Mr. Yang obtained a bachelor's degree in electrical and electronic engineering from Nanyang Technological University in June 2004 and a Master of Business Administration degree from Institut Européen d'Administration des Affaires (INSEAD) in December 2007.

Mr. Wen Jiang (蔣文)

Mr. Wen Jiang, aged 40, has been a director of our Company since March 21, 2022. He is responsible for board governance matters and provides strategic guidance on ecosystem collaboration, strategic investment and corporate development.

Prior to joining the Group, Mr. Jiang served as a director in Beijing Roborock Technology Co., Ltd. (北京石頭世紀科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688169) from May 18, 2020 to December 1, 2023; and as a director in Dong Yi Ri Sheng Home Decoration Group Co., Ltd. (東易日盛家居裝飾集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002713) from April 15, 2021 to August 4, 2023. He then joined Xiaomi Group in September 2014, serving in the strategic investment department through January 2025, rising to partner and leading investments in consumer technology and ecosystem partners. He has served as the head of the ecosystem cooperation management department at Xiaomi Group since January 2025, and has also acted as the head of the innovative products department since March 2026, overseeing ecosystem partnership and products strategy, investment collaboration and post-investment value creation.

Mr. Jiang obtained a master's degree in Chinese linguistics and language acquisition from The Chinese University of Hong Kong in December 2009.

Independent non-executive Directors

Mr. Tianyu Jiang (江天宇)

Mr. Tianyu Jiang, aged 40, was appointed as an independent non-executive Director of our Company on March 26, 2026.

Mr. Jiang has more than 16 years of experience in investment banking and corporate finance, with a focus on the technology and artificial intelligence sectors. Mr. Jiang worked at Nomura International as an investment banking analyst from August 2009 to April 2011 and at Morgan Stanley as an investment banking associate from May 2011 to May 2016. Since September 2016, Mr. Jiang held senior corporate finance positions at several technology companies. Mr. Jiang worked at Vigo Hong Kong Investment Limited, which is a subsidiary of Chong Sing Holdings FinTech Group Limited (中新控股科技集團有限公司), a company formerly listed on the Stock Exchange (stock code: 8207), from September 2016 to February 2018, where he was an assistant vice president of corporate finance. He then served as a director at Megvii Technology (HK) Limited (曠視科技有限公司) from February 2018 to February 2021. From March 2021 to May 2023, he served as a senior director of investment and financing at Beijing AI Chip Technology Limited (北京愛芯科技有限公司), which is a subsidiary of Axera Semiconductor Co., Ltd (愛芯元智半導體股份有限公司), a company listed on the Stock Exchange (stock code: 600). From May 2023 to July 2024, he

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was a vice president of strategy, investment and financing at Beijing Xiaobing Hongmian Technology Ltd (北京小冰紅棉科技有限公司). From September 2024 to December 2025, Mr. Jiang served as the chief financial officer of PixelBloom (Beijing Biscuit Technology Co., Ltd.) (北京餅乾科技有限公司). Since December 2025, he has served as the chief financial officer of Elehear Intelligence (Hong Kong) Co., Limited.

Mr. Jiang obtained a bachelor’s degree in international economics and trade from Beijing Institute of Technology in July 2007 and a Master of Arts degree from New York University in May 2009. He has been pursuing a finance EMBA at Tsinghua University PBC School of Finance since September 2023.

Ms. Nan Shen (沈楠)

Ms. Nan Shen, aged 41, was appointed as an independent non-executive Director of our Company on March 26, 2026.

Prior to joining our Group, Ms. Shen worked as an auditor at the audit department at PricewaterhouseCoopers from October 2009 to September 2011. From October 2011 to January 2012, she worked at Dalian Port & Shipping Industry Fund. From February 2012 to November 2017, Ms. Shen rejoined PricewaterhouseCoopers, and her last position was audit manager. From November 2017 to November 2018, she served as the chief financial officer at China Sino Edu, which runs its domestic entity in Shandong Yingcai University (山東英才學院), a company primarily engaged in university degree education. Since December 2018, she has joined Gaotu Techedu Inc. (高途教育科技有限公司), a technology-driven education company listed on the New York Stock Exchange (stock code: GOTU), focused on promoting lifelong learning through AI-powered solutions, as chief financial officer and senior vice president at Beijing Gaotu Yunji Education Technology Co., Ltd. (北京高途云集教育科技有限公司), mainly responsible for overseeing the company’s financial operations. Since October 2023, Ms. Shen has served as an independent director at So-Young International Inc., an aesthetic treatment platform company listed on the Nasdaq (stock code: SY). Since August 2025, she has served as an independent director at Cofoe Medical Technology Co., Ltd, a company listed on the Shenzhen Stock Exchange (stock code: 301087).

Ms. Shen received her bachelor’s and master’s degrees in financial management from Dongbei University of Finance and Economics in June 2006 and December 2008, respectively. She further obtained her executive master of business administration (EMBA) degree from Tsinghua University in June 2025. She passed all the required subjects of the National Uniform CPA Examinations of the PRC in January 2012.

Mr. Xueyin Zhong (鍾雪垠)

Mr. Xueyin Zhong, aged 41, was appointed as an independent non-executive Director of our Company on March 26, 2026.

Mr. Zhong is experienced in securities regulation and capital market. Prior to joining our Group, Mr. Zhong had been the general counsel and joint company secretary of Caocao Inc. (stock code: 02643) from November 2022 to November 2025. Before joining Caocao Inc., Mr. Zhong worked as a counsel in O’Melveny & Myers LLP from May 2021 to October 2022, an associate in Skadden, Arps, Slate, Meagher & Flom LLP’s Hong Kong and Beijing office from September 2014 to April 2021, and a foreign attorney in TMI Associates’ Tokyo Office from April 2011 to June 2013. During his career, Mr. Zhong has assisted more than 20 companies to raise billions of US dollars from public capital markets in the United States and Hong Kong.

Mr. Zhong received his bachelor’s degree in law from Wuhan University in June 2007, master’s degree in law from The University of Tokyo and New York University School of Law in March 2011 and May 2014, respectively. He is a Chartered Financial Analyst and qualified to practice law in New York state of the United States and the People’s Republic of China.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company.

Name	Age	Date of joining our Group	Date of appointment as senior management	Position(s) for the current tenure in our Company	Roles and responsibilities
Mr. Eugene Yanjun You	63	Since inception	Since inception	Chairman of the Board, executive Director and Chief Executive Officer	Responsible for strategic vision, technology development and business planning
Dr. Zhen Lin	49	April 1, 2021	April 1, 2021	Vice Chairman of the Board, executive Director and President	Responsible for corporate management and business operations
Ms. Li Kong	44	January 16, 2019	December 6, 2019	Executive Director and Senior Vice President	Responsible for the research and development
Ms. Cathy Chenxi You	38	October 23, 2019	October 23, 2019	Executive Director and Senior Vice President	Responsible for the overseas marketing and business development
Ms. Jiangbo Peng	43	January 15, 2018	December 26, 2019	Senior Vice President	Responsible of sales in China and overall supply chain management of the Group
Mr. Jie Zhou	47	September 22, 2025	September 22, 2025	Vice President	Responsible for overseeing the Group’s financial strategy, treasury, and overall financial operations of the Group

Note:

For the biographies of our executive Directors, see “— Directors — Executive Directors” in this section.

Ms. Jiangbo Peng (彭江波)

Ms. Jiangbo Peng, aged 43, is a senior vice president of our Company. She is responsible for sales in China and overall supply chain management of the Group.

Ms. Peng joined the Group in January 2018 as human resources director and was promoted to vice president in December 2019, overseeing the human resources and administration functions through December 2020. From January 2021 to April 2022, she led the door lock business unit and the Xiaomi business center. Between May 2022 and July 2022, she was responsible for the supply chain center and the Xiaomi business center, and from August 2022 to March 2023, she oversaw the 2C marketing center and the supply chain center in addition to the Xiaomi business center.

Prior to joining the Group, Ms. Peng worked at ORVIBO Co., Ltd. from November 2014 to June 2017. Earlier in her career, she worked at Philips Domestic Appliance&Personal Care Co. Ltd Zhuhai S.E.Z from September 2005 to February 2011 as assistant to the general manager and senior HR business partner.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Peng obtained a bachelor’s degree in journalism from Xiangtan University in June 2003 and completed the postgraduate program in psychology from the Zhuhai campus of Beijing Normal University in July 2014.

Mr. Jie Zhou (周捷)

Mr. Jie Zhou, aged 47, is a vice president of our Company. Mr. Zhou joined the Group in September 2025 and is responsible for overseeing the Group’s financial strategy, treasury, and overall financial operations.

Mr. Zhou has gained extensive financial experience in the corporate sector. He joined Tencent Group in October 2016, where he first worked in the finance management of Mobile Internet Business Group and later served as a vice general manager of financial management at Tencent Music Entertainment Group, a company listed on the Stock Exchange (stock code: 1698) and listed on the New York Stock Exchange (stock code: TME), until October 2021. Subsequently, he was the Finance Director of Shenzhen Moshi Technology Limited from November 2021 to December 2023.

Mr. Zhou obtained a Master of Science degree from Vanderbilt University in August 2002 and a bachelor’s degree from Shanghai Jiaotong University in June 2000. He is a Fellow of the Association of Chartered Certified Accountants (FCCA).

Save as disclosed above, each of our Directors and senior management members confirms with respect to himself or herself that (1) he or she had no other relationship with any Director, senior management or substantial Shareholder of our Company as at the Latest Practicable Date; (2) he or she did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any stock exchange in Hong Kong and/or overseas; and (3) there are no other matters concerning our Directors’ appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

JOINT COMPANY SECRETARIES

The Company has appointed Ms. Meng Meng (蒙夢) and Ms. Shum Kit Han (岑潔嫻) as our joint company secretaries.

Ms. Meng Meng (蒙夢) was appointed as a joint company secretary of our Company with effect from March 26, 2026.

She is responsible for legal affairs, internal audit and the preparation for our Company’s proposed [REDACTED], including compliance and risk management, corporate governance support and coordination with external advisers and relevant regulatory authorities.

Ms. Meng joined the Group in November 2012 and has served as vice president since 2020, overseeing the Group’s legal and compliance framework, internal control and audit systems, investor relations and [REDACTED] process.

Ms. Meng obtained a Bachelor of Commerce degree in management and marketing from Monash University in March 2012 and an EMBA from Fudan University in January 2023.

Ms. Shum Kit Han (岑潔嫻) was appointed as one of our joint company secretaries on March 26, 2026, with effect from [REDACTED]. She currently serves as a manager of corporate services of Tricor Services Limited, a member of Vistra Group. She is responsible for providing corporate secretarial and compliance services to listed companies.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Shum has over 10 years of experience in company secretary and corporate governance field. She obtained her master’s degree in Professional Accounting and Corporate Governance in July 2015 and her bachelor’s degree in English for Professional Communication in November 2005, both from the City University of Hong Kong. She also obtained her executive diploma in Anti-Money Laundering and Counter-Terrorist Financing from the University of Hong Kong School of Professional and Continuing Education in October 2022, and a diploma in Spanish as a foreign language in May 2023.

Ms. Shum is a Chartered Secretary, a Chartered Governance Professional, a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and a member of the executive committee of the Mexican Chamber of Commerce in Hong Kong.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group’s activities.

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules with written terms of reference. The primary duties of the Audit Committee are to (i) review and supervise our financial reporting process and internal control system, risk management and internal audit of our Group; (ii) provide advice and comments to our Board in respect of financial risk, risk management and internal control matters; and (iii) perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Nan Shen, Mr. Tianyu Jiang and Mr. Xueyin Zhong. Ms. Nan Shen is the chairperson of the Audit Committee. She holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules with written terms of reference. The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and (ii) reviewing and approving matters relating to share schemes of our Company.

The Remuneration Committee comprises two independent non-executive Directors and one executive Director, namely, Mr. Xueyin Zhong, Mr. Tianyu Jiang and Dr. Zhen Lin. Mr. Xueyin Zhong is the chairperson of the Remuneration Committee.

Nomination Committee

We have established a Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules with written terms of reference. The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board

DIRECTORS AND SENIOR MANAGEMENT

members; (iii) performing review on the contributions made by our Directors (including our independent non-executive Directors) and the sufficiency of time devoted to perform their duties; (iv) assessing the independence of our independent non-executive Directors; and (v) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors.

The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely, Mr. Eugene Yanjun You, Ms. Nan Shen and Mr. Xueyin Zhong. Mr. Eugene Yanjun You is the chairperson of the Nomination Committee.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of salaries, bonuses and other benefits in kind such as contributions to a retirement benefit scheme.

The aggregate remuneration (including fees, salaries, contributions to a retirement benefit scheme, discretionary bonuses and other allowances and other benefits in kind) paid to our Directors for the three years ended December 31, 2025 was RMB9.2 million, RMB10.1 million and RMB11.8 million, respectively. Save as disclosed in Note 8 to the Accountants’ Report in Appendix I to this document, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of wages, salaries and bonuses, pension costs and other allowances and other benefits in kind paid to our five highest paid individuals in respect of each of the three years ended December 31, 2025 was RMB13.1 million, RMB14.4 million and RMB16.6 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. Further, none of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

Under the existing arrangements that are currently in force as of the date of this document, the aggregate remuneration (including fees, salaries, contributions to pension schemes and other allowances and other benefits in kind but excluding discretionary bonuses) payable to our Directors for the year ending December 31, 2026 is estimated to be around RMB6.50 million in aggregate.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the [REDACTED], receive recommendation from the Remuneration and Nomination Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

CORPORATE GOVERNANCE

Corporate Governance Code

Our Company recognizes 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.

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairperson and chief executive officer and Mr. You currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Mr. You is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business and industry as our chief executive officer. The Board also believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within our Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

Board Diversity Policy

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company’s strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will select potential Board candidates based on merit and their potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board has a balanced mix of knowledge, skills and experience. They completed studies in various majors including but without limitation to engineering, accounting, financing, management, economics and laws. We have three independent non-executive Directors who have different industry backgrounds. Furthermore, our Directors are of a wide range of age, from 38 to 63 years old. Taking into account our business model and specific needs as well as the presence of 3 female Directors out of a total of 9 Board members, we consider that the composition of our Board satisfies our board diversity policy.

We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve appropriate balance of gender diversity with reference to the stakeholders’ expectation and international and local recommended best practices. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [REDACTED], our Nomination Committee will review our board diversity policy and its implementation annually to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives, in our corporate governance report on an annual basis.

DIRECTORS AND SENIOR MANAGEMENT

Management Presence

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the principal business operations of our Group are conducted in China, members of our senior management are, and are expected to continue to be, based in China. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange [has granted], a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see “Waivers and Exemptions — Management presence in Hong Kong.”

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- when a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds from the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules;

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Hong Kong Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Hong Kong Listing Rules and applicable laws and regulations.

The term of appointment of the Compliance Adviser shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

COMPETITION

Each of the Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader technology industry. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these non-executive Directors may hold directorships from time to time.

DIRECTORS AND SENIOR MANAGEMENT

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (1) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on November 5, 2025; and (2) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (1) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (2) that he/she has no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date; and (3) that there are no other factors that may affect his/her independence at the time of his/her appointment.

CONNECTED TRANSACTION

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTION

During the Track Record Period, our Group has entered into certain transactions with Shenzhen Ankasa under the previous Shenzhen Ankasa Contractual Arrangements. Upon the termination of the previous Shenzhen Ankasa Contractual Arrangements, we have continued to provide access of our certain functions of our products and solutions to Shenzhen Ankasa and sell certain products to Shenzhen Ankasa.

The sole shareholder of Shenzhen Ankasa is Ms. Aiping You. Mr. You is our founder, the Chairman of the Board, an executive Director, the Chief Executive Officer of our Company and a member of the Single Largest Group of Shareholders. Therefore, Mr. You and his associates constitute our connected persons pursuant to Chapter 14A of the Listing Rules. Shenzhen Ankasa, wholly owned by Ms. Aiping You, sister of Mr. You, will therefore be an associate of Mr. You and our connected person pursuant to Chapter 14A of the Listing Rules, will be a connected person of the Group upon [REDACTED].

We have entered into a framework agreements with Shenzhen Ankasa on March 27, 2026, pursuant to which, we have agreed to provide access of our certain functions of our products and solutions to Shenzhen Ankasa and sell certain products to Shenzhen Ankasa. The prices of such access provision and products will be determined by the parties at arm’s length negotiations with reference to prevailing market rate.

As the framework agreements were entered into and have been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the expected transaction amounts to be received by our Group from Shenzhen Ankasa is less than HK\$3 million per annum, as such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1).

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] (assuming that (i) the [REDACTED] not exercised, and (ii) the Conversion and Redesignation is completed), the following persons will have interests and/or short positions in our Shares or our underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the par value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

<u>Number of substantial shareholder</u>	<u>Capacity/ Nature of interest</u>	<u>Number of Shares held immediately following the completion of the [REDACTED]</u>	<u>Approximate percentage of shareholding in the total issued share capital of our Company immediately following the completion of the [REDACTED]</u>
Mr. You ⁽³⁾	Beneficial owner	[REDACTED]	[REDACTED]
	Interest in controlled corporation	[REDACTED]	[REDACTED]
	Interests of a party to an agreement regarding interest in our Company	[REDACTED]	[REDACTED]
Joy Capital GP, Ltd.	Interests in controlled corporation ⁽⁴⁾	[REDACTED]	[REDACTED]
Joy Aurora Limited	Beneficial owner ⁽⁵⁾	[REDACTED]	[REDACTED]
Xiaomi Corporation	Interests in controlled corporation ⁽⁶⁾	[REDACTED]	[REDACTED]
Far East Horizon Limited	Interests in controlled corporation ⁽⁷⁾	[REDACTED]	[REDACTED]
Shunwei High Tech Limited	Beneficial owner ⁽⁸⁾	[REDACTED]	[REDACTED]
Cathay Innovation SAS	Interests in controlled corporation ⁽⁹⁾	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) The table assumed (i) the [REDACTED] becomes unconditional and the [REDACTED] are issued pursuant to the [REDACTED], and (ii) the [REDACTED] is not exercised.
- (3) These represent (i) 43,965,042 Shares held by Mr. You; (ii) 6,000,000 Shares held by ECY Investments; and (iii) voting interests in 27,772,244 Shares exercisable by Mr. You pursuant to the Voting Deferral Agreements.

In respect of the 6,000,000 Shares, pursuant to the Limited Liability Agreement of ECY Investments, the equity interests in ECY Investments are divided into Class A unit and Class B units. Class B units confer only economic rights in the Company and do not carry any voting rights. Mr. You holds all issued Class A unit and Ms. Cathy Chenxi You holds all issued Class B units. As such, Mr. You holds 100% of the voting rights in ECY Investments, and is deemed to be interested in the 6,000,000 Shares held by ECY Investments under the SFO.

In respect of the 27,772,244 Shares, Mr. You is entitled to exercise the voting rights attached to 11,867,570 Shares and 15,904,674 Shares held by Joy Capital III, L.P. and Joy Capital Opportunity, L.P., respectively, pursuant to the Voting Deferral Agreements.

- (4) These represent the 15,904,674 Shares held by Joy Capital Opportunity, L.P. and 11,867,570 Shares held by Joy Capital III, L.P. Joy Capital Opportunity, L.P., and Joy Capital III, L.P., are ultimately controlled by the directors of Joy Capital GP, Ltd, who are the ultimate general partner of each of Joy Capital Opportunity, L.P.

SUBSTANTIAL SHAREHOLDERS

- (5) These represent the 21,984,740 shares held by Joy Aurora Limited. Joy Aurora Limited is wholly owned by Xiamen Yuexin Hongrui Venture Capital Partnership Enterprise (Limited Partnership), which is in turn ultimately controlled by Mr. Liu Erhai.
- (6) These represent the 20,839,811 Shares held by Red Better Limited. Red Better Limited is a wholly-owned subsidiary of Fast Pace Limited, which is in turn wholly-owned by Xiaomi Corporation. Xiaomi Corporation is deemed to be interested in the 20,839,811 Shares held by Red Better Limited.
- (7) These represent the 15,597,378 Shares held by Long Pike Limited, 4,827,486 Shares held by Ever Trend Limited, 1,695,367 Shares held by Big Vantage Shipping Limited, and 1,348,386 Shares held by Absolute Momentum Limited. Each of Ever Trend Limited, Absolute Momentum Limited, and Long Pike Limited is controlled by Far East Horizon Limited.
- (8) These represent the 22,030,533 Shares held by Shunwei High Tech Limited. Shunwei High Tech Limited is wholly-owned by Shunwei China Internet Fund II, L.P. The general partner of Shunwei China Internet Fund II, L.P. is Shunwei Capital Partners II GP, L.P., and the general partner of Shunwei Capital Partners II GP, L.P. is Shunwei Capital Partners II GP Limited, which is controlled by Mr. Koh Tuck Lye.
- (9) These represent the 9,888,298 Shares held by FPCI Sino-French (Innovation) Opportunity Fund and 8,972,606 Shares held by FPCI Sino-French (Innovation) Fund. Each of FPCI Sino-French (Innovation) Opportunity Fund and FPCI Sino-French (Innovation) Fund is managed by Cathay Innovation SAS. Cathay Innovation SAS is deemed to be interested in the Shares held by FPCI Sino-French (Innovation) Opportunity Fund and by FPCI Sino-French (Innovation) Fund.

Save as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the [REDACTED] Employee Share Option Plan), have any interest and/or short positions in our Shares or underlying Shares which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of our authorized share capital and the amount in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the [REDACTED], assuming the [REDACTED] is not exercised.

Share capital as at the date of this document

Authorized share capital

Number of Shares	Description of Share	Aggregate par value (approx.)
287,964,296	Class A Ordinary Shares with a par value of US\$0.0001	US\$28,796.4
43,965,042	Class A+ Ordinary Shares with a par value of US\$0.0001	US\$4,396.5
55,111,200	Class B Ordinary Shares with a par value of US\$0.0001	US\$5,511.1
26,222,222	Series A Preferred Shares with a par value of US\$0.0001	US\$2,622.2
21,259,781	Series B Preferred Shares with a par value of US\$0.0001	US\$2,126.0
16,091,620	Series B+ Preferred Shares with a par value of US\$0.0001	US\$1,609.2
28,021,028	Series B2 Preferred Shares with a par value of US\$0.0001	US\$2,802.1
21,364,811	Series C Preferred Shares with a par value of US\$0.0001	US\$2,136.5
Total 500,000,000	Shares with a par value of US\$0.0001	US\$50,000

Issued Shares

Number of Shares	Description of Share	Aggregate par value
56,177,110	Class A Ordinary Shares with a par value of US\$0.0001	US\$5,617.7
43,965,042	Class A+ Ordinary Shares with a par value of US\$0.0001	US\$4,396.5
55,111,200	Class B Ordinary Shares with a par value of US\$0.0001	US\$5,511.1
26,222,222	Series A Preferred Shares with a par value of US\$0.0001	US\$2,622.2
21,259,781	Series B Preferred Shares with a par value of US\$0.0001	US\$2,126.0
16,091,620	Series B+ Preferred Shares with a par value of US\$0.0001	US\$1,609.2
28,021,028	Series B2 Preferred Shares with a par value of US\$0.0001	US\$2,802.1
16,357,784	Series C Preferred Shares with a par value of US\$0.0001	US\$1,635.8
Total 263,205,787	Shares with a par value of US\$0.0001	US\$26,320.6

Share capital immediately following the completion of the [REDACTED]

The tables below assumes (i) the [REDACTED] becomes unconditional and the [REDACTED] are issued pursuant to the [REDACTED], (ii) the [REDACTED] is not exercised, and (iii) the Conversion and Redesignation is completed.

Authorized share capital

Number	Description of Share	Aggregate par value
500,000,000	Ordinary Shares with a par value of US\$0.0001	US\$[50,000]

Issued Shares

Number	Description of Share	Aggregate par value
263,205,787	Shares in issue	26,320.6
[REDACTED]	Shares to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED]	Shares in total	[REDACTED]

SHARE CAPITAL

Ranking

Assuming the Conversion and Redesignation is completed, the [REDACTED] will rank equally with all Shares currently in issue or to be issued as mentioned in this document and, in particular, will rank *pari passu* for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

[REDACTED] EMPLOYEE SHARE OPTION PLAN

We have adopted the [REDACTED] Employee Share Option Plan. See “Statutory and General Information — [REDACTED] Employee Share Option Plan” in Appendix IV for further details.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company may by ordinary resolution (i) increase its share capital by the creation of new shares; (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; (iii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person; and (iv) sub-divide its shares or any of them into shares of smaller amount. In addition, our Company may by special resolution reduce its share capital or any capital redemption reserve subject to any conditions prescribed by the Cayman Companies Act.

See “Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — 2.1 Shares — (c) Alteration of Capital” in Appendix III for further details.

If at any time the share capital of our Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not our Company is being wound up, be varied with (in addition to a special resolution to amend the Memorandum or the Articles) the consent in writing of the holders of at least three-fourths of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by at least three-fourths of the votes cast by the holders of the shares of that class present and voting at such meeting.

See “Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — 2.1 Shares — (b) Variation of Rights of Existing Shares or Classes of Shares” in Appendix III for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors were granted a general mandate to allot, issue and deal with any Shares or securities convertible into Shares of not more than the sum of:

- 20% of the total number of Shares in issue immediately following the completion of the [REDACTED] (but excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the shares to be issued under the [REDACTED] Employee Share Option Plan); and
- the total number of Shares repurchased by our Company pursuant to the authority referred to in “ — General Mandate to Repurchase Shares” below.

SHARE CAPITAL

This general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by resolution of members passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and
- the passing of resolution of members by our Shareholders in a general meeting revoking or varying the authority.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors were granted a general mandate to repurchase our own Shares up to 10% of the total number of Shares in issue immediately following the completion of the [REDACTED] (but excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the shares to be issued under the [REDACTED] Employee Share Option Plan).

This mandate only relates to repurchases on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, and in accordance with all applicable laws and the requirements under the Listing Rules or equivalent rules or regulations of any other stock exchange as amended from time to time.

This general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by resolution of members passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and
- the passing of resolution of members by our Shareholders in a general meeting revoking or varying the authority.

See “Statutory and General Information — Further Information About Our Group — 5. Explanatory Statement on Repurchase of Our Own Securities” in Appendix IV for further details of this general mandate to repurchase Shares.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements included in “Appendix I — Accountants’ Report” to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

This discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and our financial performance and involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors. In evaluating our business, you should carefully consider the information provided in this document, including “Risk Factors” and “Business” in this document.

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a pioneer in building the foundational operating system for spatial intelligence, an emerging paradigm that transforms physical environments into computable, adaptive and continuously evolving systems powered by AI. Rather than viewing smart homes and buildings as collections of connected devices, we model and operate spaces as unified, semantic systems where “space, people, devices and behaviors” are represented, understood and acted upon through a consistent computational framework. This shift—from controlling devices to operating space—defines the next generation of the industry.

During the Track Record Period, we achieved steady business growth. Our revenue grew from RMB1,439.4 million in 2023 to RMB1,471.6 million in 2025, while our gross profit margin expanded from 29.7% in 2023 to 38.4% in 2025. In particular, we have experienced significant growth in revenue from our proactive AI-driven products and solutions, which increased from RMB465.7 million in 2023 to RMB907.3 million in 2025, representing a CAGR of 39.6%. We incurred net losses during the Track Record Period. Our loss for the year was RMB159.5 million, RMB230.8 million and RMB322.4 million in 2023, 2024 and 2025, respectively. We have achieved profitability on an adjusted basis since 2023. Our adjusted profit (non-IFRS measure) was RMB45.3 million in 2023, RMB113.1 million in 2024 and RMB56.9 million in 2025.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each period of the Track Record Period.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of

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applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 3 to the Accountants’ Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial performance are influenced by a variety of industry-wide and business-specific drivers. The following discussion sets out the principal factors that our management believes are most significant to our results of operations during the Track Record Period and beyond.

Our Market Position and Overall Growth of Market Demand

We are a globally leading provider of AI-empowered human-centric spatial intelligence products and solutions, with a focus on residential and commercial spaces. Our integrated product matrix comprised over 50 product categories and more than 2,200 SKUs cumulative activation exceeding 56 million devices of December 31, 2025. According to Frost & Sullivan, we are the largest China-based provider of proactive AI-driven human-centric spatial intelligence infrastructure and one of the largest globally in terms of revenue in 2024. Therefore, our results of operations are significantly affected by the overall market demand for AI-driven human-centric spatial intelligence products and solutions. Moreover, maintaining and improving our market position and competitive advantages are conducive to enhancing our financial performance.

The market where we operate is experiencing rapid growth and demonstrating high potential. Particularly, favorable government policy initiatives have been pivotal to shaping and accelerating the development of human-centric spatial intelligence systems. For instance, in China, the State Council’s “Opinions on Deeply Implementing the AI+ Initiative” (《關於深入實施“人工智慧+”行動的意見》) emphasizes the widespread adoption of intelligent terminal devices and the cultivation of a comprehensive ecosystem of intelligent products, which envisions an integrated and full-scenario intelligent interaction environment, with projections estimating AI-driven intelligent device penetration to surpass 70% by 2027 and reach 90% by 2030. According to Frost & Sullivan, the global market for human-centric spatial intelligence products and solutions is projected to reach a revenue of RMB10,143.0 billion by 2030, reflecting a CAGR of 14.7% from 2025 to 2030. In addition, driven by rapid advances in AI technologies, rising user demand for intelligent experiences and strong policy support for “AI+” initiatives, the global human-centric spatial intelligence infrastructure market is expected to reach RMB1,859.3 billion by 2030, representing a CAGR of 18.6% from 2025, and the PRC market is projected to reach a revenue of RMB418.7 billion by 2030, representing a CAGR of 20.9% from 2025.

Our Ability to Develop Our “Aqara” Brand and Drive Global Expansion

In 2016, we officially launched our “Aqara” brand, structuring our business system around spatial application scenarios. Our “Aqara” brand has played a crucial role in driving our business expansion and revenue growth since its inception. During the Track Record Period, our revenue from our Aqara-branded spatial intelligence products and solutions amounted to RMB899.9 million, RMB918.5 million and RMB946.5 million in 2023, 2024 and 2025, respectively, representing 62.6%, 61.7% and 64.3% of our total revenue in the same periods, respectively. Therefore, our ability to develop our “Aqara” brand will materially affect our results of operations.

In addition, our continuous global expansion has affected and is expected to continue to affect our ability to maintain our market position, which in turn, affects our financial performance. During the Track Record Period, our revenue from Aqara-branded spatial intelligence products and solutions comprised revenue from the overseas market of RMB379.6 million, RMB516.8 million and RMB629.0 million in

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2023, 2024 and 2025, respectively, representing a CAGR of 28.7% from 2023 to 2025. In the future, we plan to further expand into new overseas markets while deepening our presence in existing ones, actively advancing our globalization strategy.

Our Ability to Maintain and Expand Our Customer Base

Our financial performance and future growth are affected by our ability to maintain long-term and stable relationships with our existing customers, deepen our cooperation with them across a broader range of product and solution categories and attract new customers to expand our customer base. Customer demand for our products is affected by various factors, such as general market conditions and our ability to deliver high-quality products and solutions, ensure efficient delivery and a reliable supply chain. We rely on our profound industry insights, comprehensive technical reserves, efficient operation and management and extensive customer service experience to maintain our existing customer base as well as attracting new customers and promoting long-term sustainable cooperation with them.

We have developed a diversified customer base for diverse residential and commercial spaces for our Aqara-branded products and solutions. Moreover, we engage in the ODM business to develop and manufacture customized products for third parties such as Xiaomi. In the future, we expect to continue to deepen our understanding of customer needs and strategies, provide better differentiated products and solutions and optimized customer services to our existing customers. In addition, we will endeavor to attract new top-tier customers across our business segments through continuous expansion and refinement in our product offerings and sales channels.

Research and Development Efforts and Achievements

Research and development are crucial to our sustained business growth as our competitiveness depends on our ability to develop and commercialize new products and solutions to address evolving needs of our customers. For example, our dedicated research and development efforts have enabled us to deeply integrate AI algorithms throughout our products and solutions, with over 90% of our Aqara-branded products and solutions being proactively AI-driven in 2025, empowering devices with proactive perception, edge computing and real-time response capabilities that enable spaces to “see,” “think” and “act.” The launch of such original products and solutions has been a crucial driver to improving our gross profit margin. Therefore, we have been investing and will continue to invest in research and development efforts. In 2023, 2024 and 2025, our research and development expenses amounted to RMB172.8 million, RMB183.3 million and RMB233.7 million, respectively, accounting for 12.0%, 12.3% and 15.9%, respectively, of our revenue in the corresponding periods.

In addition, the continued service of our research and development personnel is critical to our success. Their expertise and ongoing contributions have been and will continue to be essential for driving innovation and maintaining our competitive edge. We expect to continue to invest in our research and development workforce and foster collaboration across departments in order to maintain strong research and development efficiency and enhance our overall competitiveness.

Our Strategy and Ability to Optimize Our Product Mix

According to Frost & Sullivan, we provide the most comprehensive human-centric spatial intelligence products and solutions covering hardware, software and services. The profitability of our different products and solutions varies, and thus our product mix, particularly the revenue contribution of high-margin products and solutions, may significantly affect our overall profitability. In 2023, 2024 and 2025, we had gross profit of RMB427.8 million, RMB503.1 million and RMB564.4 million, respectively, which accounted for gross profit margin of 29.7%, 33.8% and 38.4%, respectively, representing a trend of steady increase. We will continue to develop and refine strategies to optimize our product mix, which is a key driver to our profitability.

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Our Ability to Control Costs

Our ability to maintain and improve profitability partially depends on our ability to control our costs. Our cost of sales was RMB1,011.6 million, RMB985.5 million and RMB907.2 million in 2023, 2024 and 2025. The cost of sales primarily consisted of material and manufacturing costs, which amounted to RMB951.8 million, RMB915.6 million and RMB834.9 million in 2023, 2024 and 2025, respectively, representing 94.1%, 92.9% and 92.0% of our total cost of sales during the same periods, respectively. The price and supply of our raw materials are affected by various factors, including changes in macroeconomic conditions, international trade policies and tariffs, upstream supply capacity, adjustments to suppliers' business strategies and fluctuations in currency exchange rates. We monitor the fluctuations in prices of key raw materials and continually refine our procurement strategies. We also seek to enhance supply chain stability and pricing predictability through the establishment of strategic and long-term partnerships with our suppliers.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See Note 3 to the Accountants' Report in Appendix I to this document for details.

For a discussion of the material accounting policies, which are important for understanding our financial condition and results of operations, see Note 2 to the Accountants' Report in Appendix I to this document.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	1,439,385	1,488,573	1,471,628
Cost of sales	(1,011,580)	(985,463)	(907,239)
Gross profit	427,805	503,110	564,389
Research and development expenses	(172,804)	(183,262)	(233,728)
Selling and distribution expenses	(183,657)	(200,655)	(235,072)
Administrative expenses	(93,010)	(91,939)	(119,708)
Other income and gains	61,021	78,889	64,458
Impairment losses of financial assets, net	(213)	(666)	(2,237)
Share of losses of investments accounted for using equity method	(2,346)	(1,855)	(3,152)
Other expenses	(6,629)	(577)	(12,914)
Operating income	30,167	103,045	22,036
Finance costs	(2,879)	(4,422)	(3,679)
Fair value changes of convertible redeemable preferred shares	(185,554)	(328,120)	(338,974)
Loss before tax	(158,266)	(229,497)	(320,617)
Income tax expenses	(1,216)	(1,268)	(1,786)
Loss for the year	(159,482)	(230,765)	(322,403)

NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted 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 combined results of operations in the same manner as it helps our management. However, such non-IFRS financial measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as substitute for analysis of our results of operations or financial condition as reported under IFRS.

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We define adjusted profit (non-IFRS measure) as the loss for the year adjusted by share-based compensation expenses, fair value losses of convertible redeemable preferred shares and [REDACTED] expenses. The following table reconciles our adjusted profit (non-IFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with IFRS for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
(RMB in thousands)			
Loss for the year	(159,482)	(230,765)	(322,403)
Adjusted for:			
Share-based compensation expenses	19,221	15,748	23,018
Fair value losses of convertible redeemable preferred shares	185,554	328,120	338,974
[REDACTED] expenses	—	—	17,265
Adjusted profit (non-IFRS measure)	45,293	113,103	56,854

Our adjusted profit (non-IFRS measure) decreased from RMB113.1 million in 2024 to RMB56.9 million in 2025 mainly due to the increase in our loss for the year from RMB230.8 million in 2024 to RMB322.4 million in 2025, which was mainly attributable to the increases in our research and development expenses and selling and distribution expenses, partially offset by the increase in our gross profit. See “— Period-to-Period Comparison of Results of Operations — Year Ended December 31, 2025 Compared with Year Ended December 31, 2024” in this section for details.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was primarily derived from the sale of our spatial intelligence products and solutions, particularly those under our “Aqara” brand. We offer three main categories of Aqara-branded spatial intelligence products and solutions, which comprise (i) sensors, including AI-empowered high precision scene sensors, intelligent cameras, door and window sensors, vibration sensors, motion sensors, temperature and humidity sensors, air quality monitoring panels, and smoke detectors; (ii) hubs, including smart gateways and smart screens; and (iii) controllers, including intelligent switches and sockets, lighting controlling modules and lights, door locks, curtain motors and thermostats. In addition, we engage in the ODM business to develop and manufacture customized products for third parties such as Xiaomi.

The following table sets forth our revenue breakdown by type of products and solutions in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentage)						
Aqara-branded spatial intelligence products and solutions	899,925	62.6	918,474	61.7	946,517	64.3
Sensors	256,021	17.8	235,823	15.8	308,196	20.9
Hubs	81,728	5.7	108,909	7.3	113,311	7.7
Controllers	562,176	39.1	573,742	38.6	525,010	35.7
ODM products	518,784	36.0	543,014	36.5	496,701	33.8
Others⁽¹⁾	20,676	1.4	27,085	1.8	28,410	1.9
Total	1,439,385	100.0	1,488,573	100.0	1,471,628	100.0

Note:

- (1) Others mainly included the provision of installation services, IoT platform development services and other services, and sales of supplementary parts.

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During the Track Record Period, our revenue from Aqara-branded spatial intelligence products and solutions was derived through diverse channels comprising direct sales and our distributor network. The following table sets forth a breakdown of our revenue from Aqara-branded spatial intelligence products and solutions by sales channels, in absolute amounts and as a percentage of our total revenue from Aqara-branded spatial intelligence products and solutions, for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Direct sales	294,062	32.7	347,771	37.9	406,700	43.0
Distributors	605,863	67.3	570,703	62.1	539,817	57.0
Total	899,925	100.0	918,474	100.0	946,517	100.0

The revenue contribution from our distributors generally decreased during the Track Record Period mainly due to the decreased number in distributors in Chinese Mainland resulting from our strategic adjustment to focus on cooperation with outstanding trading partners and eliminate underperforming ones, partially offset by the expansion of our overseas distribution network.

Revenue by Geographic Markets

The following table sets out a breakdown of our revenue from Aqara-branded spatial intelligence products and solutions by geographical locations, in absolute amounts and as a percentage of our total revenue from Aqara-branded spatial intelligence products and solutions, for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Chinese Mainland	520,342	57.8	401,677	43.7	317,508	33.5
Overseas	379,583	42.2	516,797	56.3	629,009	66.5
Europe	200,639	22.3	230,269	25.1	285,775	30.2
North America	116,143	12.9	165,207	18.0	197,080	20.8
Others ⁽¹⁾	62,801	7.0	121,321	13.2	146,154	15.4
Total	899,925	100.0	918,474	100.0	946,517	100.0

Note:

- (1) Others mainly included countries in Southeast Asia and the Middle East, of which each contributed relatively insignificant revenue during the Track Record Period.

Cost of Sales

Our cost of sales primarily consists of material and manufacturing costs, logistics service costs and installation costs. Material and manufacturing costs mainly included direct materials and outsourced manufacturing costs.

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The following table sets forth our cost of sales breakdown by nature in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Material and manufacturing costs	951,797	94.1	915,598	92.9	834,908	92.0
Logistics service costs	54,175	5.3	62,367	6.3	66,520	7.3
Installation costs	3,636	0.4	1,849	0.2	1,071	0.1
Others ⁽¹⁾	1,972	0.2	5,649	0.6	4,740	0.5
Total	1,011,580	100.0	985,463	100.0	907,239	100.0

Note:

- (1) Others mainly included miscellaneous costs related to manufacturing.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents gross profit divided by our revenue, expressed as a percentage. In 2023, 2024 and 2025, we had gross profit of RMB427.8 million, RMB503.1 million and RMB564.4 million, respectively, accounting for gross profit margin of 29.7%, 33.8% and 38.4%, respectively.

The following table sets forth our gross profit and gross profit margin breakdown by type of products and solutions for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Aqara-branded spatial intelligence products and solutions	366,882	40.8	397,492	43.3	418,551	44.2
- Chinese Mainland	178,173	34.2	134,910	33.6	104,244	32.8
- Overseas	188,709	49.7	262,582	50.8	314,307	50.0
ODM Products	55,980	10.8	98,428	18.1	134,187	27.0
Others ⁽¹⁾	4,943	23.9	7,190	26.5	11,651	41.0
Total	427,805	29.7	503,110	33.8	564,389	38.4

Note:

- (1) Others mainly included the provision of installation services, IoT platform development services and other services, and sales of supplementary parts.

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of employee compensation related to our research and development personnel, and other expenses related to

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our research and development activities including professional and technical service fees, office and property expenses, and material expenses. In 2023, 2024 and 2025, our research and development expenses amounted to RMB172.8 million, RMB183.3 million and RMB233.7 million in, 2023 2024 and 2025, respectively, accounting for 12.0%, 12.3% and 15.9%, respectively, of our revenue in the corresponding periods. The following table sets forth a breakdown of our research and development expenses in absolute amounts and as a percentage of our total research and development expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Employee compensation	142,932	82.7	150,125	81.9	189,693	81.2
Professional and technical service fees	13,380	7.7	15,872	8.7	22,935	9.8
Office and property expenses	11,101	6.4	10,979	6.0	10,980	4.7
Material expenses	2,901	1.7	3,790	2.1	6,248	2.7
Others	2,490	1.4	2,496	1.4	3,872	1.7
Total	172,804	100.0	183,262	100.0	233,728	100.0

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses primarily consisted of (i) employee compensation related to our selling and marketing personnel, (ii) advertising and promotion expenses, (iii) platform fees related to the selling and distribution of our products and solutions through e-commerce platforms, and (iv) office and traveling expenses. Our selling and distribution expenses amounted to RMB183.7 million, RMB200.7 million and RMB235.1 million in 2023, 2024 and 2025, respectively, accounting for 12.8%, 13.5% and 16.0%, respectively, of our revenue in the corresponding periods. The following table sets forth a breakdown of our selling and distribution expenses in absolute amounts and as a percentage of our total selling and distribution expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Employee compensation	72,699	39.6	71,659	35.7	77,723	33.1
Advertising and promotion expenses	58,600	31.9	67,014	33.4	83,841	35.7
Platform fees	34,721	18.9	46,112	23.0	54,856	23.3
Office and travelling expenses	14,446	7.9	12,600	6.3	14,301	6.1
Others	3,191	1.7	3,270	1.6	4,351	1.9
Total	183,657	100.0	200,655	100.0	235,072	100.0

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) employee compensation related to our administrative personnel, (ii) office and property related expenses, and (iii) professional service fees. Our administrative expenses amounted to RMB93.0 million, RMB91.9 million and RMB119.7 million in 2023, 2024 and 2025, respectively, accounting for 6.5%, 6.2% and 8.1%, respectively,

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of our revenue in the corresponding periods. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as a percentage of our total administrative expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Employee compensation	57,892	62.2	58,659	63.8	66,889	55.9
Office and property related expenses	22,103	23.8	19,209	20.9	19,630	16.4
Professional service fees	5,871	6.3	6,267	6.8	8,370	7.0
[REDACTED] expenses	—	—	—	—	17,265	14.4
Others ⁽¹⁾	7,144	7.7	7,804	8.5	7,554	6.3
Total	93,010	100.0	91,939	100.0	119,708	100.0

Note:

- (1) Others primarily included tax surcharges and other miscellaneous expenses.

Other Income and Gains

During the Track Record Period, our other income and gains primarily consisted of the interest income, value added tax refund, government grants to support the operating activities of our certain subsidiaries, investment income on financial assets at fair value through profit or loss (“FVTPL”), gain on deemed disposal of an associate and a joint venture, fair value gains on financial assets at FVTPL and foreign exchange gains. Our other income and gains amounted to RMB61.0 million, RMB78.9 million and RMB64.5 million in 2023, 2024 and 2025, respectively, accounting for 4.2%, 5.3% and 4.4%, respectively, of our revenue in the corresponding periods. The following table sets forth a breakdown of our other income and gains in absolute amounts and as a percentage of our total other income and gains for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Other income:						
Interest income	10,710	17.6	11,269	14.3	13,429	20.8
Value added tax refund	34,897	57.2	45,014	57.1	39,842	61.8
Government grants	8,113	13.3	9,620	12.2	7,609	11.8
Investment income on financial assets at FVTPL	3,954	6.5	5,317	6.7	1,830	2.8
Others	735	1.2	618	0.8	1,278	2.0
Gains:						
Gain on deemed disposal of an associate or a joint venture	738	1.2	—	—	466	0.7
Fair value gains on financial assets at FVTPL	1,752	2.9	5,119	6.5	2	0.0
Gain on lease modification	122	0.2	—	—	2	0.0
Foreign exchange gains	—	—	1,932	2.4	—	—
Total	61,021	100.0	78,889	100.0	64,458	100.0

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Impairment of Financial Assets, Net

During the Track Record Period, our impairment of financial assets, net primarily represented the impairment losses related to our trade receivables. Our impairment of financial assets, net amounted to RMB0.2 million in 2023, RMB0.7 million in 2024 and RMB2.2 million in 2025.

Share of Losses of Investments Accounted for Using Equity Method

During the Track Record Period, our share of losses of investments accounted for using equity method primarily represented our share of losses of our associate in South Korea and an overseas joint venture. Our share of losses of investments accounted for using equity method amounted to a loss of RMB2.3 million in 2023, a loss of RMB1.9 million in 2024 and a loss of RMB3.2 million in 2025.

Other Expenses

During the Track Record Period, our other expenses primarily included the losses on disposal and the impairment of equipment and other fixed assets. Our other expenses amounted to RMB6.6 million, RMB0.6 million and RMB12.9 million in 2023, 2024 and 2025, respectively.

Finance Costs

During the Track Record Period, our finance costs primarily included interest expenses on bank loans and lease liabilities. Our finance costs amounted to RMB2.9 million, RMB4.4 million and RMB3.7 million in 2023, 2024 and 2025, respectively. Interest expenses on bank loans accounted for RMB2.2 million, RMB3.7 million and RMB3.1 million of the total finance costs in 2023, 2024 and 2025, respectively. Interest expenses on lease liabilities accounted for RMB0.7 million, RMB0.7 million and RMB0.6 million of the total finance costs in 2023, 2024 and 2025, respectively.

Fair Value Losses of Convertible Redeemable Preferred Shares

During the Track Record Period, our fair value losses of convertible redeemable preferred shares primarily represented the changes in fair value of the convertible redeemable preferred shares issued to our [REDACTED] Investors. Certain [REDACTED] Investors have been granted special rights, including, among others, pre-emptive rights, rights of first refusal, co-sale rights, drag-along rights, information rights, redemption rights, anti-dilution rights, and appointment rights of directors to the Board. These special rights shall all be automatically terminated upon the [REDACTED] except for the redemption rights which shall be suspended on the date immediately before the date of our first submission of [REDACTED] application to the Stock Exchange and shall be restored under certain circumstances. For details, see “History, Development and Corporate Structure — [REDACTED] Investments.” Our fair value losses of convertible redeemable preferred shares amounted to a loss of RMB185.6 million, RMB328.1 million and RMB339.0 million in 2023, 2024 and 2025, respectively.

Income Tax Expenses

We recorded income tax expenses of RMB1.2 million, RMB1.3 million and RMB1.8 million in 2023, 2024 and 2025, respectively.

We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members in the Group are domiciled and operate. During the Track Record Period and as of the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities.

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Chinese Mainland

Under the PRC Enterprise Income Tax Law and its implementation regulation, the enterprise income tax rate of our PRC subsidiaries is 25%. Certain of our subsidiaries operating in the PRC, which were accredited as “high and new technology enterprise”, were eligible for a preferential enterprise income tax rate of 15% during the Track Record Period. Such qualification is subject to review by the relevant PRC governmental authority every three years.

Hong Kong

Our subsidiaries incorporated in Hong Kong are subject to the two-tiered profits tax rates regime during the Track Record Period, under which the first HK\$2 million of assessable profits was taxed at 8.25%, and profits above HK\$2 million was taxed at 16.5%.

The United States

We have a subsidiary incorporated in the United States, so our Group was subject to the statutory federal corporate income tax at a rate of 21% during the Track Record Period, and the state income tax in corresponding jurisdictions.

Loss for the Year

As a result of the foregoing, during the Track Record Period, our loss for the year amounted to RMB159.5 million, RMB230.8 million and RMB322.4 million in 2023, 2024 and 2025, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue decreased by 1.1% from RMB1,488.6 million in 2024 to RMB1,471.6 million in 2025. The decrease was primarily attributable to the decrease in revenue from ODM products by 8.5% from RMB543.0 million in 2024 to RMB496.7 million in 2025 as we strategically scaled down certain low-margin ODM business, which was partially offset by the increase in revenue from our Aqara-branded spatial intelligence products and solutions by 3.0% from RMB918.5 million in 2024 to RMB946.5 million in 2025, mainly attributable to our successful expansion in the overseas market substantiated by the increase in our overseas revenue by 21.7% from RMB516.8 million in 2024 to RMB629.0 million in 2025 and the increased overseas revenue contribution from 56.3% in 2024 to 66.5% in 2025, as we launched popular high-priced products and enhanced selling and marketing efforts overseas.

Cost of Sales

Our cost of sales decreased from RMB985.5 million in 2024 to RMB907.2 million in 2025. The percentage of our cost of sales to our total revenue decreased from 66.2% to 61.6%. The decreases were mainly due to the reduced size of certain low-margin ODM product business and the increased portion of high-margin products which required lower manufacturing costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 12.2% from RMB503.1 million in 2024 to RMB564.4 million in 2025. Our gross profit margin increased from 33.8% in 2024 to 38.4% in 2025 mainly

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due to (i) the reduced size of certain low-margin ODM product business; (ii) the successful expansion of our Aqara-branded products and solutions in the overseas market with the revenue contribution from such market increasing from 56.3% in 2024 to 66.5% in 2025, and the gross profit margins of our Aqara-branded products and solutions sold in the overseas market amounted to 50.8% in 2024 and 50.0% in 2025, which were substantially higher than those in the domestic market of 33.6% in 2024 and 32.8% in 2025; and (iii) our optimized product mix with a higher revenue contribution of high-margin products and solutions such as sensors.

Research and Development Expenses

Our research and development expenses increased by 27.5% from RMB183.3 million in 2024 to RMB233.7 million in 2025. The increase was primarily attributable to an increase in our employee compensation of RMB39.6 million arising from the expansion of our research and development workforce to support our research and development initiatives. The percentage of our research and development expenses to our total revenue increased from 12.3% in 2024 to 15.9% in 2025.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 17.1% from RMB200.7 million in 2024 to RMB235.1 million in 2025. The percentage of our selling and distribution expenses to our total revenue increased from 13.5% to 16.0% in 2024 and 2025, respectively. The increases were primarily due to (i) an increase in our advertising and promotion expenses of RMB16.8 million, which was mainly driven by our enhanced marketing efforts in the overseas market; (ii) an increase in our platform fees of RMB8.8 million mainly due to our increased sales value through e-commerce platforms in North America and Europe; and (iii) an increase in employee compensation of RMB6.0 million mainly attributable to the enlarged size of our sales team to facilitate our selling.

Administrative Expenses

Our administrative expenses increased by 30.3% from RMB91.9 million in 2024 to RMB119.7 million in 2025, primarily due to (i) the [REDACTED] expenses of RMB17.3 million incurred in 2025; and (ii) an increase in employee compensation of RMB8.2 million mainly because we enlarged our administrative team. The percentage of our administrative expenses to our total revenue increased from 6.2% in 2024 to 8.1% in 2025.

Other Income and Gains

Our other income and gains decreased by 18.3% from RMB78.9 million in 2024 to RMB64.5 million in 2025. The percentage of our other income and gains to our total revenue decreased from 5.3% in 2024 to 4.4% in 2025. The decreases were primarily due to (i) a decrease in value added tax refund of RMB5.2 million; (ii) a decrease in fair value gains on financial assets at FVTPL of RMB5.1 million; and (iii) a decrease in investment income on financial assets at FVTPL of RMB3.5 million.

Impairment of Financial Assets, Net

Our impairment of financial assets, net increased from RMB0.7 million in 2024 to RMB2.2 million in 2025. The increase was primarily due to our additional provision for certain overdue balances.

Share of Losses of Investments Accounted for Using Equity Method

Our share of losses of investments accounted for using equity method increased from RMB1.9 million in 2024 to RMB3.2 million in 2025, primarily due to the increased losses in our associate in South Korea and an overseas joint venture.

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Other Expenses

Our other expenses increased from RMB0.6 million in 2024 to RMB12.9 million in 2025, primarily attributable to foreign exchange rate fluctuations.

Finance Costs

Our finance costs decreased from RMB4.4 million in 2024 to RMB3.7 million in 2025 mainly due to decreased interest rates in 2025, which was partially offset by higher loan and discounted bills balances.

Fair Value Losses of Convertible Redeemable Preferred Shares

We recorded a loss of RMB328.1 million and RMB339.0 million in 2024 and 2025 from the fair value changes of convertible redeemable preferred shares, respectively. The increased loss was primarily due to the changes in our market valuation.

Income Tax Expenses

Our income tax expenses remained relatively stable at RMB1.3 million in 2024 and RMB1.8 million in 2025.

Loss for the Year

As a result of the foregoing, our loss for the year amounted to RMB230.8 million and RMB322.4 million in 2024 and 2025, respectively.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 3.4% from RMB1,439.4 million in 2023 to RMB1,488.6 million in 2024. The increase was primarily attributable to (i) the increase in revenue from our Aqara-branded spatial intelligence products and solutions by 2.1% from RMB899.9 million in 2023 to RMB918.5 million in 2024, particularly hubs, as a result of (a) our increased average selling price due to the launch of new product categories; and (b) our successful expansion in the overseas market as we enhanced our selling and marketing efforts overseas; and (ii) the increase in revenue from our ODM products by 4.7% from RMB518.8 million in 2023 to RMB543.0 million in 2024 primarily due to the higher sales volume driven by the increased market demand.

Cost of Sales

Our cost of sales decreased by 2.6% from RMB1,011.6 million in 2023 to RMB985.5 million in 2024. The percentage of our cost of sales to our total revenue decreased from 70.3% to 66.2%. The decreases were primarily attributable to (i) the increased portion of high-margin products which required lower manufacturing costs; and (ii) our improved operational and manufacturing efficiency.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 17.6% from RMB427.8 million in 2023 to RMB503.1 million in 2024. Our gross profit margin increased from 29.7% in 2023 to 33.8% in 2024 mainly due to (i) the successful expansion of our Aqara-branded products and solutions in the overseas market with

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the revenue contribution from such market increasing from 42.2% in 2023 to 56.3% in 2024, and the gross profit margins of our Aqara-branded products and solutions sold in the overseas market amounted to 49.7% in 2023 and 50.8% in 2024, which were substantially higher than those in the domestic market of 34.2% in 2023 and 33.6% in 2024; (ii) the increase in the gross profit margin of our ODM products from 10.8% in 2023 to 18.1% in 2024 attributable to the optimized product mix; and (iii) our improved operational and manufacturing efficiency.

Research and Development Expenses

Our research and development expenses increased by 6.1% from RMB172.8 million in 2023 to RMB183.3 million in 2024. The percentage of our research and development expenses to our total revenue increased from 12.0% in 2023 to 12.3% in 2024. The increases were primarily due to (i) an increase in employee compensation of RMB7.2 million mainly as we raised the compensation level for our research and development workforce to motivate them to be more dedicated to our research and development initiatives; and (ii) an increase in professional and technical service fees of RMB2.5 million attributable to our increased procurement of cloud and other technical services.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 9.3% from RMB183.7 million in 2023 to RMB200.7 million in 2024. The percentage of our selling and distribution expenses to our total revenue increased from 12.8% in 2023 to 13.5% in 2024. The increases were primarily attributable to (i) an increase in our platform fees of RMB11.4 million mainly due to our increased sales value through e-commerce platforms; and (ii) an increase in our advertising and promotion expenses of RMB8.4 million, which was mainly driven by our enhanced marketing efforts in the overseas market.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB93.0 million in 2023 and RMB91.9 million in 2024. The percentage of our administrative expenses to our total revenue decreased from 6.5% in 2023 to 6.2% in 2024 mainly due to improved administrative efficiency.

Other Income and Gains

Our other income and gains increased by 29.3% from RMB61.0 million in 2023 to RMB78.9 million in 2024. The percentage of our income and gains to our total revenue increased from 4.2% in 2023 to 5.3% in 2024. The increases were primarily due to an increase in the value added tax refund of RMB10.1 million.

Impairment of Financial Assets, Net

Our impairment of financial assets, net increased from RMB0.2 million in 2023 to RMB0.7 million in 2024 mainly due to the additional provision for certain overdue balances.

Share of Losses of Investments Accounted for Using Equity Method

Our share of losses of investments accounted for using equity method decreased from RMB2.3 million in 2023 to RMB1.9 million in 2024, primarily due to decreased losses in our associate in South Korea and an overseas joint venture.

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Other Expenses

Our other expenses decreased from RMB6.6 million in 2023 to RMB0.6 million in 2024, primarily due to foreign exchange rate fluctuations.

Finance Costs

Our finance costs increased from RMB2.9 million in 2023 to RMB4.4 million in 2024, primarily due to the increase in interests on bank loans attributable to our increased bank borrowings during 2024.

Fair Value Losses of Convertible Redeemable Preferred Shares

We recorded a loss of RMB185.6 million in 2023 and a loss of RMB328.1 million in 2024 from the fair value changes of convertible redeemable preferred shares. The increased loss was primarily due to the changes in our market valuation.

Income Tax Expenses

Our income tax expenses remained relatively stable at RMB1.2 million in 2023 and RMB1.3 million in 2024.

Loss for the Year

As a result of the foregoing, our loss for the year amounted to RMB159.5 million in 2023 and RMB230.8 million in 2024.

DISCUSSION OF KEY ITEMS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total current assets	1,077,925	1,185,544	1,057,189
Total non-current assets	140,690	141,057	86,132
Total assets	1,218,615	1,326,601	1,143,321
Total current liabilities	3,052,561	3,416,912	3,483,021
Total non-current liabilities	9,650	7,267	8,201
Total liabilities	3,062,211	3,424,179	3,491,222
Net liabilities	(1,843,596)	(2,097,578)	(2,347,901)
Share capital	—	—	—
Reserves	(1,843,596)	(2,097,578)	(2,347,901)
Total equity	(1,843,596)	(2,097,578)	(2,347,901)
Total liabilities and equity	1,218,615	1,326,601	1,143,321

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The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current assets				
Inventories	285,537	263,551	262,279	274,999
Trade receivables	109,122	105,372	99,218	95,246
Prepayments, other receivables and other assets	107,697	81,614	92,195	101,033
Financial assets at FVTPL	65,146	235,114	17,002	50,080
Restricted cash	5,134	13,552	55,594	61,671
Time deposits	50,000	51,000	54,152	54,152
Cash and cash equivalents	455,289	435,341	476,749	400,456
Total current assets	1,077,925	1,185,544	1,057,189	1,037,637
Current liabilities				
Trade and bills payables	190,035	316,764	249,255	218,741
Other payables and accruals	206,107	282,394	202,319	160,120
Convertible and redeemable preferred shares	2,489,811	2,707,942	2,767,799	2,765,886
Interest-bearing bank and other borrowings	118,117	60,073	230,994	281,240
Lease liabilities	8,483	10,191	8,764	9,178
Provision	39,424	38,141	21,461	21,400
Tax Payable	584	1,407	2,429	2,393
Total current liabilities	3,052,561	3,416,912	3,483,021	3,458,958
Net current liabilities	1,974,636	2,231,368	2,425,832	2,421,321

Our net current liabilities remained relatively stable at RMB2,425.8 million as of December 31, 2025 and RMB2,421.3 million as of February 28, 2026.

Our net current liabilities increased by 9.1% from RMB2,231.4 million as of December 31, 2024 to RMB2,425.8 million as of December 31, 2025, primarily due to the decrease in current assets and the increase in current liabilities. The decrease in current assets was primarily due to the decrease in financial assets at FVTPL of RMB218.1 million, partially offset by the increase in restricted cash of RMB42.0 million and the increase in cash and cash equivalents of RMB41.4 million. The increase in current liabilities was primarily due to the increase in interest-bearing bank and other borrowings of RMB170.9 million and the increase in financial liabilities related to convertible and redeemable preferred shares of RMB59.9 million, partially offset by the decrease in other payables and accruals of RMB80.1 million and the decrease in trade and bills payables of RMB67.5 million.

Our net current liabilities increased by 10.0% from RMB1,974.6 million as of December 31, 2023 to RMB2,231.4 million as of December 31, 2024, primarily due to the increase in current assets less than the increase in current liabilities. The increase in current assets was primarily due to the increase in financial assets at FVTPL of RMB170.0 million, partially offset by the decrease in prepayments, other receivables and other assets of RMB26.1 million, the decrease in inventories of RMB21.9 and the decrease in cash and cash equivalent of RMB20.0 million. The increase in current liabilities was primarily due to the increase in financial liabilities related to convertible and redeemable preferred shares of RMB218.1 million, the increase in trade and bills payables of RMB126.8 million and the increase in other payables and accruals of RMB76.3 million, partially offset by the decrease in interest-bearing bank and other borrowings of RMB58.0 million.

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Inventories

Our inventories primarily consisted of raw materials, work in process, finished goods and goods in transit. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials	78,807	67,858	66,399
Work in progress	23,181	22,270	16,812
Finished goods	153,168	135,294	134,803
Goods in transit	30,381	38,129	44,265
Total	<u>285,537</u>	<u>263,551</u>	<u>262,279</u>

Our inventories decreased from RMB285.5 million as of December 31, 2023 to RMB263.6 million as of December 31, 2024, primarily due to the decrease in finished goods and raw materials because we strategically decreased the inventory level of finished goods and raw materials as we enhanced internal inventory management and negotiated with the suppliers to shorten their response and delivery cycle in response to our procurement requests. The decrease was partially offset by our strategic stockpiling towards the end of 2024 to address the potential impact of anticipated additional tariffs in 2025. Our inventories remained relatively stable at RMB263.6 million as of December 31, 2024 and RMB262.3 million as of December 31, 2025.

The table below sets forth an aging analysis for our inventories, net of loss allowances as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
0 to 90 days	78,807	67,858	66,399
91 to 180 days	23,181	22,270	16,812
181 to 360 days	153,168	135,294	134,803
Above one year	30,381	38,129	44,265
Total	<u>285,537</u>	<u>263,551</u>	<u>262,279</u>

Our management periodically reviews our inventory levels for slow-moving inventory, obsolescence or decline in market value. Allowance is made when the net realizable value of inventories falls below the cost or any of the inventories is identified as obsolete. We assess the net realizable value of the inventories as well as the required amount of write-down of inventories at the end of each reporting period, which involves significant judgment on determination of the estimated selling price of our products in the ordinary course of business, less estimated costs of completion and selling and distribution expenses. These estimates are based on our current market condition, the contract price of products if they are held for particular contracts and the historical experience of distributing and selling products of similar nature. In 2023, 2024 and 2025, we made provision for inventory write-down of RMB36.0 million, RMB59.3 million and RMB42.5 million, respectively. Our management believes that sufficient provision has been made for each of the reporting periods.

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The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	108	102	106

Note:

- (1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days.

Our inventory turnover days decreased from 108 days in 2023 to 102 days in 2024, primarily due to the decrease in our inventory level and the optimization of our inventory structure with a lower portion of inventories involving a slow turnover. Our inventory turnover days then increased to 106 days in 2025, primarily due to the increased proportion of overseas sales, and the relevant inventory turnover is typically slower.

As of February 28, 2026, RMB118.9 million, or 45.3% of our inventory as of December 31, 2025 had been utilized or sold.

Trade Receivables

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables	110,312	106,834	102,910
Less: allowance for trade receivables	1,190	1,462	3,692
Total	109,122	105,372	99,218

Our trade receivables gradually decreased during the Track Record Period mainly due to the prompter customer settlement, which amounted to RMB109.1 million, RMB105.4 million and RMB99.2 million as of December 31, 2023, 2024 and 2025, respectively.

We typically allow a credit period within 90 days to certain customers. The following table sets forth the aging analysis of our trade receivables, based on revenue recognition dates and net of loss allowance, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	109,122	102,962	99,218
Over one year	—	2,410	—
Total	109,122	105,372	99,218

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The following table sets forth our trade receivables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	28	26	25

Note:

- (1) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables (excluding provision for impairment) for a year divided by revenue for the relevant year and multiplied by 365 days.

Our trade receivables turnover days remained relatively stable at 28 days in 2023, 26 days in 2024 and 25 days in 2025.

As of February 28, 2026, RMB96.2 million, or 93.5% of our trade receivables as of December 31, 2025 had been settled.

Prepayments, Other Receivables and Other Assets

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
<i>(RMB in thousands)</i>			
Current			
Prepayment for inventories	4,833	3,371	3,136
Prepaid expenses	7,062	6,575	5,721
Deferred [REDACTED] expenses	—	—	4,470
Value-added tax recoverable and other tax receivables	53,721	45,812	45,547
Right-of-return assets	5,413	2,791	2,683
Undrawn deposits on third party e-commerce platforms	25,262	15,984	22,570
Other receivables and deposits	11,479	7,140	8,136
Less: Impairment of other receivables and deposits	(73)	(59)	(68)
Total current	107,697	81,614	92,195
Non-current			
Long-term deposits	3,419	4,687	6,373
Prepayments for property and equipment	5,142	2,687	4,354
Other receivables	2,052	4,103	4,103
Less: Impairment of other receivables and deposits	(28)	(436)	(434)
Total non-current	10,585	11,041	14,396

Our current prepayments, other receivables and other assets primarily consisted of the prepayment for inventories, prepaid expenses, deferred [REDACTED] expenses, value-added tax recoverable and other tax receivables, right-of-return assets, and undrawn deposits on third party e-commerce platforms. Our current prepayments, other receivables and other assets decreased from RMB107.7 million as of December 31, 2023 to RMB81.6 million as of December 31, 2024, primarily due to a decrease in our undrawn deposits on third party e-commerce platforms and a decrease in our value-added tax recoverable and other tax receivables. Our current prepayments, other receivables and other assets then increased from RMB81.6 million as of December 31, 2024 to RMB92.2 million as of December 31, 2025 mainly due to an increase in our undrawn deposits on third party e-commerce platforms and deferred [REDACTED] expenses.

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Our non-current prepayments, deposits and other receivables primarily consisted of long-term deposits, and prepayments for property and equipment. Our non-current prepayments, deposits and other receivables remained relatively stable at RMB10.6 million as of December 31, 2023 and RMB11.0 million as of December 31, 2024. Our non-current prepayments, deposits and other receivables then increased from RMB11.0 million as of December 31, 2024 to RMB14.4 million as of December 31, 2025 mainly due to an increase in prepayments for property and equipment and long-term deposits.

Financial Assets at FVTPL

Our current financial assets at FVTPL primarily consisted of structured deposits and wealth management products. Our current financial assets at FVTPL increased from RMB65.1 million as of December 31, 2023 to RMB235.1 million as of December 31, 2024 primarily due to the increase in fair value of the wealth management products. Our current financial assets at FVTPL decreased from RMB235.1 million as of December 31, 2024 to RMB17.0 million as of December 31, 2025 primarily due to the decrease in fair value of wealth management products and the withdrawal of structure deposits. The fluctuations of the fair value of our structured deposits and wealth management products depend on the fluctuations of relevant principals and interest rates, which are subject to our wealth management strategies.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. Our investments are primarily in wealth management products issued by reputable banks. These products are selected for their low-risk profiles, predictable cash flows, and alignment with our overall financial strategy of optimizing liquidity management while balancing risk and return. We make investment decisions related to financial products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general market conditions, the risk control and credit levels of the issuing banks, our working capital needs, and the expected profit or potential loss of the investment. The investment in these assets will be subject to the compliance with Chapter 14 of the Listing Rules upon the [REDACTED] and the [REDACTED].

Our non-current financial assets at FVTPL primarily represented our unlisted investments, which amounted to RMB10.0 million, RMB14.3 million and RMB11.7 million as of December 31, 2023, 2024 and 2025, respectively. The value of our non-current financial assets at FVTPL was linked to the operational and financial performance of two companies in which we invested.

Trade and Bills Payables

Our trade and bills payables were primarily in relation to the procurement of raw materials, manufacturing and freight services. Our trade and bills payables increased from RMB190.0 million as of December 31, 2023 to RMB316.8 million as of December 31, 2024 as (i) we proactively negotiated with certain suppliers to extend credit terms; (ii) we began to use bank bills as a settlement method; and (iii) we strategically stocked up towards the end of 2024 to address the potential impact of anticipated additional tariffs in 2025. Our trade and bills payables decreased from RMB316.8 million as of December 31, 2024 to RMB249.3 million as of December 31, 2025, primarily as (i) the impact of certain credit term extensions in 2024 gradually phased out in 2025; and (ii) we discontinued the stockpiling strategy in 2025.

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Our trade payables are normally settled on credit terms of one to three months. The following table sets forth the aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	189,406	285,804	208,427
Over one year	629	458	180
Total	190,035	286,262	208,607

The following table sets forth our trade payables turnover days for the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	74	88	100

Note:

- (1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by the cost of sales used for the relevant year and multiplied by 365 days.

Our trade payables turnover days increased from 74 days in 2023 to 88 days in 2024 primarily as we proactively negotiated with certain suppliers to extend credit terms. Our trade payables turnover days further increased to 100 days in 2025 mainly because certain credit term extensions in 2024 also extended our settlement period in 2025, particularly at the beginning of the year.

As of February 28, 2026, RMB147.4 million, or 70.7% of our trade and bills payables as of December 31, 2025 had been settled.

Other Payables and Accruals

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payroll payables	43,725	44,392	36,319
Other tax payables	9,658	10,006	12,101
Contract liabilities	57,175	61,175	63,274
Payable for repurchase of preferred shares	—	86,143	—
Shares repurchase obligation under share option scheme	7,144	6,334	6,383
Accrued expense	18,004	16,757	24,236
[REDACTED] expenses payables	—	—	8,100
Other payables	70,401	57,587	51,906
Total current	206,107	282,394	202,319

Our other payables and accruals primarily consisted of the payroll payables, other tax payables, contract liabilities, payable for the repurchase of preferred shares, shares repurchase obligation under the share option

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scheme, accrued expense, [REDACTED] expenses payables and other payables related to the procurement of raw materials. Our other payables and accruals increased from RMB206.1 million as of December 31, 2023 to RMB282.4 million as of December 31, 2024, primarily due to the payable for our repurchase of preferred shares. Our other payables and accruals decreased from RMB282.4 million as of December 31, 2024 to RMB202.3 million as of December 31, 2025 primarily due to the settlement of the payable for our repurchase of preferred shares.

Convertible and Redeemable Preferred Shares

Our financial liabilities related to convertible and redeemable preferred shares represented the convertible and redeemable preferred shares issued to our [REDACTED] Investors. Certain [REDACTED] Investors have been granted special rights, including, among others, pre-emptive rights, rights of first refusal, co-sale rights, drag-along rights, information rights, redemption rights, anti-dilution rights, and appointment rights of directors to the Board. These special rights shall all be automatically terminated upon the [REDACTED] except for the redemption rights which shall be suspended on the date immediately before the date of our first submission of [REDACTED] application to the Stock Exchange and shall be restored under certain circumstances. For details, see “History, Development and Corporate Structure — [REDACTED] Investments.” Our financial liabilities related to convertible and redeemable preferred shares gradually increased from RMB2,489.8 million as of December 31, 2023 to RMB2,707.9 million as of December 31, 2024 and RMB2,767.8 million as of December 31, 2025, primarily due to our increased market valuation.

Property and Equipment

Our property and equipment consisted of machinery equipment, leasehold improvements, electronic equipment and others, moulds, office equipment and vehicles. The following table sets out a breakdown of our property and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Machinery equipment	6,418	6,644	6,979
Leasehold improvements	3,441	2,582	1,373
Electronic equipment and others	2,447	1,273	2,335
Moulds	14,805	16,177	16,501
Office equipment	1,271	1,105	758
Vehicles	20	239	437
Total	28,402	28,020	28,383

Our property and equipment remained relatively stable at RMB28.4 million as of December 31, 2023, RMB28.0 million as of December 31, 2024 and RMB28.4 million as of December 31, 2025.

Right-of-Use Assets

Our right-of-use assets mainly represented lease contracts for buildings used as plants, warehouses, dormitories and offices. Our right-of-use assets remained relatively stable at RMB15.9 million as of December 31, 2023, RMB15.8 million as of December 31, 2024 and RMB15.6 million as of December 31, 2025.

Intangible Assets

Our intangible assets consisted of procured software. Our intangible assets decreased from RMB5.5 million as of December 31, 2023 to RMB2.4 million as of December 31, 2024 and RMB1.1 million as of December 31, 2025, primarily due to amortization.

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Investments in Joint Venture and Associate

Our investments in joint venture and associate were mainly related to our associate in South Korea and an overseas joint venture. Our investments in joint venture and associate decreased from RMB19.5 million as of December 31, 2023 to RMB17.0 million as of December 31, 2024 and RMB14.9 million as of December 31, 2025, primarily due to the decrease in the net assets of such associate and joint venture due to operational losses.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025 and February 28, 2026, our indebtedness included interest-bearing bank and other borrowings and lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Interest-bearing bank and other borrowings (current):				
Bank loans – unsecured	10,000	–	62,433	112,433
Bank loans – secured	108,117	30,120	–	–
Discounted bills	–	29,953	168,561	168,807
Subtotal	118,117	60,073	230,994	281,240
Lease liabilities:				
Current portion	8,483	10,191	8,764	9,178
Non-current portion	8,347	6,443	7,602	8,738
Subtotal	16,830	16,634	16,366	17,916
Total	134,947	76,707	247,360	299,156

Interest-bearing Bank and Other Borrowings

All of our interest-bearing bank and other borrowings are current, which primarily consisted of secured and unsecured bank loans as well as discounted bills. See Note 25 of the Accountants’ Report in Appendix I to this document for details of the interest rates and the maturity.

Our interest-bearing bank and other borrowings decreased from RMB118.1 million as of December 31, 2023 to RMB60.1 million as of December 31, 2024, primary due to the repayment of bank loans as the government reduced subsidies on interest expenses on bank loans, partially offset by the discounted bills in relation to our sales. Our interest-bearing bank and other borrowings increased from RMB60.1 million as of December 31, 2024 to RMB231.0 million as of December 31, 2025, primarily due to the increase in bank loans and discounted bills in light of the relatively lower interest rates. Our interest-bearing bank and other borrowings increased from RMB231.0 million as of December 31, 2025 to RMB281.2 million as of February 28, 2026, primarily due to increased bank loans to meet the cash requirements of domestic operations.

As of February 28, 2026, we had unutilized banking facilities of RMB500.0 million.

Lease Liabilities

Our lease liabilities (including current and non-current portions) primarily represented lease contracts for buildings used as plants, warehouses, dormitories and offices.

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Our total lease liabilities remained relatively stable at RMB16.8 million as of December 31, 2023, RMB16.6 million as of December 31, 2024, RMB16.4 million as of December 31, 2025, and RMB17.9 million as of February 28, 2026.

No Other Outstanding Indebtedness

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant or undertaking on any of our outstanding debt and that we did not experience any difficulty in obtaining bank loans and other borrowings, material default in payment of trade and non-trade payables, bank loans or breach of covenants during the Track Record Period and up to the date of this document.

Except as disclosed above, as of February 28, 2026, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there has been no material change in our indebtedness from February 28, 2026 to the date of this document.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

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

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash from/(used in) operating activities	65,116	288,603	(73,408)
Net cash from/(used in) investing activities	(171,145)	(174,193)	262,922
Net cash (used in) financing activities	(12,086)	(137,313)	(142,676)
Net increase/(decrease) in cash and cash equivalents	(118,115)	(22,903)	46,838
Cash and cash equivalents at the beginning of the year	568,867	455,289	435,341
Effect of foreign exchange rate changes, net	4,537	2,955	(5,430)
Cash and cash equivalents at the end of the year	455,289	435,341	476,749

Net Cash Flows from/(Used in) Operating Activities

In 2025, our net cash flows used in operating activities were RMB73.4 million, primarily attributable to our loss before tax of RMB320.6 million and adjusted by adding back non-cash items, primarily comprising fair value losses of convertible redeemable preferred shares of RMB339.0 million. The amount was further adjusted by changes in working capital, which primarily comprised a decrease in trade and bills payables of RMB67.5 million, an increase in restricted cash of RMB42.0 million, a decrease in other payables and accruals of RMB33.4 million and an increase in inventories of RMB32.8 million.

In 2024, our net cash flows generated from operating activities were RMB288.6 million, primarily attributable to our loss before tax of RMB229.5 million and adjusted by adding back non-cash items, primarily comprising fair value losses of convertible redeemable preferred shares of RMB328.1 million. The amount was further adjusted by changes in working capital, which primarily comprised an increase in trade and bills payables of RMB126.7 million, and a decrease in prepayments, other receivables and other assets of RMB22.8 million, partially offset by an increase in inventories of RMB29.6 million.

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In 2023, our net cash flows generated from operating activities were RMB65.1 million, primarily attributable to our loss before tax of RMB158.3 million and adjusted by adding back non-cash items, primarily comprising fair value losses of convertible redeemable preferred shares of RMB185.6 million. The amount was further adjusted by changes in working capital, which primarily comprised a decrease in trade and bills payables of RMB28.9 million.

Net Cash Flows from/(Used in) Investing Activities

In 2025, our net cash flows generated from investing activities were RMB262.9 million, primarily attributable to the proceeds from the disposal of financial assets at FVTPL of RMB876.1 million and the proceeds from maturity of time deposits of RMB55.7 million, partially offset by the purchase of financial assets at FVPTL of RMB657.0 million.

In 2024, our net cash flows used in investing activities were RMB174.2 million, primarily attributable to the purchase of financial assets at FVPTL of RMB1,582.0 million and the placement of time deposits of RMB51.0 million, partially offset by the proceeds from the disposal of financial assets at FVTPL of RMB1,418.0 million and the proceeds from maturity of time deposits of RMB50.7 million.

In 2023, our net cash flows used in investing activities were RMB171.1 million, primarily attributable to the purchase of financial assets at FVPTL of RMB1,361.4 million and the placement of time deposits of RMB100.0 million, partially offset by the proceeds from the disposal of financial assets at FVTPL of RMB1,305.4 million.

Net Cash Flows Used in Financing Activities

In 2025, our net cash flows used in financing activities were RMB142.7 million, primarily attributable to repurchases of preferred shares of RMB297.8 million and repayment of bank loans of RMB236.1 million, partially offset by the new bank loans of RMB407.4 million.

In 2024, our net cash flows used in financing activities were RMB137.3 million, primarily attributable to repayment of bank loans of RMB178.0 million and purchases of preferred shares of RMB64.1 million, partially offset by the new bank loans of RMB120.1 million.

In 2023, our net cash flows used in financing activities were RMB12.1 million, primarily attributable to the repayment to a preferred share investor of RMB116.6 million and lease payments of RMB9.4 million, partially offset by the new bank loans of RMB118.0 million.

WORKING CAPITAL SUFFICIENCY

We recorded net operating cash inflows of RMB65.1 million in 2023 and RMB288.6 million in 2024. We recorded net operating cash outflows of RMB73.4 million in 2025 primarily due to (i) our decreased operating income, mainly attributable to (a) increased research and development expenses as we expanded our research and development workforce to support our research and development initiatives; and (b) the [REDACTED] expenses incurred in 2025; and (ii) the impact of working capital changes, mainly attributable to (a) decreased trade and bills payables as the impact of certain credit term extensions in 2024 gradually phased out and we discontinued the stockpiling strategy in 2025; and (b) increased restricted cash related to discounted bills payables. Taking into consideration the financial resources available to us, including our cash and cash equivalents on hand of RMB476.7 million and time deposits of RMB54.2 million as of December 31, 2025 as well as our unutilized banking facilities of RMB570.0 million as of the same date, our operating cash flows and the estimated [REDACTED] from the [REDACTED], in the absence of unforeseeable circumstances, the Directors confirm, and the Sole Sponsor concurs, that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document.

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CAPITAL EXPENDITURES AND COMMITMENTS

During the Track Record Period, our capital expenditure primarily consisted of (i) the purchase of items of property and equipment and (ii) the purchase of intangible assets. The table below sets forth our capital expenditure for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchases of items of property and equipment	11,691	8,645	10,542
Purchases of intangible assets	3,437	29	747
Total	15,128	8,674	11,289

We had capital expenditures of RMB15.1 million, RMB8.7 million and RMB11.3 million in 2023, 2024 and 2025, respectively. We funded the expenditure mainly with cash generated from business operations.

Following the [REDACTED], we will continue to incur capital expenditure to grow our business. We plan to fund our planned capital expenditure primarily with cash flows generated from our operations, bank borrowings, and the [REDACTED] received from the [REDACTED]. See “Future Plans and [REDACTED].” We may adjust our capital expenditure for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

We had capital commitments primarily related to purchases of items of property, plant and equipment. As of December 31, 2023, 2024 and 2025, our capital commitments were RMB5.0 million, RMB5.0 million and RMB4.9 million, respectively.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, save as disclosed in this document, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against us or any member of the Group that is likely to have a material and adverse effect on our business, financial condition and result of operations.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	29.7%	33.8%	38.4%
Adjusted profit margin (non-IFRS measure) ⁽²⁾	3.1%	7.6%	3.9%
Current ratio ⁽³⁾	0.4	0.3	0.3
Quick ratio ⁽⁴⁾	0.2	0.2	0.2

Notes:

(1) Calculated by dividing gross profit by revenue for the year multiplied by 100%.

FINANCIAL INFORMATION

- (2) Calculated by dividing adjusted profit for the year (non-IFRS measure) by revenue for the year multiplied by 100%.
- (3) Calculated by dividing total current assets by total current liabilities as of the end of the year.
- (4) Calculated by dividing total current assets minus inventory and prepayments, other receivables and other assets by total current liabilities as of the end of the year.

Our adjusted profit margin (non-IFRS measure) decreased from 7.6% in 2024 to 3.9% in 2025 mainly due to the decrease in our adjusted profit (non-IFRS measure). See “— Non-IFRS Financial Measure” in this section for details.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. As of each of December 31, 2023 and 2024, we recorded non-trade amounts due from related parties of RMB0.3 million, all of which had been subsequently settled in 2025. For details of our material related party transactions, see Note 34 to the Accountants’ Report in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 34 to the Accountants’ Report in Appendix I to this document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS DISCLOSURE

Our principal financial instruments comprise interest-bearing bank and other borrowings, financial assets and financial liabilities at FVTPL and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from our operations.

We are exposed to various market risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For more details, including relevant sensitivity analysis, see Note 37 to the Accountants’ Report in Appendix I to this document.

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Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our long term interest-bearing bank borrowings with a floating interest rate. Our policy is to manage our interest cost using a mix of fixed and variable rate debts. As of December 31, 2023, 2024 and 2025, approximately 100%, 50.1% and 100% of our interest-bearing borrowings bore interest at fixed rates.

Foreign Currency Risk

The foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations.

Credit Risk

We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents, time deposits, restricted cash and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets (such as trade receivables) and projected cash flows from operations.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize shareholders' value.

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new Shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries.

During the Track Record Period, we had not declared or paid any dividend. In addition, we do not have any dividend policy and have no present plan to pay any dividends to our Shareholders in the foreseeable future. However, we may distribute dividends in the future by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. As advised by our legal adviser as to the laws of the Cayman Islands, a

FINANCIAL INFORMATION

position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this would not result in us being unable to pay our debts as they fall due in the ordinary course of business.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had no distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately [REDACTED] (assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), representing [REDACTED] the gross proceeds (based on the mid-point of our indicative [REDACTED] range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] expenses of RMB21.7 million, of which RMB17.3 million was charged to the consolidated statements of profit or loss as administrative expenses and approximately RMB4.4 million was capitalized as deferred expenses in the consolidated statements of financial position as of December 31, 2025 to be charged against equity upon the [REDACTED]. We expect to incur additional [REDACTED] expenses of [REDACTED], of which [REDACTED] is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and [REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our [REDACTED] expenses are composed of (i) [REDACTED] commission of [REDACTED], and (ii) non-[REDACTED] related expenses of [REDACTED], which consist of fees and expenses of legal advisers and reporting accountants of [REDACTED] and other fees and expenses of [REDACTED].

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately [REDACTED], after deducting [REDACTED] commissions and other estimated expenses paid and payable by us in connection with the [REDACTED] and based upon an [REDACTED] of [REDACTED], being the mid-point of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per [REDACTED], and assuming no exercise of the [REDACTED].

We intend to use the [REDACTED] we will receive from the [REDACTED] for the following purposes:

- Approximately [REDACTED], or approximately [REDACTED] of the [REDACTED] will be allocated for research and development purposes, aiming to continue upgrading our technology capabilities in products and in various spatial intelligence application scenarios. We believe such investment will allow us to maintain our technological leadership while expanding and optimizing our portfolio of products and solutions. The rapid evolution of the spatial intelligence industry in the era of AI requires us to enhance our competitiveness across hardware and software by making research and development a top priority. The details of our contemplated plan for research and development are as follows.
 - o Enriching and strengthening the product performance: Approximately [REDACTED] or approximately [REDACTED] of the [REDACTED] will be allocated for developing three key technology clusters that are core to our competitive advantage in the next three years. Firstly, we intend to further enhance key technologies embedded in our products and solutions including large-scale wireless communication, ultra-low-power energy management for smart terminals, distributed local automation, cloud-edge-device collaboration, multimodal perception, full-duplex voice interaction and large language model driven autonomous spatial agents that enable proactive and personalized spatial services. Secondly, we intend to invest in vector lighting technology, which enables real-time coordination of light direction, intensity, color temperature, spatial distribution and temporal dynamics. This technology can potentially achieve intelligent and scenario-based lighting that significantly enhances spatial ambience. Thirdly, we intend to invest in energy harvesting technology which captures and utilizes energy from diverse sources, including indoor and outdoor solar, thermal and mechanical energy. This technology focuses on low-power conversion, storage and charge management for hardware and on low-power protocols and dynamic power models to reduce standby consumption for software.
 - o Expanding the application scenarios of our products and solutions: Approximately [REDACTED] or approximately [REDACTED], of the [REDACTED] will be allocated for expanding the application scenarios of our products and solutions in the next three years. These application scenarios include assisted living and low-carbon building management which are two areas with high growth potential. In the assisted living scenario, we intend to focus on multimodal sensing technologies to enable fall detection, contactless vital-sign monitoring and AI-empowered companionship features that accelerate emergency response and deliver more personalized care experiences. In the low-carbon scenario, we intend to focus on deploying integrated spatial intelligence systems that optimize energy consumption through real-time monitoring and adaptive control of HVAC, lighting and other building systems.
- Approximately [REDACTED], or approximately [REDACTED], of the [REDACTED] will be allocated for expanding sales channels and enhancing our brand awareness in the next three years. We also

FUTURE PLANS AND USE OF [REDACTED]

intend to build our brand awareness through organizing and participating in offline events, such as industry exhibitions and online marketing. By strategically promoting our solutions through targeted campaigns and consistent brand messaging, we believe we can significantly enhance our visibility among potential customers. We believe a strong brand presence is essential for customer acquisition and retention, which in turn will enhance our ability to expand our market share.

- Approximately [REDACTED] or approximately [REDACTED], of the [REDACTED] will be allocated as a supplement to our working capital and other general corporate purposes, providing us with financial flexibility to address ongoing operational needs, explore strategic growth initiatives and maintain stability in unforeseen circumstances.

If the [REDACTED] is set at [REDACTED] per [REDACTED], being the high end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will be approximately [REDACTED]. If the [REDACTED] is set at [REDACTED] per [REDACTED], being the low end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will be approximately [REDACTED]. If the [REDACTED] is exercised in full, the [REDACTED] that we will receive will be approximately [REDACTED] after deducting [REDACTED] commissions and other estimated expenses paid and payable by us in connection with the [REDACTED], assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED] range). In the event that the [REDACTED] is exercised in full, we intend to apply the additional [REDACTED] to the aforementioned purposes in the proportions mentioned above.

To the extent that our actual [REDACTED] from the [REDACTED] higher or lower than our estimate above, we will increase or decrease our allocation of the [REDACTED] for the purposes set out above on a pro rata basis, regardless of (i) whether the [REDACTED] is set at the higher end or the lower end of the indicate [REDACTED] range and (ii) whether the [REDACTED] is exercised.

If the [REDACTED] of the [REDACTED] are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the [REDACTED] into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation of corporation in this Document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AQARA INTERNATIONAL LTD AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of Aqara International Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [3] to [●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [3] to [●] forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated [●] (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in note 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in note 2.1 and 2.2 to the Historical Financial Information, respectively, 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.

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ACCOUNTANTS’ REPORT

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at December 31, 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in note 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[●]

Certified Public Accountants

Hong Kong

[●] 2026

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the 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 when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	1,439,385	1,488,573	1,471,628
Cost of sales		(1,011,580)	(985,463)	(907,239)
Gross profit		427,805	503,110	564,389
Research and development expenses		(172,804)	(183,262)	(233,728)
Selling and distribution expenses		(183,657)	(200,655)	(235,072)
Administrative expenses		(93,010)	(91,939)	(119,708)
Other income and gains	5	61,021	78,889	64,458
Impairment losses of financial assets, net		(213)	(666)	(2,237)
Share of losses of investments accounted for using equity method		(2,346)	(1,855)	(3,152)
Other expenses		(6,629)	(577)	(12,914)
Operating income		30,167	103,045	22,036
Finance costs	6	(2,879)	(4,422)	(3,679)
Fair value changes of convertible redeemable preferred shares	26	(185,554)	(328,120)	(338,974)
LOSS BEFORE TAX	7	(158,266)	(229,497)	(320,617)
Income tax expenses	10	(1,216)	(1,268)	(1,786)
LOSS FOR THE YEAR		(159,482)	(230,765)	(322,403)
Attributable to:				
Owners of the parent		(159,482)	(230,765)	(322,403)
		(159,482)	(230,765)	(322,403)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic and diluted (RMB per share)		(2.10)	(3.04)	(4.24)
LOSS FOR THE YEAR		(159,482)	(230,765)	(322,403)
OTHER COMPREHENSIVE LOSS				
Other comprehensive income/(loss) that may be reclassified to profit and loss in subsequent periods:				
Exchange differences on translation of foreign operations		(17,961)	(15,473)	17,572
Share of other comprehensive loss of joint venture and associate		(55)	(2,081)	(37)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of the company		(19,287)	(22,120)	41,687
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(196,785)	(270,439)	(263,181)
Attributable to:				
Owners of the parent		(196,785)	(270,439)	(263,181)
		(196,785)	(270,439)	(263,181)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property and equipment	13	28,402	28,020	28,383
Right-of-use assets	15	15,921	15,810	15,646
Intangible assets	14	5,453	2,370	1,078
Investments in joint venture and associate	17	19,468	16,981	14,938
Financial assets at fair value through profit or loss	21	10,009	14,333	11,691
Prepayments, other receivables and other assets	20	10,585	11,041	14,396
Time deposits	22	50,852	52,502	—
Total non-current assets		140,690	141,057	86,132
CURRENT ASSETS				
Inventories	18	285,537	263,551	262,279
Trade receivables	19	109,122	105,372	99,218
Prepayments, other receivables and other assets	20	107,697	81,614	92,195
Financial assets at fair value through profit or loss	21	65,146	235,114	17,002
Restricted cash	22	5,134	13,552	55,594
Time deposits	22	50,000	51,000	54,152
Cash and cash equivalents	22	455,289	435,341	476,749
Total current assets		1,077,925	1,185,544	1,057,189
CURRENT LIABILITIES				
Trade and bills payables	23	190,035	316,764	249,255
Other payables and accruals	24	206,107	282,394	202,319
Convertible and redeemable preferred shares	26	2,489,811	2,707,942	2,767,799
Interest-bearing bank and other borrowings	25	118,117	60,073	230,994
Lease liabilities	15	8,483	10,191	8,764
Provision	27	39,424	38,141	21,461
Tax payable		584	1,407	2,429
Total current liabilities		3,052,561	3,416,912	3,483,021
NET CURRENT LIABILITIES		(1,974,636)	(2,231,368)	(2,425,832)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,833,946)	(2,090,311)	(2,339,700)
NON-CURRENT LIABILITIES				
Lease liabilities	15	8,347	6,443	7,602
Provision	27	1,303	824	599
Total non-current liabilities		9,650	7,267	8,201
Net liabilities		(1,843,596)	(2,097,578)	(2,347,901)
EQUITY				
Equity attributable to owners of the parent		—	—	—
Share capital		—	—	—
Reserves	29	(1,843,596)	(2,097,578)	(2,347,901)
Total equity		(1,843,596)	(2,097,578)	(2,347,901)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY Year ended December 31, 2023

	Attributable to owners of the parent				
	Share Capital	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<i>(note 29)</i>	<i>(note 29)</i>	<i>(note 30)</i>	<i>(note 30)</i>	<i>(note 30)</i>	
As at January 1, 2023	—	29,024	17,582	(98,405)	(1,610,616)
Loss for the year	—	—	—	—	(1,662,415)
Exchange differences	—	—	—	(37,248)	(159,482)
Share of other comprehensive loss of joint venture and associate	—	—	—	(55)	(37,248)
	—	—	—	—	(55)
Total comprehensive loss for the year	—	—	—	(37,303)	(196,785)
Share based payment arrangements	—	—	15,604	—	15,604
As at December 31, 2023	—	29,024*	33,186*	(135,708)*	(1,843,596)

Year ended December 31, 2024

	Attributable to owners of the parent				
	Share Capital	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<i>(note 29)</i>	<i>(note 29)</i>	<i>(note 30)</i>	<i>(note 30)</i>	<i>(note 30)</i>	
As at January 1, 2024	—	29,024	33,186	(135,708)	(1,843,596)
Loss for the year	—	—	—	—	(230,765)
Exchange differences	—	—	—	(37,593)	(37,593)
Share of other comprehensive loss of joint venture and associate	—	—	—	(2,081)	(2,081)
	—	—	—	(39,674)	(270,439)
Total comprehensive loss for the year	—	—	—	—	16,457
Share based payment arrangements	—	—	16,457	—	—
As at December 31, 2024	—	29,024*	49,643*	(175,382)*	(2,097,578)

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended December 31, 2025

	Attributable to owners of the parent					
	Share Capital	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 29)	(note 30)	(note 30)	(note 30)		
As at January 1, 2025	—	29,024	49,643	(175,382)	(2,000,863)	(2,097,578)
Loss for the year	—	—	—	—	(322,403)	(322,403)
Exchange differences	—	—	—	59,259	—	59,259
Share of other comprehensive loss of joint venture and associate	—	—	—	(37)	—	(37)
Total comprehensive loss for the year	—	—	—	59,222	(322,403)	(263,181)
Share based payment arrangements	—	—	12,858	—	—	12,858
As at December 31, 2025	—	29,024*	62,501*	(116,160)*	(2,323,266)*	(2,347,901)

* The reserve accounts comprised the consolidated deficits of RMB1,843,596,000, RMB2,097,578,000 and RMB2,347,901,000 in the consolidated statements of financial position as at December 31, 2023, 2024, and 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(158,266)	(229,497)	(320,617)
Adjustments for:				
Finance costs	6	2,879	4,422	3,679
Foreign exchange (gains)/losses, net	7	6,239	(1,932)	9,804
Interest income	5	(10,710)	(11,269)	(13,429)
Share of loss of joint ventures and associates	17	2,346	1,855	3,152
Gain on deemed disposal of an associate or a joint venture	5	(738)	–	(466)
Investment income on financial assets at fair value through profit or loss	5	(3,954)	(5,317)	(1,830)
Fair value (gain)/loss on financial assets at fair value through profit or loss		(1,752)	(5,119)	2,640
Fair value losses of convertible redeemable preferred shares	26	185,554	328,120	338,974
Equity-settled share-based expenses		19,221	15,748	23,018
Impairment of trade receivables	7	193	272	2,230
Impairment of other receivables	7	20	394	7
Loss on disposal of items of property and equipment	7	133	115	451
Gain on lease modification	7	(122)	–	(2)
Depreciation of property and equipment	13	13,514	10,345	7,797
Impairment loss on inventories	7	28,124	51,614	34,024
Depreciation of right-of-use assets	15	9,134	10,686	10,712
Amortisation of intangible assets	14	4,665	3,112	2,039
Decrease/(increase) in inventories		(832)	(29,628)	(32,752)
Decrease in trade receivables		1,447	3,478	3,924
(Increase)/ decrease in prepayments, other receivables and other assets		(9,663)	22,777	(10,978)
Increase/(decrease) in trade and bill payables		(28,869)	126,729	67,509
(Decrease)/increase in other payables and accruals		4,762	(8,395)	(33,481)
Increase in restricted cash		(5,125)	(8,418)	(42,042)
Cash generated from/(used in) operations		58,200	280,092	(80,655)
Interest received		8,368	8,956	8,011
Income tax paid		(1,452)	(445)	(764)
Net cash flows from/(used in) operating activities		65,116	288,603	(73,408)

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		Year ended December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property and equipment		(11,691)	(8,645)	(10,542)
Proceeds from disposal of items of property and equipment		23	33	–
Additions to intangible assets		(3,437)	(29)	(747)
Investments in joint venture		–	(1,250)	(620)
Purchase of financial assets at fair value through profit or loss		(1,361,400)	(1,582,000)	(657,000)
Disposal of financial assets at fair value through profit or loss		1,305,360	1,417,998	876,149
Placement of time deposits		(100,000)	(51,000)	–
Proceeds from maturity of time deposits		–	50,700	55,682
Net cash flows (used in)/from investing activities		(171,145)	(174,193)	262,922
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchases of preferred shares		–	(64,076)	(297,810)
Repayment to a preferred share investor		(116,649)	–	–
New bank loans		118,000	120,100	407,400
Repayment of bank loans		(2,000)	(178,000)	(236,100)
Lease payments	15	(9,367)	(11,482)	(11,419)
Interest paid		(2,070)	(3,855)	(3,453)
Payment for deferred [REDACTED] expenses		–	–	(1,294)
Net cash flows used in financing activities		(12,086)	(137,313)	(142,676)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		568,867	455,289	435,341
Effect of foreign exchange rate changes, net		4,537	2,955	(5,430)
CASH AND CASH EQUIVALENTS AT END OF YEAR		455,289	435,341	476,749
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		419,875	400,341	476,749
Time deposits with maturity within three months		35,414	35,000	–
Cash and cash equivalents as stated in the consolidated statements of financial position	22	455,289	435,341	476,749

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property and equipment		2	–	–
Investments in joint venture	17	–	613	756
Investment in subsidiaries	16	1,213,142	1,246,941	847,713
Total non-current assets		<u>1,213,144</u>	<u>1,247,554</u>	<u>848,469</u>
CURRENT ASSETS				
Prepayments, other receivables and other assets	20	20,968	21,366	35,118
Cash and cash equivalents	22	708	1,505	516
Total current assets		<u>21,676</u>	<u>22,871</u>	<u>35,634</u>
CURRENT LIABILITIES				
Other payables and accruals	24	23,994	187,362	63,123
Convertible and redeemable preferred shares	26	2,489,810	2,707,942	2,767,799
Total current liabilities		<u>2,513,804</u>	<u>2,895,304</u>	<u>2,830,922</u>
NET CURRENT LIABILITIES		<u>(2,492,128)</u>	<u>(2,872,433)</u>	<u>(2,795,288)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,278,984)</u>	<u>(1,624,879)</u>	<u>(1,946,819)</u>
Net liabilities		<u>(1,278,984)</u>	<u>(1,624,879)</u>	<u>(1,946,819)</u>
EQUITY				
Share capital	28	–	–	–
Reserves	29	(1,278,984)	(1,624,879)	(1,946,819)
Total equity		<u>(1,278,984)</u>	<u>(1,624,879)</u>	<u>(1,946,819)</u>

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Aqara International Ltd (the “Company”) was incorporated in the Cayman Islands on April 10, 2015 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Grand Pavilion Hibiscus Way, George Town, Grand Cayman KY11205.

The Company is an investment holding company. The Company and its subsidiaries now comprising the Group underwent the reorganization as set out in the paragraph headed “Corporate Structure” in the section headed “History, Development And Corporate Structure” in the Prospectus (the “Reorganization”). During the Relevant Periods, the Company and its subsidiaries (collectively the “Group”) was principally engaged in the design, development, manufacturing and commercialisation of smart home automation devices.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the principal subsidiaries are as follow:

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
EigenStone Technology Ltd.* 愛根斯通科技有限公司(note (a))	Chinese Mainland 8 September 2015	RMB750,000,000	-	100%	Sale of products Develop, manufacture and sale of products
Lumi United Technology Co., Ltd.* 深圳綠米聯創科技有限公司(note (a))	Chinese Mainland 8 December 2009	RMB50,000,000	-	100%	
Aqara LLC (note (b))	The United States 15 July 2019	USD350,000	100%	-	Sale of products

Notes:

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

(a) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with China Accounting Standards of Business Enterprises (“PRC GAAP”), were audited by Shenzhen Zhenan Certified Public Accountants (General Partnership) (深圳市圳安會計師事務所 (普通合夥)) and Shenzhen Zhongzheng Yinhe Certified Public Accountants (General Partnership) (深圳中正銀合會計師事務所 (普通合夥)), certified public accountants registered in the PRC, respectively.

(b) No audited financial statements have been prepared for these entities for the Relevant Periods as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.

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2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization, as more fully explained in the section headed “HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE” in the Prospectus, the Company became the holding company of the companies now comprising the Group on [] 2015.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date of incorporation of the subsidiaries, where this is a shorter period. The consolidated statements of financial position of the Group as at the end of the Relevant Periods have been prepared to present the assets and liabilities of the subsidiaries now comprising the Group using the existing book values. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the reorganization.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group transactions and balances have been eliminated on consolidation.

In August 2021, the Group, Shenzhen Ankasa Software Services Co., Ltd (“Shenzhen Ankasa”) and the registered shareholder of Shenzhen Ankasa entered into certain contractual arrangements, pursuant to which, the Group had effective control over the financial and operational matters of, and was entitled to, all the economic benefits derived from Shenzhen Ankasa, accordingly, Shenzhen Ankasa was consolidated into the Group during the Relevant Periods. In March 2026, the contractual arrangements were terminated and the Group would lose control over Shenzhen Ankasa since then.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Going concern assumption

As at December 31, 2025, the Group had net deficits of RMB2,347,901,000 and recorded net current liabilities of RMB2,425,832,000, which mainly included the convertible redeemable preferred shares of approximately RMB2,767,799,000 being classified as current liabilities as set out in note 26 to the Historical Financial Information. The directors of the Company do not expect the preferred shares to be redeemed with the next 12 months, as the redemption rights shall be suspended on the date immediately before the date of first submission of [REDACTED] and shall be restored upon the earliest of the Company fails to complete the [REDACTED] within 18 months after the initial submission. Upon completion of the [REDACTED], all preferred shares will be converted into ordinary shares.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account these additional financial resources available to the Group and the internally generated funds from operations, the directors believe that the Group has sufficient working capital to enable it to continue its operations and meet its liabilities as and when they fall due for the next twelve months from December 31, 2025.

Accordingly, the Historical Financial Information has been prepared on a basis that the Group will be able to continue as a going concern.

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2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective, in the Historical Financial Information.

IFRS 18	<i>Presentation and Disclosure in financial statement²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

¹ Effective for annual periods beginning on or after January 1, 2026

² Effective for annual/reporting periods beginning on or after January 1, 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group’s financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

2.4 MATERIAL ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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The results of subsidiaries are included in the Company’s profit or loss to the extent of dividends received and receivable. The Company’s investments in subsidiaries are stated at cost less any impairment losses.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it Derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Investments in joint ventures and associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group’s investments in joint ventures and associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

The Group’s share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in

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the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group’s investments in the associates or joint ventures, except where Unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group’s investments in associates or joint ventures.

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using

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a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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Property and equipment and depreciation

Property and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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 and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life, except for moulds, which are depreciated using the units-of-production method. The principal annual rates used for this purpose are as follows:

<u>Leasehold improvements</u>	<u>Shorter of remaining lease terms and estimated useful lives</u>
Machinery equipment	19%~32%
Electronic equipment and others	32%
Vehicles	24%
Office equipment	19%
Moulds	Units-of-production

Where parts of an item of property 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 the end of each of the Relevant Periods.

An item of property and equipment including any significant part initially recognized is Derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is Derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Relevant Periods.

Software

Purchased office software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 3 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available

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for use or sale, its intention to complete and its ability to use or sell the asset, how the asset 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.

Deferred development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding three years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and

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reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of employee dormitory (that is those 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 leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

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Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is Derecognized, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

During the Relevant Periods, the Group made investments in certain ordinary shares with preferential rights issued by the investee companies. The Group maintained significant influence in the companies but in substance had risks and returns different with those of interests in associates. The Group also has interests in certain investee companies in the form of ordinary shares with preferential rights which do not meet the definition of equity instruments and are classified as financial assets at fair value through profit or loss are also recognized as other income in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily Derecognized (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes 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

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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.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other borrowings, and financial liabilities at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (trade and other payables, loans and borrowings)

After initial recognition, trade payables, other payables and accruals, interest-bearing bank and other borrowings, are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are Derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Financial liabilities at fair value through profit and loss

The Group designated the convertible redeemable preferred shares upon initial recognition as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Any directly attributable transaction costs are recognized as finance costs in profit or loss.

Subsequent to initial recognition, the convertible redeemable preferred shares are carried at fair value with changes in fair value recognized in profit or loss.

The convertible redeemable preferred shares are classified as current liabilities when the Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

Derecognition of financial liabilities

A financial liability is Derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

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Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognized based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

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Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customers, generally upon acceptance of the goods as agreed in the sales contracts. The Group mainly sells Aqara-branded products and Original Design Manufacturer (“ODM”) products.

Sales of Aqara-branded products – distributors and retailers

A significant part of the Group’s Aqara-branded products is sold to distributors and retailers, who have discretion over both price and distribution methods for products to be sold in their designated geographical areas. Revenue is recognised at a point in time when the goods are delivered and accepted by the distributors and retailers in accordance with the sales contract.

Volume rebates may be provided to distributors and retailers under certain conditions as agreed in the sales contract. Rebates are used as the consideration paid for future sales of products and recorded as contract liabilities. To estimate the variable consideration for the expected future rebates, the most likely amount is used.

The Group may provide consideration payable to certain retailers such as gross margin guarantee and outlet subsidies, which is directly deducted from the amounts owed to the Group by the retailers. Revenue is recognised net of the consideration payable to the customers.

The Group may offer installation services to distributors and retailers with separate charge. Revenue from installation is recognized at a point in time when the services are rendered and accepted by the customers.

Sales of Aqara-branded products – direct-to-customer (“DTC”)

The Group sells its Aqara-branded products directly to end customers via e-commerce platforms and self-operated website. Revenue is recognized at a point in time when the goods are delivered and accepted by the end customers. The Group estimates the time of acceptance by the end customers based on the actual delivery time, the historical experience on transportation time required, and the time when online payment is completed.

The Group may offer installation services to end customers without separate charge. The installation service is considered being distinct and accounted for as a separate performance obligation. The consideration is allocated to the products and installation services based on the relative standalone selling prices. Revenue from installation is recognized at a point in time when the services are rendered and accepted by the customer.

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Sales of ODM products

According to the cooperation agreement with ODM customers, the Group is responsible for the design, production and delivery of various ODM products to ODM customers. The ODM customers are responsible for commercial distributions and sales. For the ODM agreement with one customer, the Group can recover the manufacturing and logistic costs when the products are delivered to the ODM customer, and are additionally entitled to share a portion of gross profit when the ODM customer successfully sells such products to end customers.

Revenue is recognized at a point in time when the products are delivered and accepted by the ODM customers. The consideration includes the fixed portion for the costs incurred by the Group and the variable payment to the extent that it is probable that revenue reversal will not occur when settling with the customer subsequently. The Group estimates the variable consideration using the expected value method. In assessing the variable payment, the Group takes into consideration the historical experience with the customer, selling price of the same or similar products as at the report date as well as the recent market trend.

In the ODM arrangements, the Group may purchase certain materials from the ODM customer to produce the ODM products. The Group determines whether it is primarily responsible or acting as an agent in the transaction based on whether the Group has control over the goods before they are transferred to customers. As the Group is able to control the goods before transferring them to customers, the Group recognises revenue based on the total consideration received or receivable.

(b) Cloud storage services and IoT platform development services

Customers subscribe for cloud storage services over a service period. Revenue is recognized over the subscribed period on a straight-line basis, because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from IoT platform development services is recognized at point in time when the services are rendered and accepted by the customers.

(c) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Other income

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

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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Contract costs

Other than the costs which are capitalized as inventories, property, plant and equipment and intangible assets, costs incurred to fulfill a contract with a customer are capitalized as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) 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.
- (c) The costs are expected to be recovered.

The capitalized contract costs are amortized and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Right-of-return assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share award is determined by an external valuer using probability weighted expected return method and valuation models. Further details are included in note 30 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

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Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

Chinese Mainland

The employees of the Group’s subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

United States

The Group pays fixed contributions into a local separate fund, which is responsible for paying pensions and other post-retirement benefits to the retired employees. The amounts based on the defined contribution plans 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.

Housing fund and other social insurances — Chinese Mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

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Termination benefits

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

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its Historical Financial Information but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

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For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates or the year.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make Judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group’s accounting policies, management has made the following Judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Determining the method to estimate variable consideration and assessing the constraint for the revenue from sales of certain ODM products

Revenue from the sales of certain ODM products to one ODM customer includes the share of gross profits when the ODM customer successfully sells such products to end customers, which give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the revenue from the sales of the ODM products, given there is a range of possible outcomes which are subject to negotiations with customers.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, profitability of the ODM products and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Recognition of income taxes and deferred tax assets Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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Variable consideration for returns and volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of products with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group’s expected volume rebates are analyzed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer’s historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group’s past experience regarding returns and rebate entitlements may not be representative of customers’ actual returns and rebate entitlements in the future.

Estimation of the fair value of convertible redeemable preferred shares

The convertible redeemable preferred shares issued by the Group are not traded in an active market and the respective fair value is determined by using valuation techniques. The Group applied the discounted cash flow method and back-solve method to determine the underlying equity value of the Company and adopted the option-pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions such as the timing of the liquidation, redemption or the liquidation event as well as the probability of the various scenarios were based on the Group’s best estimates. Further details are included in note 26 to the Historical Financial Information.

Estimation of fair value of share-based award

The Group has adopted a share option scheme and granted share options to certain eligible employees. The fair value of the share options to employees is determined by a binomial model at the date they are granted. Significant estimates on assumptions, including the expected volatility, risk-free interest rate and expected life of options, are made by the board of directors of the Company. Further details are included in note 30 to the Historical Financial Information.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of smart home automation devices industry. Management estimates the net realizable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of Judgments and estimates. Where

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the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and other receivables is disclosed in note 19 and note 20 to the Historical Financial Information, respectively.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organized into business units based on its service and products and only has one reportable operating segment.

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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.

Geographical information

(a) *Revenue from external customers*

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Chinese Mainland	1,008,783	918,042	810,220
Europe	201,316	231,795	287,959
North America	116,464	165,923	197,789
Others*	112,822	172,813	175,660
	<u>1,439,385</u>	<u>1,488,573</u>	<u>1,471,628</u>

The revenue information above is based on the locations of the customers.

* Others include over 40 countries and regions, including South Korea and Singapore, of which each contributed relatively insignificant revenue during the Relevant Periods.

(b) *Non-current assets*

Most of the Group’s non-current assets are located in Chinese Mainland. Thus, no geographic information is presented.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group’s revenue during the Relevant Periods are set out below:

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Customer A	<u>471,628</u>	<u>501,490</u>	<u>476,953</u>

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Revenue from contracts with customers	<u>1,439,385</u>	<u>1,488,573</u>	<u>1,471,628</u>

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Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Types of goods or services			
Aqara-branded products	899,925	918,474	946,517
ODM products	518,784	543,014	496,701
Others*	20,676	27,085	28,410
	<u>1,439,385</u>	<u>1,488,573</u>	<u>1,471,628</u>
Timing of revenue recognition			
Goods transferred at a point in time	1,429,359	1,476,231	1,459,725
Services transferred at a point in time	9,626	10,693	7,776
Services transferred over time	400	1,649	4,127
Total revenue from contracts with customers	<u>1,439,385</u>	<u>1,488,573</u>	<u>1,471,628</u>

* Others primarily include the revenue generated from the supplementary parts, installation services, cloud storage services and IoT platform development services.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:			
Advance receipts from sales of products	34,180	30,356	27,553
Volume rebates	19,238	23,399	30,352
Deferred installation services	1,713	995	958
Total	<u>55,131</u>	<u>54,750</u>	<u>58,863</u>

(b) Performance obligations

Information about the Group’s performance obligations is summarized below:

Sale of goods

The performance obligation is satisfied upon delivery and acceptance of products and payment in advance is normally required, except for certain distributors and retailers whose payment is due within 3 months from delivery.

Rendering of services

The performance obligation for cloud storage service is satisfied over time in which the services are rendered and payment in advance is generally required. The performance obligation for installation service and IoT platform development service is satisfied when the services are completed and accepted by the customers and payment in advance is generally required.

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As the original expected duration of the contracts from customers of the Group are within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<u>Other income</u>			
Interest income	10,710	11,269	13,429
Value added tax refund*	34,897	45,014	39,842
Government grants**	8,113	9,620	7,609
Investment income on financial assets at fair value through profit or loss	3,954	5,317	1,830
Others	735	618	1,278
Total other income	58,409	71,838	63,988
<u>Gains</u>			
Gain on deemed disposal of an associate and a joint venture	738	–	466
Fair value gains on financial assets at fair value through profit or loss	1,752	5,119	2
Gain on lease modification	122	–	2
Foreign exchange gains	–	1,932	–
Total gains	2,612	7,051	470
Total other income and gains	61,021	78,889	64,458

* According to “Notice on the Value Added Tax Policy for Software Products (Cai Shui [2011] No. 100), the Group is entitled to certain value added tax refunds on its sales of software products. The refunded amounts are recognised as other income when received.

** The government grants have been received from the PRC local government authorities to support certain subsidiaries’ operating activities. There are no unfulfilled eligibility requirements and conditions relating to these government grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank loans	2,163	3,711	3,074
Interest on lease liabilities	716	711	605
	2,879	4,422	3,679

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7. LOSS BEFORE TAX

The Group’s loss before tax is arrived at after charging/(crediting):

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cost of inventories sold*		1,003,611	977,126	900,832
Cost of services provided		7,969	8,377	6,407
Research and development expenses		172,804	183,262	233,728
Depreciation of property and equipment**	13	13,514	10,345	7,797
Depreciation of right-of-use assets**	15	9,134	10,686	10,712
Amortisation of intangible assets**	14	4,665	3,112	2,039
Foreign exchange (gains)/losses, net***		6,239	(1,932)	9,804
Lease payments not included in the measurement of lease liabilities		8,078	3,476	5,009
Impairment loss of financial assets, net:				
Impairment loss of trade receivables	19	193	272	2,230
Impairment loss of other receivables	20	20	394	7
		213	666	2,237
Write-down of inventories to net realisable value*		28,124	51,614	34,024
Product warranty provision*	27	5,506	4,982	9,410
Loss on disposal of items of property and equipment***		133	115	451
Gain on lease modification***		(122)	–	(2)
Investment income on financial assets at fair value through profit or loss		(3,954)	(5,317)	(1,830)
Fair value (gain)/loss on financial assets at fair value through profit or loss		(1,752)	(5,119)	2,640
Fair value loss on convertible redeemable preferred shares	26	185,554	328,120	338,974
Gain on deemed disposal of an associate and a joint venture***		(738)	–	(466)
Auditor’s remuneration		908	235	207
[REDACTED] expense		–	–	17,265
Employee benefit expenses (excluding directors’ and chief executive’s remuneration (note 8))				
– Wages and salaries		239,218	187,133	236,446
– Pension scheme contributions		33,651	36,497	45,672
– Share-based payment expenses		14,994	10,968	17,407
Total		287,863	234,598	299,525

* The amounts disclosed for cost of inventories sold included write-down of inventories to net realisable value and product warranty provision.

** The depreciation of property and equipment and right-of-use assets and amortisation of intangible assets are included in “Cost of sales”, “Selling and distribution expenses”, “Administrative expenses” and “Research and development expenses” in profit or loss, respectively.

*** The amounts are included in “Other expenses” or “Other income and gains” in profit or loss.

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8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s remuneration as recorded during the Relevant Periods is set out below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	3,535	3,712	5,109
Performance related bonus	1,318	1,457	784
Pension scheme contributions	157	193	282
Share-based payment expenses	4,227	4,780	5,611
	<u>9,237</u>	<u>10,142</u>	<u>11,786</u>

(a) Independent non-executive directors

There were no emoluments payable to the independent non-executive directors during the Relevant Periods. On 26 March 2026, Mr. Tianyu Jiang and Ms. Nan Shen and Mr. Xueyin Zhong were appointed as independent non-executive directors of the Company with effect from the [REDACTED] of the Company.

(b) Directors and the chief executive

Year ended December 31, 2023

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors					
Eugene Yanjun YOU (i)	822	284	43	—	1,149
Lin Zhen (ii)	941	306	68	1,082	2,397
Kong Li (iii)	905	355	46	1,838	3,144
Cathy Chenxi YOU (iv)	867	373	—	1,307	2,547
Total	<u>3,535</u>	<u>1,318</u>	<u>157</u>	<u>4,227</u>	<u>9,237</u>

Year ended December 31, 2024

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors					
Eugene Yanjun YOU (i)	839	316	47	—	1,202
Lin Zhen (ii)	968	328	71	1,092	2,459
Kong Li (iii)	930	432	50	2,162	3,574
Cathy Chenxi YOU (iv)	975	381	25	1,526	2,907
Total	<u>3,712</u>	<u>1,457</u>	<u>193</u>	<u>4,780</u>	<u>10,142</u>

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Year ended December 31, 2025

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Eugene Yanjun YOU (i)	871	123	54	–	1,048
Lin Zhen (ii)	1,026	213	71	1,414	2,724
Kong Li (iii)	951	127	57	2,902	4,037
Cathy Chenxi YOU (iv)	2,261	321	100	1,295	3,977
Total	<u>5,109</u>	<u>784</u>	<u>282</u>	<u>5,611</u>	<u>11,786</u>

Notes:

- (i) Mr. Eugene Yanjun You was appointed as director and the chief executive officer of the Company with effect from April 10, 2015.
- (ii) Mr. Lin Zhen was appointed as president of the Company with effect from August 28, 2021.
- (iii) Ms. Kong Li was appointed as senior vice president of the Company with effect from October 28, 2020.
- (iv) Ms. Cathy Chenxi You was appointed as senior vice president of the Company with effect from March 22, 2023.

During the Relevant Periods, share awards were granted to certain directors, further details of which are included in the disclosures in note 30 to the Historical Financial Information. The fair value of such awards, which has been recognised in profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors’ remuneration disclosures.

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods.

Save for the non-executive directors, there was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included three, three and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining two, two, two highest paid employee who is neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,813	1,814	2,036
Performance related bonus	628	681	301
Pension scheme contributions	92	100	114
Share-based payment expenses	2,484	2,845	3,384
	<u>5,017</u>	<u>5,440</u>	<u>5,835</u>

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The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2023	2024	2025
	Numbers of employees		
HK\$ 1,500,001 to HK\$ 2,000,000	1	1	1
Above HK\$ 2,000,000	1	1	1
	<u>2</u>	<u>2</u>	<u>2</u>

During the Relevant Periods, share awards were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30 to the Historical Financial Information. The fair value of such awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008.

Shenzhen Lumi United Technology Co., Ltd. and EigenStone Technology Ltd., the subsidiaries of the Group in Chinese Mainland, was qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant governmental authority in the PRC for every three years.

Hong Kong

The subsidiaries incorporated in Hong Kong are qualifying entities under the two-tiered profits tax rates regime, where the first HK\$2,000,000 of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5% during the Relevant Periods.

USA

The subsidiary incorporated in the USA is subject to statutory United States federal corporate income tax at a rate of 21% during the Relevant Periods, and the state income tax in corresponding jurisdictions.

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The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	888	462	750
Transfer pricing-related tax provision	328	806	1,036
Total tax charge for the year	<u>1,216</u>	<u>1,268</u>	<u>1,786</u>

A reconciliation of the expected income tax calculated at the preferential tax rate and loss before income tax, with the actual income tax at the effective tax rate is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(158,266)	(229,497)	(320,617)
Tax charge at the statutory tax rate of 25%	(39,567)	(57,374)	(80,154)
Effect of fair value loss of convertible redeemable preferred shares	46,385	82,030	84,744
Entities subject to lower statutory income tax rate	(5,541)	(10,259)	6,291
Profits and losses attributable to joint venture and associate	338	253	464
Super deduction for research and development expenses	(24,507)	(26,917)	(34,608)
Expenses not deductible for tax purposes	2,921	2,789	2,416
Temporary differences not recognised	10,656	6,405	–
Tax losses not recognized	12,379	12,060	23,401
Tax losses and temporary differences utilised from previous periods	(2,240)	(8,529)	(2,373)
Transfer pricing provision recognised	329	810	1,157
Withholding tax paid	60	–	448
Tax charge at the Group’s effective tax rate	<u>1,216</u>	<u>1,268</u>	<u>1,786</u>

According to the PRC Corporate Income Tax regulations, Shenzhen Lumi United Technology Co., Ltd. Shenzhen Ankasa Software Service Co., Ltd. and EigenStone Technology Ltd., were entitled to additional deduction of 100% of qualified R&D expenses from taxable income during the Relevant Periods.

Deferred tax assets have not been recognised in respect of the following items:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax Loss	892,451	907,551	1,059,286
Temporary differences	40,605	76,995	74,019
Total	<u>933,056</u>	<u>984,546</u>	<u>1,133,305</u>

The Group has accumulated tax losses in Chinese Mainland amounted to RMB892,335,000, RMB906,205,000 and RMB1,058,556,000 as at December 31, 2023, 2024 and 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies located in Chinese Mainland in which the tax losses arose.

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The Group has accumulated tax losses in the United States amounted to RMB116,000, RMB1,346,000 and RMB731,000 as at December 31, 2023, 2024 and 2025, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred.

Deferred tax assets have not been recognized in respect of these losses and temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilized.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts was based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods in respect of a dilution as the impact of the outstanding convertible redeemable preferred shares and share options had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	Year ended December 31,		
	2023	2024	2025
<u>Loss</u>			
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB’000)	(159,482)	(230,765)	(322,403)
<u>Shares</u>			
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation (’000)*	76,000	76,000	76,000

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13. PROPERTY AND EQUIPMENT

The Group

	Machinery equipment	Electronic equipment and others	Vehicles	Office equipment	Moulds	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2023							
At January 1, 2023							
Cost	11,390	8,242	301	2,944	31,375	14,427	68,679
Accumulated depreciation and impairment	(4,526)	(4,089)	(280)	(1,212)	(17,903)	(9,847)	(37,857)
Net carrying amount	<u>6,864</u>	<u>4,153</u>	<u>21</u>	<u>1,732</u>	<u>13,472</u>	<u>4,580</u>	<u>30,822</u>
At January 1, 2023, net of accumulated depreciation and impairment	6,864	4,153	21	1,732	13,472	4,580	30,822
Additions	2,208	285	2	98	8,038	1,959	12,590
Disposals	(285)	(68)	–	(68)	(1,075)	–	(1,496)
Depreciation provided during the year	<u>(2,369)</u>	<u>(1,923)</u>	<u>(3)</u>	<u>(491)</u>	<u>(5,630)</u>	<u>(3,098)</u>	<u>(13,514)</u>
At December 31, 2023, net of accumulated depreciation and impairment	<u>6,418</u>	<u>2,447</u>	<u>20</u>	<u>1,271</u>	<u>14,805</u>	<u>3,441</u>	<u>28,402</u>
At December 31, 2023							
Cost	12,454	8,051	303	2,859	37,518	16,386	77,571
Accumulated depreciation and impairment	(6,036)	(5,604)	(283)	(1,588)	(22,713)	(12,945)	(49,169)
Net carrying amount	<u>6,418</u>	<u>2,447</u>	<u>20</u>	<u>1,271</u>	<u>14,805</u>	<u>3,441</u>	<u>28,402</u>
December 31, 2024							
At January 1, 2024							
Cost	12,454	8,051	303	2,859	37,518	16,386	77,571
Accumulated depreciation and impairment	(6,036)	(5,604)	(283)	(1,588)	(22,713)	(12,945)	(49,169)
Net carrying amount	<u>6,418</u>	<u>2,447</u>	<u>20</u>	<u>1,271</u>	<u>14,805</u>	<u>3,441</u>	<u>28,402</u>
At January 1, 2024, net of accumulated depreciation and impairment	6,418	2,447	20	1,271	14,805	3,441	28,402
Additions	2,138	342	265	318	6,534	514	10,111
Disposals	(111)	(23)	(2)	(12)	–	–	(148)
Depreciation provided during the year	<u>(1,801)</u>	<u>(1,493)</u>	<u>(44)</u>	<u>(472)</u>	<u>(5,162)</u>	<u>(1,373)</u>	<u>(10,345)</u>
At December 31, 2024, net of accumulated depreciation and impairment	<u>6,644</u>	<u>1,273</u>	<u>239</u>	<u>1,105</u>	<u>16,177</u>	<u>2,582</u>	<u>28,020</u>
At December 31, 2024							
Cost	14,225	8,104	524	3,101	44,053	16,900	86,907
Accumulated depreciation and impairment	(7,581)	(6,831)	(285)	(1,996)	(27,876)	(14,318)	(58,887)
Net carrying amount	<u>6,644</u>	<u>1,273</u>	<u>239</u>	<u>1,105</u>	<u>16,177</u>	<u>2,582</u>	<u>28,020</u>

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	Machinery equipment	Electronic equipment and others	Vehicles	Office equipment	Moulds	Leasehold improvements	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
December 31, 2025							
At January 1, 2025							
Cost	14,225	8,104	524	3,101	44,053	16,900	86,907
Accumulated depreciation and impairment	(7,581)	(6,831)	(285)	(1,996)	(27,876)	(14,318)	(58,887)
Net carrying amount	<u>6,644</u>	<u>1,273</u>	<u>239</u>	<u>1,105</u>	<u>16,177</u>	<u>2,582</u>	<u>28,020</u>
At January 1, 2025, net of accumulated depreciation and impairment	6,644	1,273	239	1,105	16,177	2,582	28,020
Additions	2,782	1,902	268	100	3,485	11	8,548
Disposals	(326)	(11)	–	(16)	(34)	(1)	(388)
Depreciation provided during the year	(2,120)	(829)	(70)	(431)	(3,128)	(1,219)	(7,797)
At December 31, 2025, net of accumulated depreciation and impairment	<u>6,980</u>	<u>2,335</u>	<u>437</u>	<u>758</u>	<u>16,500</u>	<u>1,373</u>	<u>28,383</u>
At December 31, 2025							
Cost	15,542	9,803	792	3,148	47,447	16,911	93,643
Accumulated depreciation and impairment	(8,562)	(7,468)	(355)	(2,390)	(30,947)	(15,538)	(65,260)
Net carrying amount	<u>6,980</u>	<u>2,335</u>	<u>437</u>	<u>758</u>	<u>16,500</u>	<u>1,373</u>	<u>28,383</u>

14. INTANGIBLE ASSETS

The Group

Software

	Year ended December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1			
Cost	9,496	12,933	11,720
Accumulated amortisation	(2,815)	(7,480)	(9,350)
Net carrying amount	<u>6,681</u>	<u>5,453</u>	<u>2,370</u>
At January 1, net of accumulated amortisation	6,681	5,453	2,370
Additions	3,437	29	747
Amortisation provided during the year (note 7)	(4,665)	(3,112)	(2,039)
At December 31, net of accumulated amortisation	<u>5,453</u>	<u>2,370</u>	<u>1,078</u>
At December 31			
Cost	12,933	11,720	9,495
Accumulated amortisation	(7,480)	(9,350)	(8,417)
Net carrying amount	<u>5,453</u>	<u>2,370</u>	<u>1,078</u>

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15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings. Leases of buildings generally have lease terms between 2 and 5 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

Buildings

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at January 1	9,958	15,921	15,810
Additions	16,571	10,575	10,640
Depreciation charge	(9,134)	(10,686)	(10,712)
Lease modification	(1,474)	–	(92)
Carrying amount at December 31	<u>15,921</u>	<u>15,810</u>	<u>15,646</u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at January 1	10,506	16,830	16,634
Additions	16,571	10,575	10,640
Accretion of interest recognised during the year	716	711	605
Lease modification	(1,596)	–	(94)
Lease payment	(9,367)	(11,482)	(11,419)
Carrying amount at December 31	<u>16,830</u>	<u>16,634</u>	<u>16,366</u>
Analysed into:			
Current portion	8,483	10,191	8,764
Non-current portion	<u>8,347</u>	<u>6,443</u>	<u>7,602</u>

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(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease payments not included in the measurement of lease liabilities	8,078	3,476	5,009
Interest on lease liabilities	716	711	605
Gain on lease modification	(122)	–	(2)
Depreciation charge of right-of-use assets	9,134	10,686	10,712
Total amount recognised in profit or loss	<u>17,806</u>	<u>14,873</u>	<u>16,324</u>

(d) The total cash outflow for leases is disclosed in note 31 to the Historical Financial Information.

16. INVESTMENT IN SUBSIDIARIES

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investment cost	<u>1,213,142</u>	<u>1,246,941</u>	<u>847,713</u>

17. INVESTMENTS IN JOINT VENTURE AND ASSOCIATE

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in joint venture*	–	613	756
Investments in associate	<u>19,468</u>	<u>16,368</u>	<u>14,182</u>
	<u>19,468</u>	<u>16,981</u>	<u>14,938</u>

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in joint venture	–	613	756
	<u>–</u>	<u>613</u>	<u>756</u>

* The above investment is held by the Company. It is a joint venture of the Group as the decisions about the relevant activities of the entities require the unanimous consent of the shareholders.

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Particulars of the associate and joint venture are as follows:

<u>Name</u>	<u>Particulars of issued shares held</u>	<u>Place and date of registration</u>	<u>Percentage of ownership interest attributable to the Group</u>	<u>Principal activity</u>
Joy Smart Home Limited	Ordinary shares	Cayman Islands November 2019	2024:15.00%, 2025:8.10%	Sales of products.
Aqara Life Co. Ltd.	Ordinary shares	South Korea July 2024	2023:19.57%, 2024:19.57%, 2025:19.29%	Sales of products

The Group’s balances with the associate and the joint venture are disclosed in note to the Historical Financial Information.

There is no individually material joint venture or associate of the Group.

The following table illustrates the aggregate financial information of the Group’s joint venture and associate, neither of which is individually material:

	<u>Year ended December 31,</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Share of loss of a joint venture for the year	–	(650)	(940)
Share of total comprehensive loss of a joint venture for the year	–	(637)	(939)
Share of loss of an associate for the year	(2,346)	(1,205)	(2,212)
Share of total comprehensive loss of an associate for the year	(2,401)	(3,299)	(2,250)
	<u>As at December 31,</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Aggregate carrying amount of the Group’s investments in the joint venture	–	613	756
Aggregate carrying amount of the Group’s investments in the associate	19,468	16,368	14,182

The above joint venture and associate incurred losses during the Relevant Periods. The Group performed an impairment assessment on the investment in the associate. The recoverable amount of the investment in the associate has been determined based on its value in use by using discounted cashflow projections. Based on the impairment assessment, no impairment provision is required for the Relevant Periods.

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18. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	78,807	67,858	66,399
Work in process	23,181	22,270	16,812
Finished goods	153,168	135,294	134,803
Goods in transit	30,381	38,129	44,265
	<u>285,537</u>	<u>263,551</u>	<u>262,279</u>

As at December 31, 2023, 2024 and 2025, the Group recorded a provision for the excess and obsolete inventories amounting to RMB35,989,000, RMB59,296,000 and RMB42,484,000 respectively.

19. TRADE RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	110,312	106,834	102,910
Less: Impairment of trade receivables	<u>1,190</u>	<u>1,462</u>	<u>3,692</u>
Trade receivables, net	<u>109,122</u>	<u>105,372</u>	<u>99,218</u>

The Group’s trade terms with its certain customers are on credit, and the credit period is generally within 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by management. As at December 31, 2023, 2024 and 2025, the Group had a concentration of credit risk as 76.52%, 71.78% and 74.65% of trade receivables is related to the largest customer, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group’s trade receivables were amounts due from the Group’s associate and joint venture of RMB9,863,000, RMB11,883,000 and RMB8,887,000 as at December 31, 2023, 2024 and 2025, respectively, which were repayable on credit terms similar to those offered to the major customers of the Group.

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An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	109,122	102,962	99,218
Over 1 year	–	2,410	–
Total	<u>109,122</u>	<u>105,372</u>	<u>99,218</u>

The movements in the loss allowance for impairment of the trade receivables are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	997	1,190	1,462
Impairment losses, net (note 7)	<u>193</u>	<u>272</u>	<u>2,230</u>
At end of year	<u>1,190</u>	<u>1,462</u>	<u>3,692</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

The Group

As at December 31, 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	RMB'000	RMB'000
Provision on a collective basis				
Aged within 1 year	0.78%	109,982	(860)	109,122
Aged over 1 year	100.00%	<u>330</u>	<u>(330)</u>	<u>–</u>
		<u>110,312</u>	<u>(1,190)</u>	<u>109,122</u>

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As at December 31, 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB’000	RMB’000	RMB’000
Provision on a collective basis				
Aged within 1 year	0.75%	103,374	(772)	102,602
Aged over 1 year	100.00%	501	(501)	–
Provision on an individual basis	6.39%	2,959	(189)	2,770
		<u>106,834</u>	<u>(1,462)</u>	<u>105,372</u>

As at December 31, 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB’000	RMB’000	RMB’000
Provision on a collective basis				
Aged within 1 year	0.90%	100,122	(904)	99,218
Aged over 1 year	100.00%	481	(481)	–
Provision on an individual basis	100.00%	2,307	(2,307)	–
		<u>102,910</u>	<u>(3,692)</u>	<u>99,218</u>

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Prepayment for inventories	4,833	3,371	3,136
Prepaid expenses	7,062	6,575	5,721
Deferred [REDACTED] expenses	–	–	4,470
Value-added tax recoverable and other tax receivables	53,721	45,812	45,547
Right-of-return assets	5,413	2,791	2,683
Undrawn deposits on third party e-commerce platforms	25,262	15,984	22,570
Other receivables and deposits*	11,479	7,140	8,136
Less: Impairment of other receivables and deposits	73	59	68
	<u>107,697</u>	<u>81,614</u>	<u>92,195</u>
Non-Current			
Long-term deposits	3,419	4,687	6,373
Prepayments for property and equipment	5,142	2,687	4,354
Other receivables*	2,052	4,103	4,103
Less: Impairment of other receivables and deposits	28	436	434
	<u>10,585</u>	<u>11,041</u>	<u>14,396</u>

* In 2022, the Group disposed partial of its interests in investment measured at fair value through profit or loss for a total consideration of RMB15,397,000, of which RMB4,103,000 was outstanding as at 31 December 2023, 2024 and 2025. The amount of RMB2,052,000 was classified as current as at 31 December 2023 as the amount was due for settlement in 2024. Subsequently, the Group agreed to extend the payment date to 2027 and therefore the full amount was classified as non-current. The impairment provision of RMB400,000 and RMB400,000 was recognised as at 31 December 2024 and 2025, respectively.

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Due from subsidiaries	20,968	21,366	35,118

The Company estimated that the expected loss rate for its other receivables due from subsidiaries is minimal.

Except for other receivable due from a third party as mentioned above, other receivables are unsecured, non-interest-bearing and are collectable within one year.

As at December 31, 2023, 2024 and 2025, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

The movements in the loss allowance for impairment of other receivables are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	81	101	495
Impairment losses, net (note 7)	20	394	7
At the end of the year	101	495	502

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current portion			
Unlisted investments, at fair value	10,009	14,333	11,691
	<u>10,009</u>	<u>14,333</u>	<u>11,691</u>
Current portion			
Wealth management products, at fair value	15,018	204,916	17,002
Structure deposits, at fair value	50,128	30,198	–
	<u>65,146</u>	<u>235,114</u>	<u>17,002</u>

The above investments at fair value through profit or loss are investment in some ordinary shares with preferential rights issued by private investee companies.

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The wealth management products and structured deposits issued by banks in Chinese Mainland with a maturity period within one year. They are classified and measured at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

22. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSITS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	419,875	400,341	476,749
Time deposits	136,266	138,502	54,152
Restricted cash	5,134	13,552	55,594
	<u>561,275</u>	<u>552,395</u>	<u>586,495</u>
Less:			
Restricted cash*	(5,134)	(13,552)	(55,594)
Time deposits with original maturity over three months:			
– Current	(50,000)	(51,000)	(54,152)
– Non– current	(50,852)	(52,502)	–
Cash and cash equivalents	<u>455,289</u>	<u>435,341</u>	<u>476,749</u>
Denominated in:			
RMB	362,927	305,920	163,136
USD	198,008	244,520	420,812
EUR	340	1,955	2,528
HKD	–	–	16
SGD	–	–	3
	<u>561,275</u>	<u>552,395</u>	<u>586,495</u>

The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted cash balances are deposited with creditworthy banks with no recent history of default.

* As at December 31, 2023 and 2025, the restricted bank deposits of RMB 5,130,000 and RMB 741,000 were frozen due to pending litigation cases.

As at December 31, 2024 and 2025, the restricted bank deposits of RMB 12,201,000 and RMB 54,827,000 represented guarantee deposits for the issuance of bills payable.

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	708	1,505	516
	<u>708</u>	<u>1,505</u>	<u>516</u>
Cash and cash equivalents	708	1,505	516
Denominated in			
USD	708	1,505	516
	<u>708</u>	<u>1,505</u>	<u>516</u>

23. TRADE AND BILLS PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	190,035	286,262	208,607
Bills payable	-	30,502	40,648
	<u>190,035</u>	<u>316,764</u>	<u>249,255</u>

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	189,406	285,804	208,427
Over 1 year	629	458	180
	<u>190,035</u>	<u>286,262</u>	<u>208,607</u>

The trade payables are non-interest-bearing and are normally settled on 1-3 months terms.

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24. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payables	43,725	44,392	36,319
Other tax payables	9,658	10,006	12,101
Contract liabilities (note (a))	57,175	61,175	63,274
Payable for repurchase of preferred shares (note (b))	–	86,143	–
Shares repurchase obligation under share option scheme (note 30)	7,144	6,334	6,383
Accrued expense	18,004	16,757	24,236
[REDACTED] expenses payables	–	–	8,100
Other payables	70,401	57,587	51,906
	<u>206,107</u>	<u>282,394</u>	<u>202,319</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other tax payables	123	125	122
Payable for repurchase of preferred shares	–	86,143	–
Shares repurchase obligation under share option scheme (note 30)	7,144	6,334	6,383
[REDACTED] expenses payables	–	–	8,100
Due to subsidiaries	16,727	94,760	48,518
	<u>23,994</u>	<u>187,362</u>	<u>63,123</u>

Other payables are non-interest-bearing and repayable on demand.

(a) Details of contract liabilities are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advance payments for sales of goods	31,590	29,197	32,815
Volume rebates	24,590	31,020	29,892
Deferred installation services	995	958	567
	<u>57,175</u>	<u>61,175</u>	<u>63,274</u>

Advance payments are mainly related to the sales of Aqara-branded products received from distributors and retailers. Volume rebates that are used as the consideration paid for future sales are recorded as contract liabilities and are transferred to revenue when the future sales are made. Deferred installation services refer to the allocated consideration for the sales of Aqara-branded products and will be transferred to revenue when the installation services are rendered.

(b) The balance represented the redemption liability payable to one investor who has exercised redemption rights in 2024. The amount was fully settled in 2025.

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25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at December 31,											
	2023				2024				2025			
	Weighted average interest rate		Maturity		Weighted average interest rate		Maturity		Weighted average interest rate		Maturity	
	(%)		RMB'000		(%)		RMB'000		(%)		RMB'000	
Current												
Bank loans—unsecured	1.90%	2024	10,000		—	—	—		2.15%	2026	62,433	
Bank loans—secured*	3.89%	2024	108,117		2.40%	2025	30,120		—	—	—	
Discounted bills	—	—	—		0.95%	2025	29,953		0.71%	2026	168,561	
Total			118,117				60,073				230,994	
Analyzed into:												
Bank loans repayable												
Within one year or on demand			118,117				60,073				230,994	

* As at December 31, 2023 and 2024, the Group’s bank loans of RMB108,117,000 and RMB29,953,000 were secured by the patents owned by the Group and certain subsidiaries of the Group.

All bank and other borrowings were denominated in RMB and the carrying amounts approximate to their fair values as at December 31, 2023, 2024 and 2025.

26. CONVERTIBLE REDEEMABLE PREFERRED SHARES

Since the date of incorporation, the Company has completed several rounds of financing by issuing convertible redeemable preferred shares (“Preferred Shares”) to investors, namely, Class B Ordinary Shares, series A Preferred Shares, series B Preferred Shares, series B+ Preferred Shares, series B2 Preferred Shares, series C Preferred Shares, series D Preferred Shares.

The details of the issuance are set out in the table below (after taking into consideration of Share Split):

	<u>Date of Issuance</u>	<u>Purchase Price</u>	<u>Number of Shares</u>	<u>Total consideration</u>
		(USD/Share)		USD'000
Class B Ordinary Shares	October 10, 2015	0.04	55,111,200	2,453
Series A Preferred Shares	October 10, 2015	0.36	26,222,222	9,400
Series B Preferred Shares	September 27, 2017	0.75	21,259,781	15,945
Series B+ Preferred Shares	January 31, 2019	0.99	16,091,620	16,000
Series B2 Preferred Shares	October 23, 2019	1.47	28,021,028	41,320
Series C Preferred Shares	October 28, 2020	2.00	21,364,811	42,670
Series D Preferred Shares	September 16, 2021	2.52	17,868,828	45,055
			<u>185,939,490</u>	<u>172,843</u>

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The key terms of the Preferred Shares are summarized as follows:

(a) Dividends rights

Prior to Series D Preferred Shares, each holder of Preferred Shares shall be entitled to receive from the Company, out of funds legally available, cumulative dividends per Preferred Share held by such holder accrued at the rate of eight percent (8%) (calculating from the Original issue date to the date on which such dividend is fully paid) of the applicable original issue price per annum for Series D and other senior series Preferred Shares (as adjusted for any stock dividends, combinations or splits with respect to such shares), when and if declared by the board, prior and in preference to holders of all other current or future class or series of Shares of the Company, including the ordinary shares. The dividends should be paid in the following order: Series D preferred shareholders, Series C preferred shareholders, Series B2 preferred shareholders, Series B+ preferred shareholders, Series B preferred shareholders, Series A preferred shareholders, ordinary shareholders.

(b) Conversion feature

Holders of Series D, C, B2, B+, B, A Preferred Shares, and Class B and Class A+ Ordinary Shares have the right to convert their shares into Class A Ordinary Shares under specified terms. The conversion ratio is initially 1:1, with the number of Class A Ordinary Shares determined by dividing the original issue price by the then-effective conversion price. The conversion price is initially equal to the original issue price and is adjusted for events such as share splits, dividends, reorganizations, mergers, and issuance of new equity at below-market prices.

Conversions may occur optionally at the holder’s discretion, subject to surrender of share certificates and written notice, or automatically upon a Qualified [REDACTED]. The Company will issue Class A Ordinary Shares upon conversion, with fractional shares rounded to the nearest whole share (upward at one-half). Conversion is effected via redemption of the original shares and issuance of Class A Ordinary Shares, with the Company using the redemption amount to fund the conversion.

Adjustments to conversion prices are triggered by various corporate actions, including stock splits, dividends, mergers, and dilutive equity issuances. The Company must provide holders with detailed certificates of adjustment and advance notice of any event affecting conversion rights. The Company must reserve sufficient authorized but unissued Class A Ordinary Shares to satisfy all potential conversions and may take steps to increase authorized shares if needed.

All conversions are subject to compliance with applicable laws and the Company’s articles of association. The Company will pay taxes related to the issuance of Class A Ordinary Shares upon conversion, excluding transfer-related taxes. Upon conversion, original shares are canceled, and holders’ rights (except for receiving Class A Ordinary Shares) terminate.

(c) Redemption

Series D, C, B2, B+, B, A Preferred Shares and Class B ordinary shares may be redeemed at the holder’s option under specific triggers: At any time after (i) the failure of applying for a Qualified [REDACTED] prior to the expiry of a 48 months period after October 23, 2019, or (ii) the material breach of the Transaction Documents by the Company or any Group Company or Founder, (iii) any other holder’s request the Company to redeem all or portion of its Shares.

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The Company shall within 15 business day give written Redemption Notice to each holders with redemption closing within 120 days. The redemption price is the greater of: Adjusted original issue price + 10% annual interest + unpaid dividends; or Fair market value (determined by an independent appraiser, excluding discounts).

Redemption follows a strict priority order: Series D, C, B2, B+, B, A Preferred Shares, Class B Ordinary Shares.

If funds are insufficient, payments are made pro rata to each class, with remaining amounts carried forward. The Company and Eugene Yanjun You must use best efforts to secure third-party buyers if funds are insufficient. Upon full payment, shares are canceled, and rights cease.

(d) Liquidation preferences

Upon liquidation, dissolution, or winding up, Series D, C, B2, B+, B, and A Preferred Shares, followed by Class B Ordinary Shares, hold priority over other equity classes. Each series D, C, B2, B+, B, A Preferred Shares and Class B Ordinary Shares is entitled to receive, before lower-ranked shares: (1) original issue price (adjusted for corporate actions), plus (2) 10% annual interest (from issuance), plus (3) accrued/unpaid dividends (adjusted similarly). If assets are insufficient, holders share remaining funds ratable. After all higher-ranked series are fully paid, residual assets distribute ratable to all shareholders on an as-converted basis.

“Liquidation Events” (treated as liquidation unless waived by majority investors) include mergers (where shareholders retain <50% voting power), asset/IP sales, IP licensing, or Control Document termination. Proceeds follow the above priority.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the profit or loss.

The movements of the convertible redeemable preferred shares are set out as below:

	As at December 31,		
	2023	2024	2025
At beginning of year	2,264,902	2,489,811	2,707,942
Redemption of preferred shares	–	(150,219)	(213,580)
Change in fair value	185,554	328,120	338,974
Currency translation differences	39,355	40,230	(65,537)
At end of year	2,489,811	2,707,942	2,767,799

As one of the redemption events was triggered on October 23, 2023, convertible redeemable preferred shares were classified as current liabilities as at the end of each of the Relevant Periods.

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The Group applied the discount cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions are set as below:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Risk-free interest rate	4.12%	4.20%	3.48%
DLOM	3%~21%	2%~17%	3%-13%
Volatility	39.97%	38.41%	39.19%

Discount rate (post-tax) was estimated by weighted average cost of capital as at each valuation date. The directors estimated the risk-free interest rate based on the yield of US Government Bond with maturity life close to the QIPO timing as of valuation date. The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term.

The following table demonstrates the sensitivity to a reasonably possible change in key assumptions, with all other variables held constant, of the changes in fair values.

	As at December 31,		
	2023	2024	2025
Risk-free interest rate increase/(decrease) in basis points	5/(5%)	5/(5%)	5/(5%)
	increase/decrease in multiple would result in decrease/increase in fair value by (0.0246%) and (0.0256%)% respectively.	increase/decrease in multiple would result in decrease/increase in fair value by (0.0049%) and 0.0049% respectively.	increase/decrease in multiple would result in decrease/increase in fair value by (0.0001%) and 0.0184% respectively.
DLOM increase/(decrease) in basis points	5/(5%)	5/(5%)	5/(5%)
	increase/decrease in multiple would result in decrease/increase in fair value by (0.7981%) and 0.7981% respectively.	increase/decrease in multiple would result in decrease/increase in fair value by (0.5890%) and 0.5890% respectively.	increase/decrease in multiple would result in decrease/increase in fair value by (0.4359%) and 0.4359% respectively.
Volatility increase/(decrease) in basis points	5/(5%)	5/(5%)	5/(5%)
	increase/decrease in multiple would result in decrease/increase in fair value by (0.0121%) and 0.0508% respectively.	increase/decrease in multiple would result in decrease/increase in fair value by 0.0246% and 0.0132% respectively.	increase/decrease in multiple would result in decrease/increase in fair value by 0.0561% and (0.0558)% respectively.

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27. PROVISION

The Group

	Litigation provision	Refund liabilities	Warranty provision	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	1,200	29,551	5,670	36,421
Additional provision	–	104,744	5,506	110,250
Amounts utilised during the year	–	(101,147)	(4,797)	(105,944)
At 31 December 2023	<u>1,200</u>	<u>33,148</u>	<u>6,379</u>	<u>40,727</u>
At 31 December 2023				
Current	1,200	33,148	5,076	39,424
Non-current	–	–	1,303	1,303
At 1 January 2024	1,200	33,148	6,379	40,727
Additional provision	157	110,763	4,982	115,902
Amounts utilised during the year	(1,200)	(111,037)	(5,427)	(117,664)
At 31 December 2024	<u>157</u>	<u>32,874</u>	<u>5,934</u>	<u>38,965</u>
At 31 December 2024				
Current	157	32,874	5,110	38,141
Non-current	–	–	824	824
At 1 January 2025	157	32,874	5,934	38,965
Additional provision	–	72,109	9,410	81,519
Amounts utilised during the year	–	(90,655)	(7,769)	(98,424)
At 31 December 2025	<u>157</u>	<u>14,328</u>	<u>7,575</u>	<u>22,060</u>
At 31 December 2025				
Current	157	14,328	6,976	21,461
Non-current	–	–	599	599

- (a) The Group generally provides 12-36 months warranties to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.
- (b) Refund liabilities represented the obligation arising from right of return to refund some or all of the consideration received (or receivable) from a customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each of Relevant Periods.
- (c) It represented the accrued liabilities for litigation cases.

28. SHARE CAPITAL

The Group and the Company

On 10 April 2015, the Company was incorporated with an authorised share capital of US\$50,000 divided into 500,000,000 shares of a par value of US\$0.0001 each.

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
	<i>(in thousand)</i>	<i>RMB'000</i>
At December 31, 2023, December 31, 2024 and 2025		
Class A Ordinary Shares	32,035	–
Class A+ Ordinary Shares	43,965	–
	<u>76,000</u>	<u>–</u>

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The Company adopted a weighted voting rights structure. During the Relevant Periods, Class A+ ordinary shares held by Mr, Eugene Yanjun You entitle holders to three votes per share, and Class A ordinary shares retain one vote per share.

29. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

Capital reserve of the Group represents the deemed contribution from the then shareholders, the difference between the par value of the shares issued and the consideration received, and the reserves arising from the Reorganisation of the Group.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 30 to the Historical Financial Information.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve of the Group represents exchange differences arising from the translation of financial statements of foreign operations.

The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented as follows:

	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2023	17,582	(61,823)	(1,040,387)	(1,084,628)
Loss for the year	–	–	(190,674)	(190,674)
Exchange differences on translation of foreign operations	–	(19,286)	–	(19,286)
Total comprehensive loss for the year	–	(19,286)	(190,674)	(209,960)
Share based payment arrangements	15,604	–	–	15,604
At 31 December 2023	33,186	(81,109)	(1,231,061)	(1,278,984)
At 1 January 2024	33,186	(81,109)	(1,231,061)	(1,278,984)
Loss for the year	–	–	(340,232)	(340,232)
Exchange differences on translation of foreign operations	–	(22,120)	–	(22,120)
Total comprehensive loss for the year	–	(22,120)	(340,232)	(362,352)
Share based payment arrangements	16,457	–	–	16,457
At 31 December 2024	49,643	(103,229)	(1,571,293)	(1,624,879)
At 1 January 2025	49,643	(103,229)	(1,571,293)	(1,624,879)

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	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the year	—	—	(376,485)	(376,485)
Exchange differences on translation of foreign operations	—	41,687	—	41,687
Total comprehensive loss for the year	—	41,687	(376,485)	(334,798)
Share based payment arrangements	12,858	—	—	12,858
At 31 December 2025	<u>62,501</u>	<u>(61,542)</u>	<u>(1,947,778)</u>	<u>(1,946,819)</u>

30. SHARE-BASED PAYMENTS

The Group approved a [REDACTED] Employee Share Option Plan on October 10, 2015 to reserve up to 41,830,578 class A ordinary shares to be allocated to the employees of the Group, in order to recognise the contributions of the employees to the growth and development of the Group.

The share options can be exercised for restricted shares immediately or on instalments over a service period. The vesting of the restricted shares that are exercised from share options is subject to the service condition and the [REDACTED] condition which would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

The fair values of the share option granted were estimated as at the grant date by using the Binomial option pricing model. The key assumptions used in determining the fair value mainly included:

- Risk-free interest rate of 3.88% ~ 4.58%;
- Expected volatility of 41.54% ~ 45.28%.

The share options granted and outstanding during the Relevant Periods are as follows:

	Weighted average exercise price	Number of share options
	USD per share	
At January 1, 2023	0.1426	30,196,762
Granted during the year	0.1000	2,617,570
Forfeited during the year	0.1302	1,106,537
At December 31, 2023	<u>0.1395</u>	<u>31,707,795</u>
At January 1, 2024	0.1395	31,707,795
Granted during the year	0.1000	182,000
Forfeited during the year	0.1316	1,260,295
At December 31, 2024	<u>0.1396</u>	<u>30,629,500</u>
At January 1, 2025	0.1396	30,629,500
Granted during the year	0.1000	2,955,650
Forfeited during the year	0.1114	954,600
At December 31, 2025	<u>0.1368</u>	<u>32,630,550</u>

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended December 31, 2023, 2024 and 2025, the Group recognized share award expenses of RMB19,221,000, RMB15,748,000, and RMB23,018,000 respectively.

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31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB16,571,000, RMB10,575,000 and RMB10,640,000 respectively, in respect of lease arrangements for buildings premises.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities	Interest bearing bank loans	Total
	RMB’000	RMB’000	RMB’000
At January 1, 2023	10,506	2,024	12,530
Changes from financing cash flow	(9,367)	113,930	104,563
Additions to lease liabilities	16,571	–	16,571
Lease modification	(1,596)	–	(1,596)
Accretion of interest expenses	716	2,163	2,879
At December 31, 2023 and January 1, 2024	16,830	118,117	134,947
Changes from financing cash flow	(11,482)	(61,755)	(73,237)
Additions to lease liabilities	10,575	–	10,575
Accretion of interest expenses	711	3,711	4,422
At December 31, 2024 and January 1, 2025	16,634	60,073	76,707
Changes from financing cash flow	(11,419)	167,847	156,428
Additions to lease liabilities	10,640	–	10,640
Lease modification	(94)	–	(94)
Accretion of interest expenses	605	3,074	3,679
At December 31, 2025	16,366	230,994	247,360

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within operating activities	8,078	3,476	5,009
Within financing activities	9,367	11,482	11,419
	17,445	14,958	16,428

32. PLEDGE OF ASSETS

Details of the Group’s restricted cash are included in note 22 to the Historical Financial Information.

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33. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Capital contributions payable to investees	–	630	–
Purchase of items of property, plant and equipment	4,980	4,328	4,920
	<u>4,980</u>	<u>4,958</u>	<u>4,920</u>

34. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following are related parties that have material transactions or balances with the Group during the Relevant Periods.

(a) Name and relationships of the related parties

Name	Relationship
Xiaomi Corporation	Shareholder of the Company
Aqara Life Co., Ltd.	Associate of the Group
Joy SmartHome Limited	Joint venture of the Group
Mr. Eugene Yanjun YOU	Director
Mr. Lin Zhen	Director
Ms. Kong Li	Director
Ms. Cathy Chenxi YOU	Director

(b) The Group had the following transactions with related parties during the Relevant Periods:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of goods and services to:			
Xiaomi Corporation	471,628	501,490	476,953
Aqara Life Co., Ltd.	55,764	54,708	42,735
Joy SmartHome Limited	–	765	15,018
	<u>527,392</u>	<u>556,963</u>	<u>534,706</u>
Purchases of goods from:			
Xiaomi Corporation	30,403	39,655	49,962

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(c) Outstanding balances with related parties:

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due from related parties:			
Xiaomi Corporation	84,440	76,687	76,810
Joy SmartHome Limited	–	–	2,687
Aqara Life Co., Ltd.	9,863	11,883	6,199
Kong Li (non-trade nature)	280	280	–
	<u>94,583</u>	<u>88,850</u>	<u>85,696</u>
Amounts due to related parties:			
Xiaomi Corporation	<u>4,682</u>	<u>9,189</u>	<u>4,511</u>

(d) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	4,455	4,626	6,061
Performance related bonus	1,673	1,865	911
Pension scheme contributions	203	243	339
Equity-settled share-based payment expenses	<u>6,143</u>	<u>7,021</u>	<u>8,440</u>
	<u>12,474</u>	<u>13,755</u>	<u>15,751</u>

Further details of directors’ and the chief executive’s remuneration are included in note 8 to the Historical Financial Information.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at fair value through profit and loss:			
Unlisted investments, at fair value	10,009	14,333	11,691
Wealth management products, at fair value	15,018	204,916	17,002
Structure deposits, at fair value	<u>50,128</u>	<u>30,198</u>	<u>–</u>
	<u>75,155</u>	<u>249,447</u>	<u>28,693</u>
Financial assets at amortised cost:			
Trade receivables	109,122	105,372	99,218
Financial assets included in deposit and other receivables	42,111	31,419	40,680
Restricted cash	5,134	13,552	55,594
Time deposits	100,852	103,502	54,152
Cash and cash equivalents	<u>455,289</u>	<u>435,341</u>	<u>476,749</u>
	<u>712,508</u>	<u>689,186</u>	<u>726,393</u>

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	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial liabilities			
Financial liabilities at fair value through profit and loss:			
Convertible redeemable preferred shares	2,489,811	2,707,942	2,767,799
Financial liabilities at amortised cost:			
Trade payables	190,035	316,764	249,255
Financial liabilities included in other payables and accruals	81,333	152,892	76,410
Lease liabilities	16,830	16,634	16,366
Interest-bearing bank loans	118,117	60,073	230,994
	406,315	546,363	573,025

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, trade receivables, trade payables, interest-bearing bank loans, restricted cash, the current portion of time deposits, the current portion of financial assets included in deposit and other receivables, the current portion of financial liabilities included in other payables and accruals, the current portion of lease liabilities, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of time deposits, lease liabilities, financial assets included in deposit and other receivables, in respect of their non-current portions, have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The Group’s finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted investments at fair value through profit or loss have been estimated using market method based on comparable companies, and back-solve method based on underlying equity value.

The fair values of wealth management products and structured deposits issued by banks in Chinese Mainland have been estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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Fair value hierarchy

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

As at December 31, 2023

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted investments	Market multiple method	Risk-free Rate	2.40%	A 1% increase in risk-free rate would result in an increase in fair value by RMB91,000; A 1% decrease in risk-free rate would result in a decrease in fair value by RMB81,000
		Volatility	48.01%/47.96%	A 1% increase in volatility would result in an increase in fair value by RMB11,000; A 1% decrease in volatility would result in a increase in fair value by RMB15,000
		Discount for Lack of Marketability	27.01%/27.49%	A 1% increase/(decrease) in discount for lack of marketability would result in a (decrease)/increase in fair value by RMB132,000;

As at December 31, 2024

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted investments	Market multiple method	Risk-free Rate	1.42%	A 1% increase in risk-free rate would result in an increase in fair value by RMB73,000; A 1% decrease in risk-free rate would result in a decrease in fair value by RMB56,000
		Volatility	46.45%	A 1% increase in volatility would result in an increase in fair value by RMB4,000; A 1% decrease in volatility would result in a decrease in fair value by RMB3,000
		Discount for Lack of Marketability	26.74%	A 1% increase/(decrease) in discount for lack of marketability would result in a (decrease)/increase in fair value by RMB107,000;
		Risk-free Rate	1.3%	A 1% increase in risk-free rate would result in an increase in fair value by RMB29,000; A 1% decrease in risk-free rate would result in a decrease in fair value by RMB47,000
Unlisted investments	Backsolve Method	Volatility	45.79%	A 1% increase in volatility would result in a decrease in fair value by RMB10,000; A 1% decrease in volatility would result in an increase in fair value by RMB9,000
		Discount for Lack of Marketability	23.39%	A 1% increase/(decrease) in discount for lack of marketability would result in a (decrease)/increase in fair value by RMB77,000;

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As at December 31, 2025

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted investments	Market multiple method	Risk-free Rate	1.63%	A 1% increase in risk-free rate would result in an increase in fair value by RMB52,000; A 1% decrease in risk-free rate would result in a decrease in fair value by RMB65,000
		Volatility	46.28%	A 1% increase in volatility would result in an increase in fair value by RMB10,000; A 1% decrease in volatility would result in a decrease in fair value by RMB20,000
		Discount for Lack of Marketability	26.16%	A 1% increase/(decrease) in discount for lack of marketability would result in a (decrease)/increase in fair value by RMB76,000;
		Risk-free Rate	1.65%	A 1% increase in risk-free rate would result in an increase in fair value by RMB28,000; A 1% decrease in risk-free rate would result in a decrease in fair value by RMB30,000
Unlisted investments	Backsolve Method	Volatility	46.58%	A 1% increase in volatility would result in a decrease in fair value by RMB3,000; A 1% decrease in volatility would result in an increase in fair value by RMB3,000
		Discount for Lack of Marketability	27.33%	A 1% increase/(decrease) in discount for lack of marketability would result in a (decrease)/increase in fair value by RMB77,000;

Financial assets:

As at December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	65,146	10,009	75,155

As at December 31, 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	235,114	14,333	249,447

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As at December 31, 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	17,002	11,691	28,693

Financial liabilities:

As at December 31, 2023

	Fair value measurement using			Total
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss:				
— Convertible redeemable preferred shares	—	—	2,489,810	2,489,810

As at December 31, 2024

	Fair value measurement using			Total
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss:				
— Convertible redeemable preferred shares	—	—	2,707,942	2,707,942

As at December 31, 2025

	Fair value measurement using			Total
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss:				
— Convertible redeemable preferred shares	—	—	2,767,799	2,767,799

The changes in Level 3 instruments of convertible redeemable preferred shares and a summary of significant unobservable inputs to the valuation of these financial instruments together with a quantitative sensitivity analysis are presented in note 26 to the Historical Financial Information.

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During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The movements in financial assets fair value measurements within Level 3 during the Relevant Periods are as follows:

	<u>Unlisted investments</u>
	<i>RMB’000</i>
At January 1, 2023	8,403
Fair value change recognised in profit or loss under “Other income and gains” ...	1,606
At December 31, 2023	<u>10,009</u>
At January 1, 2024	10,009
Fair value change recognised in profit or loss under “Other income and gains” ...	4,324
At December 31, 2024	<u>14,333</u>
At January 1, 2025	14,333
Fair value change recognised in profit or loss under “Other expenses”	(2,642)
At December 31, 2025	<u>11,691</u>

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise interest-bearing bank and other borrowings, financial assets and financial liabilities at fair value through profit or loss and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long term interest-bearing bank borrowings with a floating interest rate. The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts. As of December 31, 2023, 2024 and 2025, approximately 100%, 50.1% and 100% of the Group’s interest-bearing borrowings bore interest at fixed rates.

If the interest rate of bank borrowings had increased/decreased in 10 basis points and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB1,000 for the year ended December 31, 2024.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations.

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ACCOUNTANTS’ REPORT

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group’s loss before tax (due to changes in the translated value of monetary assets and liabilities) and the Group’s equity.

	Increase/ (decrease) in foreign currency exchange rates	Increase/ (decrease) in profit before tax	(Decrease)/ increase in equity
	<i>%</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended December 31, 2023			
If RMB weakens against the USD	5	10,298	10,298
If RMB strengthens against the USD	5	(10,298)	(10,298)
Year ended December 31, 2024			
If RMB weakens against the USD	5	8,143	8,143
If RMB strengthens against the USD	5	(8,143)	(8,143)
Year ended December 31, 2025			
If RMB weakens against the USD	5	20,581	20,581
If RMB strengthens against the USD	5	(20,581)	(20,581)

Credit risk

The Group trades only with recognized and creditworthy parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. The credit risk of the Group’s other financial assets, which comprise cash and cash equivalents, time deposits, restricted cash and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables*	–	–	–	110,312	110,312
Financial assets included in deposits and other receivables					
— Normal**	42,200	–	–	–	42,220
— Doubtful**	–	–	12	–	12
Restricted cash	5,134	–	–	–	5,134
Time deposits	100,852	–	–	–	100,852
Cash and cash equivalents	455,289	–	–	–	455,289
	<u>603,475</u>	<u>–</u>	<u>12</u>	<u>110,312</u>	<u>713,799</u>

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As at December 31, 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	106,834	106,834
Financial assets included in deposits and other receivables					
— Normal**	27,799	–	–	–	27,799
— Doubtful**	–	4,103	12	–	4,115
Restricted cash	13,552	–	–	–	13,552
Time deposits	103,502	–	–	–	103,502
Cash and cash equivalents	435,341	–	–	–	435,341
	<u>580,194</u>	<u>4,103</u>	<u>12</u>	<u>106,834</u>	<u>691,143</u>

As at December 31, 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	102,910	102,910
Financial assets included in deposits and other receivables					
— Normal**	37,067	–	–	–	37,067
— Doubtful**	–	4,103	12	–	4,115
Restricted cash	55,594	–	–	–	55,594
Time deposits	54,152	–	–	–	54,152
Cash and cash equivalents	476,749	–	–	–	476,749
	<u>623,562</u>	<u>4,103</u>	<u>12</u>	<u>102,910</u>	<u>730,587</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

As at the end of each of the Relevant Periods, cash and bank balances were deposited in banks of high quality without significant credit risk.

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Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at December 31, 2023

	Less than 12 months or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	190,035	–	190,035
Convertible and redeemable preferred shares	1,224,192	–	1,224,192
Financial liabilities included in other payables and accruals	81,333	–	81,333
Lease liabilities	9,084	9,200	18,284
Interest-bearing bank and other borrowings	119,445	–	119,445
	<u>1,624,089</u>	<u>9,200</u>	<u>1,633,289</u>

As at December 31, 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	316,764	–	316,764
Convertible and redeemable preferred shares	1,199,390	–	1,199,390
Financial liabilities included in other payables and accruals	152,892	–	152,892
Lease liabilities	10,670	6,874	17,544
Interest-bearing bank and other borrowings	60,757	–	60,757
	<u>1,740,473</u>	<u>6,874</u>	<u>1,747,347</u>

As at December 31, 2025

	Less than 12 months or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	249,255	–	249,255
Convertible and redeemable preferred shares	910,715	–	910,715
Financial liabilities included in other payables and accruals	76,410	–	76,410
Lease liabilities	9,336	7,772	17,108
Interest-bearing bank and other borrowings	231,727	–	231,727
	<u>1,477,443</u>	<u>7,772</u>	<u>1,485,215</u>

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 maximize shareholders’ value.

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ACCOUNTANTS’ REPORT

The Group manages its capital structure and makes adjustments to it 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. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total assets	1,218,615	1,326,601	1,143,321
Total liabilities	3,062,211	3,424,179	3,491,222
Asset-liability ratio*	251%	258%	305%

* Asset-liability ratio is calculated by dividing total liabilities by total assets.

38. EVENTS AFTER THE RELEVANT PERIODS

There is no significant subsequent event undertaken by the Company after December 31, 2025.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to December 31, 2025.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on April 10, 2015 under the Companies Act. The Company’s constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] and will become effective on the [REDACTED]. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) *Classes of Shares*

The share capital of the Company consists of a single class of ordinary shares.

(b) *Variation of Rights of Existing Shares or Classes of Shares*

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person (whether physically or by virtual attendance with the use of technology) or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person (whether physically or by virtual attendance with the use of technology), or by proxy may demand a poll.

For the purposes of a separate class meeting, the Board may treat two or more classes of Shares as forming one class of Shares if the Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

(c) *Alteration of Capital*

The Company may by ordinary resolution:

- (i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;
- (ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, the Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the [REDACTED] of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum; and
- (iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so canceled.

The Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Companies Act.

(d) *Transfer of Shares*

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognized clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Company in respect of that Share.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognize any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognize any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) *Redemption of Shares*

Subject to the provisions of the Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by special resolution determine before the issue of such Shares.

(f) *Power of the Company to Purchase its own Shares*

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorized by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

(g) *Power of any Subsidiary of the Company to own Shares in the Company*

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

(h) *Calls on Shares and Forfeiture of Shares*

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days’ notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by installments, and shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and installments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or installment of a call after it has become due and payable, the Board may, for so long as any part of the call or installment remains unpaid, give to such member not less than 14 clear days’ notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancellation the certificate(s) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

2.2 Directors

(a) *Appointment, Retirement and Removal*

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

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SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns from his office as Director;
- (ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;
- (iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (v) the Director is prohibited from being or ceases to be a Director by operation of law;
- (vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or
- (vii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) *Power to Allot and Issue Shares and other Securities*

Subject to the provisions of the Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

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SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) *Power to Dispose of the Assets of the Company or any of its Subsidiaries*

Subject to the provisions of the Companies Act and the Memorandum and Articles, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Memorandum or Articles shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) *Borrowing Powers*

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) *Remuneration*

A Director shall be entitled to receive such sums as shall from time to time be determined by the Board or the Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) *Compensation or Payments for Loss of Office*

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) *Loans to Directors*

There are no provisions in the Articles relating to making of loans to Directors.

(h) *Disclosure of Interest in Contracts with the Company or any of its Subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of

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profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub- underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees’ share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

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2.4 Alterations to the Constitutional Documents and the Company’s Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) *Special and Ordinary resolutions*

A special resolution must be passed by a majority of not less than two-thirds (other than in relation to any resolution approving changes to the Company’s constitutional documents or a voluntary winding up of the Company, in which case a special resolution must be passed by a majority of not less than three-fourths) of the voting rights held by such members as, being entitled so to do, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any members which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any member which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

(b) *Voting Rights and Right to Demand a Poll*

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorized representative or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorized representative or by proxy shall have one vote. For the avoidance of doubt, votes may be cast by members by electronic means, if such means are provided.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

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At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands (whether physically or by virtual attendance with the use of technology).

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorized shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognized clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorize such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorized, the authorization shall specify the number and class of Shares in respect of which each such person is so authorized. A person so authorized shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll (whether physically or by virtual attendance with the use of technology).

All members of the Company (including a member which is a recognized clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting (whether physically or by virtual attendance with the use of technology), except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company’s financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office of the Company. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists

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shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by the Company.

(d) *Notices of Meetings and Business to be Conducted*

An annual general meeting of the Company shall be called by at least 21 days’ notice in writing, and any other general meeting of the Company shall be called by at least 14 days’ notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting, the general nature of the business to be considered at the meeting and details for members to attend the meeting virtually with the use of technology (if applicable).

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member’s registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (A) the Company shall endeavor to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company’s website and published on the Stock Exchange’s website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;
- (B) the Board shall determine the date, time, place and details for members to attend virtually with the use of technology for the reconvened meeting and at least seven clear days’ notice shall be given

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for the reconvened meeting. Such notice shall specify the date, time and place at which the postponed meeting will be reconvened, details for members to attend such postponed meeting virtually with the use of technology (if applicable) and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

- (C) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) *Quorum for Meetings and Separate Class Meetings*

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (whether physically or by virtual attendance with the use of technology), or in the case of a member being a corporation, by its duly authorized representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

(f) *Proxies*

Any member of the Company (including a member which is a recognized clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person (whether physically or by virtual attendance with the use of technology) at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorized representative. The appointor should be allowed to send the instrument appointing a proxy by electronic means.

The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be sent by electronic means (if such means are provided) or deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Board may from time to time approve. Any form issued to a member

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for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company’s affairs and to explain its transactions in accordance with the Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or as authorized by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors’ report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company’s affairs as at the end of such period, an auditors’ report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors’ remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other Methods of Distribution

Subject to the Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorize payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realized or unrealized profits of the Company, out of the share premium account or as otherwise permitted by law.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

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Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

- (a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by check or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to the Company.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

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2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarized in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

- (a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company’s paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and
- (b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company’s paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on April 10, 2015 subject to the Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

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3.2 Share Capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Companies Act;
- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorize the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued

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shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as canceled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either canceled or transferred pursuant to the Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company’s memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company’s memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company’s assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of Minorities and Shareholders’ Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company’s memorandum and articles of association.

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3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company’s affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company’s articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company’s articles of association.

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3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of Directors and Officers

Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it

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was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; and (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign

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company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Companies Act or that would amount to a “fraud on the minority”.

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2024 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. If a company is considered to be a “relevant entity” and is conducting one or more of the

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nine “relevant activities”, then such company will be required to comply with the economic substance requirements in relation to the relevant activity from July 1, 2019. All companies whether a relevant entity or not is required to file an annual report with the Registrar of Companies of the Cayman Islands confirming whether or not it is carrying on any relevant activities.

4. GENERAL

Harney Westwood & Riegels, the Company’s legal adviser on Cayman Islands laws, has sent to the Company a letter of advice summarizing the aspects of the Companies Act set out in section 3 above. This letter, together with copies of the Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed “Documents Available on Display” in Appendix V. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

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FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on April 10, 2015.

Our registered office address is at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. Accordingly, our Company’s corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles of Association is set out in Appendix III to this document.

Our registered place of business in Hong Kong is at Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 19, 2025 with the Registrar of Companies in Hong Kong. Dr. Zhen Lin and Ms. Shum Kit Han have been appointed as the authorized representative of our Company for the acceptance of service of process and any notices required to be served on the Company in Hong Kong. The address for service of process is Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As of the date of this document, our Company’s headquarters is Building No. 1, Nanshan Zhiyuan Chongwen Park, 3370 Liuxian Avenue, Nanshan District, Shenzhen, Guangdong Province PRC.

2. Changes in Share Capital of Our Company

Our Company was incorporated with an authorized share capital of US\$50,000 divided into 500,000,000 Shares with a par value of US\$0.0001 each.

The following sets out the changes in our Company’s issued capital within the two years immediately preceding the date of this document:

- (a) On October 30, 2025, the Company redeemed 17,868,828 Shares at a consideration of US\$51,284,026.98.
- (b) On February 26, 2026, the Company redeemed 5,007,027 Shares at a consideration of US\$10,000,000.
- (c) On March 26, 2026, 11,719,465 Shares and 12,422,687 Shares were issued to ESOP I and ESOP II.

Save as disclosed above and in “History, Development and Corporate Structure” in this document, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Members of Our Group

A summary of the particulars of our subsidiaries can be found in Note 2 to the Accountants’ Report.

There has been no alteration in the share capital of any members of our Group within the two years immediately preceding the date of this document.

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4. Resolutions Passed by Our Shareholders’ General Meeting in Relation to the [REDACTED]

Our Shareholders passed resolutions on [●], 2026, pursuant to which among others:

- (a) conditional on (i) the Listing Committee granting [REDACTED] of, and permission to deal in, the Shares in issue and to be issued as stated in this document and such [REDACTED] and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (ii) the [REDACTED] having been determined; and (iii) the obligations of the [REDACTED] under each of the [REDACTED] becoming unconditional (including if relevant, as a result of the waiver of any condition(s) thereunder) and such obligations not having been terminated in accordance with the terms of the [REDACTED] or otherwise, in each case on or before such dates as may be specified in the [REDACTED];
 - (i) the Conversion and Redesignation were approved, and all the Preferred Shares, Class A+ Ordinary Shares and Class B Ordinary Shares will be converted to Class A Ordinary Shares on an one-for-one basis, and all Class A Ordinary Shares will be re-designated as Ordinary Shares;
 - (ii) the [REDACTED] (including the [REDACTED]) and [REDACTED], were approved, and our Directors were authorized to negotiate and agree the [REDACTED] and to allot and issue the [REDACTED] (including pursuant to the [REDACTED]);
 - (iii) a general mandate (the “**Sale Mandate**”) was granted to our Directors to allot, issue, and deal with any Shares or securities convertible into Shares and to make or grant offers, agreements, or options which would or might require Shares to be allotted, issued, or dealt with, provided that the number of Shares so allotted, issued, or dealt with or agreed to be allotted, issued, or dealt with by our Directors, shall not exceed 20% of the total number of Shares in issue immediately following completion of the [REDACTED];
 - (iv) a general mandate (the “**Repurchase Mandate**”) was granted to our Directors to repurchase our own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the [REDACTED];
 - (v) the Sale Mandate was extended by the addition to the total number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of the Shares purchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the total number of the Shares in issue immediately following completion of the [REDACTED]; and
- (b) the Memorandum and Articles of Association were approved and adopted effective conditional on and immediately prior to the [REDACTED] on the [REDACTED].

Each of the general mandates referred to above will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- (b) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the Memorandum and Articles of Association of our Company; and

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- (c) the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

5. Explanatory Statement on Repurchase of Our Own Securities

The following summarizes restrictions imposed by the Listing Rules on share repurchases by a company listed on the Stock Exchange and provides further information about the repurchase of our own securities.

(a) Shareholders’ approval

A listed company whose primary listing is on the Stock Exchange may only purchase its shares on the Stock Exchange, either directly or indirectly, if: (i) the shares proposed to be purchased are fully-paid up, and (ii) its shareholders have given a specific approval or general mandate by way of an ordinary resolution of shareholders.

(b) Size of mandate

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), could accordingly result in up to approximately [REDACTED] Shares being repurchased by our Company.

The total number of shares which a listed company may repurchase on the Stock Exchange may not exceed 10% of the number of issued shares as of the date of the shareholders’ approval.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable Laws of the Cayman Islands.

Our Company shall not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Subject to the foregoing, any repurchases by our Company may be made out of profits of our Company, out of share premium, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if authorized by its Memorandum and Articles of Association and subject to the Cayman Companies Act, out of capital. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of profits of our Company, out of share premium, or, if authorized by its Memorandum and Articles of Association and subject to the Cayman Companies Act, out of capital.

(e) Suspension of repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during

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the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company’s results for any year, half-year, quarterly, or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the company to announce its results for any year or half-year under the Listing Rules, or quarterly, or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(f) Trading restrictions

A listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

A listed company may not repurchase its shares if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

(g) Status of repurchased shares

The [REDACTED] of all repurchased shares (whether through the Stock Exchange or otherwise) shall be automatically canceled and the relevant documents of title must be canceled and destroyed as soon as reasonably practicable.

(h) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates have a present intention, in the event the Repurchase Mandate is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the Repurchase Mandate is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

(i) Takeover implications

If, as a result of any repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

(j) General

If the Repurchase Mandate were to be carried out in full at any time, there may be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would have a material adverse effect on our working capital or gearing position.

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Our Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

We have not made any repurchases of our Shares in the previous six months save as disclosed in the section headed “—2. Changes in Share Capital of Our Company” above.

FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) [REDACTED]

2. Intellectual Property Rights

(a) *Trademarks*

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered owner	Place of registration	Class	Registration number	Registration date	Expiry date
1.	Aqara	Shenzhen Lumi	China	7	58460122	February 14, 2022	February 13, 2032
		Shenzhen Lumi	China	9	40387759	August 28, 2020	August 27, 2030
		Shenzhen Lumi	China	11	40389277	April 7, 2020	April 6, 2030
		Shenzhen Lumi	China	35	59048128	March 7, 2022	March 6, 2032
		Shenzhen Lumi	China	37	40390252	April 7, 2020	April 6, 2030
2.	Aqara Home	Shenzhen Lumi	China	7	41358004	July 14, 2020	July 13, 2030
		Shenzhen Lumi	China	9	71293293	January 14, 2024	January 13, 2034
		Shenzhen Lumi	China	11	41336591	June 21, 2020	June 20, 2030
		Shenzhen Lumi	China	35	41746209	July 7, 2020	July 6, 2030
		Shenzhen Lumi	China	37	41344351	June 21, 2020	June 20, 2030
3.	Aqara	Aqara, LLC	USA	7	5639360	December 25, 2018	December 26, 2028
		Aqara, LLC	USA	9	5639361	December 25, 2018	December 26, 2028
		Aqara, LLC	USA	11	5639362	December 25, 2018	December 26, 2028
		Aqara, LLC	USA	35	5863643	September 17, 2019	September 17, 2029
		Aqara, LLC	USA	37	7747780	April 1, 2025	April 1, 2035
4.	Aqara	Shenzhen Lumi	European Union	9, 11, 37	1636960	September 23, 2021	September 23, 2031
5.	Aqara	Shenzhen Lumi	UK	9, 11, 37	UK00003687811	December 3, 2021	August 30, 2031
6.	Aqara	Shenzhen Lumi	JP	9, 11, 37	6589984	July 21, 2022	July 21, 2032
7.	Aqara	Shenzhen Lumi	HK	7	307070805	October 24, 2025	October 23, 2035
		Shenzhen Lumi	HK	9	307070751	October 24, 2025	October 23, 2035
		Shenzhen Lumi	HK	11	307070814	October 24, 2025	October 23, 2035
		Shenzhen Lumi	HK	35	307070797	October 24, 2025	October 23, 2035
		Shenzhen Lumi	HK	37	307070823	October 24, 2025	October 23, 2035

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(b) Copyright

As of the Latest Practicable Date, we had registered in the PRC the following registered copyright which we consider to be or may be material to our business:

No.	Copyright	Registered owner	Registration number	Registration date
1	Aqara	Shenzhen Lumi	國作登字-2020-F-01034353	May 25, 2020

(c) Patents

As of the Latest Practicable Date, we had been granted the following patents in the PRC which we consider to be or may be material to our business:

No.	Patent	Registered owner	Registered number	Application Date	Effective Date
1	Room occupancy sensing method and device (一種房間佔用狀態傳感方法及房間佔用狀態傳感裝置)	Shenzhen Lumi	2013800766052	2013-12-03	2019-06-28
2	Current regulation circuit, method and smart home system for single live-wire switch (單火線開關的電流調節電路、方法及智能家居系統)	Shenzhen Lumi	201810307105X	2018-04-08	2024-06-04
3	Wireless communication method for smart door locks; smart lock, gateway and communication device (智能門鎖無線通信方法、智能門鎖、網關及通信設備)	Shenzhen Lumi	2018800945661	2018-05-18	2023-09-26
4	Account sharing method among multiple systems, apparatus, electronic device and storage medium (多系統間帳戶共享方法、裝置、電子設備及存儲介質)	Shenzhen Lumi	2018113142189	2018-11-06	2021-08-17
5	Method for preventing accidental deletion of sub-devices, apparatus, electronic device and storage medium (防止子設備被誤刪除的方法、裝置、電子設備及存儲介質)	Eigenstone	2018111268036	2018-09-26	2021-08-31
6	Device control method, apparatus, configuration device and controller (設備控制方法、裝置、配置設備及控制裝置)	Shenzhen Lumi	2018114740141	2018-12-04	2022-05-13
7	Method, apparatus, system, electronic device and storage medium for device deletion (設備刪除的方法、裝置、系統、電子設備以及存儲介質)	Shenzhen Lumi	2019105448055	2019-06-21	2022-09-09
8	Behavior recognition method, apparatus, electronic device and storage medium (行為識別方法、裝置、電子設備及存儲介質)	Shenzhen Lumi	2020100896005	2020-02-11	2024-03-29

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No.	Patent	Registered owner	Registered number	Application Date	Effective Date
9	Method for detecting curtain motor clamping; curtain motor and curtain (一種檢測窗簾電機抱緊的方法、窗簾電機和窗簾)	Shenzhen Lumi	2020106940707	2020-07-17	2024-07-19
10	Method for detecting curtain motor slip; curtain motor and curtain (一種檢測窗簾電機打滑的方法、窗簾電機和窗簾)	Shenzhen Lumi	2020106948766	2020-07-17	2024-08-20
11	Method for detecting curtain motor slip; curtain motor and curtain (一種檢測窗簾電機打滑的方法、窗簾電機和窗簾)	Shenzhen Lumi	2020106940618	2020-07-17	2024-09-27
12	Method for detecting curtain motor clamping; curtain motor and curtain (一種檢測窗簾電機抱緊的方法、窗簾電機和窗簾)	Shenzhen Lumi	202010694068X	2020-07-17	2024-08-02
13	Zero-cross on/off action time adjustment method and device; electronic device and storage medium (過零通斷動作時間調整方法及裝置、電子設備及存儲介質)	Shenzhen Lumi	2020108504558	2020-08-21	2024-05-14
14	Load device control method, apparatus and system; electronic device and storage medium (負載設備控制方法、裝置及系統、電子設備及存儲介質)	Shenzhen Lumi	2020110141798	2020-09-24	2024-09-24
15	Load device control method, apparatus and system; electronic device and storage medium (負載設備控制方法、裝置及系統、電子設備及存儲介質)	Shenzhen Lumi	2020110141641	2020-09-24	2024-05-03
16	Mode configuration method; control method and apparatus; system, device and medium (模式的配置方法、控制方法及裝置、系統、設備及介質)	Shenzhen Lumi	202011014168X	2020-09-24	2024-06-18
17	Whole-house scene control method and apparatus; terminal device and computer storage medium (全屋場景控制方法及裝置、終端設備及計算機存儲介質)	Shenzhen Lumi	2021100902509	2021-01-22	2025-05-30
18	Method for detecting curtain motor clamping; curtain motor and curtain (一種檢測窗簾電機抱緊的方法、窗簾電機和窗簾)	Shenzhen Lumi	2021105903368	2021-05-28	2025-07-18
19	Device display status update method, apparatus, electronic device and storage medium (設備顯示狀態更新方法、裝置、電子設備及存儲介質)	Shenzhen Lumi	2022103587178	2022-04-06	2025-06-24

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No.	Patent	Registered owner	Registered number	Application Date	Effective Date
20	Target detection method, apparatus and electronic device (目標檢測方法、裝置以及電子設備)	Shenzhen Lumi	2022100288051	2022-01-11	2024-10-15
21	Device control method, apparatus, electronic device and storage medium (設備控制方法、裝置、電子設備和存儲介質)	Shenzhen Lumi	202211176208X	2022-09-26	2025-03-18
22	Spatial Configuration Method, Target Detection Method, Apparatus, Device, and Storage Medium (空間配置方法、目標檢測方法、裝置、設備和存儲介質)	Shenzhen Lumi	2023102801075	2023-03-20	2024-06-04
23	Device control method, apparatus, electronic device and storage medium (設備控制方法、裝置、電子設備及存儲介質)	Shenzhen Lumi	2023102706742	2023-03-20	2024-07-23
24	Region setting method, apparatus, electronic device and storage medium (區域設置方法、裝置、電子設備及存儲介質)	Shenzhen Lumi	2023102563819	2023-03-16	2025-03-07
25	Device control method, apparatus, electronic device and storage medium (設備控制方法、裝置、電子設備及存儲介質)	Shenzhen Lumi	2023104383204	2023-04-18	2024-10-29

(d) Domain names

As of the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Expiry date
1.	aqara.com	Shenzhen Lumi	October 19, 2026

FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors’ Service Contracts and Appointment Letters

(a) Executive Directors and Non-executive Directors

We have entered into service contracts with each of our executive Directors and our non-executive Directors in respect of, among other things, (i) compliance of the Listing Rules and applicable laws; and (ii) observance of the Articles of Association. Such service contracts have terms of three years commencing from the date of appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other party not less than one month’s prior notice in writing.

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into a letter of appointment with us. The term of appointment shall be for an initial term of three years from the [REDACTED] or until the third annual general meeting of the Company after the [REDACTED], whichever is sooner (subject to retirement as and when required under the Articles of Association and the Listing Rules). Either party may terminate the agreement by giving not less than three months’ written notice.

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Under their letter appointments, each of the independent non-executive Directors is entitled to an annual fixed fee.

(c) Others

Save as disclosed in this document, none of our Directors has or is proposed to have a service contract 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)).

2. Remuneration of Directors

(a) The aggregate amount of remuneration for our Directors for the three years ended December 31, 2025 was RMB9.2 million, RMB10.1 million and RMB11.8 million, respectively.

(b) Under the arrangements currently in force, we estimate that the aggregate remuneration (excluding any discretionary bonus which may be paid) payable to, and benefits in kind receivable by, our Directors by any member of our Group in respect of the year ending December 31, 2026 is approximately RMB6.50 million.

3. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executive in the share capital of our Company or our associated corporations following completion of the [REDACTED]

Immediately following completion of the [REDACTED] and assuming the [REDACTED] are not exercised, the interests or short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to 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/she 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to our Company and the Stock Exchange are set out below:

(i) Interest in our Company

Name	Nature of interest	Number of Shares	Approximate percentage of interest in our Company immediately after the [REDACTED] ⁽¹⁾
Mr. You	Beneficial interests	[43,965,042]	[REDACTED]
	Interests in controlled corporation ⁽²⁾	[6,000,000]	[REDACTED]
	Interests of a party to an agreement regarding interest in our Company ⁽³⁾	[27,772,244]	[REDACTED]
Dr. Zhen Lin	Beneficial interests ⁽⁴⁾	[2,860,000]	[REDACTED]
Ms. Li Kong	Beneficial interests ⁽⁵⁾	[1,757,246]	[REDACTED]
Ms. Cathy Chenxi You	Beneficial interests ⁽⁶⁾	[1,550,037]	[REDACTED]

(1) Assuming the [REDACTED] is not exercised and without taking in account any Shares which may be allotted and issued pursuant to the exercise of any options under the [REDACTED] Employee Share Option Plan.

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- (2) This represents the [6,000,000] Shares held by ECY Investments. See “Substantial Shareholders” for further details.
- (3) This represents an aggregate of [27,772,244] Shares, in respect of which Mr. You is entitled to exercise the voting rights attached to [11,867,570] Shares held by Joy Capital III, L.P. and 15,904,674 Shares held by Joy Capital Opportunity, L.P., pursuant to the Voting Deferral Agreements. See “History — Voting Deferral Arrangement” for further details.
- (4) This represents the options granted to Dr. Zhen Lin under [REDACTED] Employee Share Option Plan.
- (5) This represents the options granted to Ms. Li Kong under [REDACTED] Employee Share Option Plan.
- (6) This represents the options granted to Ms. Cathy Chenxi You under [REDACTED] Employee Share Option Plan.

Save as disclosed above, none of the Directors or the chief executive of the Company will, immediately following the completion of the [REDACTED], have an interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures of the Company’s associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange.

(b) Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

For information, so far as is known to our Directors or chief executive, of each person, other than our Directors or chief executive, who immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised) will have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, see “Substantial Shareholders.”

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED], be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital.

[REDACTED] EMPLOYEE SHARE OPTION PLAN

1. Summary

The following is a summary of the principal terms of the [REDACTED] Employee Share Option Plan of the Company as adopted on February 29, 2016. The [REDACTED] Employee Share Option Plan does not involve the grant of any share options after [REDACTED] and is not subject to the provisions of Chapter 17 of the Listing Rules.

We [have applied] to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules; and (ii) an exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions)

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Ordinance. See “Waivers and Exemptions—Waiver and Exemption in relation to the [REDACTED] Employee Share Option Plan” for more information.

(a) Purpose

The purpose of the [REDACTED] Employee Share Option Plan is to promote the success and enhance the value of our Company by linking the personal interests of our employee to those of our Shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to our Shareholders.

(b) Types of awards

The [REDACTED] Employee Share Option Plan authorizes only share options (the “Options”). Options may be granted alone or in addition to other Options, with terms set in an individual Option Agreement.

(c) Eligible participants

We may grant awards to employees, Directors and other persons as determined by the scheme administrator (the “Participants”).

(d) Maximum number of Shares

The maximum aggregate number of shares which may be issued pursuant to all awards granted under the [REDACTED] Employee Share Option Plan is [REDACTED] Shares, representing approximately [REDACTED] of the Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Options).

(e) Administration

The [REDACTED] Employee Share Option Plan is administered by the authorized persons of the Company from time to time (“Administrator”), with broad discretion to select eligible recipients; determine whether, when, and to whom Options are granted, and the number of shares covered; set terms and conditions of each option (including exercise price, vesting, and term); adopt rules, interpret the plan, and make all determinations, which are final and binding; adjust the plan and outstanding options for corporate transactions consistent with the [REDACTED] Employee Share Option Plan and the Company’s Articles of Association.

(f) Award agreement

Options granted under the [REDACTED] Employee Share Option Plan are evidenced by award agreements that sets forth the terms, conditions and limitations for each award which may include the term of an award, the provisions applicable in the event the participant’s employment or service terminates, and our Company’s authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an award.

(g) Cancellation of options

Options may be canceled or forfeited in several circumstances:

- (i) For Cause Termination: All Options (vested and unvested) terminate and are forfeited immediately, unless the Scheme Administrator determines otherwise.

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- (ii) Death or Disability: Unvested Options terminate. Vested Options remain exercisable for up to 2 months (or such other period set by the Scheme Administrator, not beyond the Option’s term).
- (iii) Other Terminations (not for Cause, not Death/Disability): Unvested options forfeit. Vested options remain exercisable for up to 30 days (or such other period set by the Scheme Administrator, not beyond the term), subject to any conditions the Administrator imposes.
- (iv) Change of Control / corporate transactions: Administrator may provide for continuation, assumption, substitution, or cancellation for cash or other property equal to the excess of fair market value over the exercise price.
- (v) Option Period Expiry: Unexercised options forfeit upon expiration.
- (vi) Express Waiver: A Participant may waive options in writing to the Administrator, resulting in forfeiture.

(h) Vesting schedule and performance objectives

Vesting is determined by the Administrator and set out in each award agreement.

The [REDACTED] Employee Share Option Plan does not prescribe specific performance objectives. Any time-based or performance-based vesting conditions may be implemented at the Administrator’s discretion through the Option agreement.

The Administrator, in its discretion, shall set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of the awards that will be granted or paid out to the Participants.

(i) Exercise of options

The Administrator determines the exercise price for each option, which is stated in the relevant option agreement. Only vested options may be exercised, and only with the Administrator’s written approval, subject to law and the option agreement.

(j) Transfer restrictions

Options are not transferable except by laws of descent and distribution, unless otherwise permitted by the Administrator. During life, options are exercisable only by the Participant, except that transfers to a Participant-controlled trust for estate planning may be permitted.

Issuances upon exercise are subject to all applicable laws and any stock exchange requirements. The Scheme Administrator may require investment representations and may place restrictive legends and other transfer restrictions on share certificates.

(k) Amendment and termination

During the implementation of the [REDACTED] Employee Share Option Plan, the Board has the right to adjust and amend the plan. The termination of the plan shall be approved by the Board.

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2. Outstanding options granted

As of the date of this document, we have conditionally granted options to 216 participants under the [REDACTED] Employee Share Option Plan. All the options under the [REDACTED] Employee Share Option Plan were granted between April 26, 2016 and March 27, 2026 (both days inclusive) and the Company will not grant further awards under the [REDACTED] Employee Share Option Plan after [REDACTED].

As of the date of this document, there are 40,507,042 Shares underlying the Options granted to our Directors, senior management and other employees. ESOP I is wholly owned by Futu Trustee Limited (“**Futu Trustee**”), the trustee of ESOP Trust I set up to facilitate the administration of the Options granted to our Directors, senior management and other employees.

ESOP II is wholly owned by Futu Corporate Service Limited (“**Futu Corporate Service**”), the trustee of ESOP Trust II set up to facilitate the administration of the Options granted to our Directors, senior management and other employees.

ESOP III is wholly owned by Futu Nominee Service Limited (“**Futu Nominee**”), the trustee of the ESOP Trust III set up to facilitate the administration of the Options granted to our Directors, senior management and other employees.

All Shares underlying Options granted [have been] issued as of this date of this document. As such, upon full vesting and exercise of all outstanding Options granted under the [REDACTED] Employee Share Option Plan, there will be no dilution to the shareholding of our Shareholders immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued under the [REDACTED] Employee Share Option Plan), and no dilution on our earnings per Share.

The following table summarizes, as of the Latest Practicable Date, the number of Shares underlying outstanding options that we granted to our Directors, senior management pursuant to the [REDACTED] Employee Share Option Plan.

Name	Role	Address	Date of grant ⁽²⁾	Expiry date	Exercise price per Share (US\$)	Number of Shares under the outstanding options granted	Approximate % of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
Dr. Zhen Lin	Executive Director, Vice Chairman of the Board, and President	Room 801, No. 9, Lane 18 Yuqiu Road, Pudong New Area Shanghai, China	October 28, 2025	March 31, 2031	0.1	[2,860,000]	[REDACTED]
Ms. Li Kong	Executive Director and senior vice president	Room 7A, Building 13, Zhaoshang Taohuayuan Shekou Industrial 8th Road Nanshan District, Shenzhen Guangdong, China	Between January 16, 2019 and October 28, 2025	Between January 15, 2029 and October 27, 2035	0.1	[2,050,000]	[REDACTED]
Ms. Cathy Chenxi You	Executive Director and senior vice president	33W 60th St., #218 New York, NY10023 United States	Between March 19, 2021 and August 11, 2023	Between March 19, 2026 and August 11, 2028	0.2497 to 0.7623	[1,550,037]	[REDACTED]
Ms. Jiangbo Peng	Senior vice president	Room 14A, Building 4, West District, Baonengcheng Garden, Taoyuan Street, Nanshan District, Shenzhen, Guangdong, China	Between January 15, 2018 and October 28, 2025	Between January 14, 2028 and October 27, 2035	0.0001 to 0.1	[2,257,246]	[REDACTED]

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Name	Role	Address	Date of grant	Expiry date	Exercise price per Share (US\$)	Number of Shares under the outstanding options granted	Approximate % of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
Mr. Jie Zhou	Vice president	A2-6B, Cuihai Garden, Futian District, Shenzhen, Guangdong, China	September 22, 2025	September 21, 2035	0.1	[1,000,000]	[REDACTED]
Subtotal:	5 grantees					[9,717,283]	[REDACTED]

Note:

- (1) Assuming the [REDACTED] is not exercised.
- (2) Grants preceding the establishment of the [REDACTED] Employee Share Option Plan have been ratified by the shareholders subsequently as granted pursuant to the [REDACTED] Employee Share Option Plan.

The table below sets out the details of the outstanding options granted to the remaining 211 grantees under the [REDACTED] Employee Share Option Plan, who are not Directors, members of the senior management or other connected persons of our Company:

Range of Shares underlying outstanding Options	Total number of grantees	Date of grant	Expiry date	Exercise price per Share (US\$)	Number of Shares under the outstanding options granted	Approximate % of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
0 Share to 100,000 Shares	154	Between June 3, 2014 and March 1, 2026	Between April 25, 2026 and February 29, 2036	0.0001 to 0.1	[4,273,011]	[REDACTED]
100,001 Share to 500,000 Shares	42	Between June 3, 2014 and March 25, 2026	Between April 25, 2026 to March 24, 2036	0.0001 to 0.1	[8,894,501]	[REDACTED]
500,001 Shares to 1,000,000 Shares	10	Between June 3, 2014 and October 28, 2025	Between April 25, 2026 and October 27, 2035	0.0001 to 0.79	[6,651,431]	[REDACTED]
More than 1,000,000 Shares	5	Between June 3, 2014 and March 27, 2026	Between April 25, 2026 and March 24, 2036	0.0001 to 0.1	[10,970,816]	[REDACTED]
Subtotal:	211 grantees				[30,789,759]	[REDACTED]

Note:

- (1) Assuming the [REDACTED] is not exercised.

OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty in the Cayman Islands applicable to our Company and no material liability for estate duty is likely to fall upon our Company in the Cayman Islands.

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2. Litigation

No member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company’s results of operations or financial condition.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate of US\$400,000 for acting as the sponsor for the [REDACTED].

4. Consent of experts

This document contains statements made by the following experts

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) of the regulated activities as defined under the SFO
Han Kun Law Offices	Legal adviser to the Company as to PRC laws
Ernst & Young	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Harney Westwood & Riegels	Legal adviser to the Company on Cayman Islands law

As disclosed, as of the Latest Practicable Date, none of the experts named above has any shareholding interest 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.

Each of the experts named above have given and have not withdrawn their respective written consent to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

5. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

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6. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

8. Disclaimers

- (a) Within the two years immediately preceding the date of this document:
 - (i) there are no commissions for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company; and
 - (ii) there are no commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in the part headed “— Other information — 4. Consent of experts” received any such payment or benefit.
- (b)
 - (i) there are no founder, management or deferred shares in our Company or any member of our Group;
 - (ii) we do not have any promoter and no cash, securities or other benefit has been paid, allotted or given within the two years immediately preceding the date of this document, or are proposed to be paid, allotted or given to any promoters;
 - (iii) none of the Directors or the experts named in the part headed “— Other information — 4. Consent of experts” above has any interest, direct or indirect, 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;
 - (iv) there are no bank overdrafts or other similar indebtedness by our Company or any member of our Group;
 - (v) there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group;
 - (vi) there are no outstanding debentures of our Company or any member of our Group;
 - (vii) there are no other stock exchange on which any part of the equity or debt securities of our Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought;
 - (viii) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option; and
 - (ix) there are no contracts or arrangements subsisting at the date of this document in which a Director is materially interested or which is significant in relation to the business of our Group.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in “Statutory and General Information — Other Information — 4. Consent of experts” in Appendix IV; and
- (b) copies of the material contracts referred to in “Statutory and General Information — Further Information About Our Business — 1. Summary of Material Contracts” in Appendix IV.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.aqara.com up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum and the Articles;
- (b) the material contracts referred to in “Statutory and General Information — Further Information About Our Business — 1. Summary of Material Contracts” in Appendix IV;
- (c) the service contracts and the letters of appointment with our Directors referred to in “Statutory and General Information — Further Information About Our Directors — 1. Particulars of Directors’ Service Contracts and Appointment Letters” in Appendix IV;
- (d) the report issued by Frost & Sullivan, a summary of which is set forth in “Industry Overview”;
- (e) the PRC legal opinion issued by Han Kun Law Offices, our PRC Legal Adviser, in respect of certain general corporate matters and property interests in China of our Group;
- (f) the Accountants’ Report and the report on the unaudited [REDACTED] financial information of our Group from Ernst & Young, the texts of which are set out in Appendices I and II, respectively;
- (g) the audited consolidated financial statements of our Company for the three years ended December 31, 2025;
- (h) the letter of advice prepared by Harney Westwood & Riegels, our legal adviser on Cayman Islands law, summarizing certain aspects of Cayman Islands company law referred to in Appendix III;
- (i) the Cayman Companies Act;
- (j) the written consents referred to in “Statutory and General Information — Other Information — 4. Consent of experts” in Appendix IV;
- (k) the terms of the [REDACTED] Employee Share Option Plan.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of a list of grantees under the [REDACTED] Employee Share Option Plan containing all details as required under the Listing Rules, will be available for inspection at the office of Latham & Watkins LLP, at 18/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this document.