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Application Proof of

Shanghai Innovatech Information Technology Co., Ltd.

上海易景信息科技股份有限公司

(the “Company”)

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

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Shanghai Innovatech Information Technology Co., Ltd.

上海易景信息科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	:	[REDACTED] H Shares (subject to the [REDACTED])
Number of [REDACTED]	:	[REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED]	:	[REDACTED] H Shares (subject to reallocation and the [REDACTED])
Maximum [REDACTED]	:	HK\$[REDACTED] per [REDACTED] (payable in full in Hong Kong dollars on application plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%, and subject to refund)
Nominal value	:	RMB0.05 per H Share
[REDACTED]	:	[REDACTED]

Joint Sponsors, [REDACTED]



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The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below as 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, notices of the reduction in the number of [REDACTED] being offered under the [REDACTED] and/or the indicative [REDACTED] range will be published on the websites of our Company at www.innovatech.com.cn and the Stock Exchange at www.hkexnews.hk as soon as practicable but in any event not later than the morning of the day which is the last day for lodging applications under the [REDACTED]. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections headed “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this Document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED] Date. Further details of such circumstances are set out in “[REDACTED] — [REDACTED] [REDACTED] — [REDACTED] — [REDACTED]”.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

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SUMMARY

This summary aims to give you an overview of the information contained in this Document and should be read in conjunction with the full text of this Document. As this is only a summary, it does not contain all the information that may be important to you. You should read this Document in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED]. Various expressions used in this section are defined or explained in “Definitions” and “Glossary of Technical Terms” in this Document.

OVERVIEW

We are a full-stack provider of smart hardware product solutions in the AI era, and one of the global top ten manufacturing solution providers for smartphone brands by shipment volume in 2025, according to Frost & Sullivan. We offer worldwide services from product definition, design and development to manufacturing and delivery. Our capabilities span product definition and planning, integrated hardware-software development with device-cloud coordination, supply chain integration, manufacturing and delivery.

We are committed to becoming a leading platform-based smart hardware company within our target sectors, driving industry digitalization through full-stack AIoT solutions, open innovation and operational efficiency. Powered by our Innovatech platform, we have established a business system encompassing opportunity sourcing, flexible design and manufacturing and an ecosystem development model characterized by empowerment and synergy. This enables us to efficiently replicate and scale our capabilities across multiple sectors and respond rapidly to customer needs with tailored solutions. We offer a diversified product portfolio, anchored in smartphones, tablets and smartwatches, and have expanded into next-generation AIoT products, including AI data acquisition terminals, AI payment terminals, AI glasses, robotic industry and AIoT components and modules. Our product solutions serve a wide range of vertical scenarios, including smart wearables, smart energy, smart logistics, smart mobility and smart payment.

We have established long-term cooperative relationships with leading enterprises in the consumer electronics industry, including Shenzhen Transsion Holdings Co., Ltd (“**Transsion**” or “**Transsion Holdings**”), ZTE Corporation (“**ZTE**”), TCL Technology Group Corporation (“**TCL**”). Transsion and ZTE are among the top ten smartphone brands globally by shipment volume. In 2025, we ranked sixth globally among smartphone ODM manufacturers in terms of ODM shipment volume, according to Frost & Sullivan. We were also the fastest-growing provider among the top ten smartphone manufacturing solution providers by CAGR of shipment volume from 2023 to 2025, according to the same source.

During the Track Record Period, our key achievements are set out in the following chart:

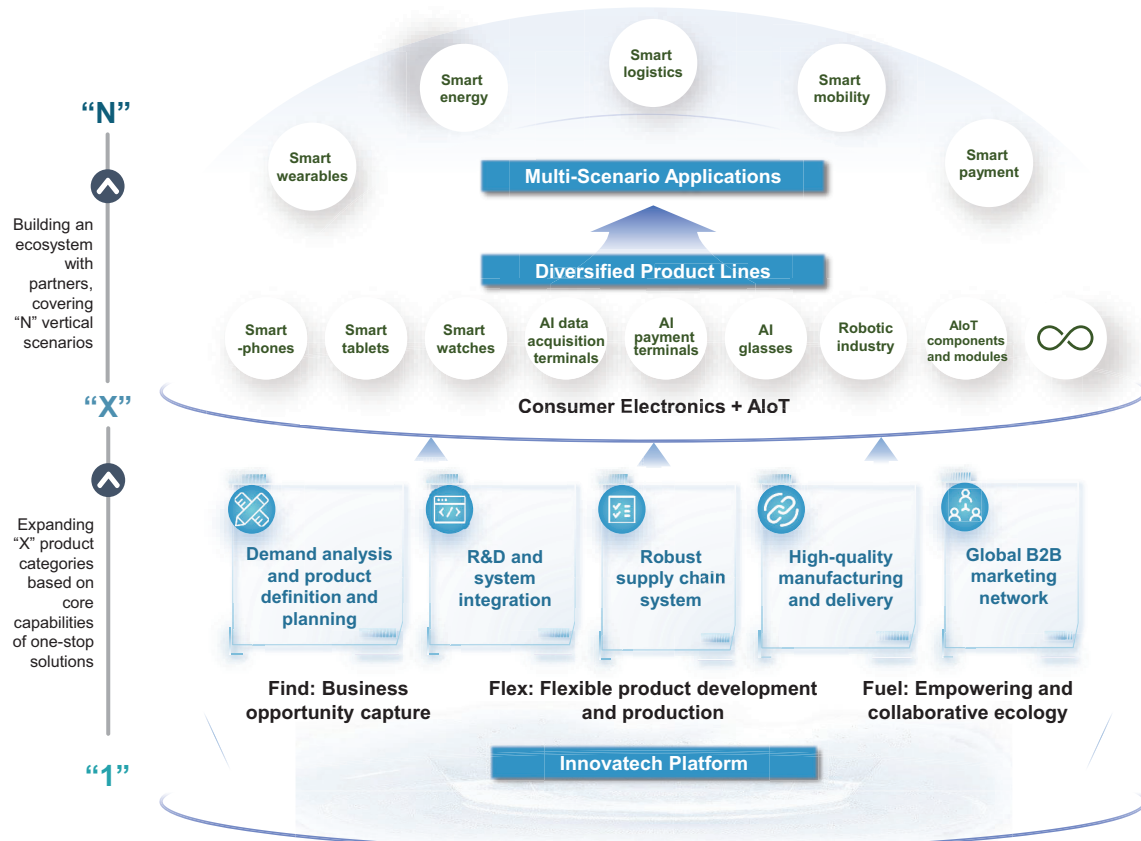
Market Position	Operational Data	Financial Data
According to Frost & Sullivan, in terms of shipment volume in 2025  Rank 6th Globally Smartphone ODM manufacturers Rank Top 10 Globally Smartphone manufacturing solution provider	 Exceeding 35 million Shipment volume of smartphone ODM during the Track Record Period	2025  RMB3,219.3 million Revenue 20.3% CAGR (2023-2025)
According to Frost & Sullivan, by CAGR of shipment volume (23-25)  Fastest-growing Among the top 10 smartphone manufacturing solution provider	During the Track Record Period  2.0 million Maximum monthly order delivery capabilities	2024-2025  59.6% AIoT revenue increase rate

SUMMARY

OUR BUSINESS MODEL

We position ourselves as a platform-based provider of full-stack smart hardware product solutions for the AI era, with a strategic focus on selected high-growth segments within the smart terminal and AIoT ecosystem. We deliver integrated solutions that combine hardware, embedded software and cloud service capabilities to business customers, supported by our supply chain and manufacturing capability.

An overview of our Innovatech platform is set out in the following diagram:



We pursue our growth through a "1 + X + N" strategic framework, which is designed to anchor our operations in a scalable core capability while enabling orderly expansion into new product categories and application scenarios. "1" represents core and platform-level competencies, where we have accumulated extensive experience from product definition and system design to hardware and software development, supply chain coordination, manufacturing and delivery. Building on this foundation, "X" represents our deliberate expansion into multiple smart terminal and AIoT products beyond our core platform competence, evidencing our capabilities to efficiently reuse our underlying engineering modules, system architecture and supply chain resources to develop and commercialize new device forms and solution. "N" represents the vertical application scenarios and industry sectors in which our products are deployed, including smart wearables, smart energy, smart logistics, smart mobility, smart payments and other enterprise scenarios. Under this framework, we do not treat each new product or scenario, we seek to replicate and extend reusable platform capabilities across "X" categories and "N" scenarios, thereby improving development efficiency, shortening time-to-market for new products and enhancing our ability to provide customers with integrated solutions.

SUMMARY

As AI-enabled features increasingly become baseline requirements across smart terminals and AIoT hardware, our “1 + X + N” strategy enables us to leverage our core platform capabilities to expand across multiple product lines, embedding AI-related system integration and software capabilities. In practice, this strategy supports a balanced approach: we maintain operational stability and execution efficiency in our core business, while selectively incubating and scaling additional categories and vertical solutions to capture commercially attractive opportunities where our platform-based capabilities can deliver differentiated value to customers.

OUR STRENGTHS

We believe our continued success is driven by a set of differentiated competitive strengths that jointly reinforce our market position and support our long-term growth. Our competitive strengths are set out in the following:

- Our Innovatech Platform enables us to efficiently capture opportunities in the smart hardware market;
- Strong full-stack technological capabilities;
- Stable and well-established global collaborative ecosystem;
- Comprehensive product and solution portfolio;
- Intelligent manufacturing capabilities enabling efficient and high-quality delivery; and
- Visionary founders and experienced management team with profound industry insights.

OUR STRATEGIES

To further strengthen our market position and support our long-term growth, we intend to pursue the following growth strategies:

- Continue to iterate our Innovatech Platform to maintain technological leadership;
- Continue to deepen the application of AI technologies, comprehensively embrace AI;
- Advance our integrated AIoT software–hardware ecosystem; and
- Expand our global customer base and scaling our user reach.

RESEARCH AND DEVELOPMENT

We view R&D as a core driver of our long-term competitiveness, scalability and product innovation, and we have built our R&D capabilities to support delivery across our smart terminal and AIoT hardware businesses, from product definition and system architecture to engineering validation and mass-production readiness. Over our 17-year industry experience, we have continued to invest in systematic capability building, including the establishment of the Group R&D Center and sustained R&D spending, supported by a sizeable engineering team. Our R&D footprint is organized around a multi-region structure anchored by Shanghai as our headquarter and major R&D hub, complemented by specialized R&D units across multiple locations (including, among others, Nanjing, Hefei, Chongqing, Shenzhen and Xi’an), and closely linked to our manufacturing base in Yibin, enabling tighter design-for-manufacturability operation and faster commercialization cycles.

SUMMARY

Our R&D activities span a broad range of activities, including industrial design, hardware design, embedded software development, system integration, algorithm and AI-enabled feature development, testing and validation, as well as applied pre-research for emerging product forms and scenarios. We place particular emphasis on application-oriented engineering solutions that can be scaled across product categories and deployed in real customer environments, consistent with our platform-based strategy. This sustained innovation focus is also reflected in our accumulated intellectual property portfolio, which underpins our ability to support diversified customer needs and expand into new product categories over time.

PRODUCTION

As of December 31, 2025, we had one manufacturing base in Yibin, Sichuan, China. This manufacturing base supports the large-scale delivery of our smart terminal products and, increasingly, our AIoT products, and is designed to provide flexible capacity to accommodate different product categories and customer needs. We adopt a flexible manufacturing model that combines in-house production capabilities with outsourcing arrangements to support agile delivery. Our manufacturing operations are supported by significant investment in automation equipment and advanced production technologies. We operate 11 surface mount technology (“SMT”) production lines that enable efficient processing across multiple product categories. This is complemented by more than 20 specialized assembly lines to accommodate the manufacturing needs of different product categories. We also deploy industrial robotic equipment and lean production lines, including sensor- and AI-enabled automated equipment and systems for key production processes, to enhance production precision, improve operational efficiency, improve product quality consistency and reduce reliance on manual labor.

SALES AND MARKETING

We primarily conduct direct sales to our customers, which enables us to maintain close communication with customers’ requirements and to respond efficiently to product definition changes, project execution needs and delivery schedules. During the Track Record Period, we derived substantially all of our revenue from sales directly to customers.

We have established an extensive sales and marketing network to support both key account management and new customer development. Our products are sold to our customers and subsequently distributed through their channels to over 100 countries and regions worldwide. We maintain marketing and customer-facing functions in major operating locations (including, among others, Shenzhen as a marketing/customer service hub and Hong Kong as a logistics center), and our sales and marketing personnel generally have relevant industry experience to facilitate effective communication and project execution with customers.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

Our customers include Transsion, ZTE and other brand customers and enterprise customers across different product categories and project types. In our smartphone and tablet businesses, we primarily cooperate with brand customers that are focused on specific regional markets and customer segments, including customers whose products are ultimately sold into overseas markets through their distribution networks. For our wearables and industry AIoT product offerings, we also collaborate with customers such as TCL, Hytera Communications Corporation Limited (“**Hytera**”) and ZTE.

SUMMARY

For the years ended December 31, 2023, 2024 and 2025, our five largest customers in each of such year accounted for approximately 94.2%, 97.1% and 97.7% of our total revenue, respectively, and sales to the largest customer accounted for approximately 79.3%, 88.8% and 79.0% of our total revenue, respectively.

Major Suppliers

We have established supplier selection, onboarding and ongoing management processes designed to ensure that our suppliers meet our quality, delivery and commercial requirements. Our supplier management is primarily led by our supply chain and quality control functions, which have dedicated teams responsible for supplier resource development, procurement and performance evaluation. Supplier onboarding and selection typically consider factors such as the supplier’s ability to meet our technical specifications and quality requirements, delivery capability and responsiveness, pricing competitiveness and cooperation track record, as well as the supplier’s production capacity and after-sales support capabilities.

During the Track Record Period, our major suppliers primarily include suppliers of electronic components and structural materials. In each period during the Track Record Period, the aggregate purchases from our five largest suppliers in each of such year accounted for approximately 67.8%, 70.3% and 67.3%, respectively, of our total purchases, and the purchases from our largest supplier in each of such year accounted for approximately 58.3%, 62.2% and 56.8%, respectively, of our total purchases. To avoid supplier concentration, we diversify our supplier base by engaging multiple suppliers for the same goods or services and implementing strategic sourcing practices. Additionally, we conduct regular market analysis, develop supplier relationships, and maintain contingency plans to ensure supply chain resilience.

Our Relationship with Transsion

During the Track Record Period, Transsion was our largest customer, and revenue generated from our sales to Transsion accounted for 79.3%, 88.8% and 79.0% of our total revenue in 2023, 2024 and 2025, respectively. We commenced our cooperation with Transsion in 2014, initially focusing on R&D-related services, and have since expanded our cooperation into an integrated whole-set ODM model covering product definition and planning, R&D and design, materials procurement, manufacturing and delivery across multiple product categories. Transsion also became one of our suppliers in 2020, primarily supplying certain electronic components for cooperative products under our buy-and-sell arrangement. Our relationship with Transsion reflects the complementary positioning of the parties within the industry chain and has been developed on normal commercial terms in the ordinary course of business. While we had a relatively high revenue concentration on Transsion during the Track Record Period, our reliance on Transsion has shown an improving trend, as evidenced by the decrease in the proportion of our volume to Transsion in 2025 as compared with 2024, and we have continued to advance customer, market and product diversification. See “Business — Overlapping of Customers and Suppliers” for details.

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

We mainly operate in the global smart hardware and AIoT industry, which are highly competitive and concentrated. According to Frost & Sullivan, the industry is undergoing structural adjustment and technological evolution. During the Track Record Period, demand for smart terminals, including smartphones and tablets, has shown signs of stabilization, while AIoT-related products such as smart wearables, audio devices and smart eyewear have experienced differentiated growth across various application scenarios and regional markets. In particular, adoption of AI-enabled smart hardware in selected consumer and industry sectors has continued to expand, driven by evolving user demand and advances in underlying technologies.

SUMMARY

The continued development of the smart hardware and AIoT markets presents growth opportunities for ODM and full-stack hardware service providers. However, the competitive landscape remains highly dynamic and increasingly intense. We compete primarily with other companies offering smart hardware and AIoT solutions, as well as with certain upstream manufacturers that have expanded from component-level supply into system integration, product development and solution delivery. Competition in our industry is based on multiple factors, including engineering and R&D capabilities, speed of execution, product quality and reliability, supply chain integration, cost control, and multi-category support capabilities.

In the global smart terminal manufacturing solution industry, Chinese companies occupy a dominant position due to their core capabilities such as agile R&D systems, extreme cost control, and global delivery networks. In 2025, global shipments of smartphones from smart terminal manufacturing solution providers reached 986.4 million units. The Company shipped 12.0 million smartphones in 2025, ranking tenth among all providers and sixth among ODM suppliers globally, according to Frost & Sullivan. The Company’s shipment CAGR of smartphones from 2023 to 2025 was the highest among the top 10 manufacturing solution providers.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of consolidated financial information as of and for the three years ended December 31, 2023, 2024 and 2025. We have derived this summary from our financial information set forth in the Accountants’ Report set out in Appendix I to this Document. The summary financial data set forth below should be read together with our consolidated financial information and the related notes, as well as the section headed “Financial Information”.

Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
REVENUE	2,225,241	100.0	3,508,457	100.0	3,219,341	100.0
Cost of sales	(2,003,894)	(90.1)	(3,269,502)	(93.2)	(2,914,740)	(90.5)
GROSS PROFIT	221,347	9.9	238,955	6.8	304,601	9.5
Other net income	8,339	0.4	35,109	1.0	22,550	0.7
Selling and marketing expenses	(3,309)	(0.1)	(6,077)	(0.2)	(8,568)	(0.3)
Administrative expenses	(91,274)	(4.1)	(111,684)	(3.2)	(135,960)	(4.2)
Research and development costs	(68,887)	(3.1)	(73,245)	(2.1)	(99,845)	(3.1)
Impairment (loss)/reversal on trade receivables	2,916	0.1	(5,739)	(0.2)	(679)	(0.0)
Profit from operations	69,132	3.1	77,319	2.2	82,099	2.6
Finance costs	(5,505)	(0.2)	(10,387)	(0.3)	(12,115)	(0.4)
Share of profits of joint venture	(2,330)	(0.1)	(193)	(0.0)	–	–
PROFIT BEFORE TAXATION	61,297	2.8	66,739	1.9	69,984	2.2
Income tax (expense)/benefit	(5,139)	(0.2)	(4,663)	(0.1)	233	0.0
PROFIT FOR THE YEAR	56,158	2.5	62,076	1.8	70,217	2.2

SUMMARY

Revenue

The following table sets forth a breakdown of our revenue by product category in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Smart Terminal Products:						
– Smartphones	1,949,305	87.7	3,359,475	95.7	2,983,958	92.7
– Others ⁽¹⁾	145,586	6.4	23,882	0.7	47,163	1.5
Subtotal	2,094,891	94.1	3,383,357	96.4	3,031,121	94.2
AIoT Products:						
– Smart wearables	94,786	4.3	71,930	2.1	118,491	3.7
– Enterprise AIoT products	33,780	1.5	40,787	1.2	61,436	1.9
Subtotal	128,566	5.8	112,717	3.3	179,927	5.6
Others	1,784	0.1	12,383	0.3	8,293	0.2
Total	2,225,241	100.0	3,508,457	100.0	3,219,341	100.0

Note:

(1) Refers to the sales of consumer tablets and components.

The table below sets forth the breakdown of the selling volume and average selling price by key product category for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Selling Volume	Average Selling Price	Selling Volume	Average Selling Price	Selling Volume	Average Selling Price
	Unit	RMB	Unit	RMB	Unit	RMB
Smart Terminal Products:						
– Smartphones	8,091,203	240.9	12,978,408	258.9	12,031,673	248.0
AIoT Products:						
– Smart wearables	469,500	201.9	402,847	178.6	679,560	174.4
– Enterprise AIoT products	343,220	98.4	330,099	123.6	357,018	172.1
Subtotal	812,720	158.2	732,946	153.8	1,036,578	173.6
Total	8,903,923	233.4	13,711,354	253.2	13,068,251	242.1

During the Track Record Period, a majority of our revenue was derived from smart terminal products. Growth in sales in this category from 2023 to 2024, was primarily driven by (i) launch of several best-selling models of our customers in the overseas markets which contributed to a significant increase in selling volume of smartphones; and (ii) the expansion of our production capacity after we commenced operation at phase II expansion of our Yibin manufacturing base, which enables us to accommodate growing customer needs. Decrease in sales in this category from 2024 to 2025, was primarily driven by our enhanced customer and product mix, which focus on diversifying customer base and higher gross margin product offerings.

Sales of our AIoT products achieved sustained growth from 2024 to 2025, primarily driven by (i) the expansion of our product categories as a result of our continuous R&D efforts on new AIoT initiatives, such as walkie-talkies and children’s smartwatches, and cooperation with existing and new customers and brands in new industrial sectors; and (ii) our commencement of self-production for AIoT products to accommodate growing customer demand.

SUMMARY

During the Track Record Period, fluctuations in average selling prices of our smart terminal products and AIoT products are subject to changes in product categories and models we offered for the respective year.

For more details in relation to the changes in revenue, selling volume and average selling price by key product category during the Track Record Period, see “Financial Information — Review of Historical Results of Operations.”

Revenue by Geographic Location

The following table sets forth our revenue by our customers’ geographic location based on the location at which the goods were sold for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB’000	%	RMB’000	%	RMB’000	%
Chinese Mainland	2,120,841	95.3	3,485,651	99.3	3,181,550	98.8
Other countries/regions ⁽¹⁾	104,400	4.7	22,806	0.7	37,791	1.2
Total	2,225,241	100.0	3,508,457	100.0	3,219,341	100.0

Note:

(1) Other countries/regions include Hong Kong, the United States, South Africa, and South America.

Gross Profit and Gross Profit Margin by Product Category

The following table sets forth the breakdown of our gross profit and gross profit margin by product category for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB’000	%	RMB’000	%	RMB’000	%
Smart Terminal Products:						
– Smartphones	169,242	8.7	205,941	6.1	258,683	8.7
– Others ⁽¹⁾	27,636	19.0	4,211	17.6	7,472	15.8
Subtotal	196,878	9.4	210,152	6.2	266,155	8.8
AIoT Products:						
– Smart wearables	17,907	18.9	14,760	20.5	22,501	19.0
– Enterprise AIoT products	5,568	16.5	10,075	24.7	12,770	20.8
Subtotal	23,475	18.3	24,835	22.0	35,271	19.6
Others	994	55.7	3,968	32.0	3,175	38.3
Total	221,347	9.9	238,955	6.8	304,601	9.5

Note:

(1) Refers to the sales of consumer tablets and components.

The changes in gross profit and gross profit margin during the Track Record Period were subject to a variety of factors, including but not limited to our sales and marketing strategies, change in customer and product mix, industry competition, cost controls measures and others.

SUMMARY

For details in relation to the changes in our gross profit and gross margin during the Track Record Period, see “Financial Information — Review of Historical Results of Operations.”

Consolidated Statements of Financial Position

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current assets	83,963	135,910	125,537
Non-current liabilities	12,314	24,122	6,254
Current assets	382,003	2,063,262	1,094,915
Current liabilities	367,025	2,029,221	1,000,118
Net current assets	14,978	34,041	94,797
Net assets	86,627	145,829	214,080

As of December 31, 2025, we had net current assets of RMB94.8 million, as compared to RMB34.0 million as of December 31, 2024, primarily due to the decrease in trade and other payables of RMB1,129.1 million, partially offset by decrease in trade and other receivables of RMB927.0 million. As of December 31, 2024, we had net current assets of RMB34.0 million, primarily due to the increase in trade and other payables of RMB1,452.6 million, partially offset by increase in trade and other receivables of RMB1,376.8 million.

Consolidated Statements of Cash Flows

The following table is a summary of our cash flow data from our consolidated statements of cash flows for the years indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	35,620	(137,716)	96,166
Net cash used in investing activities	(9,423)	(58,701)	(43,130)
Net cash generated from/(used in) financing activities	2,188	156,842	(43,841)
Net increase/(decrease) in cash and cash equivalents	28,385	(39,575)	9,195
Cash and cash equivalents at beginning of the year	18,964	47,361	7,802
Effect of foreign exchange rate changes	12	16	(68)
Cash and cash equivalents at end of the year	47,361	7,802	16,929

Key Financial Ratios

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

SUMMARY

	As of/For the year ended December 31,		
	2023	2024	2025
Net profit margin ⁽¹⁾	2.5%	1.8%	2.2%
Return on equity ⁽²⁾	N/A	53.4%	39.0%
Return on total assets ⁽³⁾	N/A	4.7%	4.1%
Current ratio ⁽⁴⁾	1.0	1.0	1.1
Quick ratio ⁽⁵⁾	0.7	0.8	0.7

Notes:

- (1) Net profit margin is calculated using profit for the year divided by revenue and multiplied by 100%.
- (2) Return on equity ratio is profit for the year as a percentage of the average balance of total equity at the beginning and the end of the year and multiplied by 100%.
- (3) Return on total assets ratio is profit for the year as a percentage of the average balance of total assets at the beginning and the end of the year and multiplied by 100%.
- (4) Current ratio is calculated using total current assets divided by total current liabilities as of the same date.
- (5) Quick ratio is calculated using total current assets less inventories divided by total current liabilities as of the same date.

[REDACTED]

OUR CONTROLLING SHAREHOLDERS

Mr. Sun Bin directly and indirectly controlled the voting rights in approximately [REDACTED]% issued share capital of our Company as of the Latest Practicable Date and is expected to controlled voting rights in approximately [REDACTED]% issued share capital of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised). See “Relationship with Our Controlling Shareholders” for further details.

SUMMARY

PRE-[REDACTED] INVESTMENT

We received Pre-[REDACTED] Investments from Baoshan Jinpu, Shanghai Changhao, Yibin Private Economic Investment and Suzhou Straits for an aggregate of RMB90.0 million. See “History and Corporate Structure — Pre-[REDACTED] Investment” for further details.

DIVIDEND

For the years ended December 31, 2023, 2024 and 2025, we declared and paid dividends of nil, RMB1.8 million and RMB2.0 million, respectively, to our shareholders. Our Company currently does not have a formal dividend policy or a fixed dividend payout ratio. Our Board of Directors may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment of dividends will be subject to our constitutional documents and applicable laws. Our shareholders at a general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board of Directors. In addition, our Directors may from time to time pay such interim dividends as our Board of Directors considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board of Directors.

RISK FACTORS

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

- The global smart hardware and AIoT industry is highly competitive and concentrated among a few major players. If we cannot compete effectively, our market share and profitability could be adversely affected.
- We derived a substantial portion of revenue from certain major customers during the Track Record Period and the loss of, or a significant reduction in, revenue from such customers could materially and adversely affect our results of operations.
- We operate in markets characterized by short product life cycles and rapid technological change, and our expansion strategy into new product categories may not deliver the expected results.
- The expansion and profitability of our business depend on the level of consumer demand and spending on smart hardware, which could be affected by factors beyond our control.
- Our success depends on a stable and adequate supply of raw materials which are subject to price volatility and risk of shortages.
- Our reliance on customer-designated supplier pools may limit our sourcing flexibility.
- Our expansion into AIoT-related products exposes us to technological uncertainty, market adoption risk and operational challenges.
- We generally do not have long-term purchase commitments from most of our customers, which may subject us to uncertainty and revenue volatility from period to period.

SUMMARY

- Any disruption to our manufacturing operations, failure to expand production capacity or risks associated with outsourced production may adversely affect our business.

[REDACTED] EXPENSES

We expect to incur a total of approximately RMB[REDACTED] million (HK\$[REDACTED] million) of [REDACTED] expenses in connection with the [REDACTED], representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED], and assuming that the [REDACTED] is not exercised), including (1) [REDACTED] commissions, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (2) non-[REDACTED] related expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (ii) sponsor fee and other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million). Approximately RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be deducted from equity. The [REDACTED] expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], [assuming that the [REDACTED] Option is not exercised and] assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share in this Document.

We intend to use the net [REDACTED] from the [REDACTED] for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to upgrade our Innovatech platform, thereby supporting our business growth and product development;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to expand our market presence and product offerings, thereby enhancing our customer coverage, application scenario coverage and global expansion capabilities;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for to support our strategic investments or acquisitions;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to integrate AI technology into our operations, thereby improving our internal efficiency; and
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

For further details, see “Future Plans and [REDACTED]” in this Document.

SUMMARY

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since the beginning of 2026 and up to the Latest Practicable Date, we entered into cooperation agreements with, or won the bids from, customers in relation to such fields, including, (i) for payment terminals, a leading digital payment platform operator in China; (ii) for AI wearables, a well-established Chinese consumer electronics group; (iii) for enterprise AIoT, a global leader in energy management and industrial automation headquartered in France; and, (iv) for automotive electronics, one of the largest automobile manufacturers headquartered in China. These recent developments demonstrate our ongoing efforts to broaden our application scenarios and enrich our product and solution portfolio and provide initial support for the future development of such business opportunities.

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 years reported in the Accountants’ Report 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.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this Document.

“Accountants’ Report”	the Accountants’ Report for the three years ended December 31, 2023, 2024 and 2025, the text of which is set out in Appendix I to this Document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, conditionally adopted on March 27, 2026 with effect from the [REDACTED] Date, and as amended from time to time, a summary of which is set out in the section headed “Summary of the Articles of Association” in Appendix III to this Document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Baoshan Jinpu”	Shanghai Baoshan Jinpu Science and Technology Innovation Private Equity Investment Fund Partnership (Limited Partnership) (上海寶山金浦科創私募投資基金合夥企業(有限合夥)), a limited partnership established under the laws of PRC on January 13, 2023, a Pre-[REDACTED] Investor
“Board” or “Board of Directors”	the board of directors of our Company
“Board Chairman”	the chairman of the board of directors of our Company
“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
“CAGR”	compound annual growth rate
“[REDACTED]”	[REDACTED]
“China” or “PRC”	the People’s Republic of China and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Companies Ordinance”	the Companies Ordinance (Cap. 622), 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 (Cap. 32), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”, or “our Company”	Shanghai Innovatech Information Technology Co., Ltd. (上海易景信息科技股份有限公司) which was initially established as a limited liability company in the PRC on July 16, 2008 under the name of “Shanghai Innovatech Information Technology Co., Ltd.* (上海易景信息科技有限公司)” and converted into a joint stock limited liability company incorporated in the PRC on December 30, 2025
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Sun Bin, Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia. For further details, see “Relationship with our Controlling Shareholders”
“Conversion of Unlisted Shares into H Shares”	conversion of [REDACTED] Unlisted Shares in aggregate held by our existing Shareholders into H Shares upon the completion of the [REDACTED] and the Share Split
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EIT”	the PRC enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the PRC
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“[REDACTED]”	[REDACTED]
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, and an Independent Third Party
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Group”, “our Group”, “we”, or “us”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“H Share(s)”	ordinary share(s) in the share capital of our Company, which are to be [REDACTED] in HK dollars, and for which an application has been made for [REDACTED] and [REDACTED] on the Stock Exchange

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“IFRS”	IFRS Accounting Standards as issued by the International Accounting Standards Board
“independent third party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Joint Sponsors” or “Sponsors”	the joint sponsors as named in “Directors and Parties Involved in the [REDACTED]” in this Document
“Latest Practicable Date”	March 26, 2026, being the latest practicable date for ascertaining certain information in this Document before its publication
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“Listing Guide”	the Guide for New Listing Applicants, as published by the Stock Exchange, as amended or supplemented or otherwise modified from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Maximum [REDACTED]”	[REDACTED] per H Share, being the high end of the [REDACTED] range stated in this Document
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Sun Bin”	Sun Bin (孫斌), one of our executive Directors, Board Chairman, chief executive officer and, one of our Controlling Shareholders
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC Legal Advisor”	Jingtian & Gongcheng, our legal advisor as to PRC laws

DEFINITIONS

“Pre-[REDACTED] Investments”	the Pre-[REDACTED] investments in our Company undertaken by the Pre-[REDACTED] Investors, details of which are set out in the section headed “History and Corporate Structure — Pre-[REDACTED] Investments”
“Pre-[REDACTED] Investors”	the pre-[REDACTED] investors, namely Baoshan Jinpu, Shanghai Changhao, Yibin Private Economic Investment and Suzhou Straits, details of which are set out in the section headed “History and Corporate Structure” — Pre-[REDACTED] Investments
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Accountant”	KPMG
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Cap. 571), as amended, supplemented, or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai Changhao”	Shanghai Changhao No. 7 Enterprise Management Center (Limited Partnership)(上海暢昊柒號企業管理中心(有限合夥)), a limited partnership established under the laws of PRC on January 13, 2023, a Pre-[REDACTED] Investor
“Shanghai Gaozhu”	Shanghai Gaozhu Enterprise Management Partnership (Limited Partnership)(上海高躅企業管理合夥企業(有限合夥)), a limited partnership established under the laws of PRC on March 6, 2018, which is an employee shareholding platform with Mr. Sun Bin as its general partner and one of our Controlling Shareholders
“Shanghai Runsheng”	Shanghai Runsheng Enterprise Management Partnership (Limited Partnership)(上海潤笙企業管理合夥企業(有限合夥)), a limited partnership established under the laws of PRC on February 7, 2018, which is an employee shareholding platform with Mr. Sun Bin as its general partner and one of our Controlling Shareholders

DEFINITIONS

“Shanghai Yijia”	Shanghai Yijia Enterprise Management Partnership (Limited Partnership)(上海羿加企業管理合夥企業(有限合夥)), a limited partnership established under the laws of PRC on May 7, 2019, which is an investment vehicle for our early-stage individual investors with Mr. Sun Bin as its general partner and one of our Controlling Shareholders
“Shanghai Yilin”	has the meaning as defined in the section headed “History and Corporate Structure — Corporate Development — Early Corporate Development”
“Shanghai Yuchu”	Shanghai Yuchu Enterprise Management Partnership (Limited Partnership)(上海禹初企業管理合夥企業(有限合夥)), a limited partnership established under the laws of PRC on March 6, 2018, which is an employee shareholding platform with Mr. Sun Bin as its general partner and one of our Controlling Shareholders
“Share(s)”	ordinary share(s) of our Company, comprising H Shares and Unlisted Shares
“Share Split”	the split of each Share with nominal value of RMB1.00 each into 20 Shares with nominal value of RMB0.05 each, effective upon completion of the [REDACTED]
“Shareholder(s)”	holder(s) of our Share(s)
“[REDACTED]”	[REDACTED]
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholders”	has the meaning ascribed to it in the Listing Rules
“Supervisor(s)”	member(s) of the Board of Supervisors
“Suzhou Straits”	Suzhou Straits Zhiyuan Equity Investment Partnership (Limited Partnership)(蘇州海峽智遠股權投資合夥企業(有限合夥)), a limited partnership established under the laws of PRC on January 12, 2026, a Pre-[REDACTED] Investor
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three financial years ended December 31, 2025
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Unlisted Share(s)”	ordinary share(s) in the share capital of our Company, which are subscribed for and paid up in Renminbi and are unlisted Shares not currently listed or traded on any stock exchange
“United States” or the “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

DEFINITIONS

“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“[REDACTED]”	[REDACTED]
“VAT”	value-added tax
“Yibin Private Economic Investment”	Yibin Private Economic Development Equity Investment Partnership (Limited Partnership)(宜賓民營經濟發展股權投資合夥企業(有限合夥)), a limited partnership established under the laws of PRC on August 8, 2025, a Pre-[REDACTED] Investor
“%”	percent

In this Document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction,” “controlling shareholder” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

In this Document, “” denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organizations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), etc., or another language included in this Document for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain terms used in this document in connection with our Company and our business. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

“4G”	the fourth-generation mobile communication standard and technology
“5G”	the fifth-generation mobile communication standard and technology
“AI”	artificial intelligence, the simulation of human intelligence by machines
“AI hardware”	specialized components designed for AI systems or adapted from high-performance computing to handle AI model training and deployment. It refers to smart hardware products and modules with embedded AI capabilities, including smart wearables, enterprise IoT devices, and BMS solutions.
“AIoT”	Artificial Intelligence of Things, the combination of AI technologies with the IoT infrastructure to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics
“AVL”	approved vendor list
“BMS”	battery management system, an electronic system that monitors and manages a rechargeable battery pack. It protects the battery by preventing operation outside its safe limits, monitoring parameters like voltage, temperature, current, state of charge (SOC), state of power (SOP) and state of health (SOH). It focuses on integrates hardware, cloud and mobile applications to support safety management, operational monitoring and proactive risk prediction.
“BSCI”	business social compliance initiative
“buy-and-sell”	a procurement model under which certain components are first purchased by a customer from its suppliers and then sold to us for incorporation into products manufactured for the customer
“CAGR”	compound annual growth rate
“chipset”	a group of integrated circuits on a computer mainboard that manages data flow between the processor, memory, storage, and peripherals
“ESG”	Environmental, Social and Governance
“EVT/DVT/PVT”	Engineering Validation Test, Design Validation Test, Production Validation Test.
“FCCA”	factory capability and capacity assessment
“GNSS”	global navigation satellite system, a constellation of Earth-orbiting satellites that provide positioning, navigation, and timing (PNT) services worldwide.
“GMS”	Google Mobile Services

GLOSSARY OF TECHNICAL TERMS

“IC”	integrated circuit, a miniature electronic device that combines multiple components onto a single semiconductor chip
“IDH”	independent design house, a provider of electronic product design and PCBA services without owning a final product brand.
“IoT”	Internet of Things, the network of devices embedded with sensors, software and other technologies connecting and exchanging data over the Internet or other communications networks
“IP54”	ingress protection 54, dust protected and splash water resistant
“IP68”	ingress protection 68, dust-tight and water immersion resistant
“ISO 14001”	an internationally recognized standard for environmental management systems (EMS)
“ISO 45001”	an international standard that specifies requirements for an occupational health and safety (OH&S) management system
“ISO 9001”	a globally recognized standard for quality management
“mainboard”	the main PCB in a product that holds electronic components
“NFC”	near field communication, a short-range wireless communication technology
“ODM”	original design manufacturing
“PCB”	printed circuit board, a flat plate or base of insulating material containing a pattern of conducting materials, forming an electronic circuit when components are soldered to it
“PCBA”	printed circuit board assembly, the process of mounting electronic components onto a printed circuit board to form a functional circuit module
“PDA”	Personal Digital Assistant, a handheld mobile computing device designed for data acquisition, information processing and task execution across enterprise and industry application scenarios
“R&D”	research and development
“RF”	radio frequency
“RF Engineering”	a core technical capability encompassing multi-band RF optimization for 5G, protocol stack customization, RF path design/debugging, RF development, and modem bring-up methodology, supporting the Company’s 5G platform capability building and enhances signal stability and data rate of smart terminals
“SCS”	responsible minerals and supply chain certification
“SoC”	system on chip
“shipment”	in the context of the ODM shipment of our products, including complete units, semi-knocked down and completely knocked down units

GLOSSARY OF TECHNICAL TERMS

“smart eyewear”

products including AI glasses and smart head-mounted display devices capable of delivering augmented reality (AR), extended reality (ER), virtual reality (VR), and mixed reality (MR) experiences

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,” “forecast,” “could,” “vision,” “goals,” “objective,” “target,” “schedule,” “predict,” “project,” “aim,” “intend,” “consider,” “would,” “continue” and “outlook”) are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Document), uncertainties and other factors some of which are beyond our 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:

- general political, market and economic conditions;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- our planned projects and goals;
- our ability to control or reduce costs;
- our ability to control our risks;
- our ability to maintain good relationships with business partners;
- our business prospects and expansion plans;
- our ability to successfully implement our business plans and strategies;
- our financial condition and performance, debt levels and capital needs;
- our dividend policy;
- our capital expenditure plans;
- various business opportunities that we may pursue;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this Document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution **[REDACTED]** against placing undue reliance on any such forward-looking statement. 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.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The global smart hardware industry is highly competitive and concentrated among a few major players. If we cannot compete effectively, our market share and profitability could be adversely affected.

The industry is highly competitive characterized by intense price competition, frequent introduction of new products, rapid technological advancement, short product life cycles and evolving consumer preferences. In addition, this industry is concentrated with a limited number of major players accounting for a substantial portion of total market share. We compete primarily based on our product design and quality, R&D capabilities, manufacturing capacity, and cost competitiveness. Our ability to compete effectively depends on our continued investment in technology, talent and manufacturing capabilities. There can be no assurance that such investments will be sufficient to maintain or enhance our competitive position.

We expect competition to intensify in the future as existing competitors or new entrants may develop technologies, products or business models that are superior to ours or more cost-effective, which could render our products less competitive or obsolete. We face increasing competitive pressure as brand owners demand higher technical capabilities, faster delivery timelines and more innovative solutions from their suppliers. Should we fail to maintain our technological edge through sustained R&D investment and talent acquisition, our customers may reduce their reliance on us or shift their orders to competitors. Brand owners may also expand their in-house product development or manufacturing capabilities, which could reduce demand for third-party services in certain product categories. Any loss of competitiveness, reduction in customer orders or erosion of our market position could adversely affect our shipments, market share and profitability, and materially and adversely affect our business, results of operations and financial condition.

We derived a substantial portion of revenue from certain major customers during the Track Record Period and the loss of, or a significant reduction in, revenue from such customers could materially and adversely affect our results of operations.

During the Track Record Period, we generated a substantial portion of revenue from a limited number of customers. For the years ended December 31, 2023, 2024 and 2025, sales to our largest customer accounted for 79.3%, 88.8% and 79.0% of our revenue, respectively, while our five largest customers for the same year accounted for 94.2%, 97.1% and 97.7% of our revenue, respectively. Our current concentration on a few major customers exposes us to the risks of substantial losses if such major customers significantly reduce orders to us, or stop engaging in businesses with us at all. Specifically, any of the following events, among others, may cause material fluctuations or declines in our revenue and have a material and adverse effect on our business, financial condition and results of operations: (i) the reduction, delay or cancellation of purchase orders from one or more of our major customers; (ii) the reduction in the purchase price of our product solutions; (iii) the rejection of product solutions manufactured by us from one or more of our major customers due to manufacturing defects or other reasons; (iv) the loss of one or more of our major customers and our failure to identify and obtain

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additional or replacement customers that can replace the lost sales volume at satisfactory pricing or other terms; or (v) the failure or inability of any of our major customers to make timely payment for our products.

We anticipate that our concentration on a limited number of customers will continue for the foreseeable future. We cannot assure you that our customer relationships will continue to develop or if these customers will continue to generate significant revenue for us in the future. Any failure to maintain our existing customer relationships or to expand our customer base will materially and adversely affect our business, results of operations and financial condition.

We operate in markets characterized by short product life cycles and rapid technological change, and our expansion strategy into new product categories may not deliver the expected results.

Many of our product solutions are subject to relatively short life cycles driven by frequent upgrades, evolving industry standards and rapidly changing customer requirements and preferences. To remain competitive, we must continuously develop and adapt new product solutions in a timely and cost-effective manner. This requires sustained investment in R&D, the recruitment of qualified personnel, and the ability to anticipate technological trends and customer demand. There can be no assurance that our efforts will result in commercially successful products/solutions or that such products/solutions will be introduced within expected timelines.

As part of our growth strategy, we are expanding into new product/solution categories, including, among others, smart eyewear and companion robot. This may require different technological capabilities and production processes from those of our more established business lines. In certain cases, they may be subject to heightened technical, regulatory or performance requirements and involve more complex manufacturing arrangements. If we are unable to effectively manage R&D cycles, allocate resources appropriately, or respond in a timely manner to changes in market conditions and customer preferences, we may fail to capitalize on market opportunities or may incur increased costs, pricing pressure or reduced margins. Any such failure could adversely affect our business, results of operations and financial condition.

The expansion and profitability of our business depend on the level of consumer demand and spending on smart hardware, which could be affected by factors beyond our control.

The success of our business depends, to a significant extent, on consumer demand and spending in the smart hardware market. Numerous external factors beyond our control can influence the level of consumer demand and spending on smart hardware. These factors include, but not limited to, general economic conditions, inflationary pressures, consumer disposable income, recession concerns, unemployment rates, geopolitical tensions, disease outbreaks, availability of consumer credit, interest rates, sales tax rates. If sales of our customers’ products decline or if their products do not achieve market acceptance as expected, our profitability could be adversely affected.

The smart hardware market has experienced downturns with declines in average selling prices that have adversely affected, and may in the future materially adversely affect, our business, results of operations and financial condition. According to Frost & Sullivan, industry cycles are typically characterized by breakthrough technologies like AI that ignite periods of exponential growth, followed by phases of market maturation and potential decline in price of existing technologies. Globally, the replacement cycle for consumer electronics ranges from three to five years on average, influencing the product iteration period and market demand. Any extended global economic downturn could lead to decreased discretionary spending in the smart hardware market, causing consumers to reduce their purchases. As a result, we may have difficulty maintaining or expanding our revenue, customer base or profitability, which could materially and adversely affect our business, results of operations and financial condition.

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Our success depends on a stable and adequate supply of raw materials which are subject to price volatility and risk of shortages.

The raw materials we procured primarily consisted of electronic components, functional modules and packaging materials. In 2023, 2024 and 2025, our material costs included in cost of sales were RMB1,945.0 million, RMB3,158.5 million, and RMB2,777.8 million, respectively, representing 87.4%, 90.0%, and 86.3% of our revenue for the respective periods. Our production volume and production costs depend on our ability to source quality raw materials at competitive prices. If we are unable to obtain raw materials in the quantities, of a quality or at a price that we require, our production volume, quality of products and profitability may be adversely affected.

Raw materials used in our production are subject to price volatility caused by external conditions, such as market supply and demand, commodity price fluctuations, currency fluctuations, fluctuations in transportation costs, changes in governmental policies and natural disasters. During the Track Record Period, our procurement costs of raw materials generally mirrored the cyclical fluctuations of raw material costs in the global consumer electronics industry. There is no assurance that our raw material cost will not increase significantly in the future. We cannot assure you that we will be able to raise the prices of our products sufficiently to cover increased costs resulting from increases in the cost of our raw materials or overcome the interruption of sufficient supply of qualified raw materials for our products. As a result, any significant price increase of our raw materials may have an adverse effect on our profitability and results of operations. Purchases from our largest supplier accounted for approximately 58.3%, 62.2% and 56.8% of our total purchases in 2023, 2024 and 2025, respectively, while purchases from our five largest suppliers for each respective year in aggregate accounted for approximately 67.8%, 70.3% and 67.3%, respectively. If our current suppliers decide to terminate business relationships with us or if the raw materials supplied by our current suppliers fail to meet our standard, or if our current supplies of raw materials are interrupted for any reason, qualified suppliers may not be readily available and we may not be able to easily switch to other suppliers in a timely manner, which may materially and adversely affect our business, results of operations and financial condition.

Some of raw materials used in our production are provided by our customers on consignment basis, primarily including SoCs. Under this model, SoCs are procured directly by our customers and then provided to us at no consideration for use in production and accordingly are not recorded as our purchases. If our customers experienced significantly procurement shortage due to factors such as market supply and demand, commodity price fluctuations, currency fluctuations, fluctuations in transportation costs, changes in governmental policies and natural disasters, they may be forced to curtail their own production and shipments, which in turn could lead them to reduce, delay, or cancel their demand for our products and services.

Our reliance on customer-designated supplier pools may limit our sourcing flexibility.

Certain of our customers impose specific requirements on quality standards and brand positioning and require us to procure certain components from designated or pre-approved supplier or brand pools. While such arrangements are intended to ensure product consistency and compliance with customer standards, they may limit our ability to freely select alternative suppliers based on price, availability or lead time considerations.

Our ability to timely secure sufficient quantities of required components may be adversely affected. In addition, our ability to switch to alternative suppliers may be restricted or subject to additional customer approval procedures, which could result in procurement delays, higher replacement costs or disruptions to our production schedules. Any such circumstances could adversely affect our business, financial condition and results of operations.

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Our expansion into AIoT-related products exposes us to technological uncertainty, market adoption risk and operational challenges.

We are expanding our product portfolio into AIoT-related devices, including smart wearables, smart eyewear and other intelligent connected hardware. Compared to our more established product lines, the AIoT market is evolving rapidly and remains subject to technological uncertainty, changing user expectations and shifting industry standards. The commercial success of AIoT products depends on factors such as product functionality, user experience and ecosystem compatibility, many of which are difficult to predict.

In addition, AIoT products may incorporate lightweight AI models to enhance functionality and user interaction. The training, optimization and deployment of such models may require substantial computing resources, high-quality data inputs and specialized technical expertise. There can be no assurance that our model development efforts will achieve the intended performance or commercial viability, or that such models can be effectively integrated into our hardware products within expected timelines or cost parameters. If market adoption of our AIoT products is slower than anticipated or if technological evolution renders our products less competitive, our business, financial condition and results of operations may be adversely affected.

We generally do not have long-term purchase commitments from most of our customers, which may subject us to uncertainty and revenue volatility from period to period.

We generally do not have long-term purchase commitments from our customers, and we cannot assure you that order volumes and selling prices will be consistent with our historical record or our expectation. Cancellations, reductions or delays of orders by a major customer or by a group of customers could adversely affect our business, financial condition and results of operations. In the absence of long-term purchase commitments with pre-determined pricing, our selling prices are also subject to fluctuation.

We make production, procurement and resource planning decisions based on estimates of customer demand. However, the nature of customer orders and rapid changes in consumer demand for our customers’ products may limit our ability to accurately forecast future requirements. Sudden increases in customer demand may place pressure on our production capacity and operational resources, while demand reductions could negatively affect our financial condition, results of operations and financial condition.

Any disruption to our manufacturing operations, failure to expand production capacity or risks associated with outsourced production may adversely affect our business.

As of December 31, 2025, we had one manufacturing base in Yibin, Sichuan. If we experience any unanticipated situation that forces us to shut down our manufacturing base, our production will be severely disrupted, which may in turn adversely affect our operations. To scale up our manufacturing capacity, we may expand our manufacturing base and upgrade equipment from time to time. Expansion of manufacturing base and upgrading of equipment requires significant capital investment upfront, and it may take considerable time before such manufacturing base or equipment achieve their expected capacity or breakeven point. Failure to successfully execute our capacity expansion and equipment upgrade plans or failure to effectively utilize our manufacturing base in time or at all may adversely affect our business, financial condition and results of operation.

Catastrophic events could also destroy any inventory located in our manufacturing base. The occurrence of any catastrophic event could result in the temporary or long-term closure of our manufacturing base, severely disrupt our business operations and materially and adversely affect our results of operations and financial condition.

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Outsourced production exposes us to risks relating to production scheduling, quality control and cost management. We may not be able to monitor third-party manufacturers as directly as our own operations. If such manufacturers fail to meet required standards, experience operational disruptions or increase production costs, we may face delays, higher replacement costs, product quality issues or potential contractual liabilities. Product defects or supply failures attributable to third-party manufacturers could adversely affect our reputation, customer relationships and profitability.

Any quality issues associated with our products may expose us to potential liabilities, subject us to risks relating to warranty claims, result in lost customers and sales, product recalls and increased compliance costs, which could adversely affect our results of operations and financial condition.

Our success depends on our ability to consistently deliver products that meet quality standards and customer expectations. Any deterioration in product quality or failure to meet such expectations could result in customer complaints, product returns or order cancellations. Product defects may also expose us to potential liabilities, including warranty claims or claims for damages.

Addressing quality issues may require us to incur significant costs, including costs associated with product recalls. In the event that our products are found to be defective, we may be required to recall affected products and could become subject to product liability claims, which may result in financial losses and reputational harm. Even if we successfully defend against such claims, we may nevertheless incur substantial costs. Any product quality issues could adversely affect our sales and have a negative impact on our results of operations and financial condition. In addition, we are subject to laws and regulations governing product quality, and any tightening of such requirements may result in additional compliance costs. Historically, we have not experienced any product recalls.

We may need additional capital, and financing may not be available on terms acceptable to us, or at all.

We primarily relied on cash generated from our business operations and bank borrowings to fund our current operations during the Track Record Period. We may require additional cash resources due to changed business conditions or other future developments, including any expansion into new business, marketing initiatives or investments we may decide to pursue. If our business does not generate sufficient cash flow from operations to fund these activities and sufficient funds are not otherwise available from our current or future credit facility, we may need to obtain additional equity or debt financing. If such financing is not available to us on satisfactory terms or in a timely manner, our ability to operate and expand our business or to respond to competitive pressures could be harmed. Moreover, if we raise additional capital by issuing equity securities or securities convertible into equity securities, the ownership of our existing Shareholders may be diluted. The holders of new securities may also have rights, preferences or privileges which are senior to those of existing holders of ordinary shares. In addition, any indebtedness we incur may subject us to covenants that restrict our operations and our ability to effectuate certain corporate decisions for our business and will require interest and principal payments that could create additional cash demands and financial risk for us.

To scale up our manufacturing capacity, we may expand our manufacturing base and upgrade equipment from time to time. Expansion of manufacturing base and upgrading of equipment requires significant capital investment upfront, and it may take considerable time before such base or equipment achieve their expected capacity or breakeven point. Failure to successfully execute our capacity expansion and equipment upgrade plans or failure to effectively utilize our manufacturing base in time or at all may adversely affect our business, financial condition and results of operation.

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Our gross profit margin is subject to fluctuations due to factors such as pricing pressure, fluctuations in raw material and other costs, changes in revenue mix and market position.

In 2023, 2024 and 2025, our gross profit margin was 9.9%, 6.8%, and 9.5%, respectively. The fluctuations in gross profit margins during the Track Record Period were primarily due to changes in product mix and others. See “Financial Information — Review of Historical Results of Operations.”

In addition, changes in our revenue mix may also affect our financial performance, particularly our profitability. Our gross profit margins could vary across products, projects and customers, as we generally deliver different products based on the demands of specific customers, which have different cost structures and selling prices. As such, changes in volume, projects, cost structures and development cycles of products that we offer could impact our overall profitability. Our gross profit margin also depends on our market position, the competitive landscape and relative bargaining power in the subsector that we operate in. We cannot assure you that we will be able to maintain our gross profit margin at levels similar to those achieved during the Track Record Period, in particular as we consider the evolution of revenue mix, customer base and raw material costs.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

A substantial portion of our revenues and cost of sales is denominated in RMB. However, as we also operate a part of our business in certain geographic markets outside of Chinese mainland, we are subject to risks associated with foreign currency exchange fluctuations. We recorded net foreign exchange gains of RMB47 thousand and RMB1 thousand in 2023 and 2024, respectively, and a net foreign exchange loss of RMB603 thousand in 2025.

Changes in the value of foreign currencies could affect the results of our overseas operations. Certain of our income from overseas sales is denominated in foreign currencies such as USD and Hong Kong dollars. It is difficult to predict how external factors may impact the exchange rate of RMB to USD and Hong Kong dollars, or other foreign currencies in the future. Further appreciation of RMB against foreign currencies may affect our overseas operations. Conversely, if we decide to convert our RMB into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, any depreciation of RMB against the Hong Kong dollar would have a negative effect on the value of, and any dividends payable on, our H Shares.

Fluctuations in commodity prices and geopolitical developments may adversely affect our costs and results of operations

Our business and financial performance may be affected by fluctuations in the prices of certain commodities, particularly oil and cobalt. Changes in oil prices may increase our logistics, transportation and certain upstream material costs, whereas changes in cobalt prices may affect the procurement cost of battery-related materials and components used in some of our product solutions. Significant or sustained increases in the prices of such commodities could increase our production and operational costs. In addition, geopolitical tensions and conflicts in regions that are key to the production or transportation of such commodities may disrupt supply chains, constrain supply or exacerbate price volatility. If we are unable to pass through such cost increases to our customers in a timely manner, our business, results of operations and financial condition may be materially and adversely affected.

Our historical financial and operating results may not be indicative of our future performance.

During the Track Record Period, we experienced fluctuations in our revenue and profits. Our revenue increased from RMB2,225.2 million in 2023 to RMB3,508.5 million in 2024 and decreased to RMB3,219.3 million in 2025, primarily due to the fluctuation of the market demands in the respective

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year. Our profit for the year increased from RMB56.2 million in 2023 to RMB62.1 million in 2024, and further to RMB70.2 million in 2025, primarily due to an increase in the portion of high profit margin products in our product portfolio. Our past performance is not necessarily indicative of future results. Our financial and results of operations may not meet the expectations of public market analysts or [REDACTED]. The effects of changing regulatory, economic, public health, environmental, competitive conditions and many other factors cannot be fully predicted and may have a material adverse effect on our business, financial condition, results of operations and prospects. As we continue our business expansion, we cannot assure you that we will achieve the expected results or maintain the same levels of revenue growth and profitability as we have achieved historically. Accordingly, [REDACTED] should not place undue reliance on our historical financial and operating results when evaluating our future prospects.

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

We continuously improve our product pipelines and launch new products that respond to evolving customer preferences, which require us to manage our inventory effectively. Our inventory primarily includes raw materials, work-in-progress and finished goods. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB109.2 million, RMB452.2 million, and RMB365.7 million, respectively, and we recorded provision for impairment loss on inventories of RMB18.9 million, RMB19.7 million, and RMB15.8 million, respectively. Our inventory turnover days were 31 days, 31 days and 51 days in 2023, 2024 and 2025, respectively.

We base our purchase decisions and inventory management primarily on our understanding of our industry and forecast of market demand for our products. However, our forecast for demand may not accurately reflect the actual market demand. Significant and unpredictable shifts in market demand can affect the accuracy of our market demand forecast and the effectiveness of our procurement and inventory management practice, and we may not be able to timely mitigate the resulting inventory pressure or at all. Moreover, it can also prove challenging to accurately forecast the market demand for our products and determine the optimal inventory levels. Factors such as new product launches, rapid changes in product cycles and pricing, product defects, promotions, changes in consumer spending patterns, and changes in consumer preferences with respect to our products can all affect market demand, leading to unpredictable purchasing behaviors and quantities that may deviate from our expectations.

If we fail to manage our inventory effectively, we may face inventory obsolescence, resulting in decline in inventory values and inventory write-downs or write-offs. Moreover, excessive inventory levels may tie up substantial capital resources, preventing us from using that capital for other important purposes. If we underestimate customer demand, we may experience inventory shortages, which may result in missed sales, additional costs to secure the necessary production, delivery delays, reduced customer loyalty, and lost revenue. Any of the above may materially and adversely affect our business, results of operations, and financial condition.

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

During the Track Record Period, a majority of our trade and other receivables were outstanding for less than one year. We generally grant our customers a credit period of between 15 days to 90 days. Our trade receivables turnover days were 27 days, 84 days and 115 days in 2023, 2024 and 2025, respectively. As of December 31, 2023, 2024 and 2025, our trade and other receivables amounted to RMB222.5 million, RMB1,599.3 million, and RMB672.3 million, respectively. There is no assurance that all such amounts will be settled on time or at all, and we are subject to credit risk in collecting the trade and bills receivables due from the customers. Our performance, liquidity and profitability will be

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adversely affected if significant amounts due to us are not settled on time. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

Our expansion into international markets may be adversely affected by legal, regulatory, political and economic risks.

As part of our global expansion strategy, we have formed partnerships with customers in both domestic and overseas markets. While these initiatives enhance our operational resilience and customer reach, our international operations are subject to various legal, regulatory, political and economic risks beyond our control.

These risks include, among others, changes in local laws and regulations, trade policies and tariffs, import and export restrictions, foreign exchange control policies and challenges in protecting intellectual property rights in foreign jurisdictions. In particular, rising geopolitical tensions and evolving international trade measures, including the imposition of tariffs, retaliatory tariffs, anti-dumping measures or other trade restrictions, may adversely affect global economic conditions and financial markets and could in turn materially and adversely affect our business operations, supply chain arrangements and expansion plans in certain markets. As these policies and measures may continue to evolve rapidly, it may also be difficult for us to accurately assess their full impact on our business operations and financial performance.

We could be subject to changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities. Any reduction or discontinuation of preferential tax treatments could adversely affect our results of operations and financial condition.

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and several of our subsidiaries in Chinese mainland have been qualified as High and New Technology enterprises and enjoyed a preferential income tax rate of 15% during the Track Record Period. In 2023 and 2024, we recorded income tax expense of RMB5.1 million and RMB4.7 million, respectively. In 2025, we recorded income tax benefit of RMB0.2 million. Accordingly, they were entitled to a preferential income tax rates 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 Chinese government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax laws and regulations in Chinese mainland may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in Chinese mainland and tax penalties or fines could affect our businesses, financial condition and results of operations.

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

Changes in industry standards and technical requirements relevant to our products, solutions and markets could adversely affect our results of operation and business prospects.

Our products are primarily smart hardware that must comply with various industry standards and technical requirements issued by regulatory bodies or industry participants. For example, the *Radio Regulation of the People’s Republic of China* (《中華人民共和國無線電管理條例》) promulgated by the

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State Council and the Central Military Commission. Furthermore, Industry standards and technical requirements in our market are evolving and may change significantly over time. In addition, large industry-leading smart hardware brands play a significant role in developing standards and technical requirements. Our customers also may design certain specifications and other technical requirements specific to their products. These technical requirements may change as customers introduce new or enhanced products.

Our ability to compete in the future will depend on our ability to identify and comply with evolving industry standards and technical requirements. The emergence of new industry standards and technical requirements could render our product solutions incompatible with product solutions developed by other competitors or make it difficult for our product solutions to meet the requirements of certain of our customers. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our product solutions to ensure compliance with relevant standards and requirements. If our products or solutions are not in adherence to prevailing industry standards and technical requirements, our business, results of operations and financial condition may be adversely affected.

Our success depends largely on the continued service of our senior management and key technical personnel and our ability to recruit, train or retain qualified personnel or sufficient workforce while controlling our labor costs.

Much of our future success depends on the continued contributions of our senior management and other key employees, many of whom are difficult to replace. The loss of the services of any of our executive officers, our senior management team and other highly skilled employees could harm our business. Competition for qualified talent is intense. Our future success depends on our ability to attract a large number of qualified employees and retain existing key employees. If we are unable to do so, our business and growth may be materially and adversely affected.

We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to recruit, train or retain qualified personnel, particularly technical, marketing and other operational personnel with experience in the relevant industry. Our experienced mid-level managers are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. The effective operation of our managerial and operating systems also depends on the hard work and quality performance of our management and employees.

Our industry is characterized by high demand and intense competition for talent and labor, while qualified individuals in the relevant industries are in short supply and competition for workers is intense. We can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. In addition, competition for qualified individuals or workers may require us to pay higher wages, which could result in higher labor costs. Moreover, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth in a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

Any damage to our brand and reputation may adversely affect our business.

Our business depends on maintaining our reputation for product quality, technological capability and reliable delivery. Although we operate under a business-to-business model, our brand credibility remains important in securing and retaining customers, particularly as we expand into new product and solutions categories and emerging technology areas. Any product defects, quality incidents, delays in

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delivery or negative publicity relating to our products or operations may adversely affect our reputation in the industry. In addition, if products developed or manufactured by us fail to meet customer expectations or regulatory requirements, our brand may be harmed.

As we expand into technology-intensive product segments including AIoT-related devices, expectations regarding performance, reliability and innovation may increase. Any perception that our technological capabilities or product quality is insufficient may weaken customer confidence and impair our ability to obtain new orders or maintain existing customer relationships. Any deterioration in our brand reputation or industry standing could adversely affect our business, financial condition and results of operations.

Our future investments, partnerships or acquisitions, including in emerging areas such as smart eyewear, may be difficult to integrate or may not achieve the intended benefits. Failure to address such risk may have an adverse effect on our financial condition and results of operations.

In the future, as a strategic approach to further enhance our market presence, we may enter into partnerships or make acquisition to complement our existing business or expand into emerging product categories, including, among others, smart eyewear and related technologies. As of the Latest Practicable Date, we had not identified any specific target for such acquisition. This strategy entails potential risks that could have a material adverse effect on our business, financial condition, results of operations and prospects, including:

- unidentified or unanticipated liabilities or risks in the businesses which we may acquire;
- inability to successfully integrate the products, services and personnel of the businesses which we may acquire into our operations or to realize any synergies from the acquisitions;
- inability to retain employees and customer base of the businesses acquired; and
- diversion of management attention and other resources.

In addition, investments or acquisitions in emerging technology areas such as smart eyewear, may involve higher levels of technological uncertainty, market acceptance risk and capital commitment. We cannot assure you that any of such investments or acquisitions will result in long-term benefits to us or that we will be able to effectively manage the integration and growth of our operations. Failure to address such risks may have a material adverse effect on our financial condition and results of operations.

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, our Directors and our management may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings. Legal proceedings and administrative 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, antitrust scrutiny of market practices for anti-competitive conduct, as well as disputes related to customer payments and product quality, both in Chinese mainland and in other jurisdictions. For example, as we expand our operations globally, antitrust or competition regulatory authorities in certain jurisdictions may find our cooperation with other entities, or our conduct of business with other entities in a coordinated way, is not compliant with certain antitrust or competition laws and regulations. Consequently, we may be subject to certain antitrust investigations, lawsuits or regulatory proceedings, and may be subject to fines, civil liability or criminal liability. Further, the nature of our business and operations is such that we are subject to product liability claims relating to personal injury or property damage. Third parties who are subject to

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such injury or damage may bring claims or legal proceedings against us. Certain product liability claims may be the result of defects from component and parts purchased from our suppliers. 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 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 adequately protect our intellectual property rights or trade secrets and may have intellectual property disputes, which may result in loss of market share to our competitors and affect our business and results of operations.

Our success depends on our ability to protect the intellectual property rights of our and our customers’ intellectual property rights. We cannot assure you that our customers’ designs, trademarks, patents and other intellectual property rights that we have access to during the manufacturing process will not be misappropriated. While our suppliers and employees are subject to contractual obligations to protect intellectual property rights of our customers and us, there is no assurance that such measures will effectively prevent leakage of confidential information or infringement of intellectual property rights, or at all. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any incident of failure to protect the intellectual property rights of our customers. In the event that our measures and precautions we have taken do not adequately safeguard our customers’ intellectual property rights or at all, customers may initiate legal proceedings against us or even reduce or discontinue their purchase orders with us, which would have a material adverse effect on our business, financial condition and results of operations.

Moreover, we may be subject to claims from other parties such as industry participants and competitors, software developers, and other third parties alleging our infringement of their patents, trademarks and/or other intellectual property rights in the future. Any legal or administrative proceedings resulting from such allegations is likely subject us to significant liability and even to cause a declaration of invalidity of our existing intellectual property rights. These lawsuits or proceedings would be time-consuming and costly to resolve, and would divert much of our managerial attention and administrative resources.

In addition, we rely on a combination of applicable intellectual property laws as well as confidentiality agreements to protect our patents, trade names, copyrights and other intellectual property rights. For details of our intellectual property rights, please refer to “Business — Intellectual Property” and “Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Our Material Intellectual Property Rights” to this document. Our intellectual property rights may be subject to various forms of infringement. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material violations or infringements of our trademarks, trade names, copyrights, patents or any other intellectual property rights.

Policing unauthorized use of proprietary technology is difficult and costly, and we may need to resort to litigation to enforce or defend patents issued to us or to determine the enforceability, scope and validity of our proprietary rights or those of others. Any such litigation may require significant expenditure of financial and managerial resources and could have a material adverse impact on our business, financial condition and results of operations. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation. In addition, given that the enforceability and scope of protection of proprietary rights in Chinese mainland are uncertain and still evolving, we may choose not to litigate or spend significant resources in litigation to enforce our intellectual property rights or to defend our patents against unauthorized use by third parties.

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We are subject to stringent environmental protection laws and regulations. Any failure to comply with the relevant laws and regulations could result in significant penalties, operational disruptions, and reputational damage to us.

Our production and operation are subject to various environmental protection laws and regulations. The relevant regulatory authorities may also promulgate new environmental protection laws and regulations and enforce more stringent interpretations of environmental protection laws and regulations in the future. As a result, additional costs may be incurred to introduce relevant preventive or remedial measures, adjust our production process, purchase new pollution control equipment and enhance our compliance and monitoring system to ensure compliance with such amended laws and regulations.

Failure to comply with environmental protection laws and regulations could subject us to, among other things, legal liability, fines, suspension of production, a loss of licenses to operate certain facilities and other sanctions, interruptions to operations, [REDACTED] litigation and a general loss of [REDACTED] confidence, any one of which could have a material adverse impact on our business, financial performance and brand reputation.

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

In accordance with applicable laws, we contribute to statutory social insurance programs for our employees, including pension, medical, unemployment, work-related injury, and maternity insurance. From an operational risk perspective, we have procured business accident insurance and property insurance. We do not, however, carry 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 key man life insurance. 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. We cannot guarantee that our insurance coverage is sufficient to cover potential losses.

In addition, we are subject to the risks of losses arising from the misappropriation of cash or other assets by our employees or third parties, which losses may not be sufficiently covered by our insurance policies. Any risk that is not adequately covered by insurance may have an adverse effect on our business, results of operations and financial condition.

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

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

- hiding unauthorized or unlawful activities;
- 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; or

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- 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 misconducts of our employees relating to our operations, 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. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may result in negative publicity for us.

Our leased properties may be subject to non-compliances or challenges that could expose us to penalties and incremental costs.

We own and lease properties in Chinese mainland primarily for office, manufacturing, warehousing, and staff dormitory functions. For details, see “Business — Properties.” Under PRC law certain leases are required to be registered with the PRC government. As of the Latest Practicable Date, certain of our lease agreements in Chinese mainland had not been registered. Although failure to register does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of lease agreements. However, we cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our costs in the future. If any of our leases is terminated or becomes unenforceable as a result of challenges from third parties, we would need to seek alternative properties and incur relocation costs. Any relocation could lead to disruptions to our operations and adversely affect our business, financial conditions and results of operations.

Failure to comply with anti-corruption laws and regulations, or effectively manage our employees, affiliates and business partners, could severely damage our reputation, and materially and adversely affect our business, financial condition, results of operations and prospects.

We have adopted stringent internal policies to ensure compliance of our business with applicable laws and regulations. However, we are still subject to risks in relation to actions taken by us, our employees, affiliates or business partners that constitute violations of the anti-corruption laws and regulations. We cannot guarantee that we maintain compliance to the applicable laws and regulations at all times or across jurisdictions where we operate our business. If we, our employees, affiliates or business partners violate these laws, rules or regulations, we could be subject to fines and/or other penalties. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our interpretation or to adopt additional anti-bribery or anti-corruption related regulations could also require us to make changes to our operations. Our reputation, corporate image, and business operations may be materially and adversely affected if we fail to comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees, affiliates or business partners, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

Our operations rely on IT systems and networks and our business and reputation may be impacted by IT system failures, network disruptions or cybersecurity breaches.

We rely extensively on IT systems, some of which are supported by third-party vendors, to manage and operate our business. We may have failures of these systems in the future. If these systems cease to function properly, if these systems experience security breaches or disruptions or if these systems do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could

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have a material adverse impact on our results of operations, financial condition, and cash flows. If the software installed on the computers used by us and our employees is not properly authorized or licensed, we may be subject to claims or litigations from software vendors. We may be subject to IT system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could adversely impact our business by, among other things, preventing access to our internet services, interfering with customer transactions or impeding the assembling and shipping of our products. These events could materially and adversely affect our reputation, financial condition and operating results.

Our IT systems may be subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyberattacks. We continue to assess potential threats and make investments seeking to address and prevent these threats, including monitoring of our networks and systems and upgrading skills, employee training and security policies for us and our third-party providers. However, because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. During the Track Record Period and up to the Latest Practicable Date, we had not seen any material impact on our business or operations from these attacks. However, we cannot guarantee that our security efforts will prevent breaches or breakdowns to our or our third-party providers’ databases or systems. If the IT systems, networks or service providers we rely upon fail to function properly or if we or one of our third-party providers suffer a loss, significant unavailability of or disclosure of our business or stakeholder information and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, including administrative fines. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

Our business operations are susceptible to disruptions from force majeure events, including natural disasters, outbreaks of contagious diseases, and other extraordinary events, which could materially and adversely affect our business and results of operations, and such losses may not be fully covered by insurance.

Our business may be adversely affected by the occurrence of force majeure events, including natural disasters, outbreaks of contagious diseases, and other extraordinary events, such as typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events especially in the 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 with respect to our global supply chain, production, delivery and sales. Such events could decrease the demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to manufacture and deliver products to our customers in a timely manner, or to receive materials and equipment from our suppliers. Should major public health emergencies, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional requirements in freight, relevant policies affecting the movement of products between regions, delays in the ramp-up of the manufacturing capacity and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, which could require substantial recovery time and result in significant expenditures in order to resume operations.

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RISKS RELATING TO GOVERNMENT REGULATIONS

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

We operate in Chinese mainland and some overseas regions and therefore our business, financial condition, results of operations and prospects may be affected by local economic, social and legal policies. We cannot guarantee that our business operations will be able to benefit from such measures. In addition, laws, rules and regulations may also be amended from time to time, and the application, interpretation and enforcement of such evolving laws, rules and regulations may affect our business operations. Any of the foregoing may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Failure to comply with labor laws and regulations, including regulations in relation to social insurance and housing fund contributions for our employees, could subject us to legal liabilities, fines and other legal or administrative sanctions, and reputational harm.

We employ some of our workforce through labor dispatch arrangements, wherein workers are hired by third-party staffing agencies but perform services for us. On December 28, 2012, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) was amended to impose more stringent requirements on labor dispatch and such amendments became effective on July 1, 2013. For example, dispatched workers may only engage in temporary, auxiliary or substitute work. In addition, the number of dispatched workers engaged by an employer may not exceed a certain percentage of its total number of workers, to be decided by the Ministry of Human Resources and Social Security. Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》)(the “**Interim Provisions on Labor Dispatch**”) which has become effective since March 1, 2014, an employer shall strictly control the number of dispatched workers engaged, which shall not exceed 10% of the total number of its workers (the “**Limit**”).

During the Track Record Period, the number of dispatched workers engaged by us exceeded the Limit, primarily because with the customers’ order demand growth, we need additional workers to deliver customer orders in short term, resulting in the number of dispatched workers exceeding the stipulated Limit in relevant periods. As of the Latest Practicable Date, we had enhanced our dispatched worker arrangements to ensure the number of dispatched workers engaged by us was within the Limit. For details, see “Business — Employees.” However, we cannot assure you that the relevant government authorities will not impose penalties on us and our subsidiaries for such historical non-compliance, which may adversely affect our business, profitability and reputation.

In addition, we are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in Chinese mainland. According to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), an enterprise in Chinese mainland is required to set up housing provident fund accounts (住房公積金賬戶) and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), an enterprise in Chinese mainland is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full. On July 31, 2025, the Supreme People’s Court promulgated Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》)(the “**New Judicial Interpretation**”), which stipulated, among others, that effective September 1, 2025, if an employer and an employee agree or if the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking invalid. Our PRC Legal

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Advisors are of the view that the New Judicial Interpretation does not repeal or revise the social insurance laws and regulations currently in force in the PRC, and would not cause us to undertake additional social insurance exposure. For details, see “Regulatory Overview — Overview of the Laws and Regulations in the PRC — Laws and Regulations on Labor — Social Insurance and Housing Provident Fund.”

During the Track Record Period, we did not pay social insurance and housing provident fund in full for some of our employees. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties in connection with our contribution of social insurance plans during the Track Record Period. For details, see “Business — Employees — Social Insurance and Housing Provident Funds.” We cannot guarantee you that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us based on such complaints, reports or other claims. In the event of any such non-compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so. Under the Notice on Implementing the Comprehensive Plan for Lowering Social Insurance Premium Rates (《人力資源社會保障部、財政部、稅務總局、國家醫保局關於貫徹落實〈降低社會保險費率綜合方案〉的通知》), relevant authorities are prohibited from collectively initiating proactive collection of historical outstanding social insurance contributions from enterprises. As such, the likelihood that we would be subject to material administrative penalties or required by relevant authorities to make up historical shortfalls in social insurance contributions on a collective basis is considered remote. However, there can be no assurance that we will not be required by competent authorities to make up any shortfalls and/or pay overdue fines on an individual basis. In the event that we are required to do so, our financial condition and results of operations may be adversely affected.

In addition to the above, if we fail to comply with any other relevant labor laws and regulations, we may be exposed to penalties or be required to pay damages to employees. Compliance with the relevant labor laws and regulations could substantially increase our labor costs. Increases in our labor costs and future disputes with our employees could adversely affect our business, financial condition and results of operations. In particular, an increase in labor costs could increase our future production costs. We might not be able to pass these increases on to our consumers due to competitive pricing pressure.

We are exposed to risks in relation to work safety and occurrence of accidents as well as other operational, occupational and environment related risks, which could materially and adversely affect our business, financial condition and results of operations.

Our business and production are subject to various risks, including operational risks and occupational and environmental hazards. We must comply with the extensive environmental, handling of hazardous substances, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the manufacturing and sale of products which are promulgated by the government authorities in Chinese mainland. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. For example, if any of our subsidiaries in Chinese mainland engaging in manufacturing fails to comply with the relevant laws on prevention and treatment of occupational diseases, then such subsidiary may be subject to fines and other administrative penalties, and also, any employees who are deemed to suffer from occupational diseases may have rights to seek compensation from us. We may experience various types of difficulties in connection with the manufacturing of our products. Accidents, if they occur, could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or manufacturing base, and pollution and other environmental damages. Any of these consequences, if significant, could result in business interruption, legal liability and damages to our reputation and corporate image. While we conduct regular inspections of the manufacturing base we

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operate and conduct regular equipment maintenance to ensure that our operations comply with applicable laws and regulations, we cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes.

Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection domestically and abroad. Any losses or unauthorized access to or unauthorized releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.

Our business involves the utilization and storage of certain information. The types of data we collect may include product performance and testing data generated during design validation and production processes, operational and supply chain data, specifications and technical documentation provided by customers and internal system usage data. We do not transfer personal information or important data collected and generated during operations within Chinese mainland to outside of Chinese mainland. We also do not allow foreign institutions, organizations or individuals to access, retrieve, download or export data stored within Chinese mainland. For details, see “Business — Data Protection.” We are subject to laws relating to the collection, use, retention, protection and transfer of personal information domestically and abroad. During the Track Record Period and up to the Latest Practicable Date, we complied with all relevant laws and regulations in relation to data privacy and security in the jurisdictions in which we operate in all material respects. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Non-compliance could result in significant penalties or legal liability. Any failure by us to comply with other domestic and foreign privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which may lead to reputational impacts and significant legal liabilities.

We are also subject to various cybersecurity laws and regulations that govern the protection of digital infrastructure, data integrity, and network security. These laws often require businesses to implement robust cybersecurity measures, report incidents of data breaches, and ensure compliance with security frameworks. Failure to comply with these laws to the extent applicable to us or a cybersecurity incident could result in severe financial penalties, operational disruptions, and reputational damage. We have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive data. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents.

We could be adversely affected as a result of our operations and business activities being subject to evolving economic sanctions, export control and trade restriction laws and regulations as well as changes in international trade policies, tariffs and rising geopolitical tensions.

The United States and other jurisdictions or organizations, including, among others, the EU, the U.K., the United Nations and Australia, have comprehensive or broad economic sanctions and trade restrictions targeting certain countries, territories, industry sectors, entities and individuals. We cannot predict the interpretation or implementation of government policy at the U.S. federal, state or local levels or the interpretation or implementation of any policy by the EU, the U.K., the United Nations, Australia or the governments or agencies of other applicable jurisdictions with respect to any current or future activities by us, our subsidiaries, our customers, suppliers, distributors, service providers or other business counterparties. In the ordinary course of business, we may engage in transactions or business relationships with customers, suppliers, business partners or other counterparties that are, or may in the future become, subject to applicable international sanctions, export controls or trade restrictions. If such sanctions, export controls or trade restrictions are further expanded, tightened, amended or interpreted in a restrictive manner, our existing or future business activities, transactions or relationships with relevant counterparties may be prohibited, restricted, suspended, terminated or require prior licenses, approvals or notifications that may be difficult or impossible to obtain. In response, we will continue to closely

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monitor changes in relevant laws and regulations as well as the international policy environment, and conduct periodic assessments of the relevant risks. In addition, such developments, including tariffs, trade restrictions or rising geopolitical tensions, may adversely affect global economic conditions, supply chains, market access and the competitiveness of our products and services, or those of our customers. Any such event could materially and adversely affect our business, financial condition, results of operations and prospects.

Any lack of requisite approvals, licenses or permits applicable to our business, or any non-compliance with relevant laws and regulations as a result of the complexity of laws and regulations and revisions of laws and regulations from time to time, may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to supervision and regulation by various competent regulatory authorities. These authorities promulgate and enforce laws and regulations governing a wide range of business activities relevant to our operations. Such regulations typically govern market entry, the permitted business scope and the requisite approvals, licenses, permits, filings and registrations. According to our PRC Legal Advisors, we had obtained all material licenses and approvals necessary for our main business during the Track Record Period and up to the Latest Practicable Date. For details, see “Business — Licenses and Approvals.”

In addition to obtaining the necessary approvals, licenses and permits, we are also required to comply with applicable laws and regulations in the course of our operations. Certain aspects of our business are subject to a complex and evolving regulatory regime and extensive government oversight. Given the pace and complexity of regulatory developments, we may not always be fully informed of new or updated requirements in a timely manner. Even where we are aware of such developments, the interpretation and scope of the applicable rules may remain unclear, making it difficult to determine whether our conduct is fully compliant. In some cases, we may not be able to adapt our operations or offerings promptly in response to changes in the regulatory environment, which may lead to instances of non-compliance.

Furthermore, as the applicable laws and regulations, including their interpretation and enforcement, may change from time to time, there can be no assurance that we have obtained, or will be able to obtain, all necessary approvals, licenses, permits, filings or registrations required for our operations, or that we will be able to maintain or renew them or complete the requisite annual inspections (as applicable) in a timely manner. Any failure to do so, or any non-compliance with relevant laws and regulations, could result in administrative penalties, fines or other regulatory actions, and could disrupt our business operations. In certain circumstances, we may be required to suspend or adjust certain aspects of our business, which could materially and adversely affect our business, financial condition and results of operations. We are also subject to approval/filing requirements in respect of our outbound investment. If any of our historical or future outbound investment was regarded as failed to comply with the requisite approval/filing requirements, we may be subject to administrative penalties and/or any other liabilities, including order us to suspend or terminate such implementation of our outbound investments.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in Chinese mainland in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of Chinese mainland, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Chinese mainland are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments,

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or otherwise fulfill our foreign currency denominated obligations. Under current foreign exchange regulations of Chinese mainland, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of Chinese mainland to pay capital expenses. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of Chinese mainland. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of Chinese mainland or otherwise fund any future business activities that are conducted in foreign currencies.

Non-PRC resident holders of [REDACTED] may be subject to Chinese mainland income tax obligations.

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

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within Chinese mainland paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of 20% and gains from Chinese mainland sources realized by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in Chinese mainland. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》)(Guo Shui Han [2011] No. 348) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of Chinese mainland at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between Chinese mainland and the jurisdiction in which the non-PRC resident individual holder of [REDACTED] resides as well as the tax arrangement between Chinese mainland and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese mainland are subject to a 20% withholding tax on [REDACTED] from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》)(Cai Shui [2009] No. 167) which states that individuals’ income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the

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Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》)(Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. If Chinese mainland income tax is imposed on gains realized from the transfer of our [REDACTED] or on [REDACTED] paid to our non-Chinese mainland resident [REDACTED], the value of your [REDACTED] in our [REDACTED] may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with Chinese mainland may not qualify for benefits under such tax treaties or arrangements.

You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our Directors or senior management.

Most of our assets are situated in Chinese mainland. In addition, most of our Directors and senior management reside in Chinese mainland, and are citizens of Chinese mainland. As cross-border service of process is typically cumbersome and time-consuming, it may be difficult for [REDACTED] outside of Chinese mainland to effect service of process upon us or our management residing in Chinese mainland. On January 18, 2019, the Supreme People’s Court and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》)(the “Arrangement”), which came into effect on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the Chinese mainland. The Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the Chinese mainland even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the Chinese mainland, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the Arrangement.

RISKS RELATING TO THE [REDACTED]

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

Prior to the [REDACTED], there was no public market for [REDACTED]. We cannot assure you that a public market for [REDACTED] with adequate liquidity and trading volume will develop and be sustained following completion of the [REDACTED]. In addition, the [REDACTED] of [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, and may not be an indication of the [REDACTED] of [REDACTED] following completion of the [REDACTED]. If an active public market for [REDACTED] does not develop following completion of the [REDACTED], the [REDACTED] and liquidity of [REDACTED] may be materially and adversely affected.

The price and trading volume of [REDACTED] may be volatile, which could lead to substantial losses to [REDACTED].

The price and trading volume of [REDACTED] may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the

RISK FACTORS

shares of other companies engaging in similar business may also affect the price and trading volume of [REDACTED]. In addition to market and industry factors, the price and trading volume of [REDACTED] may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our business partners, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that [REDACTED] may be subject to changes in price not directly related to our performance.

Holders of [REDACTED] are subject to the risk that the trading price of [REDACTED] could fall during this period before the trading of [REDACTED] begins.

The [REDACTED] of [REDACTED] is expected to be determined on the [REDACTED] Date. However, [REDACTED] will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the [REDACTED] date. As a result, [REDACTED] may not be able to sell or otherwise deal in [REDACTED] during that period. The price of [REDACTED] could fall before trading begins due to adverse market conditions or other adverse developments between the time of sale and the date on which the trading begins.

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [REDACTED] of [REDACTED] is higher than the net tangible asset value per H Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of [REDACTED] may experience dilution in the net tangible asset value per H Share of [REDACTED] if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, [REDACTED] may [REDACTED] pursuant to any existing or future share option incentive scheme, which would further dilute [REDACTED] interests in [REDACTED].

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

The market price of [REDACTED] and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of [REDACTED] or other securities relating to [REDACTED] in the public market, especially by our Directors, executive officer, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, [REDACTED] Shareholders may experience dilution in their holdings if [REDACTED] issue more securities in the future. Furthermore, [REDACTED] may issue shares pursuant to any existing or future share option incentive schemes, which would further dilute [REDACTED] Shareholders’ interests in [REDACTED]. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by [REDACTED]. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of [REDACTED].

In addition, while [REDACTED] shares in the [REDACTED] are not subject to any restrictions on the disposal of [REDACTED], they may have existing arrangements or agreement to dispose part or all of the [REDACTED] immediately or within certain period upon completion of [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED] Date. Any sale of the [REDACTED] pursuant to such arrangement or agreement could adversely affect

RISK FACTORS

the market price of [REDACTED] and any sizeable sale could have a material and adverse effect on the market price of [REDACTED] and could cause substantial volatility in the trading volume of [REDACTED]

There can be no assurance whether and when we will pay dividends in the future.

There is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of Chinese mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRS Accounting Standards. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of Chinese mainland. See “Financial Information — Dividend Policy” for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

This document contains certain facts, forecast and other statistics derived from various government resources. These have not been independently verified and may not be reliable.

This document contains certain facts, forecasts and other statistics derived from various government resources. Such information has been obtained from sources that we believe to be appropriate and reliable. However, such information has not been independently verified by us or any other parties involved in the [REDACTED]. Accordingly, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [REDACTED] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim”, “anticipate”, “believe”, “could”, “predict”, “potential”, “continue”, “expect”, “intend”, “may”, “might”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements are based on assumptions and expectations currently available to our Directors and management. They involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance. We undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise.

RISK FACTORS

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

Prior to and following the publication of this document, there may be media coverage, analyst commentary or market speculation regarding us, our business, our financial condition, our Shares or the [REDACTED]. Such information may include, among other things, financial data, operating metrics, projections, valuations or other information that is not included in, or that differs from, the information contained in this document. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation or warranty, express or implied, as to the accuracy, completeness or reliability of any such information. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our [REDACTED] should not rely on such information. Prospective [REDACTED] should rely solely on the information contained in this document in making an [REDACTED] decision.

WAIVERS

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN PRESENCE OF MANAGEMENT IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 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.

Our Company does not have, and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules. Our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors for the following reasons:

- (1) The Group’s business operations are primarily managed and conducted outside Hong Kong;
- (2) The Group’s headquarters is located in the PRC;
- (3) All executive Directors are based outside of Hong Kong and are expected to continue to be based outside of Hong Kong.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements, which are in line with the guidance in Chapter 3.10 of the Listing Guide:

- (i) **Authorized representatives:** we have appointed Ms. Zhou Yujie (周豫潔) and Ms. Kam Mei Ha Wendy (甘美霞) as our authorized representatives (“**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. They will act at all times as our principal channel of communication with the Stock Exchange, and be available to meet with the Stock Exchange upon reasonable notice and will be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. They are duly authorized to communicate on behalf of our Company with the Stock Exchange and will have all necessary means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact them on any matter. In the event that a Director expects to travel, the Director will provide (i) their mobile phone number, office number, email address and facsimile number (if any) to the Authorized Representatives; and (ii) phone number of the place of their accommodation to the Authorized Representatives or maintain an open line of communication via their mobile phone. For additional information on our Authorized Representatives, see “Directors and Senior Management — Board of Directors — Executive Directors for Ms. Zhou and “Directors and Senior Management — Joint Company Secretaries” for Ms. Kam;
- (ii) **Joint company secretaries:** Our Company has appointed Ms. Chen Yuqing (陳宇晴) and Ms. Kam as our joint company secretaries. Ms. Chen and Ms. Kam will, among other things, act as our additional channel of communication with the Stock Exchange and be able to answer enquiries from the Stock Exchange. Ms. Chen and Ms. Kam will maintain constant contact with our Directors and senior management through various means, including regular meetings and telephone discussions whenever necessary;

WAIVERS

- (iii) **Directors:** to the best of our knowledge and information, all the Directors who are not ordinarily resident in Hong Kong have or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice. Any meeting between the Stock Exchange and the Directors can be arranged through our Authorized Representatives or compliance advisor, or directly with the Directors within a reasonable timeframe;
- (iv) **Compliance advisor:** we have appointed Red Solar Capital Limited as our compliance advisor (the “**Compliance Advisor**”) upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] Date and ending 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] Date. The Compliance Advisor will act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange. The Compliance Advisor will also provide us with professional advice on continuing obligations under the Listing Rules. The contact details of the Compliance Advisor have been provided to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor; and
- (v) **Hong Kong legal advisor:** In addition to the Compliance Advisor’s role and responsibilities after the proposed [REDACTED] of our Company, which includes, among other things, to inform us on a timely basis of any amendment or supplement to the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to us and to provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations, our Company expects to retain Hong Kong legal advisor to advise on matters relating to the application of the Listing Rules including but not limited to, the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable Hong Kong laws and regulations after [REDACTED].

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint an individual, who, by virtue of his or 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:

- (i) a Member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Cap. 159)); and
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Cap. 50)).

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

- (i) length of employment with the issuer and other issuers and the roles he/she played;
- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

WAIVERS

- (iii) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Our Company appreciates that the company secretary will play an important role in our corporate governance following our Company’s proposed [REDACTED], particularly in assisting our Company and our Directors in complying with the Listing Rules and other applicable company and securities laws and regulations. Our Company also understands that since our principal business activities are primarily outside Hong Kong and our Directors and senior management do not reside in Hong Kong, it is particularly important that our company secretary has experience relevant to our Company’s operations in discharging his/her functions as a joint company secretary.

We have appointed Ms. Chen and Ms. Kam as our joint company secretaries. Ms. Chen is experienced in assisting the Board in board policies, procedures and applicable laws but presently does not possess any of the qualification required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Kam is a Chartered Secretary and a Fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and Chartered Governance Institute (CGI) in the United Kingdom, meeting the qualification requirements under Note 1 to Rule 3.28, and Rule 8.17 of the Listing Rules. Both Ms. Chen and Ms. Kam’s biographical information are set out in the section headed “Directors and Senior Management.”

The joint company secretaries will be jointly discharging the duties and responsibilities of a company secretary. Ms. Kam will be assisting Ms. Chen in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules.

Ms. Chen will also be assisted by:

- (i) the Compliance Advisor of our Company for the first full financial year starting from the [REDACTED] Date, particularly in relation to Hong Kong corporate governance practice and compliance matters; and
- (ii) the Hong Kong legal advisor of our Company, on matters regarding our Company’s ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations.

In addition, Ms. Chen will attend relevant trainings and familiarize herself with the Listing Rules and duties required of a company secretary of [REDACTED] on the Stock Exchange. 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. Chen may be appointed as a joint company secretary of our Company.

Pursuant to the guidance in Chapter 3.10 of the Listing Guide, the waiver will be for a fixed period of time not exceeding three years (the “**Waiver Period**”) and on the following conditions:

- (i) Ms. Chen must be assisted by Ms. Kam who possesses the specific qualification and relevant experience under Rule 3.28 of the Listing Rules throughout the Waiver Period so as to enable Ms. Chen to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge her duties; and
- (ii) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of a three-year period on the condition that Ms. Kam, as a joint company secretary of our Company, will work closely with, and provide assistance to, Ms. Chen in the discharge of her duties as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar

WAIVERS

with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. The waiver will be revoked immediately if Ms. Kam ceases to provide assistance to Ms. Chen as the joint company secretary for the three-year period after [REDACTED].

Our Company will further ensure that Ms. Chen will attend the relevant trainings and has access to the support that would enhance her understanding of the Listing Rules and the duties of a company secretary of [REDACTED] on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Prior to the end of the three-year period, our Company must demonstrate and seek for the Stock Exchange’s confirmation that Ms. Chen, who has benefited from Ms. Kam’s assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary, so that a waiver will not be necessary.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. Sun Bin (孫斌)	Room 1803, Building 16, Lane 1398, Jinmei Road, Minhang District, Shanghai, PRC	Chinese
Mr. Chen Miaobo (陳妙波)	Room 803, Building 16, Lane 1398, Jinmei Road, Minhang District, Shanghai, PRC	Chinese
Mr. Wang Tao (王濤)	Room 101, Building 51, Lane 100, Wanding Road, Minhang District, Shanghai, PRC	Chinese
Ms. Zhou Yujie (周豫潔)	Room 601, Building 3, Lane 1555, Gulong Road, Minhang District, Shanghai, PRC	Chinese
Mr. Yan Libin (閔利斌)	Room 101, Building 1, Lane 440, Gumei Road, Minhang District, Shanghai, PRC	Chinese
<i>Independent Non-Executive Directors</i>		
Ms. Zhu Xiaolan (祝小蘭)	Flat C, 27/F, Corona Tower, 93 Caine Road, Hong Kong	Chinese
Prof. Yang Wankou (楊萬扣)	Room 801, Building 3, 28 Pugang Street, Jiangning District, Nanjing, Jiangsu Province, PRC	Chinese
Mr. Liu Deguang (劉德廣)	Room 102, Unit 2, Building 8, Yicheng Dongyuan Community, Haidian District, Beijing, PRC	Chinese

See “Directors and Senior Management” for further details.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

CMB International Capital Limited
45th Floor, Champion Tower
3 Garden Road,
Central,
Hong Kong

BOCOM International (Asia) Limited
9/F, Man Yee Building,
68 Des Voeux Road Central,
Hong Kong

[REDACTED]

[REDACTED]

Legal Advisors to the Company

As to Hong Kong laws:
Jun He Law Offices
7/F AIA Central,
1 Connaught Road Central,
Hong Kong

As to PRC law:
Jingtian & Gongcheng
Suite 45/F, K.Wah Centre,
1010 Huaihai Road (M),
Xuhui District,
Shanghai,
PRC

Legal Advisors to the Joint Sponsors and [REDACTED]

As to Hong Kong laws:
Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F, Jardine House,
One Connaught Place,
Central,
Hong Kong

As to PRC law:
Allbright Law Offices
9, 11, 12/F, Shanghai Tower No.501,
Yincheng Middle Road,
Pudong New Area,
Shanghai,
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Auditor and Reporting
Accountants**

KPMG

Certified Public Accountants

*Public Interest Entity Auditor registered in accordance with the
Accounting and Financial Reporting Council Ordinance*

8th Floor, Prince’s Building,
10 Chater Road,
Central, Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**

Room 2504, Wheelock Square,
1717 West Nanjing Road,
Jing’an District,
Shanghai,
PRC

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered office	Room 1513, Building 2, Lane 58, Shenjian East Road, Minhang District, Shanghai, PRC
Headquarters and principal place of business in the PRC	17/F Weijing Center Building G, No. 2337 Gudai Road, Xinzhuang Town, Minhang District, Shanghai, PRC
Principal place of business in Hong Kong	16/F Wing On Centre, 111 Connaught Road Central, Hong Kong
Company’s website	<u>www.innovatech.com.cn</u> <i>(the information contained on the website does not form part of this Document)</i>
Joint company secretaries	Ms. Chen Yuqing (陳宇晴) 17/F Weijing Center Building G, No. 2337 Gudai Road, Xinzhuang Town, Minhang District, Shanghai, PRC Ms. Kam Mei Ha Wendy (甘美霞) 16/F Wing On Centre, 111 Connaught Road Central, Hong Kong
Authorized representatives	Ms. Zhou Yujie (周豫潔) Ms. Kam Mei Ha Wendy (甘美霞)
Audit committee	Ms. Zhu Xiaolan (祝小蘭) <i>(Chairperson)</i> Prof. Yang Wankou (楊萬扣) Mr. Liu Deguang (劉德廣)
Nomination committee	Mr. Sun Bin (孫斌) <i>(Chairperson)</i> Ms. Zhu Xiaolan (祝小蘭) Prof. Yang Wankou (楊萬扣)
Remuneration committee	Mr. Liu Deguang (劉德廣) <i>(Chairperson)</i> Mr. Sun Bin (孫斌) Ms. Zhu Xiaolan (祝小蘭)

CORPORATE INFORMATION

Compliance Advisor

Red Solar Capital Limited
Unit 402B,
4/F China Insurance Group Building,
141 Des Voeux Road Central,
Central, Hong Kong

[REDACTED]

[REDACTED]

Principal banks

Bank of Communications Co., Ltd.
Shanghai Caohejing Branch
2/F Block C, Building 900,
Yishan Road,
Xuhui District,
Shanghai,
PRC

China Merchants Bank Company Limited
Shanghai Jiuting Branch
Building 1060,
New Songjiang Road,
Songjiang District,
Shanghai,
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. We believe that the sources of this information are appropriate sources for such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, [REDACTED] any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

ANALYSIS OF GLOBAL SMART HARDWARE MANUFACTURING SOLUTION INDUSTRY

On-Device AI Accelerates the Iteration and Evolution of Smart Hardware

Smart hardware refers to a category of terminal products based on electronic hardware, which enables data sensing, computing and network connectivity through embedded systems, sensors, wireless communication modules and software algorithms. It mainly includes two categories: smart terminals, represented by smartphones, tablets, and laptops, and AIoT products, covering consumer AIoT products such as smartwatches and bands, smart earphones, and smart eyewear, smart rings, desktop robots, etc., as well as enterprise AIoT products applied in areas such as smart home smart mobility, smart logistics smart finance, etc.

In recent years, with the explosive development of AI and on-device AI technologies, the smart hardware industry has entered a new phase of growth. In the relatively mature smart terminal sector, on-device AI is driving the evolution of smartphones and PCs into AI phones and AI-powered PCs, stimulating consumer upgrades. In the AIoT industry, on-device AI significantly enhances intelligence, not only boosting demand for products such as smartwatches, smart bands, and smart earphones, but also enabling the emergence of new AIoT terminals, including smart desktop robots, smart rings, and predictive AIoT products for industrial scenarios.

Categories of Smart Hardware

Categories		Products	On-device AI Enablement
Smart Terminal		- Smartphones - Tablets - Laptops	Enabling smartphones, tablets, and laptops to process data locally, providing real-time intelligence, personalized user experiences, enhanced privacy, reduced latency, and improved energy efficiency, driving smarter, more responsive, and AI-powered smart terminals.
AIoT	Consumer AIoT	- Smartwatches/Bands - Smart Earphones - Smart Eyewear - Smart Rings - Desktop Robot - Others	Enabling smartwatches/bands, earphones, and eyewear with real-time health monitoring, voice interaction, and personalized user experiences directly on the terminal.
	Enterprise AIoT	<i>AIoT products for</i> - Smart Home - Smart Mobility - Smart Logistics - Smart Finance - Smart Healthcare - Smart Payments - Smart Industrial Robotics - Others	Enabling autonomous decision-making for security systems, predictive maintenance for connected vehicles and real-time environmental adaptation—ensuring reliable operation in latency-sensitive scenarios where cloud dependency is impractical or unsafe.

Source: Frost & Sullivan

INDUSTRY OVERVIEW

Smart Hardware Manufacturing Solution Providers Face Development Opportunities and Challenges in the AI Era

Key Participants in Smart Hardware Manufacturing: In the current smart hardware manufacturing solution industry, the main participants include EMS (Electronics Manufacturing Services) providers, ODM (Original Design Manufacturing) providers, and full-stack solution providers.

EMS providers primarily focus on providing large-scale manufacturing and supply chain management services for brand owners. ODM and full-stack solution providers are deeply involved in upstream processes such as product definition and R&D design, and possess integrated hardware-software capabilities. Compared with ODM providers, full-stack solution providers typically maintain closer relationships with brand owners. The core difference between full-stack solution providers and ODM providers lies in their ability to empower brands with insights and user service capabilities. During the product development phase, full-stack providers help brands understand user needs and often proactively develop prototype products for selection. In the delivery phase, they offer integrated cloud-based operational platforms that enable ongoing user services for smart hardware products, such as firmware upgrades and user data management. Integrated cloud-based operational platforms are particularly valuable for emerging AIoT brands.

Comparison of Smart Hardware Manufacturing Solution

	EMS	ODM	Full-stack Solution
End-user insights.			✓
Product Definition.		✓	✓
Industrial Design.		✓	✓
Definition and Selection of Key Materials. . .		✓	✓
Hardware and Software Design & Development.		✓	✓
Component and Material Procurement	✓	✓	✓
Supply Chain and Logistics Management . .	✓	✓	✓
Production and Product Testing.	✓	✓	✓
Mass Production and Delivery.	✓	✓	✓
Hardware	✓	✓	✓
Software		✓	✓
Integrated Cloud-based Operational Platforms			✓
Partial After-sales Service and Support. . . .	✓	✓	✓

Source: Frost & Sullivan

Structure of the Smart Hardware Manufacturing Solution Industry Chain: Leading smart hardware manufacturing solution providers, relying on their strong industrial synergy capabilities and supply chain integration advantages, have gradually established a comprehensive service system covering R&D, design, manufacturing, supply chain management, global delivery and other links. By building stable and close partnerships with upstream core component suppliers and downstream brand customers, industry leaders have formed a collaboratively developing industrial ecosystem, which not only improves product development efficiency but also significantly enhances market responsiveness and technological innovation capabilities.

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Upstream: Supply Chain Collaboration Strengthens Product Development Capabilities

In the upstream of the industrial chain, major participants include chip manufacturers, sensing and interaction module suppliers, electronic component manufacturers, software system providers, structural component suppliers, etc. ODM and full-stack solution providers usually maintain in-depth cooperation with these supply chain partners. Through collaborative R&D and technical exchanges, they accelerate the pace of product development and introduction. For example, in the selection of key semiconductor components and scheme design, leading smart hardware manufacturing solution providers often participate in advance, thereby improving the overall optimization of product solutions and facilitating faster market entry of new products.

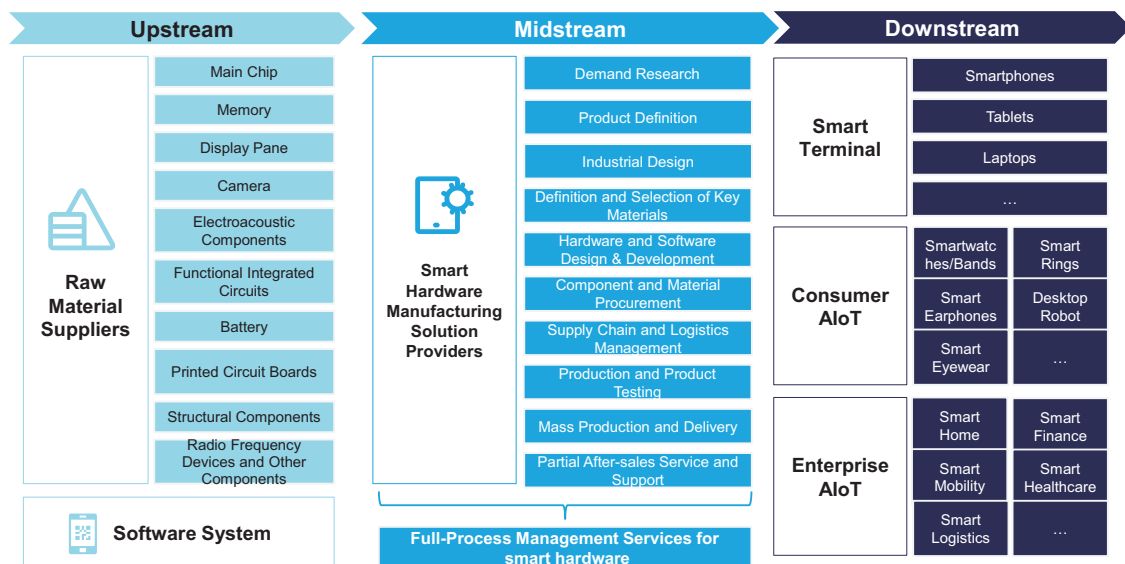
Midstream: Intelligent Manufacturing Systems Improve Production Efficiency

In the midstream of the industrial chain, smart hardware manufacturing solution providers, especially ODM and full-stack solution providers, offer customers with comprehensive services throughout the entire product life cycle, including product planning and definition, structural and industrial design, circuit system development, embedded software design, material selection and component procurement, testing and verification, production and manufacturing, supply chain management and other links. Relying on mature intelligent manufacturing platforms and digital supply chain management systems, industry-leading enterprises can realize large-scale production of multi-brand and multi-category products. Meanwhile, through refined manufacturing processes and strict quality management systems, smart hardware manufacturing solution providers can maintain high product yields and effectively shorten product delivery cycles.

Downstream: Product Innovation Drives Continuous Expansion of Application Scenarios

In the downstream segment of the industry chain, major customers include smart hardware brands covering a wide range of product types, such as smartphones, tablets, laptops, and consumer AIoT products, as well as business customers that deploy enterprise AIoT products across various application scenarios.

Smart Hardware Manufacturing Solution Industry Chain



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Development Opportunities for Smart Hardware Manufacturing Solution Providers in the AI Era

New product cycle driven by on-device AI. The advancement of on-device AI capabilities has propelled smart hardware into a new round of innovation cycles. The deployment of AI models on smart hardware products has driven upgrades in smartphones, smart earphones and other products, resulting in a surge in market demand for terminals equipped with AI computing power and intelligent interaction capabilities. This imposes higher requirements on the computing architecture, thermal design and other capabilities of smart hardware manufacturing solution providers. Manufacturers with early deployment of AI technology solutions can deeply participate in customer projects and seize growth opportunities brought by terminal upgrades.

Growing product complexity. AI technologies have rendered the functions and architecture of smart hardware increasingly complex, requiring the integration of high-performance processors, AI acceleration units and various sensors while balancing power consumption, thermal management and structural optimization. Higher barriers to product development have made brand owners more reliant on solution providers with comprehensive R&D and manufacturing capabilities. Leading manufacturers can leverage their expertise in hardware design and system integration to help customers shorten development cycles, improve product stability and strengthen their core position in the industrial chain.

Expanding application scenarios. Driven by AI, the application scenarios of smart hardware have expanded from traditional consumer electronics to multiple industries. Beyond the mature smartphone and PC markets, emerging markets such as consumer AIoT and enterprise AIoT continue to emerge. Differentiated demands across various scenarios provide broad development space for solution providers. Manufacturers with cross-category development experience can reuse R&D and supply chain resources to efficiently enter new fields and build a diversified business layout.

Intelligent upgrading of manufacturing models. The AI era has accelerated the digital and intelligent upgrading of manufacturing systems. Solution providers have improved production efficiency and quality stability by adopting automated equipment, digital supply chains and data-driven decision-making. Meanwhile, intelligent manufacturing enables flexible production, supporting rapid switching between multi-brand and multi-model products to adapt to the fast iteration of AI terminals, forming a core competitive advantage.

Key Success Factors Required by Smart Hardware Manufacturing Solution Providers in the AI Era

Building on-device AI technology integration capabilities. On-device AI serves as the core driving force for the iteration of smart hardware. For smart hardware manufacturing solution providers, integration capability constitutes a key competitive factor. This includes in-depth understanding of AI chip platforms, computing architectures and sensor systems, as well as capabilities in algorithm adaptation, software-hardware collaborative optimization and system-level performance tuning. Leading manufacturers shall cooperate closely with chip suppliers and brand customers during the development stage, participate in solution design and technical verification at an early stage, strengthen AI hardware architecture design and system integration capabilities, and support the rapid development and iteration of AI terminals.

Strengthening R&D and engineering capabilities for complex systems. The application of AI has increased the complexity of system architecture, functional design and engineering implementation of smart hardware. AI terminals require the integration of multiple core components while balancing key indicators such as power consumption and thermal management. Smart hardware manufacturing solution providers need to enhance system-level R&D and engineering capabilities, establish a comprehensive

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technical system covering structural design, circuit development, embedded software and testing verification, and help customers reduce development risks and shorten mass production cycles based on sound R&D platforms and project experience.

Deepening supply chain collaboration and ecological cooperation. In the AI era, smart hardware has become more dependent on core components and technologies. Smart terminal manufacturing solution providers need to establish close cooperation with upstream core suppliers, participate in key component selection and solution design, optimize system architecture and accelerate the adoption of new technologies. Meanwhile, they should build collaborative innovation mechanisms with chip manufacturers, operating system and software ecosystem partners, continuously improve product technical capabilities, and provide customers with more competitive solutions.

Developing flexible intelligent manufacturing and global delivery capabilities. The upgrade cycle of smart hardware has been shortened and application scenarios expanded, raising higher requirements of brand customers for production, quality and delivery. Smart terminal manufacturing solution providers shall promote the intelligent upgrading of manufacturing systems, achieve efficient production coordination through automated equipment and digital management systems, meet diversified customer demands with flexible manufacturing capabilities, and establish a sound global manufacturing and logistics network to provide stable and efficient global delivery services.

ANALYSIS OF GLOBAL SMART TERMINAL MANUFACTURING SOLUTION INDUSTRY

Smart terminals are consumer-facing electronic products for personal computing and digital interaction, covering three core categories: smartphones, consumer tablets and laptops. Featuring easy operation, portability and strong interactive functions, they serve as the core carrier linking digital ecosystems and end users, evolving toward higher intelligence driven by advanced communication and AI technologies.

The industry is inherently technology-driven, with short product iteration cycles and dynamic end-user demand. Core technological breakthroughs have repeatedly spurred industry growth, and recent advances in On-Device AI computing power have opened a new innovation cycle for AI smartphones and AI PCs.

Affected by the macroeconomic environment and industrial policies, mainstream products have a 3-5 year replacement cycle. Driven by technological innovation and consumer demand, the industry maintains strong vitality and continues to optimize the integrated ecosystem centered on its three core categories.

Market Size of Global Smart Terminal Industry

From 2021 to 2023, the global smart terminal market went through a continuous adjustment phase, with total shipments of smart terminal products falling from 1,773.9 million units to 1,485.3 million units. This trend was mainly driven by shifts in the global macroeconomic environment that weakened end-user demand, coupled with post-pandemic supply chain fluctuations and phased core chip shortages. Shipments of all three core categories, smartphones, consumer-grade tablets and laptops, saw declines over the period. Smartphone shipments fell from 1,354.8 million units in 2021 to 1,164.1 million units in 2023, laptop shipments dropped from 250.3 million units to 192.7 million units, and tablet shipments decreased from 168.8 million units to 128.5 million units.

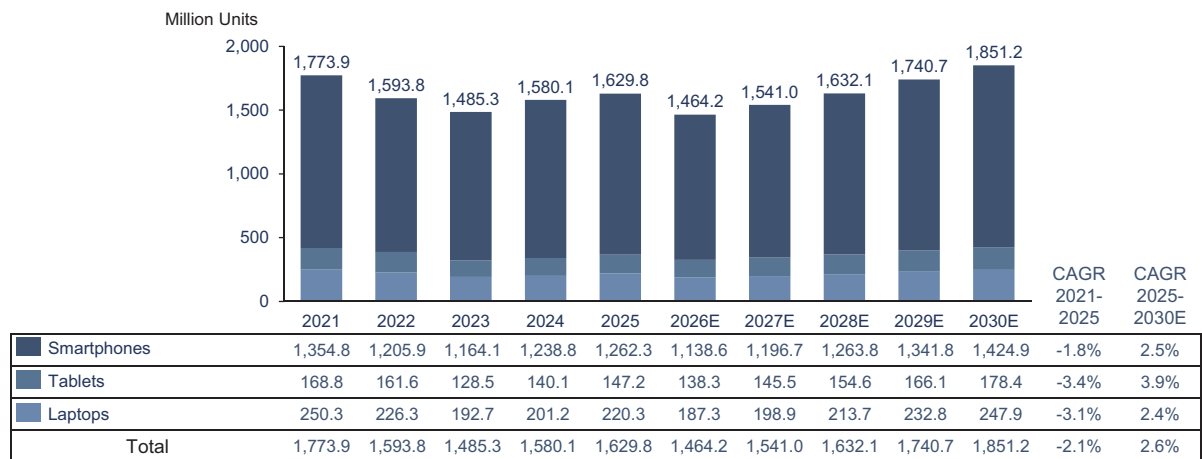
The market showed clear recovery signs in 2024 and resumed steady growth in 2025, with total global shipments rising from 1,580.1 million units to 1,629.8 million units. The rapid development of On-Device AI technology has become the core driver of industry recovery, accelerating product iteration and enabling large-scale deployment of innovative products including AI smartphones and AI PCs.

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Short-term cyclical market fluctuations do not mean a sustained decline in long-term demand. Driven by technological innovation and policy support, the market is expected to maintain steady growth. Total shipments will grow from 1,629.8 million units in 2025 to 1,851.2 million units in 2030, with a compound annual growth rate of approximately 2.6% over the forecast period. Smartphones will remain the largest product segment, with a compound annual growth rate of 2.5%. The tablet market will register the highest compound annual growth rate of 3.9%, and the laptop market will maintain a compound annual growth rate of 2.4%.

The competitive landscape of the global smart terminal market is evolving dynamically. Leading global brand vendors hold a dominant market position, and industry concentration is expected to rise further as leading enterprises continue to increase investment in core technology R&D and integrated ecosystem construction.

Smart Terminal Shipments (by Product Type), Global, 2021-2030E

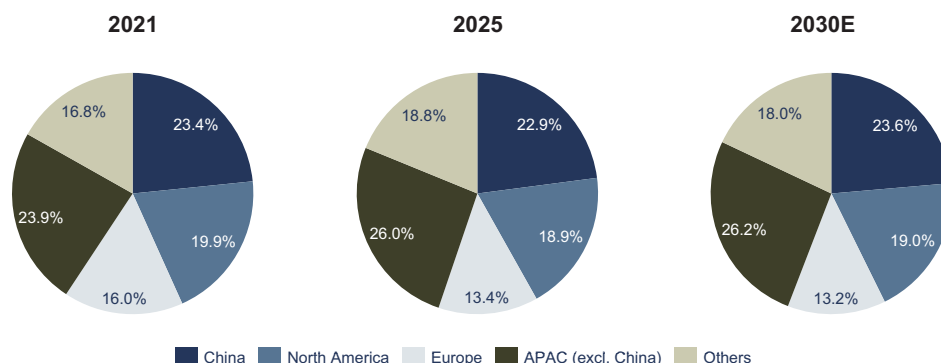


Source: GSMA, CEA (Consumer Electronics Association), Ministry of Industry and Information Technology, Frost & Sullivan

From a regional perspective, the global smart terminal market structure is relatively stable. In 2025, the market share of smart terminal shipments in China, North America, Europe, Asia Pacific (excluding China), and other regions was 22.9%, 18.9%, 13.4%, 26.0%, and 18.8%, respectively. By 2030, the overall regional structure is expected to remain stable, with China’s market share further increasing. The market share of smart terminal shipments in China, North America, Europe, Asia Pacific (excluding China), and other regions is expected to be 23.6%, 19.0%, 13.2%, 26.2%, and 18.0%, respectively.

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Smart Terminal Shipments (by Region), Global, 2021-2030E



Source: Frost & Sullivan

Overview of the Smart Terminal Manufacturing Solution Industry

Smart terminal manufacturing solution providers are comprehensive market entities serving the global Smart terminal sector, with core capabilities covering two major dimensions: full-process product R&D and design matched with precision large-scale production, and standardized, highly flexible mass manufacturing paired with end-to-end supply chain supporting services. Providers with full-stack R&D and design capabilities can independently complete the entire closed-loop process from product definition, industrial design, software and hardware development to mass production and delivery, and can also undertake standalone professional manufacturing and delivery services according to client needs. Meanwhile, providers focusing on professional manufacturing services take on the core business of completing professional manufacturing and delivery in strict accordance with the established design schemes and production standards provided by clients. Currently, smart terminal manufacturing solution providers mainly consist of ODM and EMS providers.

Market Size of Global Smart Terminal Manufacturing Solution Industry

Global shipments of smart terminal products fulfilled by manufacturing solution providers decreased from 1,405.4 million units in 2021 to 1,320.4 million units in 2025, registering a CAGR of -1.5% during the period. This trend was mainly driven by the phased adjustment of the global smart terminal market: from 2021 to 2023, the market experienced continuous contraction affected by the volatile macroeconomic environment, weakened consumer confidence, and post-pandemic demand digestion; while in 2024 and 2025, the market gradually stabilized and recovered, supported by the rebound in end-user demand and the technology iteration of core smart terminal categories. Looking ahead, driven by the accelerated iteration of on-device AI technology, the continuous upgrade of core product categories, and the increasing willingness of brand manufacturers to cooperate with manufacturing solution providers, the global smart terminal manufacturing solution market is expected to maintain steady growth. It is projected that the corresponding total shipments will increase from 1,320.4 million units in 2025 to 1,517.5 million units in 2030, representing a CAGR of 2.8% between 2025 and 2030.

Smartphones are the core and largest category in the global smart terminal manufacturing solution market. In 2025, shipments of smartphones fulfilled by manufacturing solution providers reached 986.4 million units, down slightly from 1,026.7 million units in 2021, accounting for 74.7% of the total market shipments, with a CAGR of -1.0% during the 2021-2025 period. After undergoing market adjustments in 2022 and 2023, this category achieved a steady rebound in 2024 and 2025, supported by the stabilization of the macro environment and the renewal demand of the consumer market. With the

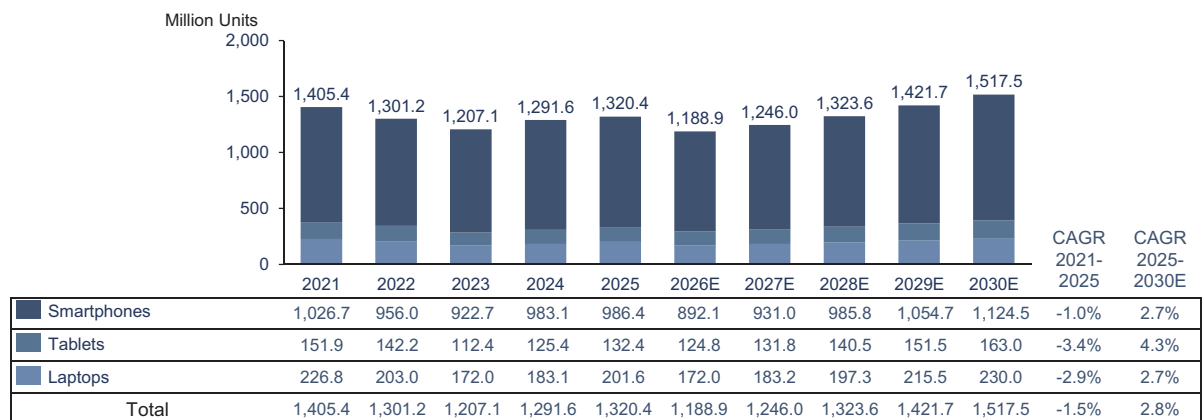
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in-depth popularization of on-device AI technology and the large-scale deployment of AI smartphones, this product category is expected to maintain a CAGR of 2.7% from 2025 to 2030, reaching a shipment volume of 1,124.5 million units in 2030, and will continue to be the core pillar of the market.

Tablets, as a core mobile computing category, have shown a clear recovery trend after phased market adjustment. In 2025, shipments of tablets fulfilled by manufacturing solution providers stood at 132.4 million units, compared with 151.9 million units in 2021, with a CAGR of -3.4% during the 2021-2025 period. The contraction in the early stage was mainly affected by the saturation of the consumer market and the digestion of post-pandemic demand, while the subsequent recovery was driven by the increasing demand for mobile office, home learning and digital entertainment scenarios. Driven by the continuous enrichment of application scenarios and the iterative upgrade of product functions, this category is expected to achieve the fastest growth among the three core categories, with a CAGR of 4.3% from 2025 to 2030, and its shipments are projected to reach 163.0 million units in 2030.

Laptops, as the core product of mobile office and productivity scenarios, maintain a stable position in the global smart terminal manufacturing solution market. In 2025, shipments of laptops fulfilled by professional manufacturing solution providers reached 201.6 million units, down from 226.8 million units in 2021, with a CAGR of -2.9% during the 2021-2025 period. After the market adjustment from 2021 to 2023, this category resumed steady growth in 2024 and 2025, driven by the recovery of commercial procurement demand and the renewal demand of consumer-side productivity tools. With the accelerated iteration of AI PC technology and the continuous release of demand for mobile office and hybrid learning, this product category is expected to maintain a CAGR of 2.7% from 2025 to 2030, with shipments reaching 230.0 million units in 2030, contributing stable growth momentum to the market.

Smart Terminal Shipments by Manufacturing Solution Providers (by Product Type), Global, 2021-2030E



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Drivers and Development Trends of Global Smart Terminal Manufacturing Solution Industry

AI technology wave drives replacement demand

The rapid development of AI technology is profoundly reshaping the innovation cycle of smart terminal. Core categories including smartphones, tablets and laptops are shifting from hardware-driven to intelligent experience-driven. The rollout of AI smartphones and AI PCs accelerates product iteration, pushing brands to demand full-stack solutions from manufacturing providers. This wave not only boosts order volume, but also lifts providers’ value chain position, with AI-enabled terminals set to be the industry’s core growth engine in the next five years.

Economies of scale build cost competitive advantage

The smart terminal Manufacturing Solution industry features prominent economies of scale. Leading providers optimize supply chain management and manufacturing processes through large-volume stable orders, forming irreplicable cost advantages. Large shipment scale brings an edge in component procurement, capacity utilization and automation upgrade, while effectively diluting R&D investment. This cost competitiveness will become the core moat for providers in the price-sensitive consumer market.

Vertical integration enhances one-stop service capabilities

To shorten product launch cycles and simplify supply chain management, smart terminal brands increasingly prefer partners with vertical integration capabilities. Leading providers extend upstream to master R&D and production of core components, which shortens supply chains, improves quality control, and enhances customized response capacity. This full-chain one-stop service boosts customer stickiness, and helps providers upgrade from basic manufacturers to core R&D and manufacturing partners of brands.

Mergers and acquisitions drive industry concentration

The global smart terminal manufacturing solution industry is undergoing profound competitive landscape reshaping. Leading manufacturers expand capacity, acquire core technologies and enrich customer resources through horizontal M&A of small and medium-sized enterprises. Brands tend to form long-term partnerships with a handful of leading providers, further forcing industry resource integration. Industry concentration is expected to rise continuously, with leading players gaining stronger synergy and market voice.

Competitive Landscape of the Global Smart Terminal Manufacturing Solution Industry

In the global smart terminal manufacturing solution industry, Chinese companies occupy a dominant position due to their core capabilities such as agile R&D systems, extreme cost control, and global delivery networks. In 2025, global shipments of smartphones by smart terminal manufacturing solution providers reached 986.4 million units. The Company shipped 12.0 million smartphones in 2025, ranking tenth among all providers and sixth among ODM suppliers globally, with a market share of 1.2%. The Company’s shipment CAGR of smartphones from 2023 to 2025 was the highest among the top ten manufacturing solution providers.

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Smartphone Manufacturing Solution Provider Ranking (by Shipments), Global, 2025

Ranking	Company Name	Shipments (Million Units)	Market Share	Shipment CAGR (2023-2025)	Major Business Model
1	Company A	177.8	18.0%	19.1%	ODM
2	Company B	154.7	15.7%	10.4%	ODM
3	Company C	140.0	14.2%	7.8%	ODM
4	Company D	132.4	13.4%	3.2%	EMS
5	Company E	56.6	5.7%	12.6%	EMS
6	Company F	52.9	5.4%	5.4%	ODM
7	Company G	30.7	3.1%	13.2%	ODM
8	Company H	22.8	2.3%	2.1%	EMS
9	Company I	14.9	1.5%	-1.8%	EMS
10	The Company	12.0	1.2%	21.9%	ODM
	Others	191.5	19.4%		
	Total	986.4	100.0%		

Note:

Company A is a listed company on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong, founded in 2004 and headquartered in Shanghai, China.

Company B is a listed company on the Shanghai Stock Exchange, founded in 2005 and headquartered in Shanghai, China.

Company C is a listed company on the Shenzhen Stock Exchange, founded in 2004 and headquartered in Guangdong, China.

Company D is a listed company on the Taiwan Stock Exchange, founded in 1974 and headquartered in Taiwan, China.

Company E is a listed company on the Hong Kong Stock Exchange, founded in 2007 and headquartered in Guangdong, China.

Company F is a listed company listed on the National Equities Exchange and Quotations (NEEQ), founded in 1993 and headquartered in Guangdong, China.

Company G is a private company, founded in 2002 and headquartered in Zhejiang, China.

Company H is a listed company on the Taiwan Stock Exchange, founded in 2008 and headquartered in Taiwan, China.

Company I is a listed company on the NASDAQ Stock Market, founded in 1969 and headquartered in the United States.

Source: Company Reports, Frost & Sullivan

Analysis of Entry Barriers to the Global Smart Terminal Manufacturing Solution Market

R&D and technological barrier

The smart terminal manufacturing solution industry is R&D-driven, with high technological accumulation barriers for new entrants. R&D for smartphones, tablets and laptops involves complex fields such as structural design, RF debugging, power management and software-hardware integration. Leading manufacturers have accumulated massive patents and technical know-how through years of investment, and built platform-based modular design to cut costs. New entrants lacking core technologies can hardly meet brands’ rapid iteration demands, and will lose cooperation opportunities due to failed product verification.

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Smart manufacturing barrier

This industry is a typical scale-driven sector, with core competitive advantages rooted in extreme unit cost control, which highly relies on automation level, production line flexibility and yield management capabilities. Leading manufacturers with annual shipments of hundreds of millions of units have strong supply chain bargaining power and stable yields above 98%. New entrants face long production ramp-up cycles, high cost losses, and cannot build a smart manufacturing system matching leading brands’ large-scale delivery needs in the short term.

Customer resource barrier

The cooperation between smart terminal brands and manufacturing solution providers is a deep strategic partnership, rather than a simple procurement relationship. As products involve core designs and trade secrets, brands prefer to cooperate with a few long-term trusted providers, forming highly exclusive and sticky partnerships once established. New entrants can hardly gain mainstream brands’ trust without proven track records. Leading players have locked up major brand shares, leaving new entrants with low-margin long-tail orders that cannot form a virtuous cycle.

Capital barrier

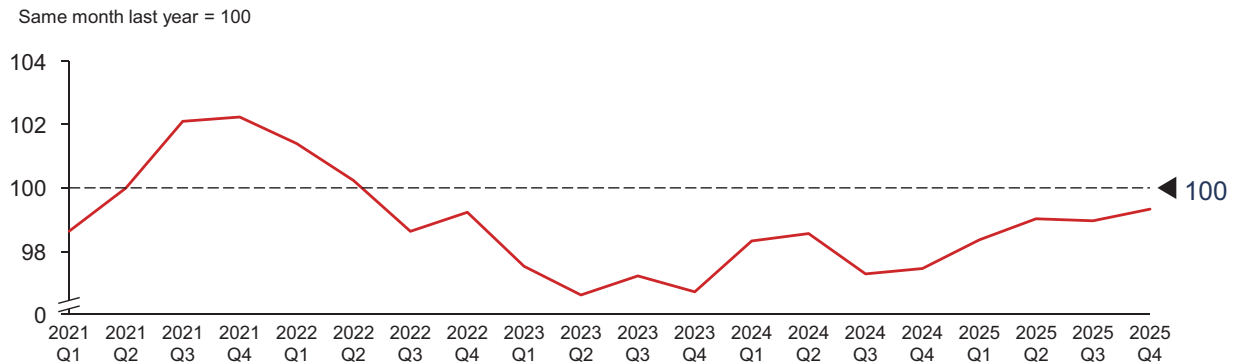
The smart terminal manufacturing solution industry is highly capital-intensive, with dual barriers of upfront equipment investment and long-term cash flow management. Building a modern smart factory requires huge investment in SMT placement lines, automated assembly and testing equipment. In addition, the 3-6 month accounts receivable cycle requires providers to advance massive funds for raw materials and labor, while bearing exchange rate and inventory depreciation risks. Insufficient capital support will make it difficult for new entrants to survive continuous market volatility.

Analysis of Major Raw Material Prices

The Producer Price Index (PPI) for the Electronic Components Manufacturing Industry is a relative number reflecting the trend and degree of change in the overall level of ex-factory prices of industrial enterprises’ products when they are sold for the first time within the electronic components manufacturing industry. China’s PPI for the Electronic Components Manufacturing Industry is a comprehensive reflection of changes in raw material prices for consumer electronics Manufacturing Solution providers. Looking at past trends, except for the period from the third quarter of 2021 to the second quarter of 2022 when semiconductor prices rose due to insufficient capacity, domestic electronic component prices have generally shown a downward trend.

INDUSTRY OVERVIEW

PPI for the Electronic Components Manufacturing Industry, China, 2021-2025



Source: National Bureau of Statistics, Frost & Sullivan

ANALYSIS OF GLOBAL AIOT MANUFACTURING SOLUTION INDUSTRY

AIoT integrates artificial intelligence technologies including machine learning, computer vision, speech recognition and large models into the Internet of Things (IoT) framework, endowing terminal devices with perception, cognition, decision-making and execution capabilities. Related products feature strong scenario adaptability covering consumer wearable, smart home to enterprise smart travel vertical scenarios, low-latency fast end-side intelligent response via localized computing, and flexible function iteration to match evolving user and market demands.

In essence, AIoT empowers the full “perception-connectivity-platform-application” IoT value chain with AI, driving the upgrade from basic data acquisition to intelligent autonomous decision-making, and is a core direction for the advanced development of IoT.

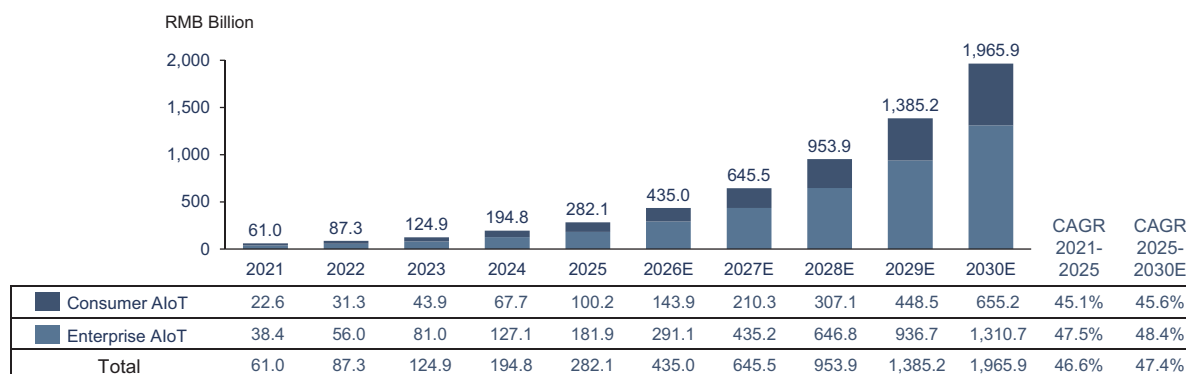
In terms of market structure, AIoT products can be broadly categorized into consumer and enterprise segments. In 2025, measured by product sales value, the global AIoT products market reached RMB729.2 billion, of which consumer AIoT and enterprise AIoT accounted for approximately RMB267.2 billion and RMB462.0 billion, respectively.

In the course of rapid development of the AIoT industry, manufacturing solution providers, especially ODM and full-stack solution providers, play a critical role in facilitating large-scale deployment of terminal devices and the widespread adoption of technologies. On the one hand, AIoT products are highly diversified, covering smart wearables, AI glasses, robotic industry, and various enterprise terminal devices, which impose higher requirements on hardware design capabilities, embedded system integration, and supply chain coordination. Leveraging their mature platform-based development capabilities and large-scale manufacturing experience, ODM and full-stack solution providers are able to significantly shorten product development cycles and reduce unit costs, thereby accelerating the commercialization of innovative products. On the other hand, with the deep integration of AI algorithms and hardware, ODM and full-stack solution providers are transforming from traditional contract manufacturers into providers of “design + manufacturing + solutions,” continuously enhancing capabilities in modular design, edge computing optimization, and hardware-software integration, and serving as a key bridge between upstream chip vendors and downstream brand owners.

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In 2025, market size of AIoT products manufacturing solution was approximately RMB282.1 billion, which is expected to further increase to RMB1,965.9 billion by 2030, representing a CAGR of approximately 47.4%. Among which, the consumer AIoT segment is projected to reach approximately RMB655.3 billion by 2030, representing a CAGR of approximately 45.6%, while the enterprise AIoT segment is expected to reach approximately RMB1,310.7 billion, representing a CAGR of approximately 48.4%.

Market Size of AIoT Products Manufacturing Solution (by Revenue), Global, 2021-2030E



Source: Frost & Sullivan

The consumer AIoT and enterprise AIoT sectors differ significantly from traditional smart terminal markets in demand characteristics and market rules. Traditional EMS/ODM providers and full-stack AIoT manufacturing solution providers have formed clear differentiated positioning in these two sectors, with divergences in core operation strategies, service focuses and delivered value in both consumer and enterprise-level scenarios.

	EMS/ODM Provider	Full-stack Solution Provider
Consumer AIoT	A scale-driven operation strategy, focusing on mature and standardized categories like smart headphones, smart watches and smart bands, and mainly serves well-established head brands such as global mainstream consumer electronics brands.	A full-link end-to-end service strategy, focusing on emerging segmented categories like smart AR glasses and innovative wearable devices, and mainly serves emerging and growing consumer electronics brands.
	Undertaking large-volume standardized mass production orders, optimizing cost and delivery via mass production	Providing integrated R&D and production services, shortening product time-to-market via mature reference designs, and supporting rapid iteration and differentiated functions through flexible small-batch customization

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	EMS/ODM Provider	Full-stack Solution Provider
Enterprise AIoT	A standardized scale delivery strategy, focusing on mature categories like smart home central control terminals, general in-vehicle smart hardware for smart travel terminals, and mainly undertakes stable large-volume standardized orders from enterprise clients.	A deeply customized full-stack service strategy, focusing on vertical scenario categories like customized smart travel in-vehicle terminals and smart retail interactive devices, and mainly undertakes scenario-based customized orders from enterprise clients.
	Relying on large-scale production lines to achieve compliant and stable batch delivery, with the core value of a mature quality control system, stable supply chain support and large-scale cost advantages.	Providing full-process services from demand disassembly to customized mass production, meeting fragmented customization needs via flexible production, with the core value of vertical scenario adaptation and rapid demand response

It is worth emphasizing that the core capabilities of flexible manufacturing and small-batch customization possessed by full-stack AIoT manufacturing solution providers are unachievable for other enterprises driven mainly by large-scale production. Large-scale oriented players rely on high-volume standardized orders to reduce costs and optimize efficiency, which is inherently incompatible with the fragmented, highly customized, scenario-driven demands of enterprise AIoT verticals such as smart energy, industrial IoT and smart city. These customers require not only reliable hardware manufacturing, but also system-level integration and long lifecycle support. Full-stack providers precisely address these needs with their flexible production capabilities, delivering end-to-end solutions covering device design, manufacturing, and cloud-based device management, data analytics and remote maintenance services, bridging capability gaps to empower emerging AIoT brands, accelerate innovation and support sustainable scalable growth.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on global smart hardware manufacturing solution 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 RMB430,000 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 engineering forecasting methodology integrates several forecasting techniques with the market engineering 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 engineering 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 Chinese mainland 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.

REGULATORY OVERVIEW

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

The content disclosed in this section is an overview of the major Chinese laws, regulations and provisions related to our business and does not constitute a detailed analysis of Chinese laws. It is not all Chinese laws applicable to our business operations in China, and such Chinese laws may change in the future. As our products are also exported to overseas markets, we have also included a brief overview of certain material overseas regulations applicable to our business.

Laws and Regulations on Companies and Foreign Investment

In accordance with the *Company Law of the People’s Republic of China* (《中華人民共和國公司法》) promulgated by the SCNPC on December 29, 1993, last amended on December 29, 2023 and implemented since July 1, 2024, companies are generally classified into two categories, namely, limited liability companies and joint stock limited companies.

In accordance with the *Foreign Investment Law of the People’s Republic of China* (《中華人民共和國外商投資法》) promulgated by the NPC on March 15, 2019 and implemented on January 1, 2020 and the *Regulations on Implementing the Foreign Investment Law of the People’s Republic of China* (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and implemented on January 1, 2020, the foreign investment refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations in China, including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. Foreign-invested enterprises refer to enterprises that are wholly or partly invested by foreign investors and registered under the PRC laws within China. Foreign investment enterprises may obtain financing in China or overseas pursuant to the law via public offering of securities such as shares and corporate bonds, as well as public or non-public offering of other financing instruments and borrowing foreign debts. Foreign investors’ capital contributions, profits, capital gains, income from asset disposal, licensing fees of intellectual property rights obtained, legally obtained compensation or indemnification, and liquidation income that are made or obtained in China, may be freely remitted in or out of China in RMB or foreign exchange according to law. The State Council adopts the management system of pre-establishment national treatment and Negative List for foreign investment. Foreign investors shall not invest in areas that are not on the Negative List.

The *Encouraged Industry Catalogue for Foreign Investment (2025 Version)* (《鼓勵外商投資產業目錄(2025年版)》)(the “**Encouraging Catalogue**”), which was promulgated by the NDRC and the MOFCOM on December 15, 2025 and implemented on February 1, 2026, further expanding the scope of encouraged industry catalogue for foreign investment. The *Special Administrative Measures for the Entry of Foreign Investment (Negative List) (2024 version)* (《外商投資准入特別管理措施(負面清單)(2024年版)》)(hereinafter referred to as the “**Negative List**”) jointly issued by the NDRC and the MOFCOM on September 6, 2024, which became effective on November 1, 2024, uniformly listed the special administrative measures for the entry of foreign investment, such as shareholding requirements and senior management requirements, as well as the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment for domestic and foreign investment. Our business does not involve any category listed in the Negative List. According to the Encouraging Catalogue, the State actively guides foreign investment into advanced manufacturing and modern services.

In accordance with the *Measures for the Reporting of Foreign Investment Information* (《外商投資信息報告辦法》) promulgated by the MOFCOM and the SAMR on December 30, 2019, which came into effect on January 1, 2020, for foreign investors carrying out investment activities directly or indirectly

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in China, the foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce authorities through the enterprise registration system and the National Enterprise Credit Information Publicity System.

Pursuant to the *National Security Law of the People’s Republic of China* (《中華人民共和國國家安全法》) promulgated by the SCNPC and implemented on July 1, 2015, the state shall establish the rules and mechanisms for national security review and supervision, and conduct national security review of foreign investment, particular materials and key technologies, network information technology products and services that affect or may affect national security, construction projects that involve national security matters, and other major matters and activities.

Pursuant to the *Measures for the Security Review of Foreign Investment* (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020, which came into effect on January 18, 2021, the Office of the Working Mechanism for Security Review of Foreign Investment was set up under the NDRC. Under the leadership of the NDRC and the MOFCOM, the office is responsible for the routine work of the security review of foreign investment. Foreign investor or relevant parties in the PRC who intend to invest in the following areas should proactively apply for a security review of foreign investment prior to implementation of the investment: (1) the investments in the military industry, military industrial supporting and other fields relating to the security of national defence, and investments in areas surrounding military facilities and military industry facilities; (2) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise.

Laws and Regulations on Artificial Intelligence

The rapid growth of China’s artificial intelligence (AI) market is driven by various favorable factors, including government policies. On May 8, 2015, the State Council issued the *Notice of the State Council on Issuing “Made in China 2025”* (《國務院關於印發〈中國製造2025〉的通知》), which emphasized on acceleration of the integrated development of new-generation information technology and manufacturing technology, positioning smart manufacturing as the main direction for the comprehensive integration of informatization and industrialization. Meanwhile, it emphasized to focus on the development of smart hardware and products, promote the intelligentization of production processes, cultivate new production methods, and comprehensively enhance the intelligentization level of enterprise R&D, production, management, and services.

On July 8, 2017, the State Council issued the *Notice on Issuing the “Development Plan on the New Generation of Artificial Intelligence”* (《關於印發〈新一代人工智能發展規劃〉的通知》), which outlined three strategic steps for developing new-generation artificial intelligence technology, and specified the goal for China’s artificial intelligence technology to reach a world-leading level and for China to become a major global artificial intelligence innovation center.

On July 29, 2022, the Ministry of Science and Technology and five other relevant government departments jointly issued the *Guiding Opinions on Accelerating Scenario Innovation and Promoting High-quality Economic Development with High-level Application of Artificial Intelligence* (《關於加快場景創新以人工智能高水平應用促進經濟高質量發展的指導意見》), which proposed to encourage in-depth exploration of application scenarios for artificial intelligence technology in key industries.

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Laws and Regulations on Production Safety

Pursuant to the *Production Safety Law of the People’s Republic of China* (《中華人民共和國安全生產法》) promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021, and implemented on September 1, 2021, the emergency management department of the State Council shall implement comprehensive supervision and management of production safety nationwide. Production and operation entities must implement national or industry standards for ensuring production safety formulated in accordance with the law, establish and improve a production safety responsibility system for all employees and production safety rules and regulations. Production and operation entities that fail to meet production safety conditions shall not engage in production and operation activities. Production and operation entities shall conduct production safety education and training for their employees, ensure that employees possess necessary production safety knowledge, and provide them with labor protective equipment that complies with national or industry standards.

Regulations on Radio Transmission Equipment

According to the *Radio Regulation of the People’s Republic of China* (《中華人民共和國無線電管理條例》) promulgated by the State Council and the Central Military Commission on September 11, 1993 and revised on November 11, 2016, which came into effect on December 1, 2016, the production or import of radio transmission equipment for sale and use in China shall comply with laws and regulations regarding product quality, national standards, and relevant provisions of national radio management. For the production or import of radio transmission equipment that requires type approval, in addition to complying with the aforementioned provisions, it shall also meet the technical specifications approved in the radio transmission equipment type approval certificate, and the type approval code shall be marked on the equipment. Except for micro-power short-range radio transmission equipment (devices with low transmission power and short transmission distance, intended to cover radio transmitters providing unidirectional or bidirectional communication and having a low capability of causing interference to other radio equipment), the production or import of other radio transmission equipment for domestic sale and use requires application for type approval from the national radio regulatory authority. The catalog of type-approval of radio transmission equipment is published by the national radio regulatory authority.

Regulations on Compulsory Product Certification

According to the *Regulations on Certification and Accreditation of the People’s Republic of China* (《中華人民共和國認證認可條例》) promulgated by the State Council on September 3, 2003 and last amended on July 20, 2023, and the *Administrative Regulations on Compulsory Product Certification* (《強制性產品認證管理規定》) promulgated on July 3, 2009 and last amended by the SAMR on September 29, 2022, the PRC government has implemented a compulsory product certification system for products related to human health and safety, animal and plant life and health, environmental protection, and public security. For products listed in the compulsory product certification catalog, they must pass the certification by the designated certification bodies, obtain the compulsory product certification certificates, and be applied with the certification mark (the “**CCC Mark**”) before they can be shipped out of the factory, sold, imported or used in other business activities. As our business involves the manufacturing and sales of mobile terminals and wearable smart hardware with telecommunication functions, which are included in the compulsory product certification catalog, we are required to obtain the CCC certificates for such products before they are sold in the PRC market.

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Laws and Regulations on Cyber security, Data Privacy and Protection of Minors

As our business involves the operation of mobile applications (APPs) and mini-programs, we are subject to relevant data and privacy laws. *The Cyber security Law of the PRC* (《中華人民共和國網絡安全法》) promulgated on November 7, 2016, last amended on October 28, 2025 and implemented on January 1, 2026, the *Data Security Law of the PRC* (《中華人民共和國數據安全法》) promulgated on June 10, 2021 and implemented on September 1, 2021, and the *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》) promulgated on August 20, 2021 and implemented on November 1, 2021, set forth the general framework regulating the collection, use, and storage of personal information and data security. App operators must obtain user consent before collecting personal information and shall not collect information irrelevant to the services provided.

As certain of our smart hardware and applications (such as domestically sold children’s smartwatches) are designed for or may be used by minors within the PRC, we are subject to strict regulations regarding the protection of minors. According to *the Regulation on the Protection of Minors in Cyberspace* (《未成年人網絡保護條例》) promulgated by the State Council on October 16, 2023 and implemented on January 1, 2024, and the *Provisions on the Cyber Protection of Children’s Personal Information* (《兒童個人信息網絡保護規定》) promulgated by the Cyberspace Administration of China on August 22, 2019 and implemented on October 1, 2019, personal information processors must obtain explicit consent from the parents or other guardians before collecting, using, transferring, or disclosing the personal information of children under the age of 14. Personal information processors shall establish specialized personal information processing rules for children, designate specific personnel to be in charge of the protection of children’s personal information, and adopt measures such as encryption to store children’s personal information to ensure information security.

In addition, according to *the Notice on Carrying out the 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》) issued by the Ministry of Industry and Information Technology (MIIT) on July 21, 2023, APP sponsors engaged in internet information services within the PRC shall fulfill the filing procedures in accordance with the law. We have completed the ICP (Internet Content Provider) filing procedures for our operating APPs and mini-programs.

Laws and Regulations on Environmental Protection

The Environmental Protection Law and the Ecological Environment Code

According to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, last amended on April 24, 2014 and implemented on January 1, 2015, the environmental protection administrative department of the State Council shall generally supervise and administer the national environmental protection work. An environmental impact assessment shall be conducted as legally required for the construction of a project impacting the environment. The construction of a construction project that has not undergone environmental impact assessment as legally required may not be commenced. Pollution prevention and control facilities in construction projects shall be designed, constructed, and put into operation simultaneously with the main project. Pollution prevention and control facilities shall meet the requirements of the approved environmental impact assessment documents and shall not be dismantled or left idle without authorization. The state implements a pollutant discharge permit management system in accordance with legal provisions.

Furthermore, on March 12, 2026, the National People’s Congress promulgated the Ecological Environment Code of the People’s Republic of China (《中華人民共和國生態環境法典》), which will come into effect on August 15, 2026. As a comprehensive and fundamental legal framework for ecological and environmental protection, the Ecological Environment Code systematically integrates existing environmental laws and consists of five parts: general provisions, pollution prevention and

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control, ecological protection, green and low-carbon development, and legal liabilities. It strengthens the legal mechanisms for environmental impact assessments, pollution control, and the promotion of green and low-carbon transformation. Upon the implementation of the Ecological Environment Code on August 15, 2026, the current Environmental Protection Law of the People’s Republic of China will be concurrently repealed.

Pollutant Discharge Permit Management

According to the Regulation on the Administration of Pollutant Discharge Permitting (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and implemented on March 1, 2021, enterprises, public institutions and other producers and operators subject to pollutant discharge permit management in accordance with the law shall apply for and obtain a pollutant discharge permit; without a pollutant discharge permit, no pollutant may be discharged.

According to the Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, enterprises, public institutions and other producers and operators subject to pollutant discharge permit management in accordance with the law (hereinafter referred to as the “**pollutant discharging entities**”) shall apply for and obtain a pollutant discharge permit in accordance with the law and discharge pollutants in accordance with the provisions of the pollutant discharge permit. Enterprises, public institutions, and other producers and operators that are required by law to fill out a pollutant discharge registration form (hereinafter referred to as “**pollutant discharge registration entities**”) shall register their pollutant discharge on the national pollutant discharge permit management information platform. Pollutant discharging entities shall, before the actual act of discharging pollutants occurs, apply to the ecological environment department of the local people’s government at or above the municipal level of a districted city where their production and operation site is located to obtain a pollutant discharge permit. Pollutant discharge registration entities shall, before the actual act of discharging pollutants occurs, fill out the pollutant discharge registration form through the national pollutant discharge permit management information platform. After submission, a registration number and receipt will be generated in real time, which shall be retained by the pollutant discharge registration entity.

According to the Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources (2019 Edition)(《固定污染源排污許可分類管理名錄(2019年版)》) promulgated and implemented by the Ministry of Ecology and Environment on December 20, 2019, the state implements key management, simplified management, and registration management for pollutant discharge permits based on the generation volume, discharging volume and the degree of impact on the environment of the pollutants of the pollutant discharging entity.

As our manufacturing operations have a relatively low environmental impact, our main manufacturing subsidiary, Sichuan Yijing, is subject to the registration management. During the Track Record Period, Sichuan Yijing has completed the fixed pollution source pollutant discharge registration (固定污染源排污登記) in compliance with the relevant PRC environmental laws.

Construction Project Environmental Protection

According to the *Law of the People’s Republic of China on Environmental Impact Assessment* (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002, and most recently revised and implemented on December 29, 2018, and the *Regulations on the Administration of Construction Project Environmental Protection* (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998, and last amended on July 16, 2017, and implemented on October 1, 2017, the state practices the construction project environmental impact evaluation system. Catalog for the classified control of construction project environmental impact evaluation shall be compiled and

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published by the competent department of environmental protection administration under the State Council based on expert argumentation and solicitation of opinions from relevant authorities, industry associations, enterprises, public institutions, and the public. After the environmental protection facilities of a construction project pass the acceptance inspection, the construction project can be officially put into production or use.

According to the *Interim Measures for the Environmental Protection Acceptance upon Completion of Construction Projects* (《建設項目竣工環境保護驗收暫行辦法》), promulgated and implemented by the Ministry of Ecology and Environment on November 20, 2017, the construction entity is the responsible entity for the environmental protection acceptance upon completion of a construction project. It shall organize the acceptance of the supporting environmental protection facilities in accordance with the procedures and standards stipulated in these measures, prepare an acceptance report, disclose relevant information, accept public supervision, and ensure that the environmental protection facilities required for the construction project are put into operation or use simultaneously with the main project. Where the environmental protection facilities are not completed simultaneously with the main project, or where a pollutant discharge permit is required but not obtained, the construction entity shall not commission the environmental protection facilities of the construction project.

Laws and Regulations on Fire Protection

According to the *Fire Protection Law of the People’s Republic of China* (《中華人民共和國消防法》), promulgated by the SCNPC on April 29, 1998, last amended and implemented on April 29, 2021, and the *Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects* (《建設工程消防設計審查驗收管理暫行規定》), promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, last amended on August 21, 2023, and implemented on October 30, 2023, the construction entity shall assume primary responsibility for the fire protection design and construction quality of construction projects in accordance with the law. Special construction projects are subject to a fire protection acceptance system. Those that have not undergone fire protection acceptance or have failed the fire protection acceptance are prohibited from being put into use. Apart from special construction projects, other construction projects are subject to a recordation and spot-check system. After the acceptance of other construction projects, the construction entity shall report to the competent department of housing and urban-rural construction for fire protection acceptance recordation. The competent department of housing and urban-rural construction conducts random spot checks for fire protection acceptance of recorded other construction projects. If a project fails the spot check, the relevant construction project shall cease to be used.

Laws and Regulations on the Import and Export of Goods

According to the *Foreign Trade Law of the People’s Republic of China* (《中華人民共和國對外貿易法》)(“**the Foreign Trade Law**”), last revised by the SCNPC on December 27, 2025 and implemented on March 1, 2026, the Chinese government implements a system of free import and export of goods and technology, except as otherwise provided by laws and administrative regulations. The revised Foreign Trade Law formally establishes a negative list management system for cross-border trade in services, explicitly encourages the development of digital trade and green trade, and strengthens the legal framework for safeguarding national security and development interests in foreign trade activities, including the authorization of countermeasures against foreign entities that endanger China’s trade interests.

According to the *Provisions on the Recordation of Customs Declaration Entities of the People’s Republic of China* (《中華人民共和國海關報關單位備案管理規定》), promulgated by the General Administration of Customs on November 19, 2021 and implemented from January 1, 2022, a customs declaration entity is the consignee or consignor of imported or exported goods or a customs declaration enterprise, as filed with the customs. Where the consignee or consignor of imported or exported goods

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or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities. In addition, where the consignee or consignor of imported or exported goods applies for recordation, it shall be put on record as a foreign trade operator. The recordation of customs declaration entities shall be valid for a long time. Temporary recordation is valid for one year, and a new recordation application may be made after the expiration of the period.

Laws and Regulations on Product Quality

According to the *Product Quality Law of the People’s Republic of China* (《中華人民共和國產品質量法》), promulgated by the SCNPC on February 22, 1993, and last amended and implemented on December 29, 2018, quality of products shall pass standard examinations and no sub-standard products shall be used as standard ones. Producers shall be responsible for the quality of the products they produce. Sellers shall be responsible for repair, replacement or return and compensate for the damages done to end-users or consumers if one of the following cases occurs: (1) The product does not possess the performance it should have, and no prior explanation was given; (2) the product does not conform to the product standards indicated on the product or its packaging; or (3) the product does not conform to the quality status indicated by product descriptions, physical samples, etc.

Overseas Product Safety and Environmental Regulations

Although this section primarily outlines the PRC laws and regulations, as our products are exported to overseas markets, including Europe and the United States, we are also subject to the local product safety, environmental protection, and quality standards of the respective jurisdictions. For instance, electronic products exported to the European Union must comply with the *Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment* (《關於限制在電子電器設備中使用某些有害成分的指令》)(the “**RoHS Directive**”), which restricts the use of specific hazardous materials found in electrical and electronic products. Furthermore, exported products shall also comply with the *Registration, Evaluation, Authorization and Restriction of Chemicals* (《化學品註冊、評估、授權和限制法規》)(the “**REACH Regulation**”) adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals. In the United States, electronic equipment is often subject to product safety certifications, such as the UL (Underwriters Laboratories) certification, to demonstrate compliance with recognized safety standards.

Laws and Regulations on Product Sales

Anti-Unfair Competition

Pursuant to the *Anti-Unfair Competition Law of the People’s Republic of China* (《中華人民共和國反不正當競爭法》), promulgated by the Standing Committee of the National People’s Congress on September 2, 1993 and last amended on June 27, 2025 and implemented on October 15, 2025, the state has formulated a series of measures to curb unfair competition and safeguard market order. The latest revision specifically strengthens the regulation of the digital economy, strictly prohibiting the use of data, algorithms, and platform rules to engage in network unfair competition, such as illicit data scraping. Furthermore, it expands the scope of prohibited “confusing behaviors” to include the unauthorized use of App names, icons, and search engine keywords, and explicitly outlaws the fabrication of false online user reviews. Violators may be subject to severe penalties, including a fine of up to RMB5,000,000 for severe network unfair competition behaviors, and their business licenses may be revoked.

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Anti-Money Laundering

Pursuant to the *Anti-Money Laundering Law of the People’s Republic of China* (《中華人民共和國反洗錢法》), promulgated by the Standing Committee of the National People’s Congress on October 31, 2006, most recently amended on November 8, 2024, and implemented on January 1, 2025, anti-money laundering refers to the adoption of measures prescribed by this Law to prevent money laundering activities, namely, the concealment or disguise of the origin and nature of proceeds derived from drug-related crimes, organized crime, terrorist activities, smuggling, corruption and bribery, crimes disrupting financial management order, financial fraud, and other crimes through various means. Violations of this Law that constitute crimes shall be prosecuted for criminal responsibility in accordance with the law.

Laws and Regulations on Intellectual Property Rights

Trademarks

In accordance with the *Trademark Law of the People’s Republic of China* (《中華人民共和國商標法》) promulgated by the Standing Committee of the National People’s Congress on August 23, 1982, last amended on April 23, 2019, and implemented on November 1, 2019, and the *Implementing Regulations of the Trademark Law of the People’s Republic of China* (《中華人民共和國商標法實施條例》) issued by the State Council on August 3, 2002, last amended on April 29, 2014, and implemented on May 1, 2014, a registered trademark refers to a mark approved and registered by the Trademark Office of China National Intellectual Property Administration, including product trademarks, service trademarks, collective trademarks, and certification trademarks; the trademark registrant enjoys exclusive rights to the trademark, which are protected by law. The validity period of a registered trademark is 10 years, calculated from the date of registration. The trademark may be renewed for an additional 10-year period, with the renewal term commencing on the day following the expiration of the previous validity period. Additionally, the Trademark Law of the People’s Republic of China adopts the “first-to-file” principle for trademark registration.

Patents

Under the *Patent Law of the People’s Republic of China* (《中華人民共和國專利法》) promulgated by the Standing Committee of the National People’s Congress on March 12, 1984, last amended on October 17, 2020, and implemented on June 1, 2021, and the *Implementing Regulations of the Patent Law of the People’s Republic of China* (《中華人民共和國專利法實施細則》) issued by the China National Intellectual Property Administration on January 19, 1985, last amended by the State Council on December 11, 2023, and implemented on January 20, 2024, the term “invention-creation” refers to inventions, utility models, and designs. The duration of invention patent rights is 20 years, the duration of utility model patent rights is 10 years, the duration of design patent rights is 15 years, and all are calculated from the date of application. Patent holders’ rights are protected by law, and others may use the patent only with proper authorization. Except as provided by law, exploiting a patent without the patentee’s permission constitutes patent infringement.

Copyright and Software Products

The *Copyright Law of the People’s Republic of China* (《中華人民共和國著作權法》) (“**Copyright Law**”), promulgated by the Standing Committee of the National People’s Congress on September 7, 1990, last amended on November 11, 2020, and implemented on June 1, 2021, stipulates that works created by Chinese citizens, legal entities, or other organizations, including literary, artistic, natural science, social science, engineering, and computer software works, enjoy copyright protection regardless of publication.

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Under the *Regulations on Computer Software Protection* (《計算機軟件保護條例》) issued by the State Council on June 4, 1991 and last amended on January 30, 2013, software copyright owners may register their works with software registration agencies recognized by the copyright administrative department under the State Council. Software copyright owners may license their rights to others and are entitled to royalties.

Domain Name

Pursuant to the *Administrative Measures for Internet Domain Names* (《互聯網域名管理辦法》) issued by the MIIT on August 24, 2017 and implemented on November 1, 2017, domain name registration services shall generally follow the “first-come, first-served” principle, unless otherwise stipulated in the detailed implementation rules for corresponding domain name registrations. The maximum validity period for domain name registration shall not exceed ten years. An applicant shall be deemed the domain name holder upon completion of registration.

Laws and Regulations on Construction

Land Administration

Under the *Land Management Law of the People’s Republic of China* (《中華人民共和國土地管理法》) promulgated by the Standing Committee of the National People’s Congress on June 25, 1986, last amended on August 26, 2019, and implemented from January 1, 2020, construction entities that acquire the right to use state-owned land through paid means such as land grants shall pay land grant premium and other land use fees and charges in accordance with the standards and methods stipulated by the State Council before they may use the land. The construction entity using state-owned land shall utilize the land in accordance with the stipulations of the paid-use contract such as the land use rights transfer agreement, or the provisions of the land use rights allocation approval document.

According to the *Regulations for the Implementation of the Land Management Law of the People’s Republic of China* (《中華人民共和國土地管理法實施條例》), promulgated on January 4, 1991, last amended on July 2, 2021, and implemented on September 1, 2021, construction entities using state-owned land shall obtain the land through paid-use methods, unless laws or administrative regulations permit allocation. The paid-use methods for state-owned land include: (1) Grant of state-owned land-use rights; (2) Lease of state-owned land; (3) Capital contribution or equity participation with state-owned land-use rights.

Construction Engineering Planning Permit

Pursuant to the *Urban and Rural Planning Law of the People’s Republic of China* (《中華人民共和國城鄉規劃法》), promulgated by the Standing Committee of the National People’s Congress on October 28, 2007 and last amended on April 23, 2019, any construction entity or individual carrying out building, structure, road, pipeline, or other engineering projects within urban or town planning areas shall apply for a Construction Engineering Planning Permit from the urban and rural planning authority of the city/county people’s government or the town people’s government designated by the people’s government of the province, autonomous region, or municipality directly under the Central Government.

Construction Work Permit

Pursuant to the *Construction Law of the People’s Republic of China* (《中華人民共和國建築法》), promulgated by the Standing Committee of the National People’s Congress on November 1, 1997 and last amended and implemented on April 23, 2019, prior to commencing construction, the construction entity shall apply for a Construction Work Permit from the competent construction administrative department of the local people’s government at or above the county level in accordance with national

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regulations, except for small-scale projects below the threshold set by the State Council’s construction administrative department. According to the *Measures for the Administration of Construction Permits for Construction Projects* (《建築工程施工許可管理辦法》), issued and implemented by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China on March 30, 2021, construction projects with an investment amount below RMB300,000 or a floor area below 300 square meters are exempt from applying for a Construction Work Permit.

Completion Acceptance of Construction Projects

Pursuant to the *Regulations on the Quality Management of Construction Projects* (《建設工程質量管理條例》) promulgated on January 30, 2000, amended and implemented by the State Council on April 23, 2019, the construction entity shall, prior to commencement, complete the formalities for construction quality supervision in accordance with national regulations. The quality supervision formalities may be processed together with the Construction Work Permit or commencement report. A construction project may be delivered for use only after passing the completion acceptance inspection.

Laws and Regulations on Property Leasing

According to the *Administrative Measures for the Leasing of Commercial Housing* (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China on December 1, 2010, within 30 days after signing a lease contract, the parties involved shall register the lease with the competent construction (real estate) authority of the people’s government of the municipality directly under the Central Government, city, or county where the leased property is located. Violations of the above provisions may result in fines not less than RMB1,000 but not more than RMB10,000 per lease agreement imposed by the competent authority.

Laws and Regulations on Labor

Labor Law and Labor Contract

Pursuant to the *Labor Law of the People’s Republic of China* (《中華人民共和國勞動法》) promulgated by the Standing Committee of the National People’s Congress on July 5, 1994 and last amended and implemented on December 29, 2018, workers are entitled to rights including equal employment and choice of occupation, remuneration for labor, rest and leave, occupational safety and health protection, vocational skills training, social insurance and welfare, resolution of labor disputes, and other labor rights prescribed by law. Employers shall establish and improve rules and regulations in accordance with the law to safeguard workers’ labor rights and ensure the fulfillment of labor obligations.

Under the *Labor Contract Law of the People’s Republic of China* (《中華人民共和國勞動合同法》) promulgated on June 29, 2007, last amended on December 28, 2012, and implemented on July 1, 2013 by the Standing Committee of the National People’s Congress, and the *Regulations on the Implementation of the Labor Contract Law of the People’s Republic of China* (《中華人民共和國勞動合同法實施條例》) issued by the State Council on September 18, 2008 and implemented on the same day, enterprises and other employers in China shall apply this Law when establishing labor relationships with workers, as well as in the conclusion, performance, modification, termination, or discharge of labor contracts. A written labor contract shall be concluded to establish a labor relationship. A labor contract shall include the following terms: name, domicile, and legal representative or principal responsible person of the employer; name, address, and number of ID card or other valid identity document of the worker; term of the labor contract; job description and workplace location; working hours, rest, and leave; labor remuneration; social insurance; labor protection, working conditions, and occupational hazard prevention; and other matters required by laws and regulations to be included in the labor contract.

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Dispatched Laborers

According to the *Provisional Regulations on Labor Dispatch* (《勞務派遣暫行規定》) issued by the Ministry of Human Resources and Social Security of the People’s Republic of China on January 24, 2014 and implemented from March 1, 2014, employers may only use dispatched workers for temporary, auxiliary, or substitutable positions. The aforementioned temporary positions refer to those with a duration of no more than six months; auxiliary positions refer to non-core business positions that provide services to core business positions; substitutable positions refer to those where the employer’s regular employees are unable to work for a certain period due to reasons such as study leave or vacation, and other workers may be temporarily employed to replace them. Under the *Provisional Regulations on Labor Dispatch*, employers must strictly control the number of dispatched workers, and the number of dispatched workers used must not exceed 10% of the total workforce (i.e., the sum of employees under labor contracts and dispatched workers).

Pursuant to the *Provisional Regulations on Labor Dispatch*, the *Labor Contract Law of the People’s Republic of China*, and the *Regulations on the Implementation of the Labor Contract Law of the People’s Republic of China*, if an employer violates the regulations on labor dispatch, the labor administration authority shall order it to rectify within a specified period; if the employer fails to rectify within the time limit, a fine ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% ratio shall be imposed.

Social Insurance and Housing Provident Fund

Under the *Social Insurance Law of the People’s Republic of China* (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the National People’s Congress on October 28, 2010, and last amended and implemented on December 29, 2018, as well as the *Provisional Regulations on Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999, and last amended and implemented on March 24, 2019, the state establishes social insurance systems including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance, employees shall participate in these insurance schemes, with both employers and employees contributing to basic pension, medical, and unemployment insurance, while employers solely shall contribute to work-related injury and maternity insurance, with employees exempt from these contributions.

Under the *Social Insurance Law of the People’s Republic of China* and the *Provisional Regulations on Collection and Payment of Social Insurance Premiums*, employers shall complete social insurance registration simultaneously with business registration. If an employer fails to register its employees for social insurance, the social insurance agency shall determine the social insurance premiums that the employer should pay. If an employer fails to complete social insurance registration, the social insurance administrative department shall order it to rectify within a specified period. If the employer fails to rectify within the time limit, it shall be fined one to three times the amount of social insurance premiums payable, and its directly responsible supervisors and other liable personnel shall be fined between RMB500 and RMB3,000. If an employer fails to pay social insurance premiums on time and in full, the social insurance premium collection agency shall order it to pay or make up the amount within a specified period and impose a late fee of 0.05% per day from the date of default. If the employer still fails to pay within the time limit, the relevant administrative department may impose a fine ranging from one to three times the amount of arrears.

In accordance with the *Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases* (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) which was promulgated by the Supreme People’s Court on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not to be paid, the People’s Court shall deem such agreement or

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undertaking invalid. Where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer in accordance with the *Labor Contract Law of the People’s Republic of China*, the People’s Court shall support such claims in accordance with the law. Where an employer subsequently makes up the unpaid social insurance contributions in accordance with the law and requests the employee to return the compensation already paid for social insurance contributions, the People’s Court shall support such claims in accordance with the law.

According to the *Opinions of the General Office of the State Council on the Comprehensive Implementation of Merging Maternity Insurance and Basic Medical Insurance for Employees* (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) issued on March 6, 2019 and implemented on the same day, employees participating in basic medical insurance for employees shall simultaneously participate in maternity insurance, and the maternity insurance fund shall be merged into the basic medical insurance fund and collected uniformly.

Under the *Regulations on Management of Housing Provident Fund* (《住房公積金管理條例》) issued by the State Council on April 3, 1999, and last amended and implemented on March 24, 2019, foreign-invested enterprises, urban private enterprises, and other entities shall register with the housing provident fund management center for housing provident fund contributions and handle the formalities for establishing housing provident fund accounts for their employees. Employers shall make timely and full contributions to the housing provident fund and shall not make late deposits or underpayments. If an employer fails to register for housing provident fund contributions or fails to handle the formalities for establishing housing provident fund accounts for its employees, the housing provident fund management center shall order it to complete the formalities within a specified period. If the employer fails to comply within the time limit, a fine of RMB10,000 to RMB50,000 shall be imposed. If an employer delays or underpays the housing provident fund, the housing provident fund management center shall order it to make the payment within a specified period. If the employer still fails to pay within the time limit, the center may apply to the People’s Court for compulsory enforcement.

Occupational Diseases

In accordance with the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》) promulgated on October 27, 2001 and subsequently amended on December 31, 2011, July 2, 2016, November 4, 2017, and December 29, 2018, employers shall provide workers with a working environment and conditions that comply with national occupational health standards and requirements. Employers shall take measures to ensure workers’ access to occupational health protection, establish and improve accountability systems for occupational disease prevention and control, strengthen management of occupational disease prevention, enhance the level of occupational disease prevention, and bear responsibility for occupational hazards arising within their operations.

Laws and Regulations on Taxes

Corporate Income Tax

Under the *Enterprise Income Tax Law of the People’s Republic of China* (《中華人民共和國企業所得稅法》) promulgated by the Standing Committee of the National People’s Congress on March 16, 2007, and last amended and implemented on December 29, 2018, as well as the *Implementation Regulations of the Enterprise Income Tax Law of the People’s Republic of China* (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, amended on December 6, 2024, and implemented on January 20, 2025, enterprises are classified as resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise established in China under Chinese law or an enterprise established under foreign (regional) law but with its actual management institution

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located in China. Resident enterprises shall pay enterprise income tax at a rate of 25% on their income derived from both within and outside China. Eligible small and low-profit enterprises shall be subject to corporate income tax at a reduced rate of 20%. High-tech enterprises that are key to national support shall be subject to corporate income tax at a reduced rate of 15%.

According to the *Administrative Measures for the Recognition of High-Tech Enterprises* (《高新技術企業認定管理辦法》) jointly issued by the Ministry of Science and Technology of the People’s Republic of China, the Ministry of Finance, and the State Taxation Administration on April 14, 2008, amended on January 29, 2016, and implemented from January 1, 2016, enterprises recognized as high-tech enterprises under these measures may declare and enjoy preferential tax policies in accordance with the *Enterprise Income Tax Law of the People’s Republic of China* and its implementation regulations, the *Tax Collection and Administration Law of the People’s Republic of China* (《中華人民共和國稅收徵收管理法》) and its implementation rules, and other relevant provisions. The high-tech enterprise qualification is valid for three years from the date of certificate issuance. After obtaining the recognition as a high-tech enterprise, an enterprise may enjoy preferential tax treatment from the year in which the high-tech enterprise certificate is issued and may handle the formalities for preferential tax treatment with the competent tax authority.

Value-Added Tax (VAT)

Under the *Value-Added Tax Law of the People’s Republic of China* (《中華人民共和國增值稅法》) promulgated by the SCNPC on December 25, 2024, and implemented on January 1, 2026, which officially replaced the *Provisional Regulations on Value-Added Tax of the People’s Republic of China*, entities and individuals engaged in the sale of goods, provision of services, sale of intangible assets or real estate, or import of goods within China are taxpayers of value-added tax and shall pay VAT. The statutory VAT rates are generally set at 13%, 9%, 6%, or 0%, depending on the specific categories of taxable items. Furthermore, according to the Announcement on Relevant Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) jointly issued by the Ministry of Finance and the State Taxation Administration, eligible small and micro enterprises are entitled to reduction policies on resource tax, urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), and educational surcharges and local educational surcharges (collectively referred to as the “**Six Taxes and Two Fees**”).

Dividend Distribution

Pursuant to the *Company Law of the People’s Republic of China* promulgated by the Standing Committee of the National People’s Congress on December 29, 1993, last amended on December 29, 2023, and implemented from July 1, 2024, when a company distributes its after-tax profits for the current year, it shall allocate 10% of the profits to the company’s statutory reserve fund until the cumulative amount of such reserve reaches 50% of the company’s registered capital. If the company’s statutory reserve is insufficient to cover prior years’ losses, the current year’s profits shall first be used to offset such losses before allocating to the statutory reserve. After offsetting losses and allocating to the reserve fund, the remaining after-tax profits of a limited liability company shall be distributed to shareholders in proportion to their paid-in capital contributions, unless all shareholders agree otherwise. For a joint stock limited company, profits shall be distributed in proportion to shareholders’ shareholdings, unless otherwise stipulated in the company’s articles of association.

Under the *Arrangement Between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) promulgated by the State Taxation Administration on August 21, 2006 and effective from December 8, 2006, and related

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protocols, if a Hong Kong enterprise directly holds no less than 25% of the equity in a Chinese company, dividends distributed shall be taxed at a rate of 5%; otherwise, the income tax rate shall be 10%.

Transfer Pricing

According to the *Enterprise Income Tax Law of the People’s Republic of China* and its implementation regulations, business transactions between an enterprise and its related parties shall follow the arm’s length principle (獨立交易原則). Pursuant to the *Announcement of the State Taxation Administration on Matters Relating to the Improvement of Affiliated Declaration and Contemporaneous Documentation Administration* (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》) promulgated by the State Taxation Administration on June 29, 2016 and implemented on the same day, enterprises engaging in related party transactions shall prepare contemporaneous documentation (同期資料) for the tax year and submit them to the tax authorities upon request. If an enterprise fails to comply with the arm’s length principle, the tax authorities have the right to make reasonable adjustments within ten years from the tax year in which the transaction occurred.

Policies on “Specialized, Refined, Peculiar and Innovative” (SRDI) Enterprises

According to the *Guiding Opinions on Promoting the Healthy Development of Small and Medium-Sized Enterprises* (《關於促進中小企業健康發展的指導意見》) issued by the General Office of the CPC Central Committee and the General Office of the State Council on April 7, 2019, the PRC government aims to cultivate a batch of “Specialized, Refined, Peculiar and Innovative” small and medium-sized enterprises (SMEs). Furthermore, pursuant to the *Interim Measures for the Administration of the Cultivation of “Specialized, Refined, Peculiar and Innovative” SMEs* (《優質中小企業梯度培育管理暫行辦法》) promulgated by the MIIT on June 1, 2022 and implemented on August 1, 2022, the MIIT establishes a cultivation system for high-quality SMEs, encompassing innovative SMEs, SRDI SMEs, and SRDI “Little Giant” enterprises. Enterprises recognized as SRDI “Little Giant” enterprises may enjoy various supportive policies, including financial subsidies, tax incentives, and financing support provided by national and local governments.

Laws and Regulations on Outbound Investment

Under the *Administrative Measures for Outbound Investment* (《境外投資管理辦法》) issued by the Ministry of Commerce on September 6, 2014 and implemented from October 6, 2014, the Ministry of Commerce and provincial-level competent commercial authorities shall implement filing or approval management for outbound investment by enterprises based on different circumstances.

Pursuant to the *Administrative Measures for Enterprise Outbound Investment* (《企業境外投資管理辦法》) issued by the National Development and Reform Commission on December 26, 2017 and effective from March 1, 2018, domestic enterprises or investors conducting outbound investments shall obtain approval or complete filing for outbound investment projects, fulfill information reporting obligations, and accept supervision and inspection. Sensitive projects, including those involving sensitive countries/regions or industries, conducted directly or through controlled overseas enterprises by the investor, require approval. Non-sensitive projects directly conducted by investment entities, i.e., non-sensitive projects in which investment entities directly invest assets, rights, or provide financing or guarantees, shall be subject to filing.

Laws and Regulations on Foreign Exchange Administration

According to the *Foreign Exchange Administration Regulation of the People’s Republic of China* (《中華人民共和國外匯管理條例》) issued by the State Council on January 29, 1996, and last amended and implemented on August 5, 2008, RMB is freely convertible under the current account transactions

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supported by authentic and legally compliant documentation, such as foreign exchange transactions related to dividend distributions, interest and royalty payments and trade and services. However, free exchange for capital account transactions, including direction investment, loans, securities investments and repatriation of investment, remains subject to the approval or registration requirements with foreign exchange administration authorities.

According to the *Notice of the People’s Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds for Overseas Listing of Domestic Enterprises* (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) jointly promulgated on December 24, 2025, which will come into effect on April 1, 2026, replacing the previous 2014 regulations, the foreign exchange administration for overseas listing has been further optimized. A domestic company shall, within 15 working days after the completion of overseas listing, register the overseas listing directly with a domestic bank rather than the SAFE. Domestic companies are required to open specific capital project settlement accounts with domestic banks to handle the exchange and transfer of funds. Notably, the raised funds can be repatriated to China or, subject to relevant approvals, retained offshore for approved purposes such as outbound direct investments (ODI) and offshore lending. It also allows the direct deduction of reasonable listing expenses from the offshore raised funds.

According to the *Notice on Further Simplifying and Improving Policies on the Foreign Exchange Administration of Direct Investment* (《關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on February 13, 2015 and implemented on June 1, 2015, the SAFE has canceled the confirmation of foreign exchange registration under domestic direction investment and the confirmation of foreign exchange registration under overseas direction investment, and banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment instead.

Pursuant to the *Notice on Reforming the Management of Foreign Exchange Capital Settlement for Foreign-Invested Enterprises* (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) issued by the SAFE on March 30, 2015, and implemented on June 1, 2015, foreign-invested enterprises (FIEs) may exercise voluntary FX settlement for their foreign exchange capital funds, which means foreign exchange capital in FIEs’ capital account that has undergone monetary capital contribution rights verification by SAFE (or has been registered as a capital contribution deposit by an authorized bank), may be exchanged into RMB at banks based on real operational needs of FIEs. The use of capital by FIEs shall comply with the principles of authenticity and self-use within the business scope of the enterprise. FIE capital and converted RMB funds are prohibited from: (i) the direct or indirect use for expenditures that fall outside the enterprises’ business scope, or the use for purposes which are not allowed by the relevant laws and regulations; (ii) the direct or indirect use for securities investments, unless otherwise stipulated by laws and regulations; (iii) the direct or indirect use for extending RMB entrusted loans (except where permitted under the business scope), repaying inter-enterprise loans (including third-party advances), or repaying bank RMB loans that have been on-lent to third parties.

The SAFE issued and implemented the *Circular on Further Promoting Cross-border Trade and Investment Facilitation* (《關於進一步深化改革促進跨境貿易投資便利化的通知》) on December 4, 2023. The Circular allows the foreign-invested enterprises to legally use FX-converted RMB capital for domestic equity investments based on the authentic and legally compliant domestically invested projects without violation of the provisions of the Special Administrative Measures for Foreign Investment Access (Negative List).

According to the *Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020 and implemented on the same day, the reform of facilitating the payment of income under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring

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authentic and legally compliant use of funds and compliance with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under capital account, such capital funds, foreign debts and overseas listing, for domestic payment without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Laws and Regulations on Overseas Listing

Overseas Securities Offering and Listing

According to the *Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises* (《境內企業境外發行證券和上市管理試行辦法》)(hereinafter referred to as “**Interim Measures for the Administration**”) promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, together with its seven related guidelines, overseas offering and listing by PRC domestic enterprises shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security. Where security review is required, the relevant security review procedures shall be duly completed in accordance with applicable laws prior to submitting any listing application to overseas securities regulators or exchanges. Circumstances under which domestic enterprises are prohibited from overseas securities offerings and listings include: (1) such listing and fund-raising are explicitly prohibited by law, administrative regulations or relevant state stipulations; (2) the overseas offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (3) either the domestic company or its controlling shareholder(s), or the de facto controller(s), has/have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company is suspected of committing a crime or severe violation of laws and regulations, and is under investigation in accordance with law and no clear conclusion has been made thereof yet; or (5) there is/are material ownership dispute(s) over equity interests held by the controlling shareholder(s) or the shareholder(s) that are controlled by the controlling shareholder(s) or the de facto controller(s).

In addition, the Interim Measures for the Administration provide that PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, shall file with the CSRC and submit a filing report, a legal opinion and other relevant materials. Where a PRC domestic company issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three business days after submitting application documents for overseas securities offering and listing. Where a domestic company fails to complete the filing procedure or submits filing materials containing false records, misleading statements or material omissions, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

Confidentiality and Archives Administration

Pursuant to the *Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing by Domestic Enterprises* (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly promulgated by the CSRC and three other regulatory authorities on February 24, 2023 and implemented on March 31, 2023, domestic enterprises conducting overseas securities offerings and listings shall establish a sound confidentiality and archive work system, and implement corresponding confidentiality and archives management responsibilities. A domestic enterprise must obtain approval from the competent departments with the authority to examine and approve, in accordance with the laws, and file a record with the administrative department for confidentiality at the same level, when providing or publicly disclosing, or providing or public

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disclosing through its overseas listed entities, documents and data involving secrets of the State and work secrets of the organizations of the State to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals. Domestic enterprises shall strictly perform relevant procedures in compliance with the relevant provisions of the State, when providing or publicly disclosing, or providing or public disclosing through its overseas listed entities, any other documents or data which, if disclosed, may adversely affect national security or public interests, to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals. The working papers generated domestically by securities companies and securities service institutions, which provide services in respect of overseas offering and listing for domestic enterprises, shall be stored within the territory. Those that need to transmit working papers outbound shall go through examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN HONG KONG

Overview of the Laws and Regulations Relating to Our Business and Operations in Hong Kong.

Regulations Relating to Business Licenses

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

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

Regulations Relating to Sale of Goods

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

The SOGO governs the formation, performance and remedies of contract for the sale of goods in Hong Kong and the transfer of title of goods sold. The SOGO also sets out certain implied terms or conditions and warranties relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including:

- (a) Where there is a sale of goods by description, the goods shall correspond with the description;
- (b) Where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (i) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (ii) of such standard of appearance and finish; (iii) as free from defects (including minor defects); (iv) as safe; and (v) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all other relevant circumstances; and
- (c) Where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose.

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

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

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

Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) (“SSITO”)

Under the SSITO, certain terms are implied in the contracts with customers for the supply of services, including: (a) that the supplier will carry out the service with reasonable care and skill; (b) that the supplier will carry out the service within a reasonable time (if the time of service is not fixed or fixed in a manner agreed); (c) that the party contracting with the supplier will pay a reasonable charge (if the consideration is not determined by the contract or left to be determined in a manner agreed or by course of dealing between the parties).

Unconscionable Contracts Ordinance (Chapter 458 of the Laws of Hong Kong) (“UCO”)

Under the UCO, if the Hong Kong court finds that a contract for sale of goods or supply of services (in which one of the parties deals as consumer) to have been unconscionable in the circumstances relating to the contract at the time it was made, the court may: (a) refuse to enforce the contract; (b) enforce the remainder of the contract without the unconscionable part; (c) limit the application of, or revise or alter, any unconscionable part to avoid unconscionable result.

Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong) (“CECO”)

The CECO limits the extent to which civil liability for breach of contract, or for negligence or other breach of duty, can be avoided by means of contract terms and otherwise.

Under section 7 of the CECO, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his liability for death or personal injury resulting from negligence. Further, in the case of other loss or damage, a person cannot so exclude or restrict his liability for negligence except in so far as the term or notice satisfies the requirement of reasonableness.

Under section 8 of the CECO, as between contracting parties where one of them deals as consumer or on the other’s written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach; (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him; or (iii) claim to be entitled in respect of the whole or any part of his contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness.

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Under section 9 of the CECO, a person dealing as consumer cannot by reference to any contract term be made to indemnify another person (whether a party to the contract or not) in respect of liability that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness.

In relation to a contract term, the requirement of reasonableness for the purposes of the CECO is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

Misrepresentation Ordinance (Chapter 284 of the Laws of Hong Kong) (“MO”)

The MO imposes a statutory liability for misrepresentation and controls the use of provisions excluding liability for misrepresentation in contracts. Liability may arise under the MO where a party to a contract is induced to enter into that contract by a misrepresentation of a material fact made by the other party. If the action is successful, the party who relied on the misrepresentation will be entitled to rescind the contract. Damages may also be granted if the misrepresentation was made fraudulently or negligently.

Regulations Relating to Importation and Exportation of Goods

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the “Import and Export Ordinance”)

The Import and Export Ordinance provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong, which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

The import and export of certain articles are prohibited unless with the relevant licences issued by the Director-General of Trade and Industry. If the goods to be imported or exported are “prohibited articles” or “reserved commodities” under the Import and Export Ordinance and the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations (Chapter 296A of the Laws of Hong Kong), shipping companies, airlines and transportation companies are required to deliver within 14 days to the Director-General of Trade and Industry the import/export licences together with the relevant manifests of the vessel, aircraft or vehicle.

Pursuant to the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong), every person who imports/exports any article other than an exempted article shall lodge with the Commissioner an accurate and complete import/export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation/exportation of the article to which it relates.

Hong Kong is a free port and does not levy any customs tariff on imports and exports.

HISTORY AND CORPORATE STRUCTURE

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We are a full-stack provider of smart hardware product solutions. The history of our Company dates back to July 2008 when we were established. See “— Corporate Development — Early Corporate Development” in this section below for details of our initial Shareholders. Through our continuous expansion over the years, we ranked sixth globally among smartphone ODM manufacturers in terms of ODM shipment volume in 2025 according to Frost & Sullivan.

MILESTONES OF DEVELOPMENT

The following is a summary of our major business development milestones:

Year	Event
2008	Our Company was established
2010	Our products began reaching users in overseas markets in the Middle East and India, and later extending to other global regions.
2014	We began to collaborate with Transsion.
2015	Our annual IDH mobile PCBA shipment volume exceeded 30 million units.
2016	Our research and development unit in Chongqing, China was established.
2018	We initiated the ODM transformation and established our research unit in Nanjing, while our Sichuan Yijing Smart Terminal Industrial Park project (四川易景智能終端產業園區項目) was commenced in the same year.
2020	We established mobile phone and wearable hardware ODM partnerships with Transsion, ZTE group, and TCL, while our Intelligent Wearables Division was founded in the same year.
2021	The first phase of the Yibin manufacturing base, namely Sichuan Yijing Smart Terminal Industrial Park, was put into production.
2023	Our sales in North America achieved a milestone breakthrough.
2024	The second phase of the Yibin manufacturing base, namely Sichuan Yijing Smart Terminal Industrial Park, was put into production.
2025	We continued to deeply plough the application scenarios of our AIoT products, such as AI data acquisition terminals and AI payment terminals.

HISTORY AND CORPORATE STRUCTURE

OUR COMPANY AND PRINCIPAL SUBSIDIARIES

The principal business activities, place and date of establishment of our Company and each of our principal subsidiaries that made a material contribution to our results of operations during the Track Record Period are shown below:

<u>Name of Entity</u>	<u>Principal Business</u>	<u>Date of Establishment and Commencement of Business Date</u>	<u>Place of establishment</u>	<u>Shareholding</u>
Our Company	Research and development and sale of smart hardware	July 16, 2008	Shanghai, PRC	/
Sichuan Yijing Intelligent Terminal Co., Ltd. (四川易景智能終端有限公司)	Manufacture, research and development and sale of smart hardware	October 16, 2018	Sichuan, PRC	98.15% ^(Note)
Innovatech (HK) Information Technology Limited 易景(香港)信息科技有限公司	Trading of electronic parts and components and telecommunications equipment	March 30, 2017	Hong Kong	100%

Note: As of the Latest Practicable Date, the remaining 1.85% was owned by Yibin Digital Economy Industry Development Group Co., Ltd. (宜賓數字經濟產業發展集團有限公司), an independent third party.

Our Company held the entire or majority of the equity interest in the above principal subsidiaries since their establishment.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

CORPORATE DEVELOPMENT

Early Corporate Development

At time of our establishment, our Company was established as a limited company with a registered capital of RMB3.0 million and owned as to by Mr. Sun Bin (孫斌), our Controlling Shareholder, as to 49.0% and two independent third parties, namely Mr. Huang Lian (黃連) and Mr. Huang Shiwei (黃世偉), as to 51.0% in aggregate. See “Directors and Senior Management” for further details of Mr. Sun Bin. Mr. Sun Bin acquired the remaining 51.0% from Mr. Huang Lian and Mr. Huang Shiwei following a series of transfers during August 2013 to May 2018.

HISTORY AND CORPORATE STRUCTURE

In May 2018, Mr. Sun Bin, Mr. Wang Tao, Mr. Chen Miaobo and three limited partnerships controlled by Mr. Sun Bin as their general partner, namely Shanghai Runsheng, Shanghai Gaozhu and Shanghai Yuchu by way of capital increase, subscribed for an aggregate of RMB7.0 million registered capital of our Company. In May 2019, Mr. Sun Bin transferred 4% equity interest in our Company to Shanghai Yijia, a limited partnership controlled by Mr. Sun Bin as its general partner. As a result of such capital increase and equity transfer, our Company was owned as to 26% by Mr. Sun Bin, 4% by Mr. Wang Tao, 4% by Mr. Chen Miaobo, 37% by Shanghai Runsheng, 15% by Shanghai Gaozhu, 10% by Shanghai Yuchu and 4% by Shanghai Yijia. Shanghai Runsheng, Shanghai Gaozhu and Shanghai Yuchu are employee shareholding platforms set up to incentivize our Directors, senior management members, core employees, and other persons who have a significant impact on our Company’s operating performance and future development, and as of the Latest Practicable Date, all of their partners were our employees or entity controlled by them. Shanghai Yijia is an entity controlled by Mr. Sun Bin with limited partners comprising external investors and strategic consultants. As of the Latest Practicable Date, all of Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia were controlled by Mr. Sun Bin as their common general partner with no limited partner holding 30% or more of the partnership interests.

In order to implement our Company’s equity incentive scheme adopted in January 2021, in January 2026, another employee shareholding platform, namely Shanghai Yilin Enterprise Management Partnership (Limited Partnership) (“**Shanghai Yilin**”) acquired 1,111,111 Shares at an aggregate consideration prescribed under such scheme which was RMB3.0 million, or approximately RMB2.7 per Share. As of the Latest Practicable Date, the general partner of Shanghai Yilin was Sun Haiyan (孫海豔), an independent third party who is an employee of our Company, and all of its limited partners were our current employees, and none of the limited partners held 30% or more of the partnership interests. All Shares granted under the equity incentive scheme have been fully vested, and no new Shares will be issued pursuant to the equity incentive scheme.

Conversion into a Joint Stock Company

In preparation for the [REDACTED], in December 2025, our Company was converted into a joint stock limited company with a registered capital of RMB10,000,000 divided into 10,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all our then Shareholders in proportion to their respective equity interest in our Company before the conversion.

Share Split upon [REDACTED]

As approved by our Shareholders’ meeting held on March 27, 2026, the ordinary Shares of the Company will be split on a one-for-twenty basis, and the nominal value of the Shares will be changed from RMB1.00 each to RMB0.05 each, effective upon completion of the [REDACTED]. Immediately after completion of the Share Split and the [REDACTED] (assuming no exercise of the [REDACTED]), the registered share capital of the Company will be RMB[REDACTED] with [REDACTED] Shares with a nominal value of RMB0.05 each. See “Share Capital” for further details.

As advised by our PRC Legal Adviser, in relation to all changes in the registered capital and equity of our Company, as well as the equity transfer of our Company, (i) they are in compliance with the provisions of the laws and regulations of the PRC in all material respects; and (ii) we have obtained the necessary approvals or completed the required filings with the competent authorities.

HISTORY AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENT

On January 29, 2026, the following Pre-[REDACTED] Investors entered into a capital increase agreement with our Company and our then Shareholders:

Name of the investor	Baoshan Jinpu	Shanghai Changhao	Yibin Private Economic Investment	Suzhou Straits
Last date of settlement.	February 10, 2026	February 10, 2026	February 13, 2026	February 14, 2026
Approximate cost per Share ⁽¹⁾	RMB126.90	(or as adjusted as if the Share Split had completed, RMB6.35)		
Amount of registered capital subscribed	RMB236,407	RMB236,407	RMB157,604	RMB78,802
Number of Shares acquired	236,407	236,407	157,604	78,802
Amount of consideration paid	RMB30.0 million	RMB30.0 million	RMB20.0 million	RMB10.0 million
Discount to the [REDACTED] ⁽²⁾	[REDACTED]			
Valuation of our Company ⁽³⁾	Post-money: RMB1.50 billion			
Basis of determination of the valuation and consideration	The basis of determination for the consideration of the Pre-[REDACTED] Investments were from arm’s length negotiation between our Company and the Pre-[REDACTED] Investors after benchmarking similar companies in the industry, with reference to among others, (i) the status of our business operations and financial performance at the relevant time, (ii) the business value of the Company and its subsidiaries at the time of the Pre-[REDACTED] Investments, (iii) the market conditions and the market value of comparable companies at the relevant time; and (iv) appraisal value of our Group determined in accordance with applicable law in the PRC.			
Use of proceeds and whether they have been fully utilized	We utilized the proceeds for the development and operation of our principal business of our Group. As of the Latest Practicable Date, approximately 40.0% of the net proceeds had been utilized by our Group. We intend to utilize the remaining net proceeds for working capital and general corporate purposes according to our business needs.			
Lock-up period.	Subject to a lock-up period of 12 months following the [REDACTED] Date pursuant to the PRC Company Law.			
Strategic benefits of the Pre-[REDACTED] Investments brought to our Group . .	Our Group would benefit from the additional capital injected by the Pre-[REDACTED] Investors in our Group, their business resources, knowledge and experience, potential business opportunities and benefits that may be provided by them, and their investments demonstrate their commitment and confidence in the business performance and operations, strengths and long-term prospects of our Group.			

Notes:

- (1) The cost per Share paid by the Pre-[REDACTED] Investors was calculated based on the amount of investment made by the relevant Pre-[REDACTED] Investors and the number of Shares acquired in each respective round of investment, as adjusted to reflect subsequent Share Split.
- (2) The discount to the [REDACTED] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [REDACTED] is HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and that the Share Split has been completed at the time of the investment.
- (3) The post-money valuation of our Company equals the total consideration paid by each round of Pre-[REDACTED] Investors divided by the percentage of equity interests held of such investors immediately following their investments.

Special rights granted to the Pre-[REDACTED] Investors

The Pre-[REDACTED] Investors were granted special rights including share redemption, drag-along, right of first refusal, tag-along right, pre-emptive right, anti-dilution right, rights in relation to corporate governance, dividend restriction, information rights, winding-up preference and most favored right. Save for right of first refusal and tag-along right as described below, all special rights will be terminated prior to [REDACTED]:

HISTORY AND CORPORATE STRUCTURE

- (1) *Right of first refusal:* Mr. Sun Bin, Mr. Wang Tao, Mr. Chen Miaobo, Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu, Shanghai Yijia or Shanghai Yilin shall not transfer any of its/his Shares to any third party unless it/he first offers them for sale to the Pre-[REDACTED] Investors at the same price and terms as the proposed transfer to the proposed transferee.
- (2) *Tag-along right:* If a Pre-[REDACTED] Investor does not exercise its right of first refusal in respect of a proposed transfer by Mr. Sun Bin, Mr. Wang Tao, Mr. Chen Miaobo, Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu, Shanghai Yijia or Shanghai Yilin, it will have the right to require the transfer of its Shares to the prospective transferee at the same price and terms as the proposed transfer to the proposed transferee on a pro-rata basis.

As such rights are private arrangements among shareholders without involving our Company, such rights will not lapse upon [REDACTED]. The survival of such rights after the [REDACTED] is in compliance with Chapter 4.2 of the Listing Guide.

Information about the Pre-[REDACTED] Investors

Baoshan Jinpu is a limited partnership established in the PRC, whose business scope includes general projects: engaging in equity investment, investment management, asset management, and other activities through private equity funds (registration with the Asset Management Association of China is required before commencing operations) (except for projects requiring approval by law, business activities may be conducted independently in accordance with the law based on the business license). As of the Latest Practicable Date, it (i) was controlled by its two general partners, namely Jinpu Industrial Investment Fund Management Co., Ltd. (金浦產業投資基金管理有限公司), whose ultimate largest shareholder was Shanghai Municipal State-owned Assets Supervision and Administration Commission, an independent third party, and Shanghai Baoshan State-owned Assets Industrial Development Co., Ltd. (上海寶山國資產業發展有限公司), which was ultimately controlled by Shanghai Baoshan District State-owned Assets Supervision and Administration Commission; and (ii) had more than ten partners, among which Shanghai Baoshan State-owned Capital Investment Management (Group) Co., Ltd. (上海寶山國有資本投資管理(集團)有限公司), which was ultimately controlled by Shanghai Baoshan District State-owned Assets Supervision and Administration Commission holding approximately 45.2% of its partnership interests, while none of the remaining partners holding 30% or more of its partnership interest.

Shanghai Changhao is a limited partnership established in the PRC, whose business scope includes general projects: enterprise management; enterprise management consulting; information consulting services (excluding licensed information consulting services); socio-economic consulting services; personal business services; business agency services; office services; conference and exhibition services (except for projects that require approval by law, business activities may be carried out independently in accordance with the law based on the business license). As of the Latest Practicable Date, it was controlled by Mr. Wu Xiaodong (吳曉東), an independent third party, as its general partner holding 99.0% of its partnership interest.

Yibin Private Economic Investment is a limited partnership established in the PRC, general projects: private equity investment, investment management, asset management, and other related activities (must be registered and filed with the Asset Management Association of China before commencing operations); venture capital (limited to investments in unlisted companies)(except for projects requiring approval by law, business activities may be conducted independently in accordance with the law based on the business license). As of the Latest Practicable Date, it was controlled by Yibin Gangxin Asset Management Co., Ltd. (宜賓港信資產管理有限公司)(which was ultimately controlled by Yibin Municipal Government State-owned Assets Supervision and Administration Commission, an independent third party), as its general partner holding 1.0% of its partnership interest, with its sole limited partner, namely Yibin Development Venture Capital Co., Ltd. (宜賓發展創投有限公司)(which was ultimately controlled by Yibin Municipal Government State-owned Assets Supervision and Administration Commission, an independent third party) holding the remaining 99.0%.

HISTORY AND CORPORATE STRUCTURE

Suzhou Straits Partnership is a limited partnership established in the PRC, whose business scope includes general projects: equity investment; venture capital investment (limited to investment in unlisted companies); investment activities with own funds; asset management services with own funds (except for projects that require approval by law, business activities may be carried out independently in accordance with the law based on the business license). As of the Latest Practicable Date, it was controlled by Mr. Shen Yujie (沈宇傑) as its general partner holding approximately 60.98% of its partnership interests, and had four partners, none of which owned 30% or more of the partnership interests.

Independence of the Pre-[REDACTED] Investors

To the best knowledge of our Directors, each of the Pre-[REDACTED] Investors and their ultimate beneficial owners is an independent third party.

Joint Sponsors’ Confirmation

The Joint Sponsors have confirmed that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 of the Listing Guide.

PUBLIC FLOAT AND FREE FLOAT

Pursuant to Rule 19A.13A(1) of the [REDACTED] Rules, assuming that the [REDACTED] is not exercised, the minimum prescribed public float percentage applicable to our [REDACTED] is at least 25% across the [REDACTED]. Upon the completion of the [REDACTED], the Share Split and the [REDACTED] of [REDACTED] Shares into [REDACTED] (without taking into account any [REDACTED] that may be [REDACTED] pursuant to the exercise of the [REDACTED]), an aggregate of 200,000,000 H Shares beneficially owned by Mr. Sun Bin, Mr. Wang Tao, Mr. Chen Miaobo, Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia not be counted towards the public float, while [REDACTED] H Shares (representing approximately [REDACTED]% of our total issued Shares), comprising (i) H Shares held by Shanghai Yilin and the Pre-[REDACTED] Investors (none of them is accustomed to take instructions from any core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and none of their acquisition of the Shares were financed directly or indirectly by our core connected person) and (ii) H Shares to issued pursuant to the [REDACTED], will be held by the [REDACTED] and counted towards the public float for the purpose of Rule 19A.13A(1) of the Listing Rules. Accordingly, our Company will maintain a public float that exceeds this requirement upon [REDACTED].

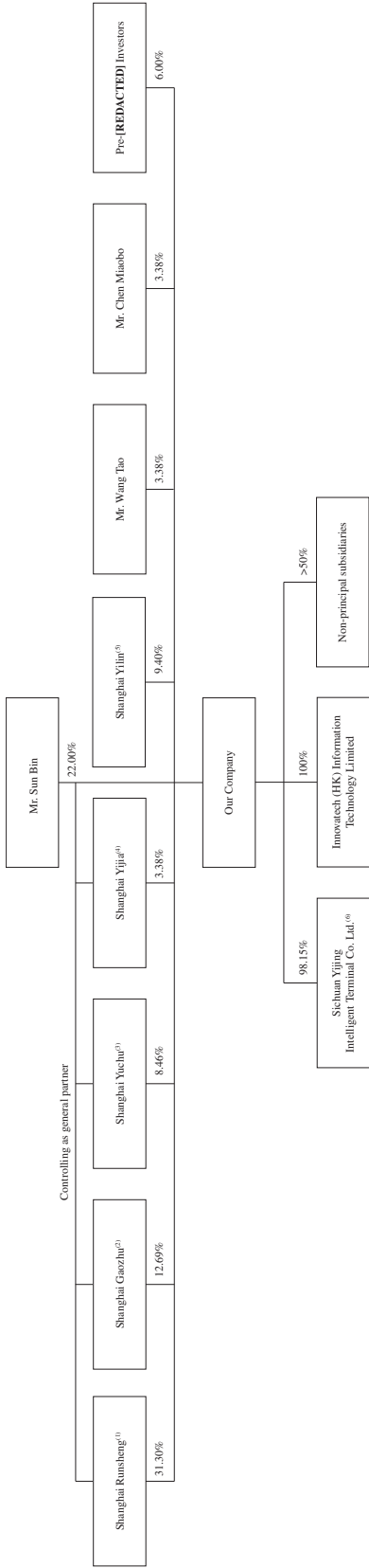
Under the applicable PRC laws, all existing Shareholders (including the Pre-[REDACTED] Investors) are subject to a 12 month’s lock period from the [REDACTED] Date. Therefore, H Shares held by all existing Shareholders upon the [REDACTED] shall not be counted towards the free float of the H Shares at the time of [REDACTED]. On the other hand, it is expected that upon the completion of the [REDACTED], the Share Split and the Conversion of Unlisted Shares into H Shares (without taking into account any H Share that may be [REDACTED] pursuant to the exercise of the [REDACTED]), [REDACTED] H Shares to be issued to the public pursuant to the [REDACTED] will not be subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), which will represent at least 10% of the total issued share capital of our Company, with an expected market value of not less than HK\$50,000,000 (based on the low-end of the indicative [REDACTED] range of HK\$[REDACTED]), which will satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules.

HISTORY AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Immediately before completion of the [REDACTED]

The following chart sets forth our simplified shareholding structure immediately before completion of the [REDACTED]:



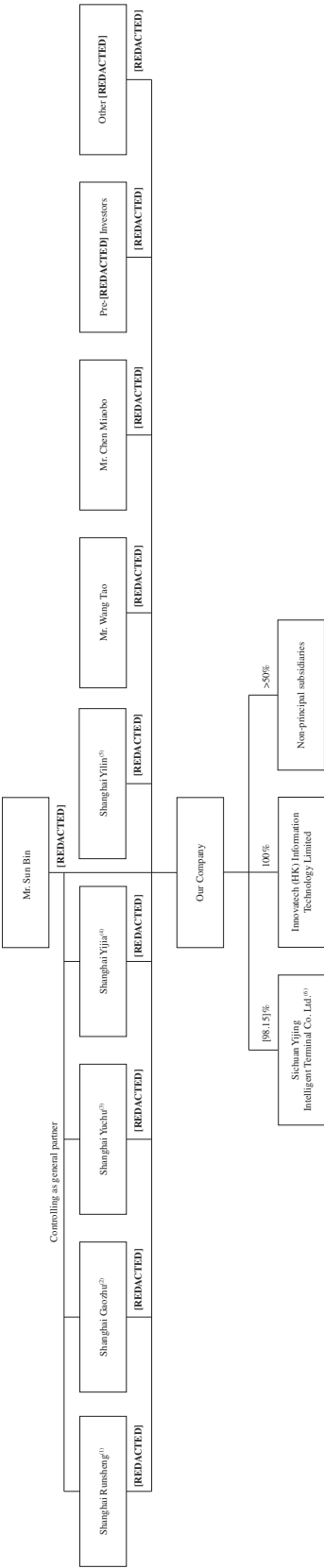
Notes:

- (1)-(4) Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yichu, and Shanghai Yijia are controlled by Mr. Sun Bin as their common general partner. See “ — Corporate Development — Early Corporate Development” in this section above for further details.
- (5) Shanghai Yilin is an employee shareholding platform. See “ — Corporate Development – Early Corporate Development” in this section above for further details.
- (6) As of the Latest Practicable Date, the remaining 1.85% was owned by Yibin Digital Economy Industry Development Group Co., Ltd. (宜賓數字經濟產業發展集團有限公司), an independent third party.

HISTORY AND CORPORATE STRUCTURE

Immediately following completion of the [REDACTED]

The following chart sets forth our simplified shareholding structure immediately following completion of the [REDACTED], the Share Split and the Conversion of Unlisted Shares into H Shares (assuming that the [REDACTED] Option is not exercised):



Notes: please refer to the explanatory notes in the preceding page.

BUSINESS

OVERVIEW

Who we are

We are a full-stack provider of smart hardware product solutions in the AI era, and one of the global top ten manufacturing solution providers for smartphone brands by shipment volume in 2025, according to Frost & Sullivan. We offer worldwide services from product definition, design and development to manufacturing and delivery. Our capabilities span product definition and planning, integrated hardware-software development with device-cloud coordination, supply chain integration, manufacturing and delivery.

We are committed to becoming a leading platform-based smart hardware company within our target sectors, driving industry digitalization through full-stack AIoT solutions, open innovation and operational efficiency. Powered by our Innovatech platform, we have established a business system encompassing opportunity sourcing, flexible design manufacturing and an ecosystem development model characterized by empowerment and synergy. This enables us to efficiently replicate and scale our capabilities across multiple sectors and respond rapidly to customer needs with tailored solutions. We offer a diversified product portfolio, anchored in smartphones, tablets and smartwatches, and have expanded into next-generation AIoT products, including AI data acquisition terminals, AI payment terminals, AI glasses, robotic industry and AIoT components and modules. Our product solutions serve a wide range of vertical scenarios, including smart wearables, smart energy, smart logistics, smart mobility and smart payment.

We have established long-term cooperative relationships with leading enterprises in the consumer electronics industry, including Transsion, with which we have maintained a cooperative relationship for more than ten years, and ZTE and TCL, with which we have cooperated for more than seven years. Transsion and ZTE are among the top ten smartphone brands globally by shipment volume. In 2025, we ranked sixth globally among smartphone ODM manufacturers in terms of ODM shipment volume, according to Frost & Sullivan. We were also the fastest-growing provider among the top ten smartphone manufacturing solution providers by CAGR of shipment volume from 2023 to 2025, according to the same source.

During the Track Record Period, our key achievements are set out in the following chart:

Market Position	Operational Data	Financial Data
According to Frost & Sullivan, in terms of shipment volume in 2025  Rank 6th Globally Rank Top 10 Globally Smartphone ODM manufacturers Smartphone manufacturing solution provider	 Exceeding 35 million Shipment volume of smartphone ODM during the Track Record Period	2025  RMB3,219.3 million 20.3% CAGR (2023-2025) Revenue
According to Frost & Sullivan, by CAGR of shipment volume (23-25)  Fastest-growing Among the top 10 smartphone manufacturing solution provider	During the Track Record Period  2.0 million Maximum monthly order delivery capabilities	2024-2025  59.6% AIoT revenue increase rate

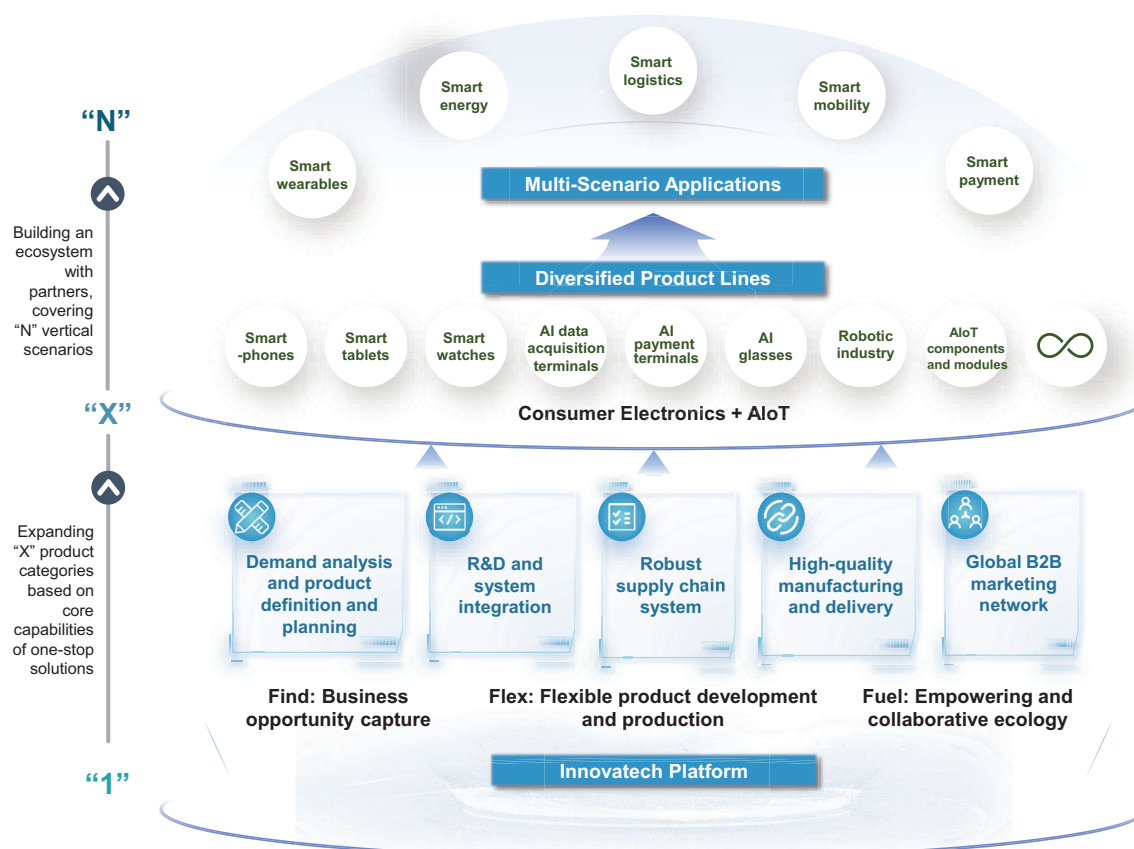
BUSINESS

Our Market Opportunities and the Innovatech Platform

Driven by the rapid advancement of AI, demand for intelligent upgrades across consumer electronics, IoT, automotive electronics and other industries have continued to grow. Among these, consumer electronics, with their broad user base and high user engagement, are expected to serve as primary carriers for the deployment of general AI applications. According to Frost & Sullivan, the global market size of smart terminal manufacturing solutions is projected to reach 1,517.5 million units by 2030, representing a CAGR of approximately 2.8% from 2025 to 2030. At the same time, the global market size of AIoT products manufacturing solutions is expected to reach RMB1,965.9 billion by 2030, representing a CAGR of approximately 47.4% from 2025 to 2030.

AI-driven innovation is raising the bar for smart hardware providers in terms of product R&D, supply chain management, flexible manufacturing and quality control. Providers are increasingly required to efficiently translate AI prototypes from early-stage concepts into mass-produced products. As a provider of full-stack smart hardware product solutions in the AI era, we have established our unique and proprietary Innovatech platform, which enables agile insight into customer demand, application-driven innovation, cost-efficient development and rapid delivery, empowering customers across industries in efficiently providing customization services and delivering project execution.

An overview of our Innovatech platform is set out in the following diagram:



- Demand analysis and product definition and planning:** We are able to proactively identify customer needs and precisely define products, enabling our partners to expand product's intelligent features. Our Innovatech platform adopts an integrated device-cloud architecture and a end-to-end modular design approach, allowing us to respond quickly to market trends and align product solutions with evolving customer requirements.

BUSINESS

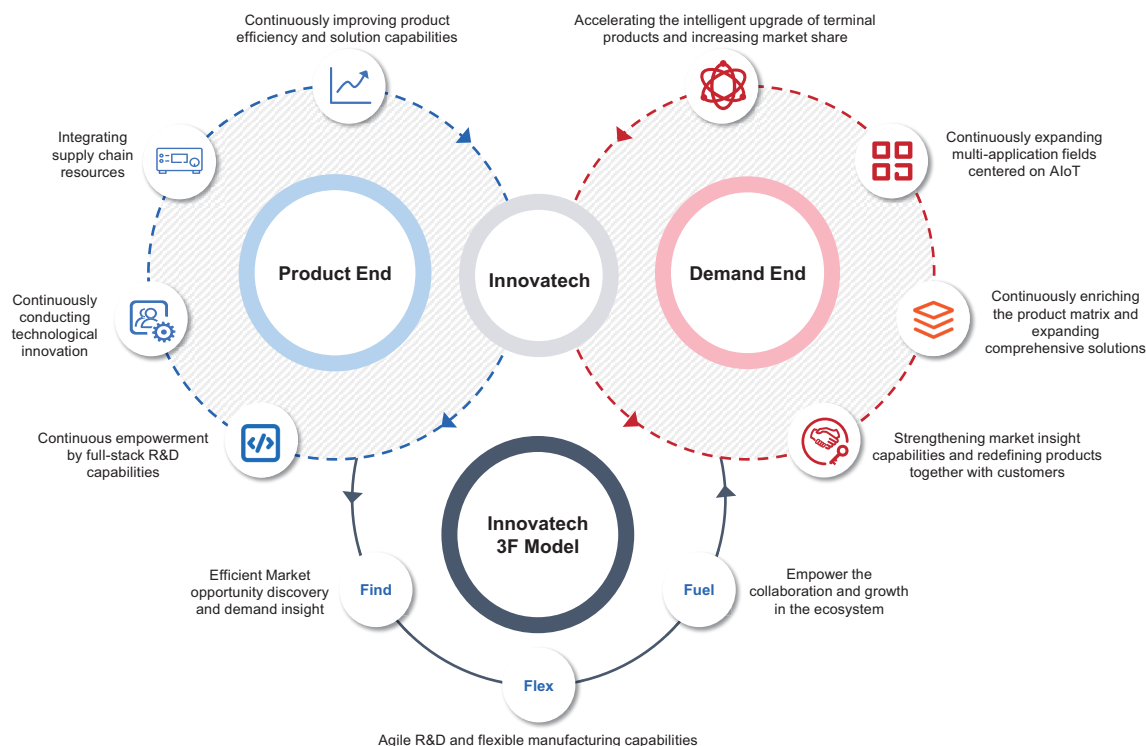
- **R&D and system integration:** We possess full-stack technology R&D capabilities and strong systems integration expertise. Based on Android and real time operating systems (“RTOS”), we carry out in-depth customized development to provide customers with integrated solutions across multiple product categories with seamless device-cloud coordination. In addition, we have established a comprehensive digital governance framework and, with a flexible product development and production system at its core, built an ecosystem-powered platform that promotes cross-functional collaboration. This allows us to provide tailored enablement support for product lines at different stages of development and to create a rich and diversified range of product offerings.
- **Robust supply chain system:** We have established a mature and stable supply chain management system. Through close collaboration with our suppliers, including joint development of new processes and technologies, we enhance product competitiveness. Our long-standing and deep cooperation with leading enterprises across industries has enabled us to build strong access to top-tier supply chain resources, enhance our supply chain responsiveness, and deliver quality product and solution offerings to our customers.
- **High-quality manufacturing and delivery:** With our Yibin manufacturing base as the principal facility, we have established a smart factory system under the Innovatech platform. Supported by our years of stable cooperation with leading customers across industries, we are able to quickly identify and efficiently implement customers’ delivery requirements. We have put in place a rigorous quality control system, and, backed by the manufacturing base’s automated lean manufacturing and flexible production and delivery capabilities, we are able to achieve stable, efficient and high-quality mass delivery.
- **Global B2B marketing network:** We have established a global B2B marketing network that enables us to effectively reach customers across different industries and regions, respond promptly to their evolving business needs and identify new commercial opportunities. Through coordinated customer development, account management and market expansion efforts, we are able to strengthen customer engagement, enhance customer stickiness, improve service quality and responsiveness, and support the commercialization of our product solutions on a global basis.

Our platform capabilities are further reinforced by our “3F” model, consisting of “Find,” “Flex” and “Fuel.” “Find” represents our business opportunity capture capability, enabling us to identify customer demand and market opportunities at an early stage. “Flex” represents our flexible product development and production capability, which allows us to respond quickly to changing customer requirements and efficiently advance projects from development to commercialization. “Fuel” represents our empowering and collaborative ecosystem, which enhances innovation, strengthens execution and supports the scalable growth of our business.

Benefiting from the evolving capabilities of our Innovatech platform, we are able to closely track end-market trends and rapidly integrate supply chain resources to deliver a broad range of smart hardware product solutions based on customer needs. This platform enables us to capture growth opportunities across industries such as consumer electronics, IoT, automotive electronics, etc., and to drive greater adoption of intelligent technologies. Our successful cooperation with ecosystem partners reinforces our platform capabilities, enhances our market presence and creates a stronger network effect.

BUSINESS

The growth flywheel of our platform is illustrated in the following diagram:



Benefiting also from our Innovatech platform and closed-loop ecosystem, we achieved sustained growth in both our business and financial performance throughout the Track Record Period.

- During the Track Record Period, we recorded steady business growth, and had acquired 23 new strategic customers globally. Supported by our broad customer base and strong customer stickiness, our revenue increased from RMB2,225.2 million in 2023 to RMB3,508.5 million in 2024 and RMB3,219.3 million in 2025, representing a CAGR of 20.3%.
- During the Track Record Period, our gross profit also recorded solid growth. Our gross profit increased from RMB221.3 million in 2023 to RMB239.0 million in 2024 and RMB304.6 million in 2025.

OUR COMPETITIVE STRENGTHS

Our Innovatech Platform Enables us to Efficiently Capture Opportunities in the Smart Hardware Market

We are a provider of full-stack smart hardware product solutions in the AI era. Centered on our Innovatech platform and supported by our end-to-end digitalized capabilities, we are able to accurately identify evolving customer needs and collaborate with partners to facilitate intelligent upgrades across industries including consumer electronics, AIoT, energy, etc. We operated under a unique “1 + X + N” model, whereby our Innovatech platform (“1”) supports a diversified portfolio of smart terminal and AIoT product categories (“X”), which are deployed across a wide range of vertical application scenarios (“N”). In the consumer electronics sector, we have established a prominent market position. In terms of smartphone ODM shipments in 2025, we ranked sixth globally according to Frost & Sullivan.

BUSINESS

Centered on the Innovatech platform, we have deeply integrated and organically coordinated key functions including design and R&D, supply chain management and manufacturing, creating strong synergies and mutually reinforcing value across technology reuse, customer conversion, resource sharing and information connectivity, and establishing a one-stop digital collaboration platform. Through deeply customized systems, including CRM, Supplier Relationship Management (“SRM”), ERP, MES, PLM and HRM, we have achieved digital collaboration across R&D, procurement, production and delivery, enabling us to provide customers with full-stack smart hardware product solutions. We were able to meet customers’ customized requirements, which positions us at the forefront of smart terminal and AIoT customization. Powered by the digital capabilities of our one-stop platform, we are able to standardize and scale the implementation of personalized customer requirements, while maximizing resource utilization efficiency, and continuously ensuring product quality and delivery stability.

Our accumulated experience and continuous enhancement of our platform capabilities enable us to efficiently capture market opportunities and scale deployment across multiple application scenarios. As of December 31, 2025, we received a number of recognitions and awards, including national-level and provincial-level Specialized and Sophisticated SME (專精特新小巨人), national-level High-Tech Enterprise (高新技術企業), Intellectual Property Advantageous Enterprise (知識產權優勢企業).

Strong Full-stack Technological Capabilities

We have established the core Innovatech platform, which provides end-to-end full-stack technological capabilities and supports a comprehensive proprietary intellectual property system. As of the Latest Practicable Date, we had obtained 146 patents, including 64 invention patents, 51 utility model patents and 31 design patterns. According to Frost & Sullivan, in the field of full-stack smart hardware product solutions in the AI era, we rank among the industry leaders in both the scale of our patent portfolio and technological innovation capabilities, with overall technological strength demonstrating a clear industry-leading edge.

We leverage our Technology Development Institute to stay closely attuned to leading trends in the smart hardware market and to pursue forward-looking strategic initiatives. By continuously advancing and exploring AIoT technologies, we have developed a comprehensive technology capability map. Supported by an integrated device-cloud collaborative architecture, we have gradually built-up core technological capabilities spanning the entire value chain, including industrial design, structural design, hardware design, software development and app development, providing solid technical support for product innovation and solution implementation. Furthermore, our core Innovatech platform has achieved stable and efficient operation. With its strong technological integration and coordination capabilities, it is able to effectively support the application of a wide range of core technologies and accurately address customers’ diverse needs for customization, high quality and intelligent solutions, further strengthening our core competitiveness.

Our full-stack technological capabilities extend from underlying infrastructure to upper-layer applications, with deep collaboration across all technology layers, forming the foundation of our efficient customization services and scalable delivery capabilities:

- **Underlying architecture design:** We possess full-stack design capabilities for major mainstream platforms such as UNISOC (Shanghai) Technologies Co., Ltd. (“UNISOC”) and MediaTek Incorporated (“MediaTek”), covering key areas including heterogeneous computing, high-speed interconnects, low-power management, thermal management, radio frequency and hardware security, and has formed an independent and well-controlled platform-based design system. Through deep chip-level integration, signal integrity optimization, dynamic power management and design geared toward mass production, we are able to significantly enhance product performance, battery life, stability and cost competitiveness.

BUSINESS

- **Embedded system and driver development:** We possess driver development capabilities for Android, RTOS and microcontroller units (MCUs). Through deep coordination and optimization between low-level software and hardware, we enhance system stability, power efficiency, boot speed and reliability, thereby providing robust and independently controllable low-level software support for our smart hardware products.
- **Integrated device-cloud coordination:** With a device-cloud collaborative architecture, we are able to collect and upload data from terminal devices in real time, while using our cloud platform for data aggregation, analysis and refined management. Combined with AI-enabled deep data integration, modeling and application, we further unlock the value of data and provide customers with customized solutions tailored to their business scenarios, helping them enhance device intelligence and improve management efficiency.
- **Deployment of Artificial Intelligence Applications:** We have developed and commercialized AI applications across scenarios such as human-machine interaction and BMS, including battery health monitoring and pattern recognition. We also support multi-protocol connectivity to enable intelligent IoT ecosystems across smart mobility, smart energy and other applications.

Stable and Well-established Global Collaborative Ecosystem

Through continuous evolution of our Innovatech platform and deep integration with global industrial partners, we have jointly established a full-stack smart hardware ecosystem in the AI era. Our platform enables efficient matching of high-quality supply chain resources and rapid response to evolving customer demands, creating strong network effects and enhancing our market influence.

- **Loyal customer base**

Leveraging the advantages of our Innovatech platform and end-to-end service capabilities, we have continuously expanded the application scope of our application scenarios and customer base. Through long-term collaboration with leading customers in consumer electronics and other sectors, we have strengthened customer stickiness and market presence. During the Track Record Period, we had acquired 23 new strategic customers globally, including leading enterprises across consumer electronics and AIOT. Leading smart terminal brands apply stringent selection criteria when choosing partners, taking into account a range of factors such as technological R&D capabilities, manufacturing capacity, quality management systems and delivery assurance capabilities. Once selected, partners are typically preferred for long-term, stable and scaled strategic cooperation. Through deep involvement in their product planning and R&D design processes, we have continued to strengthen our industry insight, enhance our platform capabilities through ongoing iteration, and further expand our multi-field technical expertise. This has reinforced the Innovatech platform’s ability to break down cross-industry and diverse customized needs into standardized modules, enabling efficient adaptation and scalable reuse of solutions across a wide range of scenarios, while also helping us build a strong market reputation and broad brand recognition. For details, please see “Business — Our Customers”.

- **Mature and stable supply chain management**

As of the Latest Practicable Date, we had partnered with over 400 supply chain partners and had established long-term, stable relationships with key chip suppliers, electronic component suppliers and structural component suppliers. We integrated high-quality supplier resources both in China and overseas and has developed an efficient and collaborative supply chain partnership mechanism through effective supply chain coordination and tiered, categorized supplier management, centered on three key priorities: enhancing product performance, maintaining

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effective cost control and assuring product quality. We have also established long-term and stable strategic partnerships with our key suppliers, and our core partners are able to give priority to securing production capacity and providing cost-competitive material resources. In product development, we engaged in joint R&D with our core suppliers to drive innovation in product appearance and manufacturing processes and to facilitate the implementation of new solutions. We also worked closely with mold suppliers to achieve the large-scale commercial production of innovative structural designs and enhance the structural reliability of our products. Through close collaboration with upstream supply chain partners, we combined suppliers’ technological strengths and resource advantages with our own product planning, thereby fostering an industrial collaboration ecosystem featuring value co-creation, risk sharing and mutual benefit. Supported by this supply chain system, we are able to provide customers with high-quality product solutions, continuously strengthen our core competitiveness and create long-term value for our customers. For details, please see “Business — Our Suppliers”.

Comprehensive Product and Solution Portfolio

We provide full-stack smart hardware product solutions covering product definition, R&D, manufacturing and delivery. Our end-to-end service capabilities enable us to integrate deeply into our customers’ product development processes and co-develop optimized product details. Powered by our Innovatech platform, we offer customers a broad portfolio of smart hardware and AIoT products, enabling the deployment of intelligent solutions across a wide range of application scenarios.

- **Comprehensive product portfolio:** We provide smart hardware products such as smartphones, tablets, smartwatches and related accessories, as well as products including AI data acquisition terminals, AI payment terminals, AI glasses, robotic industry and AIoT components and modules. Together with our integrated device-cloud collaborative solutions, these offerings enable us to meet users’ diverse smart hardware needs.
- **Product definition and customization capabilities:** Our strong product definition capabilities enable us to proactively capture customer needs and market opportunities and efficiently convert them into commercially viable product concepts and solution plans. We are able to provide customized services tailored to the specific requirements of our customers. Leveraging the technological reusability of our Innovatech platform and our accumulated expertise, we embed customization capabilities across the entire product value chain, including demand definition, R&D, production, delivery and after-sales services.
- **Multi-scenario deployment capabilities:** Our product solutions are adaptable across multiple industries including consumer electronics, smart wearables, smart energy, smart logistics, smart mobility, smart payments and other enterprise scenarios. We support a flexible supply model combining “small-batch customization with large-scale delivery”.

Intelligent Manufacturing Capabilities Enabling Efficient and High-Quality Delivery

With Yibin, Sichuan as our core manufacturing base, we have built an integrated business system covering manufacturing and digital support, with core capabilities in large-scale flexible manufacturing, digitalized operations, and efficient, high-quality fulfillment, enabling it to provide customers with customized production and large-scale delivery services. This helps us achieve efficient mass production, refined cost control, and rapid responses to customers’ diverse business needs, while ensuring large-scale delivery with high efficiency and quality.

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- **Stable and high-quality manufacturing capabilities:** We operate one self-owned manufacturing base, 11 high-speed SMT lines and 20 assembly and packaging lines, giving it large-scale manufacturing capacity for up to 16 million units/sets of smart hardware annually. Leveraging a flexible production model and optimized resource allocation, we are able to ensure stable and efficient order fulfillment. In addition, we have established a comprehensive quality management system and has obtained a number of certifications, including ISO 9001, ISO 14001, CCC, Environmental Compliance Certification, ISO 45001, RoHS and REACH.
- **Efficient operation:** Leveraging digitalized management across our operational chain, we have established an intelligent and refined operational system that enhances coordination across product development, supply chain management, manufacturing, logistics and inventory control. Supported by advanced digital collaboration tools and digitalized operating systems, we are able to improve operational visibility, optimize resource allocation, strengthen supply chain responsiveness and enhance manufacturing efficiency, thereby supporting efficient project execution and reliable delivery.
- **Customer-centric service:** We are committed to delivering responsive and customer-centric services throughout the product life cycle. By closely coordinating our engineering, quality control and project management functions, we are able to provide timely technical support, respond promptly to customer needs and resolve issues efficiently after delivery. This integrated service capability helps us enhance customer satisfaction, strengthen long-term customer relationships and reinforce our market competitiveness.

Visionary Founders and Experienced Management Team with Profound Industry Insights

Our management team possesses extensive industry experience and strategic vision. Our Chairman and Chief Executive Officer, Mr. Sun Bin, has more than 20 years of experience in the smart hardware industry. Since founding the Company in 2008, he has leveraged his expertise in consumer electronics and IoT to guide the development of our platform-based business model. Leveraging our platform-based model featuring one-stop solutions and full-stack technological capabilities, he has guided the Company in capturing the long-term trend towards intelligent terminal development. Our core management team has, on average, more than 10 years of industry experience, with a majority of them come from leading industry brands and listed ODM companies. This gives us deep insight into the development trends of the intelligent manufacturing industry and evolving customer needs.

We are committed to fostering an innovative and entrepreneurial platform where talented people can excel even further. By establishing and continuously improving our talent development, incentive and promotion mechanisms, we have built a young, creative team with diverse academic backgrounds. Our core R&D and product teams bring together expertise across multiple disciplines, including mechanical engineering, electronic engineering and physics, with a well-balanced talent structure and strong professional capabilities. Most of our R&D personnel hold a bachelor’s degree or above, providing solid talent support for our technological innovation, product iteration and sustainable business growth.

Our Development Strategies

Continue to iterate our Innovatech Platform to maintain technological leadership

We will continue to iterate our Innovatech platform through ongoing optimization of our business systems and flexible manufacturing, thereby reinforcing our technological leadership.

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- We will continue to enhance our capabilities in flexible manufacturing by establishing new production line, introducing advanced equipment and technologies, and deploying professional team. Leveraging our full-stack information platform, we can respond quickly to customer order demands.
- We will also continue to enhance our Innovatech platform’s capabilities in identifying market opportunities, gaining insights into customer needs, agile R&D and flexible manufacturing, while advancing its digital capabilities to build a full-stack information platform.

Continue to deepen the application of AI technologies, comprehensively embrace AI

We will continue to embrace AI technologies. By integrating AI capabilities with our accumulated data and resources, we will further enhance AI functionalities across our product portfolio, accelerate the intelligent upgrade of our terminal products, and iterate our operational system with AI.

- We will further expand our investment in AI, including both hardware and software algorithms. We will continue to develop and optimize our AI platform to improve internal operation. We have established a dedicated AI R&D team to drive cost efficiency.
- We will focus on the origination and development of AI-native and AI-driven products or solutions to further diversify our offerings and capture the demand for intelligent upgrades across various scenarios.
- We will continue to leverage AI technologies to upgrade operational system and improve internal efficiency. We will deepen the application of AI in supply chain management to optimize demand forecasting and inventory management, empowering our agile supply chain management. In addition, we will adopt AI to assist in decision-making of our information platform, and explore the application of AI in fields such as selling and marketing.

Advance Our Integrated AIoT Software–Hardware Ecosystem

We will continue to strengthen our integrated AIoT software-hardware ecosystem by expanding ecosystem partnerships, enhancing connectivity across the value chain and unlocking new growth opportunities.

- We will deepen collaboration with key upstream suppliers and pursue investment and acquisition opportunities in high-quality enterprises. These efforts will enhance our resource integration, technological advancement and cost optimization, further strengthening our platform capabilities.
- We will broaden our service scope and explore innovative business models by deepening cooperation with high-quality enterprise customers. Through cooperation with customers in fields such as innovative hardware and robotic industry, we aim to develop diversified product and solution offerings for both B-end and C-end markets.

Expand Our Global Customer Base and Scaling Our User Reach

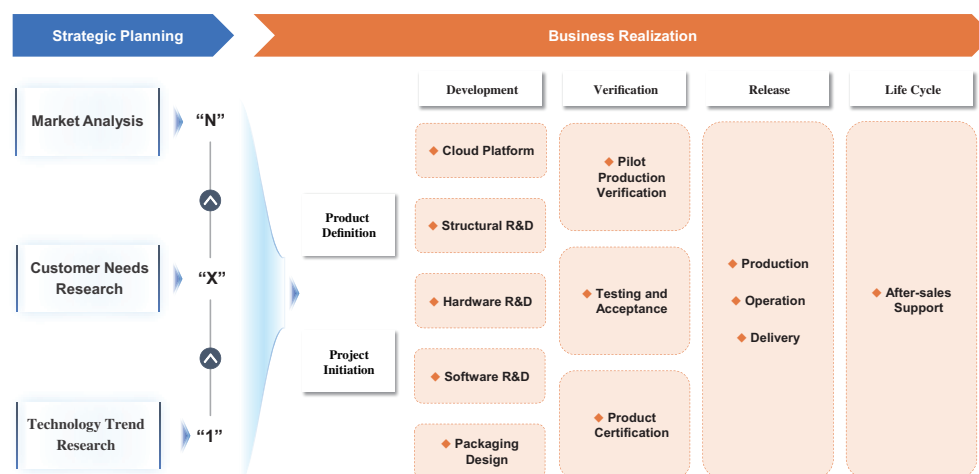
Leveraging our Innovatech platform and accumulated operational experience, we intend to deepen cooperation with existing customers and strengthen our presence in our established markets. At the same time, we will continue to expand our product portfolio and application scenarios to increase our business scale and increase our market share, while extending our overseas footprint.

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- Building on our platform capabilities, we will continue to enrich our product offerings, expanding from our existing product lines, such as smartphones and tablets, into AIoT components and modules, AI glasses, and enterprise AIoT solutions. We aim to continuously extend the boundaries of our products and business lines, enhance the breadth and depth of our offerings and expand into a wider range of terminal applications. We will focus on downstream sectors, including smart healthcare, data acquisition terminals, AI payment terminals, automotive electronics, smart energy and robotic industry, and target leading enterprises within these sectors to capture growing demand for smart hardware product solutions.
- We will continue to invest in our sales and increase our efforts in overseas markets expansion. Leveraging our domestic operating model, we plan to replicate and localize our go-to-market strategies internationally. We intend to expand our overseas customer base through a combination of online marketing, partnerships with local distributors and participation in international trade exhibitions, thereby increasing our market share in global markets.

OUR BUSINESS MODEL

We position ourselves as a platform-based provider of full-stack smart hardware product solutions for the AI era, with a strategic focus on selected high-growth segments within the smart terminal and AIoT ecosystem. We deliver integrated solutions that combine hardware, embedded software and cloud service capabilities to business customers, supported by our supply chain and manufacturing capability.



The Innovatech Platform

Central to our platform-based positioning is our Innovatech Platform, which is an integrated, reusable capability base to support the delivery of smart hardware products/solutions across multiple categories and vertical scenarios. The Innovatech Platform is designed to enable “hardware + embedded software + cloud service” integrated delivery, so that we can meet customers’ differentiated requirements.

On the cloud side, our Innovatech Platform supports a set of core platform functions that include, among others, device management, alert management, operations management and dashboards, as well as system administration modules such as user/role/account management and operation logs. For

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customers that do not have their own cloud capabilities, we are able to provide relevant cloud service hosted on our infrastructure so that such customers can access authorized cloud service without building their own cloud systems.

On AI side, the Innovatech Platform is designed to support both edge-side deployment and cloud-side deployment. In practice, we integrate third-party foundation model capabilities where appropriate, while we build and operate our own device-side engineering, application logic, and cloud service management, and perform customization and optimization on top of partner models.

Core Operating Model: Platform-based Provider of Full-stack Smart Hardware Product Solutions

We operate a flexible and integrated platform-based business model designed to participate deeply in customers’ product development and commercialization processes, from early-stage product definition through engineering validation and manufacturing delivery. A key part of our value proposition is our ability to support customers in product definition and deliver integrated solutions across the product lifecycle.

Depending on the product category and project scope, our integrated services typically include:

- product definition support and requirement analysis (including scenario adaptation);
- system and industrial design coordination;
- hardware design and optimization;
- embedded software and system-level development;
- Integrated device-cloud design;
- module/component-level customization;
- prototyping, EVT/DVT/PVT-style verification support;
- integrated testing, including factory-stage test tool/solution development;
- certification and compliance support;
- full life-cycle product quality management;
- supply chain coordination and procurement; and
- manufacturing and delivery.

Our platform capability includes the integration of hardware, software and cloud services. For AI-enabled products in particular, we also cooperate with third-party foundation model providers.

We pursue our growth through a “1 + X + N” strategic framework, which is designed to anchor our operations in a scalable core capability while enabling orderly expansion into new product categories and application scenarios. “1” represents core platform-level competencies, where we have accumulated extensive experience from product definition and system design to hardware and software development, supply chain coordination, manufacturing and delivery. Building on this foundation, “X” represents our deliberate expansion into multiple smart terminal and AIoT products beyond our core platform competence, evidencing our capabilities to efficiently reuse our underlying engineering

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modules, system architecture and supply chain resources to develop and commercialize new device forms and solution. “N” represents the vertical application scenarios and industry sectors in which our products are deployed, including smart wearables, smart energy, smart logistics, smart mobility, smart payments and other enterprise scenarios. Under this framework, we do not treat each new product or scenario as a one-off project; instead, we seek to replicate and extend reusable platform capabilities across “X” categories and “N” scenarios, thereby improving development efficiency, shortening time-to-market for new products and enhancing our ability to provide customers with integrated solutions.

As AI-enabled features increasingly become baseline requirements across smart terminals and AIoT hardware, our “1 + X + N” strategy enables us to leverage our core platform capabilities to expand across multiple product lines, embedding AI-related system integration and software capabilities. In practice, this strategy supports a balanced approach: we maintain operational stability and execution efficiency in our core business, while selectively incubating and scaling additional categories and vertical solutions to capture commercially attractive opportunities where our platform-based capabilities can deliver differentiated value to customers.

OUR PRODUCTS

We offer a diversified and evolving portfolio of smart hardware product solutions across multiple product categories, covering both smart terminal devices and AIoT hardware. Our principal products primarily comprise smart terminal and AIoT products. Our smart terminal products mainly include smartphones, which remain an important foundation of our business and reflect our accumulated strengths in product definition, system design, hardware and software development and large-scale delivery. Our AIoT products include smart wearables and enterprise AIoT products, such as walkie-talkies, data acquisition terminals and other intelligent connected devices and modules for diversified application scenarios. Across these major product categories, we provide customers with platform-based full-stack smart hardware services and, where required, integrated hardware, software and cloud-enabled solutions, enabling us to address a broad range of consumer and industry-facing needs through a diversified and evolving product portfolio.

The following table sets out an overview of our revenue breakdown by product:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Smart Terminal Products:						
– Smartphones	1,949,305	87.7	3,359,475	95.7	2,983,958	92.7
– Others ⁽¹⁾	145,586	6.4	23,882	0.7	47,163	1.5
AIoT Products:						
– Smart wearables	94,786	4.3	71,930	2.1	118,491	3.7
– Enterprise AIoT products.	33,780	1.5	40,787	1.2	61,436	1.9
Others	1,784	0.1	12,383	0.3	8,293	0.2
Total	2,225,241	100.0	3,508,457	100.0	3,219,341	100.0

Note:

(1) Refers to the sales of consumer-grade tablets and components.

We are able to deliver our offerings in flexible forms, depending on customer requirements and project scope. We may deliver two-wheeler central control platform, and in certain cases we also deliver components or subsystems, such as central control platforms or BMS protection boards. In addition, we differentiate ourselves by providing integrated “hardware + software + cloud” solutions. For customers that lack cloud service capabilities, we are able to provide the supporting cloud services and cloud

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systems as part of an integrated solution package, enabling customers to commercialize smart products with reduced system integration burden. For example, for customers that do not possess in-house cloud capabilities, we may provide an integrated cloud service system for two-wheeler applications, including vehicle positioning and status management. By connecting to the cloud service infrastructure we provide, customers can readily enable mobile app functionalities for end users, such as viewing vehicle location, battery level and lock status.

Smart Terminal Products

Smartphones

Smartphones constitute one of our core product categories and form an important foundation of our overall business and solution offerings. We provide platform-based full-stack smart hardware services for smartphones to a range of brand customers, primarily serving customers with diversified market positioning and distribution footprints, including customers that sell products into overseas markets through their own sales networks. We are the world’s sixth largest smartphone ODM company in terms of smartphone ODM shipments in 2025, according to Frost & Sullivan. We provide full-stack smart hardware services to a wide range of leading global brands, including Transsion, TCL and ZTE. During the Track Record Period, we have successfully delivered several best-selling phone models in the global market, such as ITTEL A50, Infinix Smart 9 HD and ZTE A76. Leveraging our long-standing experience in the smartphone industry, we have delivered smartphones for approximately ten years. We also maintain a broad channel and customer coverage, with our products serving both local brand and telecom operators globally.

Our smartphone full-stack smart hardware services are designed to accommodate diversified customer needs across different market segments and distribution channels. We adopt a flexible customization approach in smartphone development, enabling customers to tailor product specifications and industrial designs to their target user groups and commercial objectives. Our ability to execute such customization efficiently is supported by (i) our modular architecture design, which enabled us to shorten customization cycles, and (ii) our engineering capabilities in thermal management, power consumption management, system smoothness, imaging performance, RF and audio performance, product reliability optimization, etc. for performance-oriented terminals.

In terms of core technology, our smartphone solutions benefit from engineering capabilities in (i) 5G communications (including 5G-A) multi-band RF optimization and protocol stack customization, (ii) multi-sensor fusion positioning (with positioning accuracy of 2.5 meters) and indoor navigation path planning, and (iii) chip-level low-power optimization and security encryption. These capabilities are applied to our smartphone products to enhance signal stability and data rate, optimize power consumption and positioning performance, and strengthen security for payment and data protection needs, while supporting multi-brand customization requirements.

We develop and deliver smart terminal devices across both 4G and 5G platforms, and our smartphone and tablets portfolio includes models designed to address mass-market requirements such as display size, battery endurance, imaging performance, durability, etc. The following table sets forth certain representative smartphone and tablet products for which we provided platform-based solution services during the Track Record Period:

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Brand & Model	Product Picture	Year of Launch	Product Specifications & Key Features
ZTE A76.		2025	Chipset: T780 (octa-core 5G) Display: 6.745” Cameras: 5MP front + 50MP rear Feature: IP54 water resistance
Infinix Smart 9 HD.		2024	Chipset: G36 (octa-core 4G) Display: 6.67” Cameras: 8MP front + 13MP rear
ITEL A50		2024	Chipset: T603 Display: 6.56” Cameras: 5MP front + 8MP rear

During the Track Record Period, smartphones have historically contributed a significant portion of our overall revenue and have remained a key source of operational stability. At the same time, the engineering capabilities and supply chain resources we developed through the smartphone and tablets business have supported our strategic expansion into other smart hardware and AIoT-related product categories under our “1 + X + N” strategy.

Others

Our other products under the smart terminal products consists of tablets and components. Our tablet business focuses on delivering tailored solutions for diverse application scenarios. Similar to our smartphone products, leveraging our modular design approach and system integration expertise, we are able to efficiently develop and scale tablet products with stable performance and reliable user experience. The following table sets forth certain representative tablet products for which we provided platform-based solution services during the Track Record Period:

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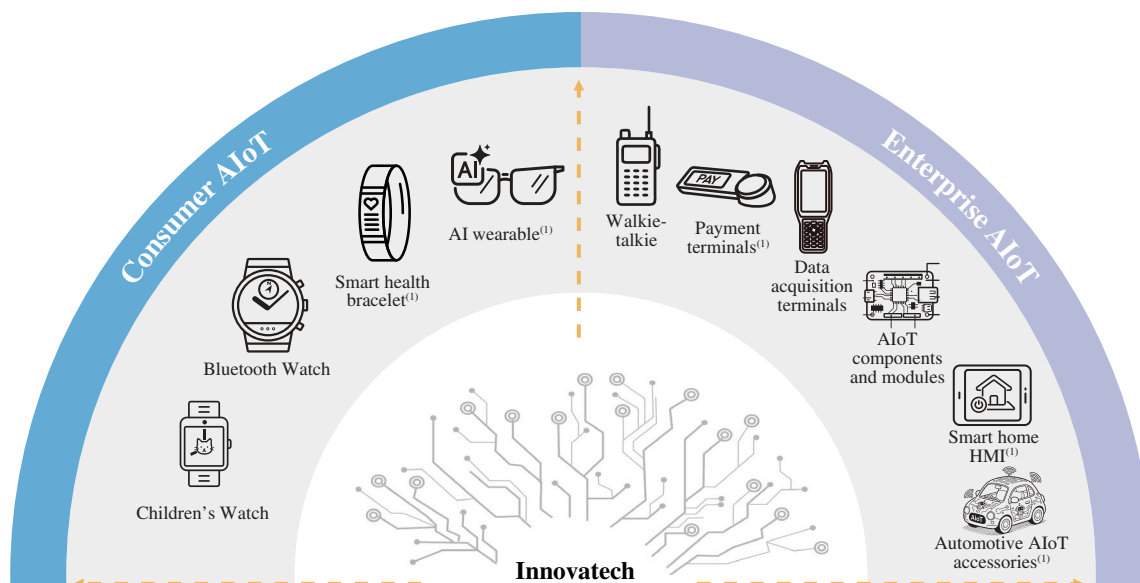
Brand & Model	Product Picture	Year of Launch	Product Specifications & Key Features
Tecno Megapad Pro		2025	Chipset: G100 (octa-core) Display: 12” Cameras: 13-megapixel rear camera Feature: Equipped with a stylus and a portable keyboard

AIoT Products

Our AIoT product portfolio encompasses a broad range of intelligent and connected devices, primarily including smart wearable and AIoT hardware products. These products are designed to address diversified application scenarios across consumer and industry-facing use cases, and form an increasingly important component of our overall business and growth strategy.

We provide platform-based full-stack smart hardware services for AIoT and related products to renowned customers, including but not limited to TCL, Hytera and ZTE, and have developed long-term cooperative relationships with certain leading global and regional brand customers. Our AIoT business has experienced rapid growth during the Track Record Period.

The figure below sets forth the industry sectors covered by our AIoT product portfolio as of the Latest Practicable Date.



Note: (1) In the first quarter of 2026, we entered into cooperation agreements with, or won bids from, customers in relation to such fields in AIoT products. As of the Latest Practicable Date, mass production and delivery of these products had not yet been achieved.

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Smart Wearables

Smart wearables constitute a core segment of our AIoT product portfolio. We provide ODM services for smart watches and smart bands to leading brand customers, including TCL and ZTE. Our smart wearable products integrate a range of functions, including health monitoring, fitness tracking, voice interaction and notification management, enabling customers to address diverse user needs and usage scenarios.

Smartwatches represent the core product category within our smart wearable solutions. Leveraging our “1+X+N” strategic framework and our platform-based R&D capabilities, we have developed a relatively comprehensive wearable product portfolio tailored to the differentiated positioning of our brand customers and the needs of regional markets. Our offerings cover major wearable product segments, including adult’s sports smartwatches, fitness bands, and children’s smartwatches. We also provide one-stop solution services covering the entire product lifecycle, from product definition and design to development, testing and validation, and mass production and delivery. Our smartwatch product portfolio is primarily categorized as follows:

- **Adult’s sports smartwatches/fitness bands** — designed for everyday fitness, health monitoring and lightweight smart interaction scenarios. Certain adult smartwatch models support eSIM capabilities, while the specific feature sets and configurations are determined based on customer project requirements.
- **Children’s smartwatches/fitness bands** — designed for child safety positioning and parent-child communication scenarios. These products typically require higher levels of positioning reliability, durability and regulatory compliance.
- **Smart health bracelet** — wearable devices designed for health monitoring and healthcare-related applications, with greater emphasis on health algorithms, data processing capabilities and compliance requirements.
- **AI wearables** — designed for intelligent, scenario-based interaction and enhanced user engagement across consumer and specialized application settings. These products typically integrate AI functionalities such as voice interaction, intelligent assistance, context-aware response and data-driven personalization, and may take various form factors depending on customer requirements and target use cases.

The technical strengths of our smartwatch products are reflected in areas such as positioning performance, power efficiency, structural reliability, water and dust resistance, RF and communication stability, and integrated device-to-cloud user experience. In addition, we implement product testing solutions, including R&D testing, production testing, and overall system reliability testing, to ensure overall product quality. We have also established dedicated R&D teams that work closely with our manufacturing base to support large-scale mass production and delivery.

The following table sets forth certain representative smart wearables for which we provided platform-based solution services during the Track Record Period:

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Brand & Model	Product Pictures	Year of Launch	Product Specifications and Key Features
Nubia children's watches K2 Pro		2025	• Chipset: W307 • Display: 1.4" TFT • Battery: 890mAh • Camera: 500W front camera • Feature: Dual frequency GPS
Nubia adult's watches WATCH GT . .		2024	• Chipset: 3085L • Display: 1.43" AMOLED • Battery: 450mAh • Feature: Dual frequency GPS

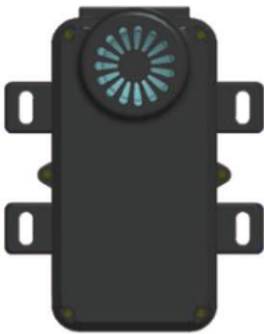
Enterprise AIoT Products

Leveraging our long-established system-level integration capabilities in smart hardware and our device-to-cloud delivery capabilities, we provide industry customers with one-stop AIoT terminal product solutions covering hardware, embedded software and cloud services. These solutions are designed for enterprise and vertical application scenarios, where reliability, stability, maintainability and scalable deployment are critical. Depending on customers’ requirements, our offerings may be delivered either as complete devices or as components and subsystems.

The following table sets forth our representative enterprise AIoT products during the Track Record Period:

Product Category	Product Picture	Key Features
Walkie-talkies		Walkie-talkies (Public Network Type) Designed for instant and reliable communication in professional and industry-oriented application scenarios via public cellular networks. These products are typically used in security, logistics, site coordination and other operational settings where stable connectivity, portability and ease of use are essential. Leveraging global public network coverage, such products enable seamless worldwide communication, and may be configured to meet diverse durability standards and functional specifications for industry-specific requirements.

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Product Category	Product Picture	Key Features
Data Acquisition Terminal		designed for efficient data capture, identification, processing and transmission in enterprise and industry-specific scenarios. These products are typically deployed in logistics, warehousing, retail and field operation settings, and may support functions such as barcode or image recognition, wireless communication and real-time data synchronization. The specific product form and performance standards are developed based on customer project requirements and operational needs.
AIoT Components and modules		designed to focus on short-distance transportation scenarios, particularly two-wheeled vehicles. We provide integrated smart hardware solutions to brand customers by combining smart components, intelligent control platforms and vehicle connectivity cloud services. Through the integration of hardware, software and cloud infrastructure, our solutions enable functions such as vehicle management, rider-vehicle interaction, riding safety monitoring, entertainment extensions and connected ecosystem services, supporting the evolution of two-wheeled vehicles toward safer, smarter and more interactive user experiences.

RESEARCH AND DEVELOPMENT

We view R&D as a core driver of our long-term competitiveness, business scalability and product innovation, and we have built a comprehensive R&D system to support delivery across our smart terminal and AIoT hardware businesses, from product definition and system architecture to engineering validation and mass-production readiness. Over our 17-year industry experience, we have continued to invest in systematic capability building, including the establishment of the Group R&D Center and sustained R&D spending, supported by a sizeable engineering team. Our R&D footprint is organized around a multi-region structure anchored by Shanghai as our headquarter and major R&D hub, complemented by specialized R&D units across multiple locations (including, among others, Shenzhen, Chongqing, Nanjing, Hefei and Xi'an), and closely linked to our manufacturing base in Yibin, enabling tighter design-for-manufacturability operation and faster commercialization cycles.

Our R&D activities span a broad range of activities, including industrial design, hardware design, embedded software development, cloud-side development system integration, algorithm and AI-enabled feature development, testing and validation, as well as applied pre-research for emerging product forms and scenarios. We place particular emphasis on application-oriented engineering solutions that can be scaled across product categories and deployed in real customer environments, consistent with our platform-based strategy. This sustained innovation focus is also reflected in our accumulated intellectual

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property portfolio (including patents, software copyrights and trademarks of 560 as of the Latest Practicable Date, which underpins our ability to support diversified customer needs and expand into new product categories over time.

Reflecting our sustained focus on innovation, we incurred R&D expenses of RMB68.9 million, RMB73.2 million and RMB99.8 million in 2023, 2024 and 2025, respectively. As of December 31, 2025, we employed approximately 535 R&D personnel, accounting for approximately 25.4% of our total workforce. Our R&D personnel form a critical foundation for our ability to support diversified customer needs and expand into new product categories.

R&D Infrastructure

Our R&D Network

Our R&D infrastructure is designed to support Innovatech platform-based product realization, from early-stage product definition to design-for-manufacturability and scalable delivery, across both smart terminals and AIoT devices under our “1+X+N” strategy. Our R&D network is primarily organized around a multi-hub model consisting of one center and several major R&D units, each with differentiated responsibilities but coordinated through group-level planning and platform governance. Our Shanghai center serves as the Group’s headquarters-led core R&D hub, responsible for overall platform architecture, cross-category technology reuse and group-wide resource coordination, and it functions as the primary interface for product definition and system-level solution design across smart terminals and AIoT hardware. R&D activities are closely linked with our manufacturing base in Yibin, which supports manufacturing-linked engineering such as design-for-manufacturability coordination, process engineering interfaces and test/validation support to improve large-scale delivery readiness and shorten iteration cycles.

The following table shows our R&D center and units and their respective functions:

<u>Location</u>	<u>Year of Commencement</u>	<u>Focus</u>
Shanghai	2008	Group-level R&D governance and platform planning; core smart terminal, smart wearable and AIoT device R&D; architecture and key module development; cross-team resource coordination
Shenzhen	2013	Whole-device engineering and delivery management, covering system integration, supply chain resource integration, supplier coordination and quality control across the entire process.
Chongqing	2016	Smart terminal engineering support, cross-platform development and project execution; regional engineering capacity to support delivery
Yibin	2018	Manufacturing-linked engineering support, including process engineering, test development and design-for-manufacturability interface with R&D teams; supports scalable delivery capability (Yibin as the manufacturing base)

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<u>Location</u>	<u>Year of Commencement</u>	<u>Focus</u>
Nanjing	2019	Smart terminal whole-device engineering, supporting smartphone and tablet programs with platform adaptation, system integration and verification-to product execution
Hefei	2021	Smart wearable and AIoT device R&D, including device hardware/software integration and category-specific engineering (e.g., low-power optimization, connectivity and sensor integration)
Xi'an	2026	System and low-level software R&D, supporting technical implementation for smart terminal and AIoT products.

Our Technologies

Our core technologies are based on a platform-based engineering capability system that we have built to support the definition, development, verification and scalable delivery of smart terminal and AIoT hardware products across multiple device forms and use cases.

At a high level, our technology stack spans: (i) connectivity and RF engineering (including 5G platform capability building and RF development); (ii) positioning and navigation (including dual-frequency GNSS implementations for wearables and mobility devices); (iii) power management and fast charging (including higher-power charging protocol work and temperature-rise control); (iv) AI-enabled application algorithms (including customer-facing AI experiences and operational); (v) imaging and multimedia algorithms (including AE/AWB/AF/HDR and selected third-party algorithm integration); (vi) structural and reliability engineering (including IP-rated sealing design and antenna-structure co-design); and (vii) manufacturing-linked test engineering and development tooling (including production-line test/aging processes and automation scripts).

R&D Process

Our R&D process is rigorously guided by market trends and customers’ core needs, ensuring that product and technology development remains closely aligned with commercial value. At the same time, through the development of standardized technology modules, we enable the efficient cross-product-line reuse of core technology assets, effectively avoiding the resource waste and efficiency loss associated with “one-off engineering.” In practice, our product development lifecycle follows a standardized and structured process: project initiation and gate review, in-depth analysis of market and customer needs, R&D design and implementation, multi-dimensional testing and validation, phased acceptance and confirmation, and formal launch and deployment. Each stage is subject to clearly defined approval checkpoints, deliverable standards and quality thresholds, supported throughout by digital lifecycle management tools and standardized operating procedures.

We manage R&D through a group-level governance and coordination mechanism led by our headquarters, which is responsible for R&D capability building, resource planning, cross-team coordination, and process/system construction. Cross-team project priorities, key technical issues and resource allocation are coordinated through recurring meetings and a defined cross-team resource dispatch mechanism, and significant programs may be escalated to an “panel of experts” mechanism, which a pool of senior engineers, who are organized and assigned based on specific project needs, for technical review and breakthrough coordination.

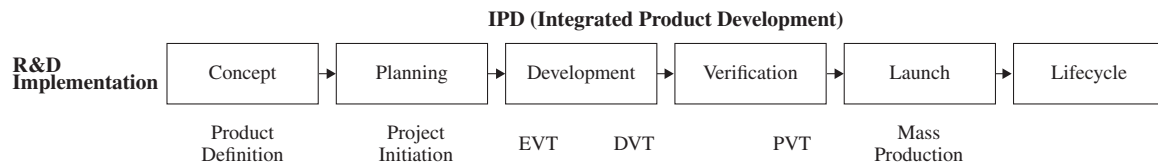
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In terms of project controls, we implement standardized phase gates, with checklists and required deliverables at each gate to confirm readiness to proceed to the next stage. These gates are used to assess whether (i) quality control requirements have been met, and (ii) key product parameters and performance outputs are aligned with agreed product requirements.

Our software development and release practices are standardized and documented internally, including a software development process, software release process and software review process maintained in our internal documentation system. Project lifecycle management is supported by a PLM system, which we use to manage project lifecycle activities and to track progress through the development stages (and which is in active operation and iterative enhancement). We also maintain standardized testing and validation procedures covering both hardware and software domains, including hardware/software testing procedures, GMS test management procedures and key component testing procedures, and we base our quality design approach on ISO 9001 principles.

Our process is designed not only to complete engineering development, but also to ensure verification rigor and manufacturing readiness. Testing and validation are embedded throughout development, and our quality management framework incorporates structured review points and defined deliverables at each phase gate. In addition, we have a dedicated team supporting manufacturing operations to develop and improve integrated testing and aging test solutions used at the factory stage, which can improve yield and efficiency and support rapid scale-up once a product enters mass production.

The following diagram illustrates our R&D processes with the Innovatech platform:



Case Studies 1

Developing a High-Integration AIoT Smart Central Control Solution for an Electric Motorcycle Manufacturer

As the new energy electric motorcycle industry entered a critical stage of intelligent upgrading, traditional central control products increasingly faced common industry pain points, including limited functionality, weak rider-vehicle interaction and insufficient integration between sensing capabilities and vehicle body control. At the same time, manufacturers were often confronted with high multi-component integration costs, complex installation processes and limited safety warning capabilities. Against this backdrop, we developed a high-integration AIoT smart central control solution designed to combine multi-dimensional sensing, multi-mode connectivity, intelligent analysis and vehicle body control in a single in-vehicle device, addressing the industry’s evolving needs for intelligent, lightweight and personalized product solutions.

To address these challenges, we focused on overcoming the technical difficulties associated with highly integrated hardware-software co-design in compact vehicle-mounted environments. In particular, we achieved deep integration and compatibility among multiple core modules, including:

- a 4G CAT1 communication module;
- a dual-frequency GNSS positioning module;

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- a dual-mode Bluetooth module; and
- a vehicle control unit, or VCU;

A key challenge in this project was enabling the stable operation of multiple modules on a single board within a compact hardware structure. To address this, we optimized hardware circuit layout and electromagnetic shielding design to reduce signal interference, while implementing coordinated scheduling across multiple protocols and algorithms at the software level. We also addressed the balance between low power consumption and high-performance operation in vehicle scenarios, thereby enabling stable and efficient performance across the integrated module system.

Through these efforts, we successfully developed a highly integrated AIoT in-vehicle core product, achieving outstanding technical performance in several key areas, including:

- Bluetooth connection success rate of at least 99.9%, with sensing response time of no more than 100 milliseconds;
- GNSS positioning accuracy of no more than 5 meters in complex operating environments;
- stable operation across a temperature range of -40°C to 85°C; and
- designed to meet automotive electronics-grade requirements.

The project created tangible value for electric motorcycle manufacturers. By replacing traditional multi-device solutions with a single high-integration device, it helped customers reduce hardware integration, installation and maintenance costs, while improving development and mass production efficiency. Intelligent interaction and safety warning functions enhanced product differentiation and market acceptance. More broadly, this case demonstrates our ability to translate industry pain points into integrated AIoT product solutions and further strengthened our position in the smart in-vehicle central control segment.

Case Studies 2

Providing 5G Smartphone and Smart Hardware Solutions for Customers Across Multiple Overseas Markets

As 5G commercialization continued to accelerate across global markets, smartphone customers increasingly required product solutions capable of meeting differentiated regional network standards, operator certification requirements and evolving user expectations for connectivity performance. In particular, customers targeting overseas markets such as Latin America and Europe faced higher demands in relation to 5G band compatibility, radio frequency architecture design, antenna performance, electromagnetic compatibility and wireless coexistence. Against this backdrop, we developed 5G smartphone and smart hardware solutions supported by our multi-platform design capabilities, enabling customers to launch products tailored to different regional markets and technical requirements.

In the course of development, we focused on balancing communication performance, certification compliance and product implementation efficiency, while supporting customers in adapting to different operator environments and regional network requirements.

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To address the technical challenges of 5G product development, we developed solutions featuring the following capabilities:

- support for 2G, 3G, 4G and 5G communications through an integrated radio frequency architecture;
- Sub-6G capability supporting key 5G frequency bands commonly used in overseas markets, including bands such as N77 and N78;
- support for different NR transmission and reception configurations, including 1T2R and, for certain frequency bands, 1T4R, depending on regional requirements;
- support for band-specific performance requirements in different regions, including configurations tailored to local operator and certification needs; and
- SRS configurations designed for different band combinations and usage scenarios to enhance signal performance and network adaptability.

In addition, through antenna splitting design and overall device-level performance optimization, we improved antenna efficiency and overall communication performance, while addressing device-level EMI and EMC issues. These efforts enabled the relevant products to complete certification and testing for major regulatory and operator standards, including:

- FCC certification;
- CE certification; and
- operator certification tests required in Europe and Latin America.

This case demonstrates our ability to provide customers with full-stack 5G smartphone and smart hardware solutions across different regional markets. By combining multi-platform development capabilities, radio frequency architecture design, antenna optimization and certification support, we helped customers improve product adaptability, accelerate overseas deployment and enhance end-user connectivity experience. More broadly, this case reflects our capability to convert complex regional and technical requirements into scalable product solutions for global commercialization.

Case Studies 3

Developing a Customized 4G Children’s Smartwatch Solution for a Brand Customer in Korea

To support a brand customer in Korea in entering the children’s smartwatch market, we worked closely with the customer to develop a customized 4G children’s smartwatch solution tailored to local market needs. As the customer was at an early stage of development in this sector and had limited experience in product planning, R&D and operations, we provided an one-stop service covering market research, hardware solution selection, device design, mobile application development and back-end cloud platform setup, helping the customer build a market-ready product solution from the ground up.

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4G children’s smartwatches are intelligent wearable devices designed primarily for child safety, real-time location tracking, two-way communication and health-related monitoring. Compared with traditional 2G products, 4G solutions generally offer more stable connectivity, faster and more accurate positioning and richer functional scalability. Against this backdrop, the customer sought to develop a product that could combine child safety features, convenient parent-child interaction and practical daily-use functions in a lightweight and easy-to-use form factor suitable for children.

Based on our software-hardware integration capabilities and product planning experience, we developed a customized solution featuring the following product strengths:

- stable network connectivity enabled by 4G full-network communication capability;
- clearer voice and video communication for remote interaction and emergency contact;
- faster and more accurate positioning, together with real-time data upload;
- broader functional extensibility, including cloud synchronization, OTA upgrades and expandable intelligent features; and
- lightweight and user-friendly operation, allowing children to use the device independently while enabling parents to manage it remotely through an application.

For the hardware solution, we provided a dedicated platform-based architecture integrating communication, connectivity and positioning capabilities in a compact smartwatch form factor. The product configuration included:

- support for 2G, 3G and 4G network communication;
- Bluetooth, Wi-Fi and GNSS satellite positioning capabilities;
- integrated memory and flash storage to support core applications and data processing;
- support for a camera module and a high-definition display to enable visual interaction; and
- a relatively large-capacity battery designed to support daily usage endurance.

In parallel, we developed the corresponding mobile application and cloud service to support the parent-side application. Based on this integrated software, hardware and cloud solution, the product was designed to provide a broad set of functions, including:

- real-time positioning and route playback, enabling parents to monitor a child’s location and movement history;
- high-definition voice and video calling for daily communication and emergency contact;
- electronic fence, one-touch SOS assistance and anti-loss alert functions;
- class mode, step counting and health-related monitoring functions; and
- auxiliary lifestyle functions such as voice messaging and alarms.

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This project demonstrates our ability to provide customers with full-stack services spanning demand insight, product definition and planning, hardware and software development, cloud architecture, and product implementation. By leveraging our experience in children’s smartwatch planning and R&D, we enabled the customer to establish an initial product offering in the Korean market and accelerated the commercialization of a differentiated 4G children’s smartwatch solution. More broadly, this case reflects our ability to translate customer needs and market trends into practical smart hardware products with integrated functionality, user-oriented design and scalable deployment potential.

R&D Initiatives

Looking ahead, our R&D priorities will continue to be customer-oriented and closely aligned with commercialization needs across our smart terminal and AIoT hardware businesses. We focus on a “1+X+N” product matrix, with particular emphasis on enhancing the transferability and efficient reusability of our core technologies across product categories and vertical application scenarios, thereby leveraging technological economies of scale to drive sustained business growth.

Key upcoming initiatives include:

Strengthening 5G dual-platform capability and next-generation terminal solutions. We will continue to enhance our 5G multi-platform R&D and mass-production capabilities, including platform adaptation, RF optimization and system performance tuning, to support customer customization needs in smartphones and related terminals.

Deepening AI enablement across both products and internal engineering workflows. We are “fully embracing AI” and will continue investing in AI-enabled product R&D (including customization based on third-party foundation models), while expanding internal AI tooling and workflow automation under group-level coordination to improve efficiency across R&D and non-R&D functions.

Enhancing cloud services capabilities as part of integrated delivery. We will further develop our cloud services management capabilities to support “device + software + cloud” solutions across multiple product lines, including wearables, student cards, smart control systems, BMS and other AI-enabled products.

Expanding AIoT initiatives in smart mobility and smart energy. We plan to continue advancing key AIoT programs such as dual-frequency BeiDou smart central control solutions and BMS battery safety and lifecycle algorithms (including thermal runaway early-warning).

Advancing low-power system solutions and high-integration design capabilities. We will continue to build system-level low-power capabilities (a stated technical advantage supported by long-term accumulation across product categories), together with high-integration hardware–software design (e.g., miniaturization, water/dust resistance) to strengthen competitiveness across wearables and other connected devices.

AI wearables and healthcare bracelets. We expect to invest in new wearables categories, particularly AI wearables and healthcare bracelets-building on our existing technology accumulation and ongoing product development collaborations with AI and healthcare companies.

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PRODUCTION

As of December 31, 2025, we had one manufacturing base in Yibin, Sichuan, China. This manufacturing base supports the large-scale delivery of our smart terminal products and, increasingly, our AIoT-related hardware, and is designed to provide flexible capacity to accommodate different product categories and customer needs. This bases are equipped with over 11 sets of advanced processing equipment, including high-speed pick-and-place machines, reflow soldering machines and PCB depaneling machines and so on, complemented by more than 20 specialized assembly lines.

Our manufacturing operations are supported by significant investment in automation equipment and advanced production technologies. We operate 11 surface mount technology (“SMT”) production lines that enable efficient processing across multiple product categories. These SMT lines support high-volume production while maintaining product quality consistency.

We also deploy industrial robotic equipment and lean production lines, including sensor- and AI-enabled automated equipment and systems for key production processes, to enhance production precision, improve operational efficiency, improve product quality consistency and reduce reliance on manual labor. These automation initiatives support our ability to deliver multi-category products through flexible manufacturing arrangements, allowing us to respond efficiently to diversified customer requirements and product specifications.

As of December 31, 2025, our Yibin manufacturing base workforce comprised over 1,000 full-time personnel. We prioritize hiring locally for our production team, which allows us to tap into the local talent pool and contribute to the economic development of the communities where we operate. Employing local personnel not only helps in improving recruitment efficiency but also ensures that our workforce is familiar with regional practices and cultural nuances, which can enhance productivity and workplace harmony.

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The following table sets forth the production capacity and production volume by business segment for the periods indicated:

	2023			Year ended December 31, 2024			2025		
	Design production capacity ⁽¹⁾	Production volume ⁽²⁾	Utilization rate ⁽³⁾	Design production capacity ⁽¹⁾	Production volume ⁽²⁾	Utilization rate ⁽³⁾	Design production capacity ⁽¹⁾	Production volume ⁽²⁾	Utilization rate ⁽³⁾
<i>(in thousand pieces, except for percentages)</i>									
Smart Terminals . . .	7,728	6,251	80.9%	12,720	10,209	80.3%	15,648	11,005	70.3% ⁽⁵⁾
AIoT and Related Products ⁽⁴⁾	–	–	–	–	–	–	528	289	54.7%
Total	7,728	6,251	80.9%	12,720	10,209	80.3%	16,176	11,294	69.8%

Notes:

- (1) The design production capacity is calculated based on a number of assumptions, including but not limited to the daily operation time (a shift of 10 working hours), the number of working days, the capacity of each production line per hour and the total number of production lines installed for the relevant year.
- (2) The production volume represents the amount of output from our self-production only.
- (3) Utilization rate is calculated by dividing production volume of self-production only for the relevant year by production capacity as of the end of the relevant year.
- (4) We commenced the self-production of AIoT products since 2025. Prior to that, we worked with outsourcing partners to support agile delivery of our AIoT products.
- (5) The decline in the utilization rate in 2025 was primarily due to the expansion of designed production capacity outpacing the growth in actual output.

We adopt a flexible manufacturing model that combines in-house production capabilities with outsourcing arrangements to support agile delivery. We conduct production at our manufacturing base in Yibin, which serves as our core production center. Our Shanghai headquarters primarily focuses on R&D, business operations and overall management functions. In July 2024, we commenced operations at the phase II expansion of our Yibin manufacturing base, which was designed to expanding production capacity and increasing multi-category delivery capabilities. A portion of the production capacity at this base has been reserved and is not yet fully operational. We plan to gradually activate this reserved capacity between May and June 2026, primarily to support the anticipated growth in our AIoT-related product lines. The phased commissioning of this base allows us to align capacity expansion with customer demand and product development progress while maintaining operational and capital utilization efficiency. Following the phase II expansion, our Yibin manufacturing base has an annual production capacity of approximately 20 million units.

Production Process

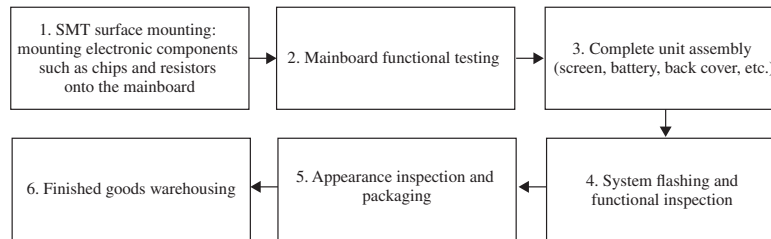
Our production process involves the coordination of raw materials and components, manufacturing, assembly, testing, packaging and warehousing. We adhere to established manufacturing practices and processes across our factories, which ensure consistency, quality and efficiency in our operations. By standardizing these practices, we can optimize the use of our production facilities and resources. As a result, we may introduce new products without the need for significant reconfiguration or investment in additional infrastructure. Standardization allows us to swiftly adapt to market demands and expand our product portfolio, thereby enhancing our competitive edge and meeting diverse customer needs while maintaining operational efficiency.

During manufacturing, we implement process-level quality controls and factory-stage engineering support. We have a dedicated team supporting manufacturing operations to develop and improve integrated testing and aging test solutions at the factory stage, which are intended to improve yield, enhance efficiency and strengthen mass-production readiness.

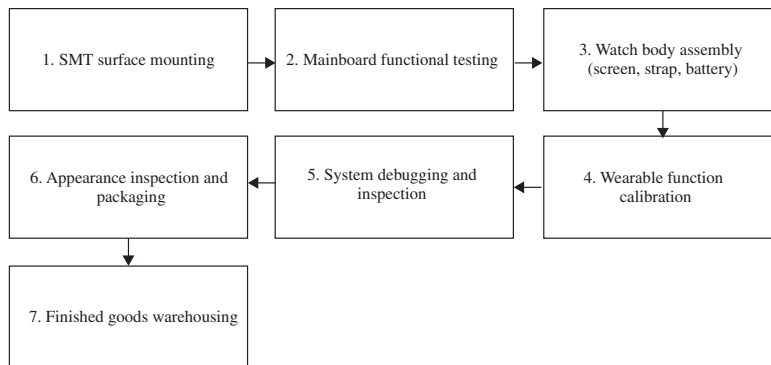
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The following diagram illustrates the major manufacturing and assembly processes for the representative products of ours:

Mobile Flowchart:



Watch Flowchart:



Standardization and Intelligent Manufacturing

We seek to embed standardization throughout the product lifecycle, from product architecture and engineering design to manufacturing execution, to enhance consistency, improve quality control and increase delivery efficiency. In particular, we adopt a modularized architecture and reusable engineering approach so that customer-specific tailoring can be implemented through configuration, parameterization and upper-layer module integration, while maintaining a stable standardized base for core subsystems. This approach is designed to improve R&D efficiency and technology reuse across projects and product lines.

As product requirements continue to evolve and become more complex, customers increasingly require integrated modules that combine multiple functional components and software capabilities. Under our standardization approach, we seek to assemble standardized functional components into customer-specific integrated modules more efficiently, and to enable modular replacement or removal of certain functions as product specifications change, without having to redesign the entire system architecture.

As part of our intelligent manufacturing initiatives, we incorporate factory-stage testing and validation into our manufacturing workflow. We have a dedicated team supporting manufacturing operations to develop and improve integrated testing and aging test solutions used at the factory stage, with the objective of improving yield and efficiency and strengthening mass-production readiness. In addition, our engineering teams develop and apply production-linked tools and scripts to improve debugging efficiency and support consistent execution, and we have implemented dedicated testing instrumentation for certain products (for example, a production test instrument for BMS protection boards) to enhance both R&D debugging and production-line efficiency. Through the combination of (i) a standardized product architecture and reusable engineering modules, and (ii) manufacturing-linked testing, aging and tooling solutions, we seek to enhance manufacturing accuracy, reduce defect risks and improve delivery stability.

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Outsource Arrangements

For certain smart terminal products and smart wearables products, we engage external manufacturing partners in other regions. This outsourcing arrangement is mainly driven by two considerations. First, customer order demand may experience fluctuations, and outsourcing helps us maintain production flexibility and optimize capacity utilization. Second, the geographic locations of external manufacturing partners provide logistical advantages and facilitate efficient supply chain coordination for certain projects. As of the Latest Practicable Date, we primarily cooperated with two external manufacturing partners which can meet our requirements and the demands for our operations. We have generally maintained long-term relationships with our outsourced service providers. To the best of our knowledge, each of our external manufacturing partners during the Track Record Period was an Independent Third Party. Despite these outsourcing arrangements, we continue to maintain substantial in-house manufacturing capabilities, and majority of our production is conducted internally.

The salient terms of the agreements with our external manufacturing partners are set forth below:

- **Duration.** The duration of the framework agreements typically spans a period of two years.
- **Delivery.** The outsourced service providers are typically responsible for the delivery of products to our designated location specified in each purchase order.
- **Compliance with quality requirements.** We perform sample checks on products. The external manufacturing partners shall periodically submit quality reports to us. The external manufacturing partners’ failure to meet quality requirements would obligate them to improve the products to specification at their own expense.
- **Termination.** We are entitled to reduce the purchase volume or terminate the purchase order when the external manufacturing partners fail to perform in quality or delivery and do not make timely corrections after receiving our corrective warning.

RAW MATERIALS AND SUPPLIERS

The principal raw materials used in our products primarily include electronic components and structural materials required for smart terminal and AIoT hardware manufacturing. Our electronic component procurement mainly consists of integrated circuits and related components, including master control chips, memory components, functional chips (such as audio, radio frequency and NFC chips), printed circuit boards (PCBs), power supply components, diodes, triodes and other supporting electronic components.

For certain products and key components, supplier selection and component specifications are subject to customer approval. As some customers have specific requirements regarding product specifications, quality standards and brand positioning, we may be required to procure materials from supplier or component brand pools designated or pre-approved by such customers. This approval mechanism helps ensure product compatibility, quality consistency and compliance with customer design standards and end-market requirements.

We procure certain key semiconductor components, including master control chips and memory components, from both domestic and overseas suppliers. For routine price fluctuations of such components, we typically manage procurement through internal cost control and supply chain coordination mechanisms. In the event of significant industry-wide price volatility or supply disruptions, we generally communicate and negotiate with customers regarding procurement arrangements, pricing adjustments or supply chain solutions, as appropriate.

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In addition to raw materials, we procure specialized equipment used in both R&D activities and manufacturing operations. Such equipment supports product development, testing, production processes and quality control, enabling us to maintain stable production capability and support product innovation.

Raw Materials and Procurement

Our raw materials primarily include electronic components and structural materials required for smart terminal and AIoT hardware manufacturing. For 2023, 2024 and 2025, our material costs included in cost of sales were RMB1,945.0 million, RMB3,158.5 million and RMB2,777.8 million, respectively, accounting for 97.1%, 96.6% and 95.3% of our total cost of revenue during the respective periods. Given the close correlation between the prices of casing materials, batteries, and memory we procure from our suppliers and the often volatile bulk commodity cobalt ore and oil prices, we implement a comprehensive risk management strategy to mitigate the impact of such fluctuations, which primarily incorporates a raw material price linkage mechanism in our contracts with both customers and suppliers. The price linkage mechanism, on the other hand, adjusts prices based on market fluctuations, ensuring that both our customers, suppliers, and we share the risks and benefits of price changes. During the Track Record Period, we adopted the raw material price linkage mechanism for the majority of our contracts with the customers and suppliers.

We develop procurement plans primarily based on customer demand, rolling forecasts, production schedules, inventory levels and supplier lead times, and we execute procurement under a centralized procurement model. In particular, each business unit submits a rolling forecast and we prepare rolling procurement plans on a 13-week basis, which enables us to coordinate order placement with suppliers, monitor delivery schedules and adjust procurement quantities in response to changes in customer demand and production requirements. We release material demand twice per week based on actual orders, and execute purchasing actions accordingly.

In addition to the above procurement arrangements, we also adopt a buy-and-sell procurement model with certain customers. Under this model, such customers may centralize the procurement of certain key components, such as chips and memory, from their designated suppliers and subsequently sell such components to us, and we incorporate such components into our manufacturing process and deliver finished products to our customers. According to Frost & Sullivan, such buy-and-sell arrangements are commonly observed in the smart device industry, where brand owners may centralize the procurement of certain key components and subsequently supply such components to their ODM partners, taking into account considerations such as product specification confidentiality and product quality control. For further details of our major buy-and-sell arrangements, see “— Overlapping of Customers and Suppliers.”

We utilize the Material Requirements Planning (“MRP”) system to analyze the timing and scheduling of raw material deliveries, taking into account factors such as the Master Production Schedule (“MPS”), production scheduling, inventory safety, supplier lead times and minimum order quantities. These procurement plans are synchronized with the SRM system through which these plans can be communicated to our suppliers, who will then execute deliveries according to our plans. For the procurement of others, after the procurement plans are approved, our supply chain management department will conduct a price inquiry, evaluating potential suppliers on criteria including price, quality and delivery timelines. We typically establish a reasonable price with our suppliers through a process of inquiry or competitive bidding, based on thorough market research. During the Track Record Period, we did not enter into any long-term supply agreements with our suppliers that included fixed-price arrangements. In response to the potential raw material price increases, we primarily mitigate the impact by building long-term relationships with our suppliers, signing linkage pricing agreements with the suppliers and maintaining close communication. Meanwhile, we conduct R&D on new materials and develop new suppliers to maintain the flexibility to switch to alternative materials or suppliers in the event of severe shortages or price volatility of certain raw materials. We have implemented periodic

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reviews and internal mechanisms to monitor the price of our raw materials by considering current stock levels, future sales and market trends. We timely adjust our stock levels to maintain optimal inventory levels considering anticipated price fluctuations.

Our Suppliers

We have established supplier selection, onboarding and ongoing management processes designed to ensure that our suppliers meet our quality, delivery and commercial requirements. Our supplier management is primarily led by our supply chain and quality control functions, which have dedicated teams responsible for supplier resource development, procurement and performance evaluation. Supplier onboarding and selection typically consider factors such as the supplier’s ability to meet our technical specifications and quality requirements, delivery capability and responsiveness, pricing competitiveness and cooperation track record, as well as the supplier’s production capacity and after-sales support capabilities.

We conduct periodic supplier performance reviews. Supplier assessments are performed on a quarterly basis, with a focus on criteria that include incoming material quality performance, delivery timeliness and supply stability, cost competitiveness and service responsiveness, and the results of such assessments are taken into account in ongoing procurement decisions and supplier cooperation arrangements. Where material quality issues arise, we typically handle such issues based on the relevant quality arrangements and by assessing the nature and extent of the quality impact, and we work with suppliers to agree remediation solutions and corrective actions.

Agreements with Suppliers

We generally procure production materials and components through non-exclusive procurement framework agreements and purchase orders. Our principal procurement items primarily comprise electronic components and related parts (including, among others, chipsets, memory and other ICs, PCBs and supporting components) and structural materials, and we source such materials from both domestic and overseas channels, depending on component category, availability and customer project requirements. Where applicable, certain key components or supplier pools may be nominated or pre-approved by customers.

We manage supply continuity primarily through rolling demand planning and supplier coordination (including communicating rolling forecasts and releasing purchasing demand based on actual orders), rather than relying on exclusivity arrangements.

We typically enter into procurement framework agreements with suppliers, under which specific product details and commercial terms are implemented through purchase orders. While the detailed terms vary by supplier, the principal terms are generally as follows:

- **Cooperation duration.** These framework agreements generally become effective upon being duly executed and remain effective until the parties terminate their cooperation. In addition, the agreements typically provide that either party may terminate by giving three months’ prior notice, and the purchaser may also terminate immediately upon the occurrence of specified events.
- **Product specification.** Product name, model/specification, brand/manufacture (if applicable), quantity, unit price, delivery location and timing, and other execution details are generally specified in the relevant purchase order. The supplier is typically required to confirm acceptance of the purchase order within a specified timeframe (commonly within 24 hours of receipt).
- **Payment and credit term.** Payment and credit terms are typically separately included in each order that we place with the supplier. Payment terms are typically structured as monthly settlement, with a specified settlement tenor. Payment methods may include telegraphic transfer and/or bank acceptance bills generally with a 30-90-day tenor, and the applicable

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currency may be RMB or USD depending on the supplier and transaction arrangement. Some agreements also specify a percentage allocation for acceptance bills where such method is adopted.

- **Logistics.** We are responsible for making timely payments to our suppliers, who are responsible for delivering qualifying products to our designated warehouses.
- **Quality guarantee.** Products are typically accepted in accordance with our specifications, as well as national, local and industry standards. Should any quality issues arise during the warranty period, the supplier shall be responsible for replacement.
- **Termination.** The agreements can generally be terminated by notice by both parties, or when one party breaches the agreement.

Major Suppliers

During the Track Record Period, our major suppliers primarily include suppliers of electronic components and structural materials. The credit period granted by our suppliers was generally between 30 to 90 days during the Track Record Period. In each year during the Track Record Period, the aggregate purchases from our five largest suppliers in each of such year accounted for approximately 67.8%, 70.3% and 67.3%, respectively, of our total purchases, and the purchases from our largest supplier in each of such year accounted for approximately 58.3%, 62.2% and 56.8%, respectively, of our total purchases. To avoid supplier concentration, we diversify our supplier base by engaging multiple suppliers for the same goods or services and implementing strategic sourcing practices. Additionally, we conduct regular market analysis, develop supplier relationships, and maintain contingency plans to ensure supply chain resilience.

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For the year ended December 31, 2023

Supplier	Commencement year of business relationships	Background and principal business activities	Location	Principal products supplied	Payment method	Transaction amount	Percentage of total purchase (%)
Supplier A ⁽¹⁾	2020	A leading smart hardware company primarily engaging in the research, development, production, and sale of smartphones and smart hardware, listed on the STAR Market of the Shanghai Stock Exchange	PRC	Electronic components	Wire transfer	(RMB '000) 1,246,832	58.3
Supplier B	2020	An enterprise specializing in the research, development, production, and sales of consumer-type lithium-ion batteries, serving as a key supplier for mobile phones and other portable electronic devices	PRC	Power components	Wire transfer	57,766	2.7
Supplier C	2023	A company primarily involved in sales of telecommunications equipment	PRC	Electronic components, structural materials and dispensing component	Wire transfer	56,309	2.6
Supplier D	2022	A precision manufacturing company that specializes in providing one-stop services for plastic products, including precision mold manufacturing, injection molding, automated spraying, and silk-screen printing, primarily serving the 3C smart hardware and automotive industries	PRC	Structural materials	Wire transfer	49,431	2.3
Supplier E	2023	A company specializing in the import, export, and distribution of electronic components and computer equipments	PRC	Electronic components	Wire transfer	41,224	1.9

Notes:

(1) Represents Shenzhen Transsion Holdings Co., Ltd (深圳传音控股股份有限公司). Transsion has been one of our customers since 2014, and also become one of our suppliers since 2020. See “— Overlapping of Customers and Suppliers — Our relationship with Transsion” for details.

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For the year ended December 31, 2024

Supplier	Commencement year of business relationships	Background and principal business activities	Location	Principal products supplied	Payment method	Transaction amount (RMB'000)	Percentage of total purchase (%)
Supplier A ⁽¹⁾	2020	A leading smart hardware company primarily engaging in the research, development, production, and sale of smartphones and smart hardware, listed on the STAR Market of the Shanghai Stock Exchange	PRC	Electronic components	Wire transfer	1,618,181	62.2
Supplier F	2023	A lithium battery manufacturing company that specializes in the research, development, production, and sales of high-end polymer lithium batteries for consumer electronics	PRC	Structural materials and power components	Wire transfer	63,609	2.4
Supplier B	2020	An enterprise specializing in research, development, production, and sales of consumer-type lithium-ion batteries, serving as a key supplier for mobile phones and other portable electronic devices	PRC	Power components	Wire transfer	62,614	2.4
Supplier G	2024	A precision manufacturing company primarily engaged in the research and production of plastic and metal components for smart hardware and automotive application	PRC	Structural materials	Wire transfer	43,084	1.7
Supplier H	2023	An LCD display module manufacturer specializing in R&D, production, and sales of LCD screens and touch modules for smartphones, tablets, smart wearables, and automotive displays.	PRC	Screen	Wire transfer	42,096	1.6

Notes

- (1) Represents Shenzhen Transsion Holdings Co., Ltd (深圳傳音控股股份有限公司). Transsion has been one of our customers since 2014, and also become one of our suppliers since 2020. See “— Overlapping of Customers and Suppliers — Our relationship with Transsion” for details.

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For the year ended December 31, 2025

Supplier	Commencement year of business relationships	Background and principal business activities	Location	Principal products supplied	Payment method	Transaction amount (RMB'000)	Percentage of total purchase (%)
Supplier A ⁽¹⁾	2020	A leading smart hardware company primarily engaging in the research, development, production, and sale of smartphones and smart hardware, listed on the STAR Market of the Shanghai Stock Exchange	PRC	Electronic components	Wire transfer	1,551,594	56.8
Supplier I	2024	An enterprise specializing in research, development, production, and sales of liquid crystal module display panels, primarily serving the mobile phone, automotive GPS, tablet, and industrial control equipment markets	PRC	Screen	Wire transfer	122,885	4.5
Supplier B	2020	An enterprise specializing in research, development, production, and sales of consumer-type lithium-ion batteries, serving as a key supplier for mobile phones and other portable electronic devices	PRC	Power components	Wire transfer	76,970	2.8
Supplier G	2024	A precision manufacturing company primarily engaged in the research and production of plastic and metal components for smart hardware and automotive application	PRC	Structural materials	Wire transfer	51,356	1.9
Supplier J	2024	A precision manufacturing company that specializes in the integrated services of mold development, injection molding, spraying, and assembly, primarily engaged in the research, production, and sale of precision molds and structural components for smart hardware	PRC	Structural materials	Wire transfer	36,563	1.3

Notes

- (1) Represents Shenzhen Transsion Holdings Co., Ltd (深圳傳音控股股份有限公司). Transsion has been one of our customers since 2014, and also become one of our suppliers since 2020. See “— Overlapping of Customers and Suppliers — Our relationship with Transsion” for details.

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As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period.

The Directors confirm that we did not experience any material shortage of supply, raw material quality issue, disruptions, disputes or delays in relation to the supply of suppliers, or any material breach or early termination of our contractual arrangements with suppliers during the Track Record Period and up to the Latest Practicable Date.

SALES AND MARKETING

We primarily conduct direct sales to our customers, which enables us to maintain close communication with customers’ requirements and to respond efficiently to product definition changes, project execution needs and delivery schedules. During the Track Record Period, we derived substantially all of our revenue from sales directly to customers.

We have established an extensive sales and marketing network to support both key account management and new customer development. Our products are sold to our customers and subsequently distributed through their channels to over 100 countries and regions worldwide. We maintain marketing and customer-facing functions in major operating locations (including, among others, Shenzhen as a marketing/customer service hub and Hong Kong as a logistics center), and our sales and marketing personnel generally have relevant industry experience to facilitate effective communication and project execution with customers.

Our delivery and logistics arrangements are organized based on customer requirements. For domestic deliveries, products and materials are coordinated through our manufacturing and warehousing system, with our Yibin manufacturing base serving as a key production base, and customer-designated destinations typically including customer warehouses or logistics centers.

For cross-border logistics and certain overseas delivery coordination, we utilize arrangements involving our Hong Kong warehouse, which supports shipment consolidation and cross-border handling for parts and finished products, thereby enhancing delivery flexibility and supporting customers’ overseas distribution needs.

Our Customers

Our customers include Transsion, ZTE and TCL, and other brand customers and enterprise customers across different product categories and project types. In our smart terminal businesses, we primarily cooperate with brand customers that are focused on specific regional markets and customer segments, including customers whose products are ultimately sold into overseas markets through their distribution networks. For our smart wearables and enterprise AIoT product offerings under our AIoT business, we also collaborate with customers such as TCL, Hytera and ZTE.

Key Terms of Sales Contracts

We generally adopt a customer-customized cooperation model under which (i) we enter into master cooperation agreements/framework agreements (or project cooperation agreements) with certain customers, and (ii) customers place orders (or issue project instructions) based on actual demand, with specific commercial terms typically implemented through purchase orders, project schedules and ancillary documents. During the collaboration, we may also propose our technical service solutions

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based on our insights into customer needs and end-user experiences, subject to customers’ choice. For certain projects, the cooperation arrangements may also be supplemented by customer-specific documents such as product definition documents, quality agreements and after-sales service agreements.

While specific terms vary by customer and project, our customer arrangements typically address the following matters:

- **Cooperation duration.** Typically ranging from one to three years, terminating automatically when one party breaches the agreement. Depending on the nature of our customers’ business, certain contracts may be subject to automatic renewal.
- **Quality control.** The quality of the products shall be in compliance with the specific standards designated by our customers, or in compliance with applicable national, local or industry standards.
- **Price.** The prices of the product are generally specified in each purchase order in the case where the main sales agreement is a framework agreement.
- **Payment terms.** We generally grant our customers a credit period of up to 90 days.
- **Confidentiality.** We usually set confidentiality clauses with our customers and such obligation shall continue to exist for a certain period of time after the termination of the agreement.
- **Delivery and transportation.** We appoint third-party logistics companies to accommodate the delivery and purchase relevant insurances. The logistics companies are responsible for any product damage during the transportation.
- **Warranty.** We usually set out warranty periods depending on the products and the sales agreement. During the warranty period, our customers may request that we replace or repair defective parts and components free of charge. Following the expiration of the warranty period, we provide repair and maintenance service and supply parts and components to our customers for a fee based on the services required.
- **Termination.** Our customers are typically entitled to terminate the agreement without cause with prior written notice. The agreements may also be terminated under certain conditions as specified in the agreements, including termination by default due to a material breach that is not remedied timely, false representations, or bankruptcy. In such cases, the non-defaulting party may terminate the agreement with written notice.

Major Customers

For the years ended December 31, 2023, 2024 and 2025, our five largest customers in each of such year accounted for approximately 94.2%, 97.1% and 97.7% of our total revenue, respectively, and sales to the largest customer accounted for approximately 79.3%, 88.8% and 79.0% of our total revenue, respectively. Our primary means of settlement includes bank acceptance notes and bank remittance. We generally granted a credit period of between 15 to 90 days to our customers during the Track Record Period.

The tables below set forth the basic information of our top five customers in each year during the Track Record Period:

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For the year ended December 31, 2023

Customer	Commencement year of business relationships	Background and principal business activities	Location	Principal products/ service purchased	Payment method	Transaction amount (RMB '000)	Percentage of total revenue (%)
Customer A ⁽¹⁾	2014	A leading smart hardware company primarily engaging in the research, development, production, and sale of smartphones and smart hardware, listed on the STAR Market of the Shanghai Stock Exchange	PRC	Smart terminal products, AIoT product solutions	Wire transfer	1,764,997	79.3
Customer B ⁽²⁾	2019	A leading global provider of information and communication technology solutions that designs, develops, manufactures, and sells telecommunications systems, mobile devices, and enterprise network solutions for operators, businesses, and consumers worldwide, and dual-listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange	PRC	Smart terminal products, components and product solutions	Commercial bill	88,912	4.0
Customer C	2020	A telecommunications company that provides wireless communication services and devices, including cellular phones and data transmission solutions	USA	Smart terminal products and components	Wire transfer	88,156	4.0
Customer D	2019	A subsidiary of a global high-tech manufacturing company that focuses on semiconductor display, new energy photovoltaic, and semiconductor materials. Listed on the Shenzhen Stock Exchange	PRC	Smart terminal products and AIoT products	Commercial bill	78,924	3.5
Customer E	2020	A specialized subsidiary of a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, focusing on the full-industry-chain business of R&D, production, distribution, retail, and after-sales service of smart terminals, serving as a leading terminal agent and the manufacturer of its parent company's own-brand devices	PRC	Smart terminal products	Wire transfer	76,657	3.4

Notes:

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- (2) Represents ZTE Corporation (中興通訊股份有限公司).

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For the year ended December 31, 2024

Customer	Commencement year of business relationships	Background and principal business activities	Location	Principal products/service purchased	Payment method	Transaction amount (RMB'000)	Percentage of total revenue (%)
Customer A ⁽¹⁾	2014	A leading smart hardware company primarily engaging in the research, development, production, and sale of smartphones and smart hardware, listed on the STAR Market of the Shanghai Stock Exchange	PRC	Smart terminal products, AIoT product solutions	Wire transfer	3,116,843	88.8
Customer B ⁽²⁾	2019	A leading global provider of information and communication technology solutions that designs, develops, manufactures, and sells telecommunications systems, mobile devices, and enterprise network solutions for operators, businesses, and consumers worldwide, and dual-listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange	PRC	Smart terminal products, components and product solutions	Commercial bill	199,425	5.7
Customer D	2019	A subsidiary of a global high-tech manufacturing company that focuses on semiconductor display, new energy photovoltaic, and semiconductor materials. Listed on the Shenzhen Stock Exchange	PRC	Smart terminal products and AIoT products	Commercial bill	53,416	1.5
Customer F	2023	A listed company on the National Equities Exchange and Quotations, specializing in the research, development, production, and sales of IoT and mobile internet terminal products, including intelligent communication devices, IoT smart terminals, and smart education solutions	PRC	AIoT products and components	Wire transfer	25,295	0.7
Customer E	2020	A specialized subsidiary of a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, focusing on the full-industry-chain business of R&D, production, distribution, retail, and after-sales service of smart terminals, serving as a leading terminal agent and the manufacturer of its parent company's own-brand devices	PRC	Smart terminal products	Wire transfer	14,229	0.4

Notes:

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- (2) Represents ZTE Corporation (中興通訊股份有限公司).

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For the year ended December 31, 2025

Customer	Commencement year of business relationships	Background and principal business activities	Location	Principal products/ service purchased	Payment method	Transaction amount (RMB '000)	Percentage of total revenue (%)
Customer A ⁽¹⁾	2014	A leading smart hardware company primarily engaging in the research, development, production, and sale of smartphones and smart hardware, listed on the STAR Market of the Shanghai Stock Exchange	PRC	Smart terminal products, AIoT products and product solutions	Wire transfer	2,543,484	79.0
Customer B ⁽²⁾	2019	A leading global provider of information and communication technology solutions that designs, develops, manufactures, and sells telecommunications systems, mobile devices, and enterprise network solutions for operators, businesses, and consumers worldwide, and dual-listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange	PRC	Smart terminal products, components and product solutions	Commercial bill	462,758	14.4
Customer D	2019	A subsidiary of a global high-tech manufacturing company that focuses on semiconductor display, new energy photovoltaic, and semiconductor materials. Listed on the Shenzhen Stock Exchange	PRC	Smart terminal products and AIoT products	Commercial bill	79,294	2.5
Customer G	2023	A listed company on the Shenzhen Stock Exchange, it is a leading global provider of professional wireless communications solutions that researches, develops, manufactures, and sells two-way radio terminals and other professional wireless communications equipment for public safety, utilities, transportation, and industrial customer	PRC	AIoT products and components	Commercial bill	34,629	1.1
Customer H	2025	A private company in the information and communications technology sector	South Africa	Smart terminal products and components	Wire transfer	21,220	0.7

—Notes:

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- (2) Represents ZTE Corporation (中興通訊股份有限公司).

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As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, none of our major customers requested to terminate their agreements with us.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Certain of our five largest customers in each year of the Track Record Period also acted as our supplier and certain of our five largest suppliers in each year of the Track Record Period also acted as our customers. This overlap primarily arose from our adoption of the buy-and-sell model, under which we procure certain materials components from our certain customers for our production. Except for Transsion, the revenue generated from each of these suppliers who were also our customers accounted for less than 5% of our total revenue in each year during the Track Record Period.

	Year	Sales Amount (RMB'000)	Purchase Amount (RMB'000)
Customer A/Supplier A ⁽¹⁾	2023	1,764,997	1,246,832
	2024	3,116,843	1,618,181
	2025	2,543,484	1,551,594
Supplier C	2023	18,350	56,309
	2024	7,593	8,999
	2025	11	84
Supplier H	2023	–	1,938
	2024	454	42,096
	2025	–	31,410

Notes:

(1) Represents Shenzhen Transsion Holdings Co., Ltd (深圳傳音控股股份有限公司).

During the Track Record Period, Supplier C was one of our customers. Supplier C is principally engaged in sales of telecommunications equipment. Our business relationship with Supplier C commenced in 2023. During the Track Record Period, we purchased tablets from Supplier C, and we also sold components to Supplier C based on their needs.

During the Track Record Period, Supplier H was one of our customers. Supplier H is principally engaged in sales of liquid crystal module display panels. Our business relationship with Supplier H commenced in 2023. During the Track Record Period, we purchased screen from Supplier H, and we also sold obsolete components to Supplier H.

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Our Directors confirmed that all of our sales to and purchases from Transsion, Supplier C and Supplier H were conducted in the ordinary course of business under normal commercial terms and on an arm’s length basis. According to Frost & Sullivan, such overlapping suppliers and customers is in line with the industry norm.

Our relationship with Transsion

During the Track Record Period, Transsion was our largest customer and our largest supplier.:

- Founded in 2013 and listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688036), Transsion Holdings is a smart hardware and mobile internet service provider principally focused on emerging markets worldwide. Over the years, Transsion has established a strong market position and significant brand influence in emerging markets such as Africa, South Asia, the Middle East and Latin America. According to Frost & Sullivan, Transsion was the world’s third largest mobile phone provider in terms of mobile phone sales volume in 2024. Overall, Transsion is an important customer in the global smart terminal industry with strong brand recognition and substantial scale.
- Our business relationship with Transsion commenced in 2014. We have maintained a long-standing cooperative relationship with Transsion, and our cooperation model has gradually deepened over time across multiple product categories. At the initial stage of our cooperation, we primarily provided Transsion with R&D-related services. Thereafter, our cooperation continued to deepen and since 2020, our cooperation with Transsion has gradually expanded to the whole-set ODM business model, extending from early-stage R&D services to integrated services covering product definition and planning, R&D and design, materials procurement, manufacturing and delivery. The categories of products under our cooperation have, over time, gradually expanded from smart terminal products such as smartphone and tablets to smart watches and other AIoT-related products. We also worked closely with multiple brands under Transsion, including ITEL, Infinix and TECNO.
- Our cooperation with Transsion principally comprised two aspects. First, in respect of sales of smart terminal devices, we provided Transsion, as one of our customers, with R&D, design, manufacturing and delivery services for products, and participated in the development and mass production of a number of cooperative models. Second, Transsion has also become one of our suppliers since 2020. In terms of procurement arrangements, we primarily procured certain electronic components such as chips and memory for cooperative products from Transsion under the buy-and-sell model. According to Frost & Sullivan, this buy-and-sell model is commonly adopted by major international smart hardware brands to maintain relationships with their key ODM suppliers, having regard to the technical confidentiality of product specifications and product quality requirements. Transsion purchased certain electronic chips from their suppliers and subsequently reselling them to us to meet the production needs of our cooperative products. In the course of model cooperation, Transsion typically proposed product requirements and conducted reviews at key milestones, while we were principally responsible for feasibility assessment, R&D and design, engineering implementation, manufacturing and subsequent delivery.
- This customer-and-supplier relationship with Transsion arises from our business cooperation model and supply chain arrangements. During the Track Record Period, revenue generated from our sales to Transsion accounted for 79.3%, 88.8% and 79.0% of our total revenue for the respective years, while selling volume to Transsion Group accounted for 77.7%, 86.5% and 65.8% of our total selling volume for the respective years. According to Frost & Sullivan, it is not uncommon for smart terminal product manufacturing solution providers to concentrate on major customers in terms of revenue. Meanwhile, our purchases from

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Transsion accounted for 58.3%, 62.2% and 56.8% of our total purchases, respectively. Fluctuations in the transaction amount between us and Transsion during the Track Record Period were primarily attributable to the performance of specific projects and industry supply-and-demand factors, and do not necessarily indicate any material adverse change in our cooperative relationship. The increase in our transaction amount with Transsion in 2024 was mainly due to a greater number of best-selling models during that year. The decrease in transaction amount in 2025 was mainly because of shortage of memory supply in the industry, resulting in a decrease in shipping volume.

Our Directors are of the view that our business relationship with Transsion is commercially reasonable for the following principal reasons:

- Our industry positioning is complementary to that of Transsion, and our upstream and downstream cooperation is mutually beneficial. We are principally engaged in the R&D, design, production and delivery of smart terminal products and AIoT products, and provide customers with integrated ODM services. Transsion, on the other hand, is a major smart hardware and mobile internet service brand owner focused on emerging markets worldwide, with strong brand influence, market channels and end-market sales capabilities. We and Transsion operate at different levels of the smart terminal industry chain, with us serving primarily as an upstream ODM manufacturer and Transsion acting as a downstream brand operator, thereby forming a clear division of roles within the industry chain. Over the years, we have jointly launched a number of best-selling models with Transsion. Overall, our business relationship with Transsion is a natural outcome of our collaborative model.
- We collaborate and grow together with Transsion, Transsion has an ongoing demand for ODM services, and our existing cooperation model help sustain the continuity of our business relationship.
 - o At present, the consumer electronics industry is experiencing stable growth, Transsion has broad growth prospects, and there are ample opportunities for further cooperation. Benefiting from its efficiency, cost advantages and specialization, the ODM model has continued to achieve higher penetration in consumer electronics products. As a leading global consumer electronics brand, Transsion has maintained stable operating performance and possesses strong growth potential. At the same time, Transsion is actively expanding into new product categories and continuously enriching its product portfolio. While its in-house production is primarily focused on core smartphone products, it engages ODM suppliers to manufacture certain smartphones, feature phones, AIoT products and other products beyond its self-manufactured output, in order to cope with seasonal order fluctuations and to leverage the professional capabilities of ODM suppliers in launching new products. As a result, Transsion’s demand for ODM services is expected to remain strong. According to Frost & Sullivan, this Buy-and-Sale model is common for major international smart hardware brands to maintain their key ODM suppliers considering the technical confidentiality of product specification and product quality requirement.
 - o Against this backdrop, in our cooperation with Transsion, we do not merely undertake a pure manufacturing role; rather, we act as a comprehensive ODM service provider with capabilities spanning R&D, design, supply chain integration and mass production delivery for multiple product categories. We have cooperated with Transsion for over 12 years and have established a dedicated team to better serve them, through which we have developed a relatively mature product R&D and product and delivery mechanism. In the course of our cooperation, we have applied a number of production processes and technical solutions, including aluminum stamping process, FMDA process and

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innovative waterproof design process, to help it enhance product competitiveness, control costs and achieve product differentiation. In addition, aside from responding to product requirements proposed by Transsion, we also proactively provide it with product proposals and prototype products based on our overseas market research, product trend analysis and accumulated technical expertise, and, once such proposals are accepted, participate in the subsequent cooperation for the relevant projects. Overall, our cooperation model with Transsion demonstrates certain characteristics of joint development and jointly advancing product commercialization, and our relationship therefore exhibits a relatively strong degree of continuity.

- All of our cooperation with Transsion was negotiated and carried out in the ordinary course of business on normal commercial terms and on an arm’s length basis. We generally enter into supply agreements with Transsion through commercial negotiation, and the relevant sales and procurement transactions are conducted on market-based terms, fairly priced and consistent with the ordinary course of business of both parties. As regulated market participants, both Transsion and our Company have established relatively sound internal control and supply chain management mechanisms, and the relevant cooperation is supported by a transparent, standardized and sustainable commercial foundation.

Our Directors are of the view that our reliance risk on Transsion is manageable as a whole, and that our business relationship with Transsion is unlikely to undergo any material adverse change or termination in the foreseeable future, primarily for the following reasons:

- There are relatively high barriers for brand customers to replace their ODM providers, and accordingly long-term cooperation between the parties tends to demonstrate a certain degree of stickiness. In selecting qualified suppliers, Transsion considers a range of factors, including, among other things, their scale, qualifications, financial strength, joint R&D capabilities, project management capabilities, quality management capabilities, supply chain management capabilities, manufacturing capabilities and production capacity before being admitted into its qualified supplier system. Once an ODM provider has been verified over time against such key criteria, brand customers would not ordinarily replace such provider, so as to avoid the additional costs and risks associated with changing suppliers, including those relating to R&D coordination, quality validation, capacity matching and delivery schedules.
- Our order volume from Transsion is not entirely without visibility; rather, we are able to conduct business planning through rolling forecasts and day-to-day project communications. Transsion regularly provides us with a rolling forecasts for our materials preparation and production capacity planning, and such practice is also commonly adopted by other brand customers. Although such forecasts may change in response to market conditions, they nonetheless provide us with a certain degree of demand visibility and assist us in arranging production capacity and supply chain resources. In addition to such rolling forecasts, we also maintain a dedicated team that remains in ongoing communication with Transsion’s procurement, product and other personnel to follow up on delivery plans and the progress of cooperative projects. Although the above-mentioned rolling forecasts do not typically represent binding commitments regarding future procurement, it, together with day-to-day communication mechanisms, help us keep abreast of changes in Transsion’s demand on a timely basis and reduce uncertainty in our operational planning.
- Our production lines for Transsion are not exclusively for, and there are no exclusivity restrictions in our cooperation with, Transsion. If our cooperation with Transsion decreases or terminates, our existing production lines may, in principle, be used to serve other customers without incurring significant redesign costs.

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Although we have a certain degree of concentration on Transsion, the proportion of our selling volume to Transsion decreased from 86.5% in 2024 to 65.8% in 2025, indicating a steady decline in our reliance on Transsion. At present, we are continuously advancing diversification from three dimensions, namely customers, markets and products. In terms of customer expansion, we have been cooperating or is in the course of advancing cooperation with multiple potential and existing customers span multiple industries, such as smart energy, financial payments and automotive electronics. In terms of market expansion, we will continue to develop customers in markets such as North America, Asia Pacific and Europe. In terms of product expansion, we will continue to promote product categories in both smart terminal products and AIoT products, and increase the proportion of cooperation with existing customers in more diversified product categories, in order to enhance the overall resilience of our business. In 2025, our revenue from the sale of AIOT products increased by 59.6%, from 2024.

After-sale Services

We believe that timely and effective after-sales support is important to maintaining long-term customer relationships and ensuring stable product performance in end-user applications. Given our platform-based full-stack business model, our after-sales services are primarily provided to our business customers and are typically delivered through our project teams and customer service/quality teams, covering technical support during product deployment and ramp-up, issue troubleshooting, and coordination of corrective and preventive actions where product or component quality issues arise.

We generally support customers through a closed-loop quality management approach, covering issue identification, root cause analysis, corrective action implementation and continuous improvement. Our R&D, manufacturing and quality teams collaborate to analyze defects and deviations, develop technical improvement measures and implement process optimization where necessary. Where appropriate, we provide technical analysis and solution proposals to assist customers in addressing product issues and improving overall product reliability. In addition to the after-sales services described above, we generally provide our customers with a 12-month warranty period. For domestic customers, we typically supply replacement parts as part of our after-sales support. Once an issue is identified, we arrange for the relevant spare parts to be delivered to the customer, who will then replace the defective components on site. For overseas customers, depending on the nature and urgency of the issue, we are also able to provide on-site or resident-engineer support solutions to facilitate troubleshooting and problem resolution. Through these arrangements, we seek to ensure timely and efficient after-sales support and to minimize disruption to our customers’ operations.

When quality issues or customer complaints arise, we typically coordinate with the customer to understand the relevant operating context and application scenario, determine the cause of the issue, and implement remedial measures as appropriate. Such measures may include adjustments to product configuration or application conditions, firmware/software updates, component-level remediation, and/or manufacturing process improvements, with the objective of preventing recurrence in subsequent builds.

We also maintain return/exchange handling arrangements for defective products in accordance with customer requirements and contractual arrangements. In addition, we conduct periodic customer communications and feedback collection to assess satisfaction levels and identify improvement opportunities, which also informs product iteration priorities and customer-specific customization needs.

Pricing

We take into account various factors when determining the prices of our products, including bill of materials and other production-related costs, operating costs associated with project execution and delivery, customer demand and specifications, procurement and supply chain conditions, as well as the

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competitive landscape in the relevant markets. In general, our pricing is primarily built on a cost-based approach, taking into account material costs and other operating costs, and is negotiated with customers on a project-by-project basis depending on product category and scope.

Given the wide range of product categories and specifications we deliver, there is a significant disparity in pricing among our products. For mature product categories such as smartphones and tablets, pricing is generally more market-driven and margins tend to be broadly in line with industry norms, while for certain AIoT products, particularly where we participate in joint development and retain stronger technical leverage, profitability may be relatively higher.

We also consider the overall market conditions and pricing of comparable products offered by peers, and we seek to maintain a commercially reasonable pricing structure that supports sustainable customer relationships and long-term cooperation.

Marketing

We adopt a customer-centric marketing approach to build and expand our business relationships and enhance brand visibility in our target markets. Our marketing activities are primarily designed to support customer acquisition and relationship development and are carried out in coordination with our sales functions. Our sales and marketing team comprised 37 personnel as of December 31, 2025. Our sales personnel are embedded within our business units and product lines to support business line-specific customer development and account management.

We participate in industry exhibitions and other offline customer engagement activities as part of our marketing and business development efforts. We have exhibited at the Hong Kong Electronics Fair on an annual basis, and we have historically also attended other exhibitions primarily as visitors to identify and develop potential customer relationships. As we continue to expand, we intend to further optimize our sales and marketing network to strengthen geographic coverage in both existing and new markets.

QUALITY CONTROL

We have established and implemented documented quality management procedures covering key aspects of our operations, including supplier quality management, incoming material inspection, in-process quality control and customer quality support. Our quality system is organized into five functional teams: R&D Quality, Supplier Quality, Production Quality, IQC and Customer Service Quality—with an aggregate headcount of 55 personnel as of December 31, 2025. We also implement structured quality review points during product development and testing, and our quality design and control framework is developed with reference to ISO 9001-based quality principles.

We maintain standardized processes for software and testing quality management, including documented procedures for software development, software release and software review, as well as testing procedures such as hardware/software testing procedures, GMS test management procedures and key component testing procedures, with standardized development gates and checklists for deliverables and quality readiness. These procedures are designed to ensure that quality requirements, key product parameters and performance outputs are aligned with agreed product requirements throughout the development lifecycle.

Our quality control measures can be described as follows:

- **Supplier selection and management.** We maintain a supplier management process led by our supply chain team, including supplier development and commercial negotiation, with quality issues handled by our supplier quality function. Where material quality issues arise,

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we generally address them based on the relevant quality agreements and by assessing the nature and extent of quality losses, and we work with suppliers to agree remediation solutions.

- **Incoming material inspection (IQC).** Materials delivered by suppliers are generally subject to IQC inspection before being accepted into inventory. We formulate inspection standards for materials, and where incoming nonconformance exceeds the relevant acceptance standards, the quality function will arrange returns/exchanges with suppliers. Incoming inspection results are recorded, and qualified items are scanned and recorded into our systems for inventory entry management.
- **Production process quality control.** We implement in-process quality monitoring and inspection arrangements throughout manufacturing. Production quality control is performed through defined inspection activities and reporting, and nonconforming products are handled in accordance with internal quality handling procedures.
- **Finished product testing and release.** We maintain testing and verification requirements to ensure finished products meet internal quality standards and customer specifications prior to dispatch. Testing requirements may vary by product category and customer requirements.
- **Warehousing and traceability controls.** We apply inbound inspection, system-based inventory entry and identification/traceability controls for materials and goods.
- **Customer quality support and feedback loop.** Customer-facing quality support is handled through our customer service quality function, which supports issue triage and corrective actions. Where quality issues relate to supplier materials, supplier quality and the relevant quality agreement mechanisms are engaged to resolve the issue and allocate responsibility.

WAREHOUSING AND LOGISTICS

We are committed to maintaining an efficient logistics and warehousing framework to support production execution and customer delivery reliability. Our warehousing and logistics arrangements are designed to enhance material traceability, improve inventory visibility and facilitate timely inbound and internal transfers. As of the Latest Practicable Date, we operated two self-operated warehouses in China, consisting of (i) our self-owned warehouse at our Yibin manufacturing base and (ii) a leased turnover warehouse in Shenzhen.

Our Yibin warehouse is located within our Yibin manufacturing base and is held under self-owned property rights. Materials procured domestically are primarily stored at the Yibin factory warehouse, and suppliers arrange deliveries based on our production needs (typically aligned with one-to-two-week production requirements). We manage internal transfers and production supply based on actual orders and planning releases.

In Shenzhen, we operate a leased turnover warehouse that primarily serves as an inbound receiving and turnover hub. Domestic suppliers generally deliver materials to our designated Shenzhen turnover warehouse, and, in urgent cases, may deliver directly to our designated factories. Materials delivered to the warehouse are subject to incoming quality control (“IQC”) inspection, and, after passing inspection, are scanned and recorded for inventory entry management through our ERP/MES systems. The Shenzhen turnover warehouse is currently leased, with the lease term expiring at the end of May 2026; upon expiry, we are considering relocation to a new site, taking into account the operational convenience of such a turnover facility.

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For materials procured through Hong Kong channels (primarily certain key chips and storage components), suppliers deliver to our designated Hong Kong warehouse, and we arrange customs declaration and import procedures based on production needs.

In terms of transportation responsibilities, domestic freight is generally borne by suppliers; if materials are delivered to our designated warehouse (such as the Shenzhen turnover warehouse), we typically arrange onward transportation to the relevant factory locations. We do not have special transportation requirements beyond general industry standards, and we do not handle hazardous goods transportation.

We also engage third-party logistics service providers for certain transportation legs (for example, transfers between our Yibin manufacturing site and the Shenzhen turnover warehouse), with the factory team primarily responsible for day-to-day coordination. We select logistics partners based on factors such as company scale, industry reputation and operational cooperation.

INVENTORY MANAGEMENT

Our supply chain and inventory management are designed to support efficient coordination across order placement, procurement, manufacturing execution and delivery. We maintain reasonable inventory levels that are appropriate for our production planning requirements and seek to balance supply reliability with inventory efficiency. In determining procurement and inventory strategies, we consider customer demand, forecast visibility, procurement lead times and market conditions for key materials, and we adopt differentiated stocking approaches for different categories of materials.

We implement a demand-driven inventory management framework. For production materials, we adopt a centralized procurement model under which each business unit submits a rolling forecast, and we further communicate a rolling 13-week forecast to suppliers on a regular basis. The planning function releases material demand based on actual orders twice per week, and our supply chain team executes purchasing actions accordingly. This rolling framework enables us to coordinate supplier order placement, monitor delivery schedules and adjust procurement quantities in response to changes in customer demand and production requirements.

In terms of warehouse and inbound controls, domestic suppliers typically deliver materials to our designated locations, including our Shenzhen turnover warehouse (and, in urgent cases, directly to designated factories). For materials procured through Hong Kong channels (primarily certain key chips and storage components), suppliers deliver to our designated Hong Kong warehouse, and we arrange customs declaration and import based on production needs. For inbound warehousing, we adopt an inspection-first approach: materials delivered to the warehouse are subject to IQC inspection, and qualified items are scanned and recorded into our systems for inventory entry management, which is currently managed through ERP and MES systems.

We actively manage inventory aging and inventory turnover. Inventory is reviewed internally on a monthly basis, and that for overdue materials, relevant business owners discuss and determine the appropriate handling measures. Prior to production, materials are inspected to ensure they are not overdue; if an overdue item is proposed for use, a risk assessment is conducted, and items assessed as posing risk are not permitted for use. In addition, we set internal inventory turnover targets on a quarterly basis, with a target level generally around 30 days, and we have enhanced inbound control through our SRM-related process controls to better align supplier deliveries with production needs and timing.

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During the Track Record Period, our inventory turnover days were approximately 31 days, 31 days and 51 days in 2023, 2024 and 2025, respectively. The year-end inventory balances were RMB109.2 million, RMB452.2 million and RMB365.7 million as of December 31, 2023, December 31, 2024 and December 31, 2025, respectively. See “Financial Information — Selected Items from the Consolidated Statements of Financial Position — Inventories” for details.

INFORMATION TECHNOLOGY

Information technology systems are essential to competitiveness and efficient operations. We utilize and maintain IT systems that evolve in tandem with our business growth. We have instituted an information technology system covering all material aspects of our operations, including inventory management, production, quality control, external relationship management, internal relationship management and operation management. Our information technology team is responsible for developing and maintaining IT systems in line with our business expansion and customizing them to meet our business needs. Our key information technology systems are set forth below:

- **ERP system.** Our enterprise resource planning system (“ERP”) helps us integrate the core business processes of various departments, including financial management, supply chain, production and inventory. It can provide real-time data analysis, reduce costs, enhance operational efficiency and support our decision-making process, thereby increasing our flexibility and competitiveness. It facilitates the management of core activities such as production planning, inventory management, procurement, supply chain operations and finance. It also supports compliance with industry regulations and standards, ensuring streamlined operations across our Group.
- **MES system.** Our Manufacturing Execution System (“MES”) serves as a crucial bridge between the ERP and our production department. Its core functions include production scheduling, resource management, quality control, data acquisition and real-time monitoring of plant personnel, equipment and materials. It assists us in conducting timely checks, enhancing production efficiency, and minimizing downtime and production errors, thereby optimizing our production processes and improving our resource utilization. It provides us with greater visibility and control, supporting our decision-making process, facilitating smart manufacturing and lean production, and thereby enhancing our competitiveness and market responsiveness.
- **OA system.** Our office automation (“OA”) system is primarily utilized for daily office management. It streamlines routine administrative tasks, enhances communication and improves overall organizational efficiency by providing a centralized platform for document management, approval and sign-off process and internal collaboration.
- **CRM system.** Our Customer Relationship Management (“CRM”) system manage and analyze customer interactions and data throughout the customer lifecycle. Its main functions include contact management, sales automation and customer service. It organizes customer information, automating marketing tasks, tracking customer interactions, and providing insights into customer behavior and preferences. It helps us tailor marketing efforts more effectively, personalize communications, optimize sales processes and ultimately enhance customer satisfaction.
- **PLM system.** Our Product Lifecycle Management system (“PLM”) serves as a centralized platform for managing product development throughout the entire product lifecycle, from R&D process to mass production and product updates. The PLM system enables cross-functional coordination among our R&D, supply chain and manufacturing teams by providing

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a structured environment for product information management. It helps us standardize development processes and reduce development risks. In addition, the PLM system enhances traceability, supporting compliance with customer specifications and industry standards.

- **HRM system.** Our Human Resource Management system (“HRM”) supports the centralized management of our workforce and human capital development. Its main functions include employee information management, recruitment and onboarding, performance evaluation and training administration. The HRM system helps streamline personnel processes, enhance workforce planning and improve talent development. It also supports compliance with internal policies while strengthening organizational efficiency and employee engagement.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any information technology system failure or downtime that had a material adverse effect on our business operations.

INTELLECTUAL PROPERTY

We depend on our proprietary technologies and production know-how to maintain our competitive position in the markets in which we operate, and we create intellectual property through our extensive R&D activities. Our general policy is to apply for patents on an ongoing basis, in China and other appropriate jurisdictions, on patentable developments that are considered to have commercial significance. Our portfolio of patents covers our proprietary technologies used in products as well as many aspects of our product design and manufacturing processes.

We seek to protect our intellectual property and proprietary rights primarily through intellectual property laws, relying on a combination of patent, trademark, trade secret and other intellectual property laws in China. As of the Latest Practicable Date, we held a robust portfolio of intellectual property worldwide, comprising over 560 patents, software copyrights and trademarks in China. Our patents span critical sectors, primarily including, among others, telecommunications, RF antenna design, positioning technologies, AI-powered voice interaction, electronic components manufacturing. Within our patents in China, we had 64 invention patents and 51 utility model patents. As of the same date, we had filed over 120 patent applications in China. As of the Latest Practicable Date, we had 62 registered trademarks in China.

We have a range of internal control policies and measures in place to protect our intellectual property rights and trade secrets. We proactively pursue patent applications for our technological innovations and utilize our patent rights to safeguard our legitimate interests. Meanwhile, our intellectual property team is proactive in taking reasonable steps to detect possible infringement of our intellectual property rights. Upon identifying potential patent infringements by any competitors, we conduct thorough analyses and comparisons of the competing products. For products that are confirmed to infringe on our patents, we typically take legal actions timely by securing evidence and filing relevant lawsuits. This proactive approach underscores our commitment to protecting our intellectual property and maintaining our competitive edge in the market. We rely on non-disclosure agreements to protect our interests in non-patentable know-how and hard-to-patent manufacturing processes. All contracts we enter into with employees, suppliers and other strategic partners are reviewed and approved by our in-house legal team to ensure that they contain adequate safeguards to prevent unauthorized disclosure. To the best of our knowledge, knowledge and belief, our intellectual property rights have not been subject to any material intellectual property claims by third parties during the Track Record Period and as of the Latest Practicable Date.

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COMPETITION

We mainly operate in the global smart hardware and AIoT industry, which are highly competitive and concentrated. According to Frost & Sullivan, the global smart hardware and AIoT industry is undergoing a period of structural adjustment and technological evolution. During the Track Record Period, demand for smart terminals, including smartphones and tablets, has shown signs of stabilization, while AIoT-related products such as smart wearables, audio devices and smart eyewear have experienced differentiated growth across various application scenarios and regional markets. In particular, the adoption of AI-enabled smart hardware in selected consumer and industry sectors has continued to expand, driven by evolving user demand and advances in underlying technologies.

The continued development of the smart hardware and AIoT markets presents growth opportunities for ODM and full-stack hardware service providers. However, the competitive landscape remains highly dynamic and increasingly intense. We compete primarily with other ODM companies offering smart hardware and AIoT solutions, as well as with certain upstream manufacturers that have expanded from component-level supply into system integration, product development and solution delivery. Competition in our industry is based on multiple factors, including engineering and R&D capabilities, speed of execution, product quality and reliability, supply chain integration, cost control, and the ability to support customers across multiple product categories and application scenarios.

If we are unable to maintain and enhance our capabilities in areas such as hardware and software engineering, system integration, supply chain coordination, quality management and project execution, or if we fail to attract and retain key technical and management personnel, we may face increased competitive pressure, which could adversely affect our business performance, customer relationships and market position.

Against this competitive backdrop, we have developed a set of competitive strengths across technology, operations and customer collaboration. We maintain long-term cooperative relationships with established brand customers and work closely with them to provide product solutions tailored to their specific requirements. Supported by our Innovatech platform-based R&D organization and accumulated engineering experience, we are able to offer integrated design and engineering services covering product definition, development and manufacturing coordination across a range of smart terminal and AIoT hardware categories.

We also benefit from our experience in system-level integration and applied engineering across multiple technical domains, including (i) 4G/5G connectivity and RF platform adaptation, (ii) high-accuracy positioning and navigation, (iii) fast charging and BMS-related engineering, and (iv) AI-enabled algorithms and cloud-device integration, which enables us to deliver differentiated smart hardware product solutions. Through continuous optimization of our operational processes and close collaboration with upstream suppliers, we seek to enhance execution efficiency, shorten development cycles and support the sustainable growth of our customers in a competitive market environment.

See “Industry Overview — Analysis of Global Smart Hardware Manufacturing Solution Industry.”

DATA PROTECTION

As a full-stack hardware products and solutions provider primarily serving corporate customers, we collect, process and use various types of data in the ordinary course of business to support product definition and planning, integrated hardware-software development with cloud-side coordination, manufacturing operations, supply chain collaboration and customer project execution. Given our business model, the data we handle is primarily technical, operational and project-related in nature, rather than large-scale consumer-facing personal data. The types of data we may collect and process generally include:

- product design, performance, validation and testing data generated during research and development, trial production and manufacturing processes;

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- operational and supply chain data arising from our digitalized management across the entire operational chain, such as production planning, workflow records, materials usage, quality control and logistics-related information;
- technical specifications, project requirements and related documentation provided by customers, which are used strictly for product development, project delivery and other business execution purposes; and
- internal system and operational records, including system access logs, process records and other data used to support IT management, operational efficiency and system security.

We use such data solely for legitimate business purposes, including product development, quality assurance, operational management, process optimization, supply chain coordination, compliance monitoring and the enhancement of customer service and overall operational efficiency. To the extent personal information is involved in specific business scenarios, we process such information in accordance with applicable legal and contractual requirements and only to the extent necessary for the relevant business purposes.

We place great importance on data security and privacy protection. In light of our integrated hardware-software development model with cloud-side coordination and our digitalized operational system, we have established internal management measures and operational procedures relating to data handling, system security and information access control. In particular, we place emphasis on safeguarding customer-provided technical and project information, maintaining the security and integrity of our internal systems, and managing access to operational and technical data on a need-to-know basis.

We have adopted internal control measures designed to support the secure handling of data throughout our business operations, including access permission management, internal approval procedures for the use and sharing of relevant information, system operation monitoring, routine data backup and other security management measures aimed at reducing operational and information security risks. We also seek to enhance our data protection capabilities through ongoing internal management and IT operation measures in line with our business development and operational needs.

As of the Latest Practicable Date, we had not transferred to outside of Chinese mainland any personal information or important data collected and generated during our operations within Chinese mainland in violation of applicable PRC laws and regulations. We had complied with the relevant laws and regulations relating to cybersecurity, data security and privacy protection in all material respects in the jurisdictions in which we operate. Our Directors confirm that we had not been subject to any material administrative penalties, nor had we been involved in any unresolved material litigation or arbitration, in each case in relation to data security, data privacy or cybersecurity matters.

EMPLOYEES

As of December 31, 2025, we had 2,110 full-time employees located in China. The following table sets forth a breakdown of our employees by function as of the same date:

Business Function	Number of Employees	Percent (%)
Production	1,425	67.5
R&D	535	25.4
Administration	113	5.3
Sales	37	1.8
Total	2,110	100.0

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Adhering to our employee-centered core values, we focus on improving the working environment for employees, realizing their personal value, improving their quality of life and promoting their career growth, which are also important parts of our development strategy. We treat our employees as our core assets and strive to enhance the morale and cohesion of our Company.

Pursuant to the relevant labor laws and regulations, we established various labor management policies regarding the timely signing of employee contracts, timely and full payment of wages, payments of social welfares, vacations and welfare benefits. Furthermore, we have a performance appraisal system in place which assesses the performance of the management personnel based on the overall business objectives. In addition, we established a training system, providing trainings for our employees and encouraging them to study proactively in their spare time.

In addition, we attach great importance to the cultivation of our corporate culture, aiming at creating a healthy, positive and cooperative working environment. We also organize social events such as sports meetings, job skills competitions, festival parties and other recreational activities to effectively enhance the team cohesion.

During the Track Record Period and up to the Latest Practicable Date, we did not have any strikes, protests or other material labor conflicts that may materially impair our business and image. As of the Latest Practicable Date, our employees were represented by a labor union.

Labor Dispatch

We employ some of our workforce through labor dispatch arrangements, wherein workers are hired by third-party staffing agencies but provide services for us. Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) which has become effective since March 1, 2014, an employer shall strictly control the number of dispatched workers engaged, which shall not exceed 10% of the total number of its workers (the “**Limit**”). As of December 31, 2025, the number of dispatched workers engaged by us exceeded the Limit, primarily because with the customers’ order demand growth, we need additional workers to deliver customer orders in short term, resulting in the number of dispatched workers exceeding the stipulated Limit in relevant periods. The dispatched workers were primarily engaged in auxiliary and temporary work such as assembly, packaging, boxing and labeling. Our PRC Legal Advisors have advised us that, pursuant to relevant PRC laws and regulations, if the number of dispatched workers exceeds the Limit, the employer may be ordered to make corrections within a time limit by labor administrative authorities, and failure to make such corrections may lead to a fine ranging from RMB5,000 to RMB10,000 per dispatched worker imposed by labor administrative authorities. During the Track Record Period, the number of dispatched workers hired by us had historically exceeded the Limit. However, we have proactively made rectifications and reduced the percentage of our dispatched workers to strictly comply with the relevant PRC laws and regulations. As advised by our PRC Legal Advisors, since the prerequisite for imposing such fine is the failure to rectify the non-compliance within a prescribed time limit upon the order of the labor administrative authorities, and we have voluntarily rectified the historical non-compliance, the risk of us being penalized is remote. During the Track Record Period and up to the Latest Practicable Date, we and our subsidiaries had not been subject to any administrative penalties or other disciplinary actions relating to labor dispatch by relevant government authorities. As of Latest Practicable Date, we had enhanced our dispatched worker arrangements to ensure the number of dispatched workers engaged by us was within the Limit. We have set a 10% threshold for the utilization of dispatched employees, which is allocated to each department and incorporated into the performance evaluations of department heads. Departments must provide a clear rationale for employing dispatched staff, and we utilize our human resource information system to monitor workforce data and the ratios of dispatched employees in real time across the organization. See also “Risk Factors — Risks Relating to Government Regulations — Failure to comply with labor laws

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and regulations, including regulations in relation to social insurance and housing fund contributions for our employees, could subject us to legal liabilities, fines and other legal or administrative sanctions, and reputational harm.”

Social Insurance and Housing Provident Funds

As required by PRC laws and regulations, we participate in housing funds and various employee social insurance plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, and unemployment benefit plans. We are required under applicable PRC laws to contribute to statutory employee benefit plans at certain percentages of the salaries of our employees up to a maximum amount specified by the local government from time to time. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for our employees as required under the relevant PRC laws and regulations. In addition, we paid the social insurance or housing provident funds through third-party human resources agencies for certain of our employees, primarily because they prefer their social insurance and housing provident funds to be paid at their respective places of residence for the convenience of utilizing such benefits locally during the Track Record Period.

Pursuant to relevant PRC laws and regulations, an employer that has not made social insurance contributions at a rate and based on an amount prescribed by the law, or at all, may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% of the outstanding amount for each day of delay. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. Additionally, if there is a failure to pay the full amount of the housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As advised by our PRC Legal Advisors, based on their consultations with the relevant local competent authorities, provided that there are no material adverse changes in the current regulatory policies and environment, and no material employee complaints or reports against us, the likelihood that the relevant government authorities would actively demand the full payment of the historical shortfalls or impose administrative penalties on us is remote. Pursuant to the Notice on Implementing the Comprehensive Plan for Lowering Social Insurance Premium Rates (《人力資源社會保障部、財政部、稅務總局、國家醫保局關於貫徹落實〈降低社會保險費率綜合方案〉的通知》) issued by the Ministry of Human Resources and Social Security, the Ministry of Finance, the State Taxation Administration and the National Healthcare Security Administration, it is strictly prohibited for the relevant authorities to collectively initiate and proactively collect historical outstanding social security contributions from enterprises. We undertake that in the event that if the competent authorities require us to make up for any shortfall and/or pay any overdue fine, we would seek timely compliance. We will regularly keep abreast of latest developments in the relevant PRC laws and regulations and settle the outstanding amount if required by competent authorities. Based on the foregoing, the confirmations from relevant government authorities and public information, our PRC Legal Advisors are of the view that, the likelihood that we will be subject to material administrative penalties and required by relevant authorities actively to pay the shortfall for social insurance and housing provident fund contributions entirely and collectively is remote.

During the Track Record Period and up to the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the shortfall amount. Moreover, as of the Latest Practicable Date, we were not aware of any material complaint filed by any of our employees regarding our social insurance and housing provident fund policy. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the Executive Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實

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做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from collectively recovering enterprises’ historical social insurance arrears. The above-mentioned maximum potential penalties refer to the scenario where we fail to make full payment or settle any shortfall within the specified time limit if and when requested by the relevant authorities. Considering that we will make contribution within the specified time limit if and when requested by the relevant authorities, our PRC Legal Advisors are of the view that the likelihood we will be subject to the maximum potential penalties is remote. Further, with respect to the provisions stipulated in the Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), our PRC Legal Advisors are of the view that this judicial interpretation merely clarifies existing laws and regulations, without imposing any additional obligations or liabilities on us, nor does it repeal the current laws and regulations regarding social insurance and housing provident fund contributions. Therefore, it would not cause us to be subject to additional social insurance exposure. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date. For details, see “Risk Factors — Risks Relating to Government Regulations — Failure to comply with labor laws and regulations, including regulations in relation to social insurance and housing fund contributions for our employees, could subject us to legal liabilities, fines and other legal or administrative sanctions, and reputational harm.”

PROPERTIES

As of December 31, 2025, we owned the land use rights of two parcels for manufacturing and R&D in Yibin, China, with an aggregate site area of approximately 67,148 square meters, among all the land parcels owned by the Company. All of these land parcels have been granted land use right certificates.

As of December 31, 2025, we leased 11 properties in Chinese Mainland for productions and operations, each exceeding 40 square meters, with an aggregate site area of approximately 17.7 thousand square meters, in China.

As of the Latest Practicable Date, we did not have any single property with a book value accounting for 15% or more of our total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

INSURANCE

We consider our insurance coverage to be adequate and in accordance with the commercial practices in the industries in which we operate. Our business and assets are covered by commercial insurances including business accident insurance and property insurance. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustment to our insurance plans to align with our needs and with industry practice. During the Track Record Period, we did not make any material insurance claims in relation to our business.

However, there can be no guarantee that we will not incur losses or suffer claims beyond the limits, or outside the relevant coverage, of our insurance policies. 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.”

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental, Social, and Governance

The Company recognizes Environmental, Social, and Governance (ESG) as a core driver of business resilience and long-term growth. We regard sustainable development as an integral part of our business strategy and embed it not only throughout our daily operations, but also across our value chain through the active implementation of ESG principles. We firmly believe that, by continuously enhancing governance effectiveness and deepening our corporate citizenship responsibilities, we can effectively respond to market expectations on compliance and, together with all stakeholders, create enduring and resilient social and economic value.

ESG Governance Framework

The Company has consistently attached great importance to sustainable development and intends to incorporate the relevant principles into its governance and decision-making systems at the highest management level. The Company has drafted the Rules of Procedure of the Board ESG Committee (Draft), and proposes to adopt a four-tier ESG governance framework comprising the Board, the ESG Committee, the ESG Working Group and various functional departments, which is expected to be implemented after [REDACTED]. Pursuant to the Rules of Procedure of the Board ESG Committee (Draft), the Company proposes to establish an ESG Committee under the Board. The Committee is proposed to comprise four members, namely Mr. Ma Xinqiang, Mr. Chen Miaobo, Mr. Li Fei, and Ms. Sun Haiyan. Among them, Mr. Ma Xinqiang is proposed to serve as the chairman of the ESG Committee, responsible for ESG-related work.

The Board assumes ultimate responsibility for the Company’s ESG strategy, policies, risk management, and disclosures. It is responsible for approving the Company’s ESG strategy, vision, medium to long-term goals and key performance indicators, ensuring that ESG is integrated into the Company’s overall development strategy. The Board also oversees and makes decisions on material ESG-related investments, mergers and acquisitions, projects, policies, and resource allocation. In addition, the Board establishes, authorizes, and oversees the operations of the ESG Committee; approves its charter, responsibilities, and scope of work; appoints members of the ESG Committee; regularly receives reports from the ESG Committee; and evaluates its operational efficiency and discharge of duties.

The ESG Committee is a specialized body established under the Board of Directors. It is responsible for studying the Company’s long-term development plans, promoting the deep integration of ESG principles into the Company’s strategy, business layout, investment decisions-making, and supply chain management, and providing professional ESG-related recommendations on major projects subject to the Board’s approval. At the same time, the ESG Committee will be responsible for reviewing and formulating ESG visions, goals, and medium- to long-term plans; coordinating the identification, assessment, and monitoring of major risks across environmental (e.g., carbon emissions, environmental compliance management and energy management), social (e.g., employee rights and interests, occupational health and safety, supply chain management, product quality and safety management and community relations), and governance (e.g., business ethics, anti-corruption, data security and privacy protection), and approve relevant response measures and remediation plans. Furthermore, it will continuously oversee management’s implementation of ESG system development and the achievement of ESG targets, promote cross-departmental collaboration; regularly review annual ESG reports and related disclosure documents to ensure the information disclosed is true, accurate, and complete; and coordinate matters such as ESG ratings and investor communications. The ESG Committee will also seek to promote Board diversity and conduct annual reviews of the Board’s composition and the effectiveness of its practices, so as to ensure that the Board meets the Company’s long-term sustainable development needs in terms of capabilities, experience, and management.

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The ESG Committee has established an ESG Working Group, which is responsible for the implementation of specific ESG initiatives. Various functional departments are responsible for working in coordination to advance the implementation of the Company’s specific ESG strategies and targets, and to ensure that ESG principles and related governance measures are effectively embedded in its daily operations.

ESG Risk Management and Opportunity Assessment

The Company attaches great importance to the critical role of internal controls in maintaining business stability and safeguarding financial performance. To this end, we have established a three-tier risk management framework of “decision-making, execution, and operations” led by the Board’s Risk Management Committee. This ensures the ongoing operation of risk management and effectively integrates major risk assessments into the company’s strategic decision-making and planning. We conduct annual comprehensive risk identification and collection, establish a risk case database, and implement monthly self-assessments and dynamic monitoring mechanisms. The scope of risk identification broadly covers multiple dimensions, including policy and regulatory compliance, daily operations, supply chain stability, customer business conditions, as well as environmental and social factors.

To address macro-level changes, the Company has established an internal semi-annual analysis meeting mechanism on global political and economic developments, led by the Marketing Department. In 2025, the company conducted a comprehensive assessment of external political and economic factors, including changes in environmental and social policies, and formulated corresponding response strategies. Moving forward, the ESG Committee will assume full responsibility for and oversee the coordinated identification and assessment of relevant ESG risks, and will continue to improve the procedures for identifying and managing such risks.

Environment

Climate-Related Risk Management and Response

The Company fully recognizes that climate change may pose potential risks to its business operations and financial performance. We plan to gradually establish and improve our climate risk management mechanisms after [REDACTED] with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) or relevant regulatory guidelines. We will regularly review the impact of physical and transition risks on our business and disclose such information to shareholders and [REDACTED] in a timely manner.

Greenhouse Gas Emissions

The Company actively responds to the national “Dual Carbon” strategy, places high importance on, and cooperates with, supply chain partners’ stringent requirements for greenhouse gas management, focuses on internal operations, cost reduction and efficiency enhancement, and gradually advances sustainable development.

In 2024, the Company conducted a preliminary carbon emissions assessment. We estimated carbon emissions based on business scenarios and preliminarily identified the applicable accounting boundaries in conjunction with our own business operations, thereby laying a solid data foundation for subsequent formal carbon inventory and the setting of emission reduction targets. Our primary greenhouse gas emission sources cover Scope 1, Scope 2, and Scope 3 emissions, with scope 3 emissions involving, among others, the production and transportation of raw materials (Categories 1 and 4), business travel (Category 6), employee commuting (Category 7), and the transportation, distribution, use, and end-of-life disposal of products (Category 9).

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In response to the current status of these greenhouse gas emissions, the Company has formulated the “Greenhouse Gas Emission Reduction Action Plan,” aiming to gradually integrate low-carbon development into its overall business strategy. The plan sets out the responsibilities of each department and focuses on six core areas: improving energy efficiency, transitioning to clean energy, optimizing production processes, managing resource recycling, fostering green supply chain collaboration, and building internal management systems. It sets specific expected emission reduction performance targets for each area to ensure our operations continue to meet the sustainability standards of domestic and international customers and regulatory authorities. In accordance with the “Greenhouse Gas Emission Reduction Action Plan,” the company intends to implement specific greenhouse gas emission reduction measures through initiatives including, but not limited to, promoting energy-saving technological upgrades in production processes, establishing smart energy management systems, promoting the development and use of green energy, enhancing waste recycling and reducing packaging materials and promoting their reuse and recycling, advancing low-carbon logistics, incorporating supplier carbon emissions into assessment criteria, and fostering a green culture internally.

To ensure the effective implementation of the emission reduction plan, the Company explicitly states in the “Greenhouse Gas Emission Reduction Action Plan” that it will regularly monitor and record key energy consumption data (including renewable energy generation), prepare and disclose the “Greenhouse Gas Emissions and Reduction Progress Report” annually to stakeholders such as company management, customers, and government agencies; and, when necessary, engage third-party organizations to verify emissions data. Additionally, the Company will conduct at least one annual review of the plan’s progress to adjust and update reduction measures and targets in light of technological advancements, policy changes, and actual outcomes.

Environmental Protection

The Company strictly complies with applicable laws and regulations, including the Environmental Protection Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People’s Republic of China on the Prevention and Control of Air Pollution, the Law of the People’s Republic of China on the Prevention and Control of Water Pollution, the Regulations on the Administration of Pollutant Discharge Permits, and the Energy Conservation Law of the People’s Republic of China, and clearly adopts lawful compliance as the fundamental principle of environmental management.

To fulfill our environmental compliance obligations, we have established an ISO 14001-certified environmental management system which covers 100% of our operations. The Company has established a dedicated environmental protection department to coordinate daily environmental monitoring and pollution prevention and control efforts, with a focus on managing waste generated during the production process to ensure that related emissions and disposal comply with national standards. In addition, the company has established a comprehensive environmental compliance management mechanism, regularly completing environmental impact assessments and stationary pollution source discharge registrations as required, to ensure the coordinated development of business operations and environmental protection.

Emissions Management

Adhering to the principle of clean production, the Company strictly complies with applicable environmental laws, regulations, and standards in all places where it operates, and has established standardized procedures for pollutant treatment. By implementing strict management systems, regular monitoring of key emission indicators, and continuous optimization of waste treatment and pollution prevention measures, we are committed to minimizing the potential environmental and social impacts of our business operations. The Company has formulated and implemented the “Solid Waste Management System” to centrally manage solid waste generated from its offices and factories.

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Waste Management

The Company strictly complies with the national “Standards for Pollution Control on Hazardous Waste Storage” and “Standard for Pollution Control on the Non-Hazardous Industrial Solid Waste Storage and Landfill” to properly dispose of hazardous and general solid waste generated during daily operations. To ensure that waste discharge and disposal processes remain compliant at all times, the Administration Department leads the selection of waste treatment service providers and implements strict controls over key stages such as waste sorting, collection, storage, disposal, recycling, and source reduction. We are committed to minimizing the environmental impact of non-recyclable solid waste through scientific and appropriate management mechanisms and disposal methods. For both general solid waste and hazardous waste, the Company entrusts professionally qualified third-party organizations to carry out the safe storage, transfer, and compliant disposal of waste.

The Company is committed to promoting resource conservation and source reduction of waste. In office administration, we actively advocate for green office practices such as double-sided printing. At the production and operational level, we implement a strict system for the repeated cleaning and reuse of protective equipment (including dust-proof suits and anti-static footwear) in cleanrooms to extend the useful life of such materials as far as practicable and minimize waste generation.

Wastewater Management

In accordance with the “Integrated Wastewater Discharge Standard,” the Company’s wastewater primarily originates from employees’ domestic sewage, while some production facilities also generate small amounts of industrial wastewater during their manufacturing processes. To ensure compliance, we strictly comply with the “Integrated Wastewater Discharge Standard” to properly treat and discharge such wastewater.

Air Emissions Management

The Company is committed to strictly controlling air pollutant emissions in the course of its operations to ensure that business activities comply with applicable environmental laws and standards in the places where it operates. Our primary air emissions originate from factory production processes, including tin and its compounds emitted during welding operations, as well as volatile organic compounds (VOCs) generated during gluing and cleaning processes. For these emissions, the Company strictly implements the “Integrated Emission Standard of Air Pollutants,” the “Sichuan Emission Control Standard for Volatile Organic Compounds,” and relevant fugitive emission control standards. To effectively manage air emissions, we have installed extraction vents at the relevant workstations to channel collected air emissions into treatment systems for purification, ultimately discharging them through exhaust stacks in compliance with standards.

During the reporting period, the Company’s emissions by category were as follows:

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	For the year ended December 31		
	2023	2024	2025
Waste Management			
Total Waste Generated (tons)	216.8	396.4	548.5
Waste Generation Intensity (tons/million yuan of revenue)	0.08	0.13	0.17
Hazardous Waste Generated (tons)	0.14	0.14	0.80
Hazardous Waste Generation Intensity (tons/million yuan of revenue)	0.000054	0.000047	0.000240
General Solid Waste Generated (tons)	216.7	396.3	547.7
General Solid Waste Emission Intensity (tons per million yuan in revenue)	0.08	0.13	0.17
Wastewater Management			
Total Wastewater Discharge (cubic meters) . .	42,438	62,181	75,972
Wastewater Discharge Intensity (cubic meters per 10,000 yuan of revenue)	0.15	0.20	0.22
Air Emissions Management			
Volatile Organic Compounds (VOCs) Emissions (kg)	/	21.8	98.4
Particulate Matter (PM) Emissions (kg)	/	111.1	354.0

Energy Management

The Company’s energy consumption primarily arises from purchased electricity used in its business operations and production. Direct energy consumption includes gasoline used for the daily operation of our in-house fleet, as well as a small amount of diesel consumed during the operation of emergency backup generators.

To continuously optimize energy efficiency, we have formulated and implemented the “Energy Conservation Management Measures,” with the Safety Management Committee responsible for the overall management of the Company’s energy resources. In the “Greenhouse Gas Emission Reduction Action Plan,” the Company identifies energy efficiency improvement and the transition to clean energy as two key priorities. We intend to advance the Company’s energy transition toward greater efficiency and cleaner sources through measures such as retrofitting and replacing high-energy-consumption equipment, upgrading power systems, installing LED lighting systems, establishing a smart energy management system, assessing the feasibility of distributed photovoltaic power generation facilities, and promoting the procurement of green electricity. Currently, the Company tracks energy consumption at the industrial park on a monthly basis and compiles annual summaries. Regarding energy-saving initiatives, the Company actively promotes the replacement of lighting with energy-efficient LED fixtures and, while ensuring production needs are met, is gradually procuring and replacing equipment with lower energy consumption. At the same time, we continuously upgrade our production processes to reduce or eliminate processes and materials that generate air emissions. Furthermore, the Company annually commissions third-party organizations to conduct environmental monitoring. We also perform regular monthly statistical analyses of production processes and corresponding energy consumption, using these insights to drive the iterative updates and design planning of equipment aimed at energy conservation.

Water Resource Management

We strictly comply with relevant laws and standards in our operation sites, actively manage water consumption, and improve water usage efficiency. The Company has implemented multiple water management measures, including optimizing water-using equipments and installing water-saving valves.

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Furthermore, we are committed to promoting the recycling of water resources by collecting wastewater from sinks and air conditioning condensate and reusing it for factory green belt irrigation, thereby effectively reducing our reliance on water resources and overall consumption.

During the reporting period, the Company’s resource usage by category was as follows:

	For the year ended December 31		
	2023	2024	2025
Energy Management			
Gasoline Consumption (liters)	5,358	7,908	7,125
Electricity Consumption (kWh)	4,269,209	7,390,558	9,347,650
Water Resource Management			
Water Consumption (tons)	53,048	77,726	94,965
Water Consumption Intensity (tons/10,000 yuan in revenue)	0.19	0.25	0.28

Social

Product Quality Assurance

The Company regards product quality as the cornerstone of sustained business growth and the consolidation of its market position. To ensure the effective operation of the product quality management system, the Company has established a four-tier management matrix led by the General Manager of the Quality Center and Deputy Chief Quality Officer, comprising four core functional modules: The R&D Quality Department is responsible for quality planning across all product line projects and end-to-end product quality management; The Supplier Quality Department is responsible for raw material quality planning and supplier quality management; the Production Quality Department is responsible for quality management throughout the entire production process and at subcontracting factories; and the Customer Service Department is responsible for after-sales support and quality issues resolutions. Each functional department is staffed with professionally qualified engineers and testing personnel who work collaboratively to maintain high standards of quality control.

The Company has established a comprehensive and internationally recognized quality management system. The quality-related certifications currently held, including ISO 9001, FCCA, and BSCI, cover all of its production production sites. To ensure the ongoing effectiveness of the management system, we regularly conduct compliance assessments and process optimizations against our clients’ audit standards. During the reporting period, the Company did not experience any product recalls resulting from quality defects.

Customer Service

The Company continuously improves its customer service system to ensure that all departments can respond promptly and effectively to customer complaints when handling after-sales issues. We have established the “Customer Complaint Management Procedures” to clarify the mechanisms for complaint handling, problem analysis, and verification of corrective actions, ensuring standardized after-sales management. We have also appointed dedicated after-sales engineers to serve as customer liaisons and provided them with a unified work manual to ensure standardized service processes and protect customer rights. In response to customer feedback, our after-sales engineers adhere to the “2458 Principle”: an initial response within 2 hours; emergency measures and a second response within 24 hours; root cause analysis, countermeasure formulation, and a third response within 48 hours; and a fourth response within 5 days to ensure the issue is resolved. At the same time, the Company actively

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conducts root cause analysis and follows up on corrective actions, incorporating the results of these improvements into the quality management system to continuously drive product quality optimization and service capability enhancement.

Intellectual Property Protection

The Company places a high priority on the protection and management of intellectual property and has obtained ISO 56001 Innovation Management System certification. We adhere to compliance as the foundation and are committed to maximizing the value of intellectual property and optimizing costs through efficient management mechanisms, thereby continuously empowering business innovation.

Employees

The Company firmly believes that continuous investment in employees is the cornerstone of our long-term development. We strictly comply with labor laws and regulations in the regions where we operate and ensure fairness in recruitment and promotion processes by establishing and implementing the “Innovatech Technology Employee Manual Handbook.” We ensure strict review during the recruitment and on-boarding process through an identity verification mechanism, and currently, there are no instances of child labor in the Company. At the same time, we place great importance on employees’ personal willingness and labor rights. By implementing the “Innovatech Technology Employee Handbook,” we have clearly established a flexible work schedule system and insist that all overtime work is based on the principle of employees’ voluntary consent. In 2025, the results of the Company’s employee satisfaction survey was 97.93%.

As of December 31, 2025, the Company’s workforce composition was as follows:

Total Number of Employees (persons)	2,110
Employee Gender Breakdown	
Female Employees (persons).	983
Male employees (persons).	1,127
Percentage of Female Employees (%).	46.6%
Percentage of male employees (%).	53.4%
Employee turnover rate (%)	26.9%

The Company clearly sets out provisions on employee performance and compensation in the “Innovatech Technology Employee Handbook” and ensures transparency in compensation and career advancement. In addition to basic benefits such as mandatory social insurance and housing fund contributions and statutory holidays, we also provide employees with special benefits and subsidies, including wedding bonuses, maternity benefits, hospital visit, and outstanding employees recognition programs.

In terms of occupational health and safety, the Company has established a comprehensive management system and successfully obtained ISO 45001 Occupational Health and Safety Management System certification, as well as multiple other certifications such as FCCA and BSCI, ensuring that the operational environment complies with international safety standards. Through compliance assessments and risk identification, the Company has established mechanisms for safety inspections, drills, and training, and has assigned safety responsibility targets to department heads, effectively preventing and reducing the occurrence of safety incidents. The Company adheres to an approach based on hazard identification and risk control, and continuously carries out the identification and remediation of potential hazards. To control risks at the source, we strictly regulate the daily use of special equipment, hazardous work procedures, and the management of hazardous chemicals. Regarding the work environment, the Company has installed comprehensive engineering controls such as dust suppression and noise reduction systems, and regularly conducts testing for occupational hazard

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factors in the workplace. In terms of employee protection, we ensure that employees are provided with personal protective equipment (PPE) and undergo regular occupational health examinations. We also routinely conduct safety training and emergency drills to comprehensively safeguard employees’ occupational health and production safety.

During the reporting period, the Company’s occupational health and safety management performance was as follows:

	For the year ended December 31		
	2023	2024	2025
Coverage rate for workers’ compensation insurance and workplace safety liability insurance (%)	100%	100%	100%
Incidence rate of occupational diseases among employees (%)	0	0	0

We focus on talent pipeline development and have established a full-cycle talent development system named “Dolphin.” Through “Dolphin Launch,” we help new employees integrate into the company culture and master business processes; through “Dolphin Leap,” we enhance technical staff’s professional depth and innovation capabilities; “Dolphin Sharing” offers courses on industry trends, career planning, and communication and collaboration to strengthen the overall effectiveness of all employees; and through the “Dolphin Navigation” mid-level leadership development program, we focus on empowering managers in decision-making, leadership, and talent management.

The Company actively promotes the deep integration of social responsibility into its corporate culture and is committed to building a diverse and inclusive workplace. We strictly comply with relevant laws and regulations, actively safeguard the equal employment rights of people with disabilities, and provide necessary job accommodations.

Responsible Procurement

The Company has established a rigorous and systematic supply chain management system. We have formulated and implemented institutional documents such as the “Supplier Management Guidelines,” “Supplier Management Manual,” and “Supplier Quality Management Process.” We address potential supply chain risks by promoting supplier diversity, refining supplier onboarding mechanisms, signing comprehensive supply contracts, and strengthening supplier training and empowerment. To date, the Company has obtained SCS certification.

We classify suppliers into four tiers—Strategic, Preferred, General, and Needs Improvement—based on their importance, stability of cooperation, and the criticality of the materials they supply. Strategic suppliers primarily include key material suppliers such as wafer sets, memory, displays, batteries, and casings, with whom the Company maintains long-term, stable strategic partnerships; Preferred suppliers demonstrate excellence in material competitiveness, product quality, after-sales service, and delivery timeliness, and exhibit high levels of cooperation with the company; General suppliers mainly provide conventional products with strong versatility and high market substitutability. For suppliers introduced on a temporary basis, those requiring special approval, or those identified as needing improvement due to poor quarterly performance, the Company implements strict performance monitoring and requires them to implement quality and process improvement measures within a specified timeframe to mitigate potential supply risks.

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The Company implements a closed-loop management system covering the entire supplier lifecycle, from onboarding to termination. Our “Supplier Management Guidelines” explicitly stipulate that during the onboarding phase, on-site audits must be conducted for suppliers meeting the criteria, and scores must be assigned based on audit results to ensure the signing of procurement agreements and supplier quality agreements. During the operational phase, we evaluate suppliers through quarterly assessments and annual audits. Quarterly evaluations score suppliers on quality (incoming material inspection, production anomalies, and customer complaint issues), commercial performance (product delivery times and product pricing), and service. Based on these results, we dynamically adjust supplier ratings, including upgrades, downgrades, or changes in procurement quotas. For suppliers that fail to meet the company’s quarterly assessment and annual audit criteria, cease to transact with the Company thereafter or have no transactions with the Company for one year, violate workplace ethics (such as integrity issues or concealment of facts), or pose significant operational or commercial risks, we resolutely implement a termination mechanism to ensure supply chain resilience and compliance from the source.

We continuously strengthen supplier risk management through comprehensive evaluations across supply, quality, financial, reputational, and environmental dimensions. Regarding environmental risks, we classify suppliers into three risk tiers—High Risk (A), Medium Risk (B), and Low Risk (C)—based on the maturity of their environmental management systems and product compliance, and implement tiered monitoring. For Level A high-risk suppliers, we conduct on-site audits and random material inspections at least once a year; for Level B medium-risk suppliers, on-site audits are conducted at least once every two years; and for Level C low-risk suppliers, we focus on reviewing third-party testing reports. We require all suppliers to submit valid third-party environmental reports annually and verify the validity of these reports during the incoming material inspection process. The Company also re-evaluates and dynamically adjusts the environmental risk levels of qualified suppliers annually to ensure the ongoing effectiveness and compliance of environmental management throughout the supply chain.

Community Engagement

The Company embraces a commitment to doing good as a defining feature of its corporate development, giving back to society through concrete philanthropic actions while achieving business growth. Since 2020, the Company has actively participated in various social welfare projects, focusing on educational support, assistance for children and vulnerable groups, and rural revitalization. Through a series of concrete philanthropic initiatives—including educational donations, community outreach, and agricultural support—the Company continuously deepens its social responsibility in the local communities. To date, the Company’s cumulative charitable donations have exceeded RMB140,000, demonstrating the Company’s compassion and commitment through tangible actions.

Governance

Business Ethics and Anti-Corruption

The Company is committed to upholding the highest standards of business ethics and integrity, maintaining a zero-tolerance policy toward bribery and corruption. We have established a comprehensive internal control system. As clearly stipulated in the Innovatech Technology Employee Handbook, all employees must strictly comply with national laws and regulations as well as the Company’s rules and regulations, and adhere to professional conduct and business ethics. All employees engaged in external or partner-related work must sign the “Employee Integrity Pledge” on their first day of employment. In supply chain management, we implement an open and transparent procurement mechanism, requiring all counterparties to sign the “Integrity and Transparency Agreement” before establishing a business relationship to ensure their compliance with the Company’s integrity management regulations. The Company has established open and accessible reporting channels, including a dedicated reporting email address, and encourages employees, counterparties, and others to report potential misconduct. We have

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also established procedures to protect the rights of whistleblowers. As of the latest practicable date, the Company has not been involved in any incidents of commercial bribery or corruption; nor has it received any reports or complaints through the aforementioned channels.

ESG-Related Laws and Regulations

This section will cross-reference the content on ESG-related laws and regulations in the “Regulatory Overview” section.

LICENSES AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we have obtained all licenses, approvals, permits and certificates that are material and necessary for our business operations in jurisdictions where we operate, and such licenses, permits, approvals and certificates are valid and subsisting. The following table sets forth our material licenses, permits and certificates.

Enterprise Name	Licenses/Permit	Expiry/Issuance Date	Customs Office
Sichuan Yijing Intelligent Terminal Co., Ltd. 四川易景智能终端有限公司	Customs Import and Export Consignor and Consignee Record 進出口貨物收發貨人備案	December 31, 2099	Chengdu Yibin Customs 蓉成關
Shenzhen Hongtaide Technology Co., Ltd. 深圳市鴻泰德科技有限公司	Customs Import and Export Consignor and Consignee Record 進出口貨物收發貨人備案	December 31, 2099	Shenzhen Fuzhong Customs 福中海關
Shanghai Innovatech Information Technology Co., Ltd. 上海易景信息科技股份有限公司	Customs Import and Export Consignor and Consignee Record 進出口貨物收發貨人備案	December 31, 2099	Shanghai Xinzhuang Customs 莘莊海關
Sichuan Yijing Intelligent Terminal Co., Ltd. Shenzhen Branch 四川易景智能终端有限公司深圳分公司	Customs Import and Export Consignor and Consignee Branch Record 進出口收發貨人分支機構備案	December 31, 2099	Shenzhen Fuzhong Customs 福中海關
Shanghai Jingyi Zhixun Technology Co., Ltd. 上海精羿智訊科技有限公司	Radio Transmission Equipment Type Approval Certificate 無線電發射設備型號核准證	November 07, 2022	Ministry of Industry and Information Technology 中華人民共和國工業和信息化部

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of 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.” As of the Latest Practicable Date, we and our major subsidiaries were not involved in any court, arbitral or administrative proceedings which we believe may be of material importance to our assets and liabilities or profits and losses nor, so far as we are aware, are any such proceedings pending or threatened. 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.”

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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 our business, financial condition and results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a risk management and internal control framework intended to support disciplined execution across our R&D, supply chain, manufacturing delivery and corporate functions. Our risk management approach is primarily management-led and process-based, focusing on (i) identifying and managing key operational and compliance risks in day-to-day business activities, (ii) embedding control points into key workflows (such as procurement, cash management, project execution and information security), and (iii) monitoring execution through recurring management reporting and functional reviews.

From a financial governance perspective, our finance function is organized with separate roles covering accounting and reporting, management accounting (including budgeting and budget performance tracking) and related management reporting. We use an ERP/accounting system for accounting records and reporting, and operate standard reporting timetables and approval hierarchies. Our treasury and cash management practices include centralized bank account administration, daily cash reporting (including account balances and key transactions), and a defined approach to liquidity planning and the management of idle funds, with internal approval and risk considerations applied to financial product subscriptions.

From an operational control perspective, we implement controls across the supply chain and production planning cycle. Procurement is conducted under a centralized procurement model with rolling demand planning (including a forecast mechanism and planning releases), supplier management and periodic supplier evaluation. Key procurement activities (including purchase order approvals and exception handling) follow defined internal approval workflows. These measures are intended to manage risks relating to supply continuity, pricing volatility, supplier performance and delivery execution.

From an R&D and information security perspective, we apply structured project controls and gated review processes in product development, supported by lifecycle management tools (e.g., PLM) and internal controlled documents for development, release and review procedures. We also maintain controls over samples, prototypes and confidential projects through designated custodianship, registration/return procedures and controlled storage and disposal processes. In addition, we have implemented a set of information security and confidentiality measures (including confidentiality undertakings and restrictions on access to sensitive materials) intended to mitigate risks of data leakage and unauthorized disclosure.

Overall, our internal controls are designed to support operational stability and scalable delivery while maintaining an appropriate control environment as we expand across product categories and vertical scenarios.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted, or will continue to adopt, among other things, the following risk management measures:

- establish an Internal Control and Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see “Directors, Supervisors and Senior Management — Board Committees — Internal Control and Audit Committee;”

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- adopt policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;
- provide trainings periodically to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in our employee discipline measures and supervision guidelines;
- set clear guidelines and processes for identifying, measuring and addressing operational risks, ensuring that all hedging activities are conducted within a structured and consistent framework;
- enhance our reporting and records system for factories, including centralizing their quality control and safety management systems and conducting regular inspections of the facilities;
- establish a set of emergency procedures in the event of major quality-related issues/product return;
- provide enhanced training programs on quality assurance and product safety procedures; and
- distribute employee handbooks to enhance employees’ awareness of complying with laws and regulations.

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AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation. The following table sets out major awards and recognitions we received during the Track Record Period:

Awarding Year	Award/Recognition	Awarding Entity
2025	Top 100 High-Growth Enterprises in Shanghai’s Software and Information Technology Services Industry (2025) 2025上海軟件和信息技術服務業高成長百家企業	Shanghai Municipal Commission of Economy and Informatization 上海市經濟和信息化委員會
2024	Chongqing Municipal Specialized and Sophisticated SME 重慶市專精特新中小企業	Chongqing Municipal Commission of Economy and Informatization 重慶市經濟和信息化委員會
2022	High-tech Enterprise (Certificate) 高新技術企業證書	Science and Technology Commission of Shanghai Municipality (STCSM) 上海市科學技術委員會 Shanghai Municipal Finance Bureau 上海市財政局 Shanghai Municipal Tax Service, State Taxation Administration (SMTS) 國家稅務總局上海市稅務局
2025	Specialized and Sophisticated SME 專精特新「小巨人」企業	Ministry of Industry and Information Technology 工業和信息化部
2024	Specialized and Sophisticated SME 專精特新中小企業	Shanghai Municipal Commission of Economy and Informatization 上海市經濟和信息化委員會
2022	Sichuan Provincial Enterprise Technology Center 四川省企業技術中心	Sichuan Provincial Department of Economy and Information Technology 四川省經濟和信息化廳 Sichuan Provincial Department of Finance 四川省財政廳 Sichuan Provincial Development and Reform Commission 四川省發展和改革委員會 Department of Science and Technology of Sichuan Province 四川省科學技術廳 Sichuan Provincial Tax Service, State Administration of Taxation 國家稅務總局四川省稅務局 Chengdu Customs District, P.R. China 中華人民共和國成都海關

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Awarding Year	Award/Recognition	Awarding Entity
2025	Candidate for National Intellectual Property Demonstration Enterprise 國家知識產權示範企業創建對象	National Intellectual Property Administration, PRC 國家知識產權局
2022	National Intellectual Property Demonstration Enterprise 國家知識產權優勢企業	National Intellectual Property Administration, PRC 國家知識產權局
2025	Appraisal Certificate for Innovation & Intellectual Property Management Capability (Based on ISO 56005) 基於 ISO 56005 的《創新與知識產權管理能力》等級證書	ZHONGGUI (BEIJING) CERTIFICATION CO., LTD. 中規(北京)認證有限公司
2025	Cloud Collaborative Endogenous Security Technology and Application for Mobile Terminals (Internationally Advanced) 雲端協同的移動終端內生安保技術及應用 (國際先進)	Zhongke Hechuang (Beijing) Scientific and Technological Achievement Evaluation Center 中科合創(北京)科技成果評價中心
2022	Strong Support Award	Transsion
2022	Best Strategic Partner Award	Transsion
2024	Outstanding Supplier Award	Transsion
2024	Quality Excellence Award	ZTE
2023	Outstanding Service Award	TCL
2025	Outstanding Supplier Award	TCL
2024	Outstanding Supplier Award	Hytera

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Sun Bin (i) directly held 22.00% of the total issued share capital of our Company and (ii) indirectly held a total of 55.83% of the issued shares of our Company through four limited partnerships controlled by him, namely Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia. Therefore, Mr. Sun Bin is able to control the voting rights in approximately 77.83% of the issued share capital of our Company.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Sun Bin by himself and through Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia will be entitled to exercise approximately [REDACTED]% voting rights in our Company. Therefore, Mr. Sun Bin, Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia will be deemed as our Controlling Shareholders upon [REDACTED].

RULE 8.10 OF THE LISTING RULES

Each of our Controlling Shareholders and our Directors has confirmed that as of the Latest Practicable Date, he/it does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of five executive Directors, and three independent non-executive Directors. See “Directors and Senior Management” for more details of our Directors. Save for Mr. Sun Bin, there is no overlap of Directors and senior management between our Group and our Controlling Shareholders.

Our Directors and senior management are able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates after the [REDACTED] for the following reasons:

- (i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts in the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under the Articles of Association and/or the Listing Rules;
- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions, abstain from voting and will be excluded from deliberation by our Board. Our Directors have the requisite qualifications, integrity and experience to maintain an effective Board and observe their

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

fiduciary duties in an event of conflict of interests. Please refer to the section headed “Directors and Senior Management — Board of Directors” in this document for the relevant experience and qualifications of our Directors;

- (iv) our Group has and will have a sufficient level of independence of directorship and management and a team of full-time senior management and employees focused exclusively on its businesses, and decisions of the Board require the approval of a majority vote from the Board; and
- (v) we have appointed three independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole.

Operational Independence

Our Directors consider that we are able to make decisions on, and to carry out, the business operations of our Company independently of our Controlling Shareholders and their close associates after the [REDACTED] for the following reasons:

- we hold and enjoy the benefit of all relevant qualifications and licenses necessary to operate our business;
- we have a sufficient level of operations, assets, facilities, technologies and employees including research and development employees to support our own [REDACTED] status and to operate and function independently from our Controlling Shareholders;
- we also maintain a comprehensive set of internal control procedures for facilitating the effective operations of our business. With reference to the relevant laws, regulations and rules, we have developed sound corporate governance practices and have adopted our rules of procedure for general meetings, rules of procedure for Board meetings and connected transactions regulations;
- we have our own financial department, human resources and administration department and internal audit department. These departments are led and supervised by our own senior management team. Our senior management report to the Board and make decisions and form business plans and strategies independently from our Controlling Shareholders. In addition, we have our own internal financial procedures and prepare our own financial budget independently; and
- we have also adopted a set of corporate governance measures and internal control procedures to maintain effective and independent operations. See the corporate governance measures stipulated under “— Management Independence” and “— Corporate Governance Measures” in this section.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our own business needs. We have established our own finance department with a team of finance staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Controlling Shareholders. We have also established an internal control system, an independent audit system, and a standardized finance and accounting system and have set our own accounting policy based on the applicable PRC accounting principle and standards.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, we did not have any outstanding borrowing or guarantee from our Controlling Shareholders or any of their respective close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest arising from potential competition, if any, between our Group and our Controlling Shareholders:

- our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis;
- our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company’s cost as and when appropriate in accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
- any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders’ approval requirements (if applicable) under the Listing Rules;
- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;
- in the event of any potential conflict of interests at the Shareholders’ level, our Controlling Shareholders shall abstain from voting at the Shareholders’ meeting of our Company with respect to the relevant resolutions; and
- we have appointed Red Solar Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and their respective associates, and to protect minority Shareholders’ interests after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board consists of eight Directors, including five executive Directors and three independent non-executive Directors. The Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-Executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations. The following table sets forth certain information regarding the Directors.

Name	Age	Position	Date of joining	Date of appointment as Director	Responsibilities	Relationship with other Directors and senior management
Mr. Sun Bin (孫斌)	47	Executive Director, chief executive officer, and Board Chairman	July 2008	July 2008	Coordinating strategic planning, major decision-making and operation and management of our Group	None
Mr. Chen Miaobo (陳妙波)	46	Executive Director and business development president	July 2008	January 2026	Coordinating the supply management system	None
Mr. Wang Tao (王濤)	43	Executive Director and customer success vice president	July 2008	January 2026	Coordinating the marketing system and the new business incubation department	None
Ms. Zhou Yujie (周豫潔)	36	Executive Director and general manager of strategic capital department	August 2023	January 2026	Coordinating investments and M&A, maintenance of shareholder relations, and capital management	None
Mr. Yan Libin (閆利斌)	47	Executive Director and general manager of smart terminal business division	November 2010	January 2026	Coordinating the smart terminal business division	None
Ms. Zhu Xiaolan (祝小蘭)	55	Independent non-executive Director	March 2026	March 2026	Providing independent advice	None
Prof. Yang Wankou (楊萬扣)	46	Independent non-executive Director	Upon [REDACTED]	Upon [REDACTED]	Providing independent advice	None
Mr. Liu Deguang (劉德廣)	51	Independent non-executive Director	Upon [REDACTED]	Upon [REDACTED]	Providing independent advice	None

Executive Directors

Mr. Sun Bin (孫斌), aged 47, is an executive Director, the chief executive officer and the Board Chairman. Mr. Sun founded the Group in July 2008, has served as a Director, the Board Chairman, and the general manager since July 2008, and was appointed as the chief executive officer in January 2021. Mr. Sun is primarily responsible for coordinating the strategic planning, major decision-making and operation and management of our Group.

Mr. Sun has more than 20 years of experience in the consumer electronics and communications industry. Prior to founding our Group in July 2008, from March 2004 to April 2008, Mr. Sun served as the product director of the second products business division of Shanghai Longcheer Technology Co.,

DIRECTORS AND SENIOR MANAGEMENT

Ltd. (a smart hardware and services provider, dually listed on the Main Board of the Stock Exchange (stock code: 9611) and the Shanghai Stock Exchange (stock code: 603341)), in charge of the product department, project management department and customer technical support department.

Mr. Sun obtained his bachelor of engineering degree in communications engineering from Chengdu University of Technology in July 2002, and further obtained an Executive Master of Business Administration degree from Tsinghua University in June 2017.

Mr. Chen Miaobo (陳妙波), aged 46, is an executive Director and the business development president of our Company. He joined our group and was appointed as a Supervisor in July 2008, before being appointed as a Director in January 2026. He is responsible for coordinating the supply management system. Since joining our Company, he has successively held positions including R&D director, project director, operations director, general manager of business division and vice president.

Mr. Chen has over 20 years in the consumer electronics and communications industry. From July 2002 to July 2004, he served at Shanghai DBTEL Industry Co. Ltd. (上海迪比特實業有限公司), a consumer electronics company. Thereafter, he served at Shanghai Lesmo Mobile Communication Co., Ltd. (上海易摩移動通訊技術有限公司), a consumer electronics company, from July 2004 to July 2006. He subsequently served as the manager of the software department of the second products business division of Shanghai Longcheer Technology Co., Ltd. from July 2006 to April 2008.

Mr. Chen obtained his bachelor of engineering degree in computer science and technology from Yanshan University in July 2002.

Mr. Wang Tao (王濤), aged 43, is an executive Director and the Vice President of Customer Success of our Company. He joined the Group in July 2008 and was subsequently appointed as a Director in January 2026. He is responsible for coordinating the marketing system and the new business incubation department. Since joining our Company, he has successively held positions including project director, product director, marketing director, general manager of business division and vice president.

Mr. Wang has over 20 years of relevant experience in research and development, project management, product planning, sales and business division operations in the consumer electronics and communications industry. From July 2004 to March 2006, he served at Shanghai DBTEL Industry Co., Ltd. (上海迪比特實業有限公司), a consumer electronics company. Thereafter, he worked at Shanghai Longcheer Technology Co., Ltd. from August 2006 to July 2008.

Mr. Wang obtained his bachelor of engineering degree in mechanical design, manufacturing and automation from Nanjing University of Science and Technology in June 2004.

Ms. Zhou Yujie (周豫潔), aged 36, is an executive Director and the General Manager of the Strategic Capital Department of our Company. She joined our Group in August 2023 and was appointed as a Director in January 2026. She is responsible for coordinating our Group’s investments and M&A, maintenance of shareholder relations and capital management.

Ms. Zhou has over 10 years of experience in investment and financing and corporate management. She was the vice general manager at Shanghai Yashang Development Group Co., Ltd. (上海亞商發展集團有限公司) and she served at Shanghai Yashang Development Group Co., Ltd. and its subsidiaries from January 2016 to July 2023, responsible for work related to investment, financing and investor relations, as well as work related to the group’s strategic investment and M&A and group operation management.

Ms. Zhou obtained a master of management degree in enterprise management from Donghua University in March 2014.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yan Libin (閆利斌), aged 47, is an executive Director and the general manager of the smart terminal business division of our Company. He joined our Group in November 2010. Since joining our Company, he has successively served as project director, deputy general manager of the business division and general manager of the business division, and was appointed as a Director in January 2026.

Mr. Yan has more than 20 years of experience in the electronic communications engineering and related industries. From November 2005 to December 2006, he served at Inventec Appliances (Shanghai) Co., Ltd. (英華達(上海)電子有限公司), an electronics company. From December 2006 to November 2010, he served as the project manager of the second products business division at Shanghai Longcheer Technology Co., Ltd.

Mr. Yan obtained his bachelor of engineering degree in electronic communications engineering from the then North China Institute of Technology, now known as North University of China, in June 2003.

Independent Non-Executive Directors

Ms. Zhu Xiaolan (祝小蘭), aged 55, was appointed an independent non-executive Director in March 2026.

Ms. Zhu has over 30 years of experience in accounting. Ms. Zhu served at Deloitte Touche Tohmatsu Certified Public Accountants LLP and was appointed as its China capital market co-leader in November 2023. During her tenure as a partner, she was appointed as a member of the 17th Issuance Examination Committee of the CSRC in September 2017, and the 1st Science and Technology Innovation Board Listing Committee of the Shanghai Stock Exchange in April 2019. Since March 2026, she has served as the chief executive officer of CFTC Asset Management (Hong Kong) Limited.

Ms. Zhu obtained her bachelor of economics degree in foreign financial accounting from the Central University of Finance and Economics in June 1991, then her master's degree in business administration from the University of Toronto in June 2005. Ms. Zhu is a certified public accountant in the PRC since July 1994.

Prof. Yang Wankou (楊萬扣), aged 46, will be appointed an independent non-executive Director upon our [REDACTED].

Prof. Yang has over 20 years of research experience in the field of computer science. From August 2004 to August 2005, he was an engineer for image processing and recognition at Beijing Jingtianwei Technology Development Co., Ltd. (北京京天威科技發展有限公司). From October 2008 to June 2009, he was a research assistant at the Biometric Research and Innovation Centre of the Hong Kong Polytechnic University. He was then a postdoctoral fellow at the School of Automation in South East University from July 2009 to September 2011, then at University of North Carolina Wilmington from August 2010 to August 2011. He returned to South East University as a lecturer of the School of Automation from September 2011 to April 2015. He went to the University of Technology Sydney as a visiting scholar from December 2014 to January 2016. He was a deputy researcher of the School of Automation at Southeast University from April 2015 to April 2021. Since April 2021, he has served as a professor at the School of Automation at Southeast University.

Prof. Yang obtained his bachelor of engineering degree in computer science and applications in July 2002, then a master's degree in computer software and theory in July 2004, and a doctorate degree in model recognition and smart systems in April 2009, all from the Nanjing University of Science and Technology.

Mr. Liu Deguang (劉德廣), aged 51, will be appointed an independent non-executive Director upon our [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu has since April 2017 served as the general manager and board chairman of Beijing Zhongqi Qingyuan Investment Management Co., Ltd. (北京中汽清源投資管理有限公司) and served as the general manager and director of Beijing Huakong Zhijia Technology Co., Ltd. since April 2019 and as its board chairman since September 2024. Since February 2023, he served as vice secretary-general of the AI Big Data Professional Committee of the Tsinghua University Alumni Association (清華大學校友總會 AI 大數據專委會), and from September 2024 to June 2025, he served as mentor in the Tsinghua Alumni Mentorship Program (清華校友導師計劃). From November 2022 to October 2024, he led a disruptive technology innovation project under the National Key R&D Program of the Ministry of Science and Technology (科技部國家重點研發計畫顛覆性技術創新項目).

Mr. Liu obtained his bachelor’s degree in environmental engineering in July 1997, followed by a master’s degree in nuclear energy science and engineering in June 2000, both from Tsinghua University.

SENIOR MANAGEMENT

The following table sets out certain information regarding our senior management excluding those who are concurrently on our Board. All executive Directors are senior management members.

Name	Age	Position	Date of joining	Date of appointment as the current position	Responsibilities	Relationship with other Directors and senior management
Mr. Ren Xing (任興)	43	General manager of R&D center	August 2018	December 2024	Responsible for the coordination and management of the Group’s R&D resources;	None
Mr. Wu Xiao (吳驍)	34	Finance director	December 2025	December 2025	Responsible for our budget, financial reporting, and cost control	None

Mr. Ren Xing (任興), aged 43, is the general manager of the R&D center of our Company. He joined our Group in August 2018 and was appointed as general manager of the R&D center in December 2024. He is responsible for the coordination and management of the Group’s R&D resources, and is fully in charge of the Company’s technology strategy and the establishment of the R&D system.

Mr. Ren is experienced in the technology sector. From December 2011 to July 2012, he served at Shanghai Chengyou Information Technology Co., Ltd. (上海橙游信息科技有限公司), an information technology company. From November 2013 to August 2018, he served at Shanghai Kaiwo Robotics Technology Co., Ltd. (上海楷沃機器人科技有限公司), a robotics company.

Mr. Ren obtained his bachelor’s degree in computer science and technology from Harbin University of Science and Technology in July 2006.

Mr. Wu Xiao (吳驍), aged 34, is the finance director of our Company. He joined our Group and was appointed as our finance director in December 2025. He is responsible for our budget, financial reporting, and cost control.

From December 2018 to August 2024, Mr. Wu worked as an assistant audit manager at Deloitte Huayong. From August 2024 to December 2025, he worked as an audit manager at the Shanghai branch of KPMG.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu obtained his bachelor’s degree in international economics and trade from Beijing Foreign Studies University in July 2014, then a master’s degree in finance from the University of Rochester in June 2015. He passed all levels of the CFA Institute examinations in August 2016. He obtained the Certificate For Passing All The Required Subjects Of The National Uniform CPA Examination in November 2024 and was admitted as a non-practicing member in February 2026.

JOINT COMPANY SECRETARIES

Ms. Chen Yuqing (陳宇晴) was appointed one of our joint company secretaries in March 2026. She concurrently serves as our investment manager of the strategic capital department, primarily responsible for day-to-day financing communications, investor relations, and advising the board on board policies, procedures, and applicable laws and regulations. Prior to joining the Group in June 2025, she served at Shanghai Scheme Investment Management Co., Ltd. (上海勢之能投資管理有限公司), responsible for project management, business analysis and investor relations.

Ms. Chen obtained her bachelor’s degree in finance from Shanghai Lixin University of Accounting and Finance in June 2021, then a master’s degree in international political economy from King’s College London in December 2022.

Ms. Kam Mei Ha Wendy (甘美霞) was appointed one of our joint company secretaries in March 2026. She is the managing director of Corporate Secretarial Services at Ascentium Hong Kong. Her career began at Ernst & Young Hong Kong. Prior to joining Ascentium Hong Kong, she was the Head of Company Secretarial Services (Service Management) at Vistra, Greater China. Ms. Kam has over 30 years of experience in corporate secretarial and governance services and has served as named company secretary for various listed companies in Hong Kong. She has also provided advisory and consulting services to companies of various backgrounds.

Ms. Kam is a Chartered Secretary and a Fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and Chartered Governance Institute (CGI) in the United Kingdom. She also holds the Practitioner’s Endorsement Certificate issued by the HKCGI. Ms. Kam was reappointed as a member of the Standing Committee on Company Law Reform (SCCLR) on 1 February 2026 for a term of two years. She also participates from time to time in the work of the HKCGI, including sharing at seminars and serving as a vice-chairman of its Professional Services Panel.

BOARD COMMITTEES

Our Company has established three committees under our Board of Directors, namely the audit committee, the nomination committee and the remuneration committee.

Audit Committee

The audit committee consists of three Directors, namely Ms. Zhu Xiaolan, Prof. Yang Wankou and Mr. Liu Deguang, and is chaired by Ms. Zhu who is our independent non-executive Director possessing the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The audit committee is mainly responsible for reviewing and overseeing the financial reporting procedure and internal control system of our Group.

Nomination Committee

The nomination committee consists of three Directors, namely Mr. Sun Bin, Ms. Zhu Xiaolan and Prof. Yang Wankou, and is chaired by Mr. Sun. The nomination committee is mainly responsible for identifying, screening and recommending to the Board qualified candidates to serve as Directors and monitoring the procedures for evaluating the performance of our Board.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The remuneration committee consists of three Directors, namely Mr. Liu Deguang, Mr. Sun Bin and Ms. Zhu Xiaolan, and is chaired by Mr. Liu. The remuneration committee is mainly responsible for evaluating the remuneration policies for Directors and senior management of our Group and making recommendations thereon to our Board of Directors.

CORPORATE GOVERNANCE

Mr. Sun Bin, who is our executive Director, will also continue to assume the responsibilities as our Chairman and chief executive officer upon [REDACTED]. Code provision C.2.1 of the Corporate Governance Code in Appendix C1 to the Listing Rules states that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Our Board believes that Mr. Sun Bin should continue to assume the responsibilities of chief executive officer upon [REDACTED] as this arrangement will improve the efficiency of our decision-making and execution process given his knowledge of our Group’s affairs. Further, our Company has put in place an appropriate check-and-balance mechanism through the Board and the independent non-executive Directors. In light of the above, our Board considers that the deviation from Code provision C.2.1 of the Corporate Governance Code is appropriate in the circumstances of our Company. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

BOARD DIVERSITY POLICY

To enhance the efficiency of our Board and maintain a high standard of corporate governance, we seek to achieve board diversity through consideration of several factors when selecting the candidate to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to overall management, accounting, marketing, and specialty knowledge. They obtained degrees in diversified majors including engineering, computer, accounting and management. This diverse academic background enables our Board to address challenges and opportunities from multiple perspectives, fostering innovative solutions and formulating comprehensive strategies. We have three independent non-executive Directors with diverse industry backgrounds, accounting for more than one-third of our Board members. In addition, our Board demonstrates diversity in gender and age representation as our Board currently consists of two female Directors and six male Directors with a wide range of age, ranging from 36 years old to 55 years old. Based on the foregoing, our Board is of the view that the composition of our Board aligns with our Board diversity policy.

The nomination committee will, as far as reasonably practicable, identify and nominate suitable female candidates for the Board and the committees of the Board. The Company will continue to strengthen the development of female talent and provide more advancement opportunities for women, especially when recruiting senior management personnel.

Our nomination committee is responsible for reviewing the diversity of the Board. After [REDACTED], our nomination committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. Our nomination committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

DIRECTORS AND SENIOR MANAGEMENT

CONFIRMATION FROM OUR DIRECTORS

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in March 26, 2026, and (ii) understands all the requirements under the Listing Rules that are applicable to him or her as a director of a [REDACTED] and the possible consequences of making a false statement or providing false information to the Hong Kong Stock Exchange.

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

The Directors’ positions in our Company’s subsidiaries include: (i) Mr. Sun Bin serves as a director of Chongqing Ruijing Information Technology Co., Ltd. and general manager of Shenzhen Hongtaide Technology Ltd.; (ii) Mr. Chen Miaobo serves as the executive Director of Shenzhen Hongtaide Technology Ltd. and Sichuan Jingnuo Electronics Ltd., a Director of Sichuan Yijing Intelligent Terminal Co., Ltd., and a Supervisor of Chongqing Ruijing Information Technology Co., Ltd.; (iii) Mr. Wang Tao serves as the executive Director of Hefei Jingyi Technology Ltd. and Shanghai Jingyi Smart Technology Ltd., and a supervisor of Chongqing Ruijing Information Technology Co., Ltd., Shenzhen Hongtaide Technology Ltd., and Sichuan Yijing Intelligent Terminal Co., Ltd.; and (iv) Mr. Yan Libin also serves as a Director and Manager of our subsidiary, Shenzhen Dolphin Industrial Design Ltd.

Except as disclosed in this section, each of the Directors and senior management (1) had no other relationship with any of the Directors and senior management as of the Latest Practicable Date; and (2) did not hold any other directorship in listed companies in the three years prior to the Latest Practicable Date. To the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, there was no other matter with respect to our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date. For the Directors’ interests in our Shares within the meaning of Part XV of the SFO, please refer to the paragraph headed “C. Further Information about our Directors and Substantial Shareholders — 3. Disclosure of interests — Disclosure of Interests of Directors and Chief Executive of our Company” in Appendix IV to this Document.

None of the Directors and their respective associates has any business or interest, apart from our business, which competes or may compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10(2) of the Listing Rules.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors, senior management and supervisors (if any) receive remuneration from our Group in the form of salaries, bonuses, contributions to social security plans and housing provident fund plans and other benefits.

The aggregate amount of remuneration (including salaries, allowances, benefits in kind, discretionary bonuses, retirement scheme contributions) of our Directors and supervisors (if any) for the three years ended December 31, 2025 were approximately RMB812,821, RMB1,479,998 and RMB2,396,329, respectively.

DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration (including salaries, allowances, benefits in kind, discretionary bonuses, retirement scheme contributions) of our five highest paid individuals, including Directors and supervisors (if any), for the three years ended December 31, 2025 were approximately RMB3,086,439, RMB3,833,807 and RMB5,841,974, respectively.

No remuneration was paid by us to our Directors or our five highest paid individuals as an inducement to join or upon joining our Group during the Track Record Period. No compensation was paid to, or receivable by, our Directors or past directors during the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. Furthermore, none of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

Under the arrangements in force as of the Latest Practicable Date, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending December 31, 2026 to be approximately RMB3,638,030.

For additional information on our Directors’ and supervisors’ (if any) remuneration during the Track Record Period as well as information on our five highest paid individuals, please refer to notes 8 and 9 to the Accountants’ Report included in Appendix I to this Document, respectively.

COMPLIANCE ADVISOR

Our Company appointed Red Solar Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this Document; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of [REDACTED], the possible development of a false market in [REDACTED], or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment of the compliance advisor will commence on the [REDACTED] Date and end on the date when our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED] Date.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED], the Share Split and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised), the following persons will have, or be deemed, or taken to have an interest and/or a short position in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/Nature of interest	Shares held:					
		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED], the Share Split and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)			
		Number of Unlisted Shares ^(Note 1)	Approximate percentage in the total issued share capital	Number of Shares ^(Note 1)	Description of Shares	Approximate percentage in the total issued H Shares	Approximate percentage in the total issued share capital
Mr. Sun Bin.	Beneficial owner ^(Notes 2 and 3)	2,600,000 (L)	22.00%	52,000,000 (L)	H Shares	[REDACTED]	[REDACTED]
	Interest in controlled corporation ^(Notes 2 and 3)	6,600,000 (L)	55.83%	132,000,000 (L)	H Shares	[REDACTED]	[REDACTED]
Shanghai Runsheng . .	Beneficial owner ^(Note 3)	3,700,000 (L)	31.30%	74,000,000 (L)	H Shares	[REDACTED]	[REDACTED]
Shanghai Gaozhu . . .	Beneficial owner ^(Note 3)	1,500,000 (L)	12.69%	30,000,000 (L)	H Shares	[REDACTED]	[REDACTED]
Shanghai Yuchu	Beneficial owner ^(Note 3)	1,000,000 (L)	8.46%	20,000,000 (L)	H Shares	[REDACTED]	[REDACTED]
Ms. Yang Yanqiong (楊艷瓊).	Interest of spouse ^(Note 2)	9,200,000 (L)	77.83%	184,000,000 (L)	H Shares	[REDACTED]	[REDACTED]
Shanghai Yilin.	Beneficial owner	1,111,111 (L)	9.40%	22,222,220 (L)	H Shares	[REDACTED]	[REDACTED]

Notes:

- The letter “L” denotes a person’s/corporation’s long position (as defined under Part XV of the Securities and Futures Ordinance) in such Shares.
- Mr. Sun is the spouse of Ms. Yang. By virtue of the Securities and Futures Ordinance, Ms. Yang is deemed to be interested in the Shares in which Mr. Sun is interested.
- As of the Latest Practicable Date, Mr. Sun Bin was a general partner of each of Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia, which in aggregate held 55.9% issued Shares. By virtue of the Securities and Futures Ordinance, Mr. Sun is deemed to be interested in the Shares held by Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED], the Share Split and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may result in any change of control of our Company at any subsequent date.

SHARE CAPITAL

OUR SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the share capital of our Company was RMB11,820,331 comprising 11,820,331 Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

The Conversion of Unlisted Shares into H Shares will involve an aggregate of [REDACTED] Unlisted Shares held by 12 existing Shareholders, representing approximately [REDACTED]% of total issued Shares of the Company upon completion of the Conversion of Unlisted Shares into H Shares and the [REDACTED] (assuming the [REDACTED] is not exercised). Set out below are the number of Shares held by our existing Shareholders and their respective shareholding upon completion of the [REDACTED] the Share Split and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised).

Shareholders	Number of H Shares	Approximate %
Mr. Sun Bin	52,000,000	[REDACTED]
Mr. Chen Miaobo	8,000,000	[REDACTED]
Mr. Wang Tao	8,000,000	[REDACTED]
Shanghai Runsheng	74,000,000	[REDACTED]
Shanghai Gaochu	30,000,000	[REDACTED]
Shanghai Yuchu	20,000,000	[REDACTED]
Shanghai Yijia	8,000,000	[REDACTED]
Shanghai Yilin	22,222,220	[REDACTED]
Baoshan Jinpu	4,728,140	[REDACTED]
Shanghai Changhao	4,728,140	[REDACTED]
Yibin Private Economic Investment	3,152,080	[REDACTED]
Suzhou Straits	1,576,040	[REDACTED]
Other [REDACTED]	[REDACTED]	[REDACTED]

Immediately after the [REDACTED] the Share Split and the Conversion of Unlisted Shares into H Shares, assuming that the [REDACTED] is not exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares not converted into H Shares	–	–
H Shares converted from Unlisted Shares	[REDACTED]	[REDACTED]%
H Shares to be [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

SHARE CAPITAL

Immediately after the [REDACTED] the Share Split and the Conversion of Unlisted Shares into H Shares, assuming that the [REDACTED] is fully exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after [REDACTED]
Unlisted Shares not converted into H Shares	–	–
H Shares converted from Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00%

SHARES OF OUR COMPANY

Upon completion of [REDACTED], the share capital of our Company will consist of H Shares only. The H Shares, however, generally may not be subscribed for by, or traded between, legal or natural persons of the PRC, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

File with the CSRC for Full Circulation

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies shall file with the CSRC for the conversion of Unlisted Shares into H shares for listing and circulation on the Hong Kong Stock Exchange. An unlisted domestic joint stock company may file for “full circulation” when applying for an overseas initial public offering.

We have [REDACTED] with the [REDACTED] for the conversion of [REDACTED] Unlisted Shares into H Shares on a one-for-one basis upon the completion of the [REDACTED] and the Share Split and [REDACTED] issued the [REDACTED] notice in respect of the [REDACTED] dated [•].

[REDACTED] Approval by the Hong Kong Stock Exchange

We have [REDACTED] to the [REDACTED] of the Hong Kong Stock Exchange for [REDACTED] of [REDACTED] of, and [REDACTED], [REDACTED] to be issued pursuant to the [REDACTED] (including any [REDACTED] which may be issued pursuant to the exercise of the [REDACTED]), and the [REDACTED] to be converted from [REDACTED] Unlisted Shares.

We will perform the following procedures for the conversion of the relevant [REDACTED] into [REDACTED] after receiving the approval of the Hong Kong Stock Exchange:

- (1) giving instructions to our [REDACTED] regarding relevant [REDACTED] certificates of the converted [REDACTED]; and

SHARE CAPITAL

- (2) enabling [REDACTED] to be accepted as eligible [REDACTED] by [REDACTED] for deposit, clearance and settlement in the [REDACTED].

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the [REDACTED] will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED] Date.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which the Shareholders’ general meeting are required, please refer to the paragraphs headed “Summary of Articles of Association — Shareholders and Shareholders’ Meeting” in Appendix III to this Document.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for each of the years ended December 31, 2023, 2024 and 2025 included in the Accountants’ Report set out in Appendix I to this Document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”).

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed “Risk Factors” in this Document.

OVERVIEW

We are a full-stack provider of smart hardware product solutions in the AI era, and one of the global top ten manufacturing solution providers for smartphone brands by shipment volume in 2025, according to Frost & Sullivan. We offer worldwide services from product definition, design and development to manufacturing and delivery. We recorded revenue of RMB2,225.2 million, RMB3,508.5 million and RMB3,219.3 million in 2023, 2024 and 2025, respectively. Our gross profit was RMB221.3 million, RMB239.0 million, and RMB304.6 million, in 2023, 2024 and 2025, respectively, with a gross profit margin of 9.9%, 6.8%, and 9.5% in the same year.

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with all applicable IFRS as issued by the IASB.

For more information on the basis of preparation of the historical financial information included herein, please refer to Note 1 to the Accountants’ Report in Appendix I to this Document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, including but not limited to the following.

Growth in Smart Hardware and AIoT Market Demand

As a full-stack provider of smart hardware product solutions in the AI era, we offer worldwide services from product definition, design and development to manufacturing and delivery. During the Track Record Period, we primarily generated revenue from smart terminal including smartphones, consumer tablets and components. As such, our results of operations are affected by the market demand for smart terminal by manufacturing solution providers. According to Frost & Sullivan, the global shipments of smart terminal by manufacturing solution providers are expected to increase from 1,320.4 million units in 2025 to 1,517.5 million units in 2030, representing a CAGR of 2.8%. In particular, the global shipments of smartphones by manufacturing solution providers reached 986.4 million units in 2025 and is expected to further increase to 1,124.5 million units in 2030 with a CAGR of 2.7%. Within such market trend, the selling volume of our smart terminal products, for example, increased from 8.1 million units in 2023 to 13.0 million units in 2024, and slightly decreased to 12.0 million units in 2025. As a result, we recorded revenue of RMB2,094.9 million, RMB3,383.4 million and RMB3,031.1 million in 2023, 2024 and 2025, respectively, from the sales of smart terminal products. See “— Review of

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Historical Results of Operations” for details. Our results of operations will be affected by the future growth of smart hardware market and our ability to keep pace with market demand and maintain or increase our market share.

In addition, our business and results of operations are also affected by the general market demand for our new products. We are actively capitalizing on opportunities in next-generation AIoT products. In 2025, market size of AIoT products manufacturing solution was approximately RMB282.1 billion, which is expected to further increase to RMB1,965.9 billion by 2030, representing a CAGR of approximately 47.4%. Among which, the consumer AIoT segment is projected to reach approximately RMB655.2 billion by 2030, representing a CAGR of approximately 45.6%, while the enterprise AIoT segment is expected to reach approximately RMB1,310.7 billion, representing a CAGR of approximately 48.4%. The selling volume of our smart wearables, a substantial portion of our AIoT products, decreased from 469.5 thousand units in 2023 to 402.8 thousand units in 2024, and rebounded to 679.6 thousand units in 2025. We recorded revenue of RMB128.6 million, RMB112.7 million and RMB179.9 million from sales of AIoT products in 2023, 2024 and 2025, respectively. See “— Review of Historical Results of Operations” for details.

In addition, we mainly operate in the global smart hardware and AIoT industry, which are highly competitive and concentrated. According to Frost & Sullivan, the global smart hardware and AIoT industry is undergoing a period of structural adjustment and technological evolution. During the Track Record Period, demand for smart terminals, including smartphones and tablets, has shown signs of stabilization, while AIoT-related products such as smart wearables, audio devices and smart eyewear have experienced differentiated growth across various application scenarios and regional markets. In particular, the adoption of AI-enabled smart hardware in selected consumer and industry use cases has continued to expand, driven by evolving user demand and advances in underlying technologies. As we seek to expand into new AIoT product category to further support our future revenue growth and profitability, our financial performance and results of operations will be affected by the market demand for these products and our ability to successfully expand into these markets.

Ability to Deepen Relationships with Existing Customers and Engage New Customers

Our financial performance and future growth are affected by our ability to maintain and deepen relationships with our existing customers and to further expand new customer base. Our customers primarily consist of global smart hardware brands and leading technology companies, many of which maintain stringent supplier qualification standards. We have also established an extensive core customer base, including leading brands such as Transsion, ZTE, and TCL.

We are committed to expanding our cooperation with existing customers, including enhancing industry insights, developing technologies to improve our product performance, and providing more innovative products that adapt to evolving customer needs. Our long-term and deepened relationships with our existing customers, especially our major customers, may materially affect our results of operation and financial condition. See “Risk Factors — Risks Relating to Our Business and Industry — We derived a substantial portion of revenue from certain major customers during the Track Record Period and the loss of, or a significant reduction in, revenue from such customers could materially and adversely affect our results of operations.”

We are dedicated to identifying, engaging and retaining new customers to expand our customer base in the PRC and worldwide. Leveraging our deep insights and strong capabilities in delivering professional full-stack research, design, manufacturing, and comprehensive services, we are committed to attracting renowned smart hardware brands and leading technology companies worldwide. For example, for our smart terminal products, we have strategically expanded into emerging regions and continuously optimized our customer base to ensure the ongoing success of our smartphone business. For the AIoT business, we have successfully become a major provider of smart wearables and enterprise

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AIoT solutions. As we continue to develop and launch products with market competitiveness, promote our brand, expand our production capacity and enhance our global presence, we expect to attract more customers and achieve sustainable revenue growth in the future.

Product Mix

Our gross profit margin varies across product types and collaboration models, due to a variety of factors including manufacturing costs, cost structures for raw materials, technological advancement, pricing power, market demand, and availability of competing products, among others. We need to continuously enhance our product mix by introducing new products that are value-added and can generate higher gross margins in order to improve our overall results of operations. For example, our AIoT devices have a relatively higher gross profit margin and may experience more rapid growth, affecting our revenue mix. For example, gross profits margin of our AIoT products achieved 18.3%, 22.0% and 19.6% in 2023, 2024 and 2025, as compared to our smart terminal products of 9.4%, 6.2% and 8.8% for the same years. Meanwhile, the selling volume of AIoT products increased by 41.4% from 0.7 million units in 2024 to 1.0 million units in 2025, driving our revenue from AIoT products to increase by 59.6% from RMB112.7 million to RMB179.9 million over the same year. These changes reflect our rapid growth in AIoT products. Changes in our product mix and revenue mix in the future, as well as our ability to develop products with higher technological advancement and penetrate high potential segments, may also affect our overall gross profit margin and subsequently other aspects of our business performance.

Ability to Continuously Develop New Products and Secure Purchase Orders

We are a fast growing full-stack provider of smart hardware solutions in the AI era, and our product solutions compete in highly competitive markets that include intense price competition, frequent introduction of new products, frequent consumer demands for product replacement or upgrade, rapid commercial adoption of technological advancements and diverse preferences of consumers. Our ability to continuously develop new products through advancement of our R&D activities is crucial to our sustained business growth. Our financial performance and future growth are also affected by our ability to maintain close collaboration with industry leaders. By partnering with industry leaders, we can quickly respond to market demands and industry trends. Combined with our own industry insights and foresight, this enables us to effectively guide market development and support our technological innovation and product upgrades.

Our results of operations will be impacted by the timely development of new products and the successful adaptation to our customers’ needs. During the Track Record Period, we have developed a variety of new products. As a result, our number of product categories increased from three as of January 1, 2023 to 13 as of the Latest Practicable Date, expanding into AI data acquisition terminals, AI payment terminals, AI glasses, robotic industry and AIoT components and modules. We plan to continue following the “1+X+N” strategic framework and deepen deployment across multiple vertical application scenarios. Based on our core smart terminal business, we will proactively explore and continuously develop our Innovatech platform as well as AIoT software–hardware integration, building a diversified and dynamic ecosystem. Our historical and future business growth will be supported by our continuous development of new products.

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Cost Control and Operational Efficiency

Our ability to achieve and maintain profitability partially depends on our ability to control our costs and expenses and enhance our operating efficiency. In 2023, 2024 and 2025, our cost of sales primarily consisted of material costs, which amounted to RMB1,945.0 million, RMB3,158.5 million, and RMB2,777.8 million, respectively, representing 87.4%, 90.0%, and 86.3% of our revenue for the respective periods. Our primary raw materials include electronic components and structural materials required for smart terminal and AIoT hardware manufacturing. Our ability to improve operational efficiency and maintain effective cost control will also affect our results of operations.

In addition, we adopt a flexible manufacturing model that combines in-house production capabilities with outsourcing arrangements to support agile delivery. We conduct production at our manufacturing base in Yibin, which serves as our core production center. In July 2024, we commenced operations at the phase II expansion of our Yibin manufacturing base, which was designed to expanding production capacity and increasing multi-category delivery capabilities. A portion of the production capacity at this manufacturing base has been reserved and is not yet fully operational. We plan to gradually activate this reserved capacity between May and June 2026, primarily to support the anticipated growth in our AIoT-related product lines. The phased commissioning of this base allows us to align capacity expansion with customer demand and product development progress while maintaining operational and capital utilization efficiency. Our ability to effectively control manufacturing costs as we continue to ramp up our production volume has affected and will continue to affect our financial results significantly.

R&D Capabilities

Our R&D capabilities are fundamental and crucial to our business operations and financial performance. We view R&D as a core driver of our long-term competitiveness, scalability and product innovation, and we have built our R&D capabilities to support delivery across our smart terminal and AIoT hardware businesses, from product definition and system architecture to engineering validation and mass-production readiness. Over our 17-year industry experience, we have continued to invest in systematic capability building, including the establishment of the Group R&D Center and sustained R&D spending, supported by a sizeable engineering team. Our R&D footprint is organized around a multi-region structure anchored by Shanghai as our headquarter and major R&D hub, complemented by specialized R&D units across multiple locations (including, among others, Nanjing, Hefei, Chongqing, Shenzhen and Xi'an), and closely linked to our manufacturing base in Yibin, enabling tighter design for-manufacturability operation and faster commercialization cycles. Our research and development costs amounted to RMB68.9 million, RMB73.2 million and RMB99.8 million in 2023, 2024 and 2025, respectively. We are committed to long-term investment in R&D activities and our historical R&D investment continues to translate into commercial success, allowing us to benefit from our R&D activities.

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions, and judgments have a significant impact on our financial position and results of operations. Our management continuously evaluates such estimates, assumptions, and judgments based on past experience, industry practices, and expectations of future events that are deemed reasonable under the circumstances. During the Track Record Period, there had not been any material deviation from our management's estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions. Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 2 and 3 to the Accountants' Report included in Appendix I to this Document.

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KEY ITEMS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss with line items in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
REVENUE	2,225,241	100.0	3,508,457	100.0	3,219,341	100.0
Cost of sales	(2,003,894)	(90.1)	(3,269,502)	(93.2)	(2,914,740)	(90.5)
GROSS PROFIT	221,347	9.9	238,955	6.8	304,601	9.5
Other net income	8,339	0.4	35,109	1.0	22,550	0.7
Selling and marketing expenses	(3,309)	(0.1)	(6,077)	(0.2)	(8,568)	(0.3)
Administrative expenses	(91,274)	(4.1)	(111,684)	(3.2)	(135,960)	(4.2)
Research and development costs	(68,887)	(3.1)	(73,245)	(2.1)	(99,845)	(3.1)
Impairment (loss)/reversal on trade receivables	2,916	0.1	(5,739)	(0.2)	(679)	(0.0)
Profit from operations	69,132	3.1	77,319	2.2	82,099	2.6
Finance costs	(5,505)	(0.2)	(10,387)	(0.3)	(12,115)	(0.4)
Share of loss of joint venture	(2,330)	(0.1)	(193)	(0.0)	–	–
PROFIT BEFORE TAXATION	61,297	2.8	66,739	1.9	69,984	2.2
Income tax (expense)/benefit	(5,139)	(0.2)	(4,663)	(0.1)	233	0.0
PROFIT FOR THE YEAR	56,158	2.5	62,076	1.8	70,217	2.2

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we derived revenue from sales of (i) smart terminal products, including smartphones, consumer tablets and components through direct sales to our customers; and (ii) AIoT products, including smart wearables and enterprise AIoT products. In 2023, 2024 and 2025, we generated revenue of RMB2,225.2 million, RMB3,508.5 million, and RMB3,219.3 million, respectively. See “Business — Our Products” for details.

Revenue by Product Category

The following table sets forth a breakdown of our revenue by product category in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Smart Terminal Products:						
– Smartphones	1,949,305	87.7	3,359,475	95.7	2,983,958	92.7
– Others ⁽¹⁾	145,586	6.4	23,882	0.7	47,163	1.5
Subtotal	2,094,891	94.1	3,383,357	96.4	3,031,121	94.2
AIoT Products:						
– Smart wearables	94,786	4.3	71,930	2.1	118,491	3.7
– Enterprise AIoT products	33,780	1.5	40,787	1.2	61,436	1.9
Subtotal	128,566	5.8	112,717	3.3	179,927	5.6
Others	1,784	0.1	12,383	0.3	8,293	0.2
Total	2,225,241	100.0	3,508,457	100.0	3,219,341	100.0

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Note:

(1) Refers to the sales of consumer tablets and components.

The table below sets forth the breakdown of the selling volume and average selling price by key product category for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Selling Volume	Average Selling Price	Selling Volume	Average Selling Price	Selling Volume	Average Selling Price
	Unit	RMB	Unit	RMB	Unit	RMB
Smart Terminal Products:						
– Smartphones	8,091,203	240.9	12,978,408	258.9	12,031,673	248.0
AIoT Products:						
– Smart wearables	469,500	201.9	402,847	178.6	679,560	174.4
– Enterprise AIoT products	343,220	98.4	330,099	123.6	357,018	172.1
Subtotal	812,720	158.2	732,946	153.8	1,036,578	173.6
Total	8,903,923	233.4	13,711,354	253.2	13,068,251	242.1

During the Track Record Period, a majority of our revenue was derived from smart terminal products. Growth in sales in this category from 2023 to 2024, was primarily driven by (i) launch of several best-selling models of our customers in the overseas markets which contributed to a significant increase in selling volume of smartphones; and (ii) the expansion of our production capacity after we commenced operation at phase II expansion of our Yibin manufacturing base, which enables us to accommodate growing customer needs. Decrease in sales in this category from 2024 to 2025, was primarily driven by our enhanced customer and product mix, which focus on diversifying customer base and higher gross margin product offerings.

Sales of our AIoT products achieved sustained growth from 2024 to 2025, primarily driven by (i) the expansion of our product categories as a result of our continuous R&D efforts on new AIoT initiatives, such as walkie-talkies and children’s smartwatches, and cooperation with existing and new customers and brands in new industrial sectors; and (ii) our commencement of self-production for AIoT products to accommodate growing customer demand.

During the Track Record Period, fluctuations in average selling prices of our smart terminal products and AIoT products are subject to changes in product categories and models we offered for the respective year.

For more details in relation to the changes in our revenue, selling volume and average selling price by product category and during the Track Record Period, see “— Review of Historical Results of Operations.”

Revenue by Geographic Location

The following table sets forth our revenue by our customers’ geographic location based on the location at which the goods were sold for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland	2,120,841	95.3	3,485,651	99.3	3,181,550	98.8
Other countries/regions ⁽¹⁾	104,400	4.7	22,806	0.7	37,791	1.2
Total	2,225,241	100.0	3,508,457	100.0	3,219,341	100.0

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Note:

(1) Other countries/regions include Hong Kong, the United States, South Africa, and South America.

Cost of Sales

Our cost of sales primarily consists of (i) materials costs, (ii) labor costs, and (iii) manufacturing costs. During the Track Record Period, the proportion and fluctuation trends of our cost of sales were generally in line with changes in our revenue. Our cost of sales was RMB2,003.9 million, RMB3,269.5 million, and RMB2,914.7 million, in 2023, 2024 and 2025, respectively.

Cost of Sales by Nature

The following table sets forth the breakdown of our cost of sales by nature for the years indicated, both in absolute amounts and as a percentage of our total cost of sales:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
COST OF SALES						
Materials costs	1,945,047	97.1	3,158,549	96.6	2,777,788	95.3
Labor costs	29,173	1.5	54,538	1.7	66,189	2.3
Manufacturing costs	21,510	1.1	42,375	1.3	53,183	1.8
Amortization and Depreciation	4,179	0.2	6,427	0.2	9,951	0.3
Transportation costs	3,985	0.1	7,613	0.2	7,629	0.3
Total	2,003,894	100.0	3,269,502	100.0	2,914,740	100.0

Cost of Sales by Product Category

During the Track Record Period, the proportion and fluctuation trends of our cost of sales by product category were generally in line with changes in our revenue by product category. The following table sets forth our cost of sales by product category for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Smart Terminal Products:						
– Smartphones	1,780,063	88.8	3,153,534	96.6	2,725,275	93.4
– Others ⁽¹⁾	117,950	5.9	19,671	0.5	39,691	1.4
Subtotal	1,898,013	94.7	3,173,205	97.1	2,764,966	94.8
AIoT Products:						
– Smart wearables	76,879	3.9	57,170	1.7	95,990	3.3
– Enterprise AIoT products	28,212	1.4	30,712	0.9	48,666	1.7
Subtotal	105,091	5.3	87,882	2.6	144,656	5.0
Others	790	0.0	8,415	0.3	5,118	0.2
Total	2,003,894	100.0	3,269,502	100.0	2,914,740	100.0

Note:

(1) Refers to the sales of consumer tablets and components.

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Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit was RMB221.3 million, RMB239.0 million, and RMB304.6 million, respectively. Our gross profit margin was 9.9%, 6.8%, and 9.5% for the corresponding years.

Gross Profit and Gross Profit Margin by Product Category

The following table sets forth the breakdown of our gross profit and gross profit margin by product category for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit
	RMB'000	%	RMB'000	%	RMB'000	%
Smart Terminal Products:						
– Smartphones	169,242	8.7	205,941	6.1	258,683	8.7
– Others ⁽¹⁾	27,636	19.0	4,211	17.6	7,472	15.8
Subtotal	196,878	9.4	210,152	6.2	266,155	8.8
AIoT Products:						
– Smart wearables	17,907	18.9	14,760	20.5	22,501	19.0
– Enterprise AIoT products	5,568	16.5	10,075	24.7	12,770	20.8
Subtotal	23,475	18.3	24,835	22.0	35,271	19.6
Others	994	55.7	3,968	32.0	3,175	38.3
Total	221,347	9.9	238,955	6.8	304,601	9.5

Note:

(1) Refers to the sales of consumer tablets and components.

The changes in gross profit and gross profit margin during the Track Record Period were subject to a variety of factors, including but not limited to our sales and marketing strategies, change in customer and product mix, industry competition, cost controls measures and others. For details in relation to the changes in our gross profit and gross margin during the Track Record Period, see “— Review of Historical Results of Operations.”

Other Net Income

During the Track Record Period, our other net income consists primarily of value-added tax additional deduction and government grants. In 2023, 2024 and 2025, our other income and net gain was RMB8.3 million, RMB35.1 million, and RMB22.6 million, respectively.

The following table sets forth a breakdown of our other net income for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Other net income						
Value-added tax additional deduction	–	0.0	33,800	96.3	20,947	92.9
Interest income	392	4.7	156	0.4	71	0.3
Government grants	7,034	84.4	1,836	5.2	1,970	8.7
Others ⁽¹⁾	913	10.9	(683)	(1.9)	(438)	(1.9)
Total	8,339	100.0	35,109	100.0	22,550	100.0

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Note:

- (1) Others include fair value change on financial instruments, foreign exchange gain/(loss), net loss on disposal of property, plant and equipment and other miscellaneous expenses.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) salaries, compensations and benefits in relation to our sales personnels; (ii) marketing and promotion expenses; and (iii) business development expenses. In 2023, 2024 and 2025, our selling and marketing expenses were RMB3.3 million, RMB6.1 million, and RMB8.6 million, respectively.

The following table sets forth a breakdown of our selling and marketing expenses for the years indicated, both in absolute amounts and as a percentage of our total selling and marketing expenses:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Selling and marketing expenses						
Salaries, compensations and benefits	2,597	78.5	4,464	73.5	7,075	82.6
Business development expenses	214	6.5	662	10.9	400	4.7
Marketing and promotion expenses	472	14.3	900	14.8	1,058	12.3
Others.	26	0.7	51	0.8	35	0.4
Total	3,309	100.0	6,077	100.0	8,568	100.0

Administrative Expenses

Our administrative expenses primarily consist of (i) salaries, compensations and benefits in relation to our administrative personnel; (ii) office expenses, including rental expenses for our office, travel expenses and entertainment expenses; and (iii) professional services fee, including fees related to audit, recruitment, and training.

In 2023, 2024 and 2025, our administrative expenses were RMB91.3 million, RMB111.7 million, and RMB136.0 million, respectively. The following table sets forth a breakdown of our administrative expenses for the years indicated, both in absolute amounts and as a percentage of our total administrative expenses:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Administrative expenses						
Employee Salaries, compensations and benefits	67,871	74.4	87,939	78.7	105,254	77.4
Office expenses	20,487	22.4	21,158	18.9	28,105	20.7
Professional services fee	2,054	2.3	2,179	2.0	2,059	1.5
Others.	862	0.9	408	0.4	542	0.4
Total	91,274	100.0	111,684	100.0	135,960	100.0

Research and Development Costs

Our research and development costs primarily consist of (i) salaries, compensations and benefits in relation to our R&D personnels; (ii) materials and consumables used; (iii) technical support service expenses, mainly including fees for testing and outsourcing R&D; and (iv) depreciation and amortization expenses.

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In 2023, 2024 and 2025, our research and development costs were RMB68.9 million, RMB73.2 million, and RMB99.8 million, respectively. The following table sets forth a breakdown of our research and development costs by nature for the years indicated, both in absolute amounts and as a percentage of our total research and development costs:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Research and development costs						
Salaries, compensations and benefits	35,992	52.2	46,746	63.8	77,528	77.6
Materials and consumables used.	18,212	26.4	13,081	17.9	11,486	11.5
Technical support service expenses	9,602	13.9	8,548	11.7	5,089	5.1
Depreciation and amortization expenses	2,507	3.6	2,206	3.0	2,285	2.3
Others ⁽¹⁾	2,574	3.9	2,664	3.6	3,457	3.5
Total	68,887	100.0	73,245	100.0	99,845	100.0

Notes:

(1) Others mainly represent fees related to traveling, utilities, and office charges, and other miscellaneous expenses.

(Reversal of)/Impairment Loss on Trade Receivables

During the Track Record Period, our net reversal of impairment losses or impairment losses on financial assets were primarily related to the impairment of our trade receivables. In 2023, we recorded net reversal of impairment losses on trade receivables of RMB2.9 million. In 2024 and 2025, we recorded net impairment losses on trade receivables of RMB5.7 million and RMB0.7 million, respectively.

Finance Costs

Our finance costs consist of interest on loans and borrowings, lease liabilities, and financial instruments issued to investor. In 2023, 2024 and 2025, our finance costs were RMB5.5 million, RMB10.4 million, and RMB12.1 million, respectively.

Share of Losses of Joint Venture

In 2023, 2024 and 2025, our share of losses of joint venture were RMB2.3 million, RMB0.2 million, and nil, respectively.

Income Tax (Expense)/Benefit

In 2023 and 2024, we recorded income tax expense of RMB5.1 million and RMB4.7 million, respectively. In 2025, our income tax benefit was RMB0.2 million. In 2023 and 2024, our effective tax rate was 8.4% and 7.0%, respectively. In 2025, our effective tax rate was negative 0.3% since our research and development costs qualified for tax deduction as a percentage of profits before taxation increased significantly. The following summarizes certain tax laws and regulations applicable to us in the PRC and Hong Kong. A reconciliation of the tax expense applicable to profit before tax at the preferential tax rate for the jurisdiction in which the Company and our major subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates. See Note 7 to the Accountants' Report as set out in Appendix I to this Document.

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PRC

According to the Corporate Income Tax Law of China (the “**Tax Law**”), the Group’s subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to high and new technology enterprises of 15%. The Company and certain PRC subsidiaries of the Group obtained the certificate of high and new technology enterprise and were subject to income tax rate at 15% during the Track Record Period.

Hong Kong

Pursuant to the income tax rules and regulations of Hong Kong, Innovatech (HK) Information Technology Limited was liable to the Hong Kong Profits Tax at a rate of 16.5% during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit, investigation, challenge or penalty from tax authorities in relation to our tax filings.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our total revenue decreased by 8.2% from RMB3,508.5 million in 2024 to RMB3,219.3 million in 2025, primarily due to the decrease in sales of our smart terminal products.

Revenue by Products Category

Smart terminal products: Our revenue derived from the sales of smartphones decreased by 11.2% from RMB3,359.5 million in 2024 to RMB2,984.0 million in 2025, and the average selling price decreased from RMB258.9 to RMB248.0 for the same year, primarily due to our enhanced customer and product mix, which focus on diversifying customer base and higher margin product offerings.

AIoT products: Our revenue derived from AIoT products increased by 59.6% from RMB112.7 million in 2024 to RMB179.9 million in 2025, primarily as a result of (i) the expansion of our product categories as a result of our continuous R&D efforts on new AIoT initiatives, such as walkie-talkies and children’s smartwatches, and cooperation with existing and new customers and brands in new industrial sectors; and (ii) our commencement of self-production for AIoT products to accommodate growing customer demand. The average selling price of AIoT products increased from RMB153.8 to RMB173.6 for the same year, primarily as a result of a greater contribution of high-value AIoT products, such as walkie-talkies, in the product mix.

Cost of Sales

Our total cost of sales decreased by 10.9% from RMB3,269.5 million in 2024 to RMB2,914.7 million in 2025, which was generally in line with revenue change.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 27.5% from RMB239.0 million in 2024 to RMB304.6 million in 2025. Our overall gross profit margin increased from 6.8% in 2024 to 9.5% in 2025, driven by (i) improvement of our gross profit margin in smartphones; and (ii) a greater revenue contribution from our sales of AIoT products in 2025 which carried a relatively higher gross profit margin.

Smart terminal products: For our smartphones, the gross profit increased by 25.6% from RMB205.9 million in 2024 to RMB258.7 million in 2025, which was due to increase in our gross profit margin from 6.1% to 8.7%. Such growth in gross profit margin was primarily as a result of our enhanced customer and product mix, which focuses on diversified customer base and higher gross margin product offerings.

AIoT products: For our AIoT products, the gross profit increased by 42.0% from RMB24.8 million in 2024 to RMB35.3 million in 2025 which was in line with revenue growth from AIoT products. The gross profit margin decreased from 22.0% in 2024 to 19.6% in 2025, primarily due to (i) a greater contribution of smart wearables for the year which generally carried a relatively lower gross profit margin; and (ii) a decrease in gross profit margin of our enterprise AIoT products resulting from higher prices of raw materials.

Other Net Income

Our other net income decreased by 35.8% from RMB35.1 million in 2024 to RMB22.6 million in 2025, primarily due to the decrease in value-added tax additional deduction because (i) in 2024, our subsidiary, Sichuan Yijing, recorded higher amount of input VAT in relation to addition of property, plant and equipment; (ii) the scale of raw material procurement in 2024 was larger than that in 2025, which was in line with our sales volume, resulting in higher additional deduction income in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 41.0% from RMB6.1 million in 2024 to RMB8.6 million in 2025, primarily due to an increase in number of our sales personnel to promote new product categories and models. Our selling and marketing expenses as a percentage of revenue remained stable in 2024 and 2025.

Administrative Expenses

Our administrative expenses increased by 21.7%, from RMB111.7 million in 2024 to RMB136.0 million in 2025, primarily due to the increase in number of administrative staffs supporting our business growth.

Research and Development Costs

Our research and development costs increased by 36.3% from RMB73.2 million in 2024 to RMB99.8 million in 2025, primarily as a result of our expansion of R&D department and the increase in the number of R&D personnel, with a corresponding rise in R&D investment.

Impairment Loss on Trade Receivables

Our impairment loss on trade receivables was decreased by 88.2% from RMB5.7 million in 2024 to RMB0.7 million in 2025, primarily as a result of higher trade receivable balance at year-end 2024.

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Finance Costs

Our finance costs increased by 16.6% from RMB10.4 million in 2024 to RMB12.1 million in 2025, primarily as a result of (i) increased discounted bills financing due to an increase in sales to customers that settled with commercial bills; and (ii) the increase in balances of our bank loans.

Share of Loss of Joint Venture

Our share of loss of joint venture was RMB0.2 million and nil in 2024 and 2025, respectively, primarily because our joint venture ceased operations in 2025.

Income Tax (Expenses)/Benefit

We recorded income tax expenses of RMB4.7 million in 2024, and income tax benefit of RMB0.2 million in 2025, primarily due to an increase in the additional deduction for research and development costs. Our effective income tax rate (calculated as income tax expense divided by profit before taxation) decreased from 7.0% in 2024 to negative 0.3% in 2025, since our research and development costs qualified for tax deduction as a percentage of profits before taxation increased significantly.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by 13.1%, from RMB62.1 million in 2024 to RMB70.2 million in 2025. Our net profit margin increased from 1.8% in 2024 to 2.2% in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our total revenue increased by 57.7% from RMB2,225.2 million in 2023 to RMB3,508.5 million in 2024, primarily due to the significant growth of our sales volume in smart terminal products.

Revenue by Products Category

Smart terminal products: Our revenue derived from the sales of smartphones increased by 72.3% from RMB1,949.3 million in 2023 to RMB3,359.5 million in 2024, primarily due to (i) launch of several best-selling models of our customers in the overseas markets which contributed to a significant increase in selling volume of smartphones; and (ii) the expansion of our production capacity after we commenced operation at phase II expansion of our Yibin manufacturing base, which enables us to accommodate growing customer needs. The revenue from others decreased by 83.6% from RMB145.6 million in 2023 to RMB23.9 million in 2024, primarily due to the expiration of sales contract of one tablet customer.

AIoT products: Our revenue derived from the sales of AIoT products decreased by 12.3% from RMB128.6 million in 2023 to RMB112.7 million in 2024, primarily due to a decrease in sales to one of our major customers in smart wearables, partially offset by an increase in sales of new enterprise AIoT products, such as walkie-talkies.

Cost of Sales

Our cost of sales increased by 63.2% from RMB2,003.9 million in 2023 to RMB3,269.5 million in 2024, which was generally in line with revenue growth.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by 8.0% from RMB221.3 million in 2023 to RMB239.0 million in 2024. Our overall gross profit margin decreased from 9.9% in 2023 to 6.8% in 2024, driven by (i) a greater contribution of our sales of smartphones due to a higher shipment volume in smartphones in 2024 since the commencement of operations of Phase II of Yibin manufacturing base to accommodate growing customer need; and (ii) smartphone products carried a relatively lower gross profit margin in 2024 as compared to 2023.

Smart terminal products: For our smartphones, the gross profit increased by 21.7% from RMB169.2 million in 2023 to RMB205.9 million in 2024, while the gross profit margin decreased from 8.7% to 6.1%, driven by a greater contribution of certain smartphone models that carried higher price and lower margin.

AIoT products: For our AIoT products, the gross profit remained stable at RMB23.5 million in 2023 to RMB24.8 million in 2024. The gross profit margin increased from 18.3% in 2023 to 22.0% in 2024, benefited from the mass delivery of certain enterprise AIoT products, such as walkie-talkie, in 2024.

Other Net Income

Our other net income increased by 321.1% from RMB8.3 million in 2023 to RMB35.1 million in 2024, primarily because our subsidiary, Sichuan Yijing, has been recognized as a high-tech enterprise and qualified for value-added tax additional deduction in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 83.7% from RMB3.3 million in 2023 to RMB6.1 million in 2024, primarily due to increases in (i) number of our sales personnel and (ii) marketing and promotion expenses, to promote new product categories and models. Our selling and marketing expenses as a percentage of revenue remained stable in 2023 and 2024.

Administrative Expenses

Our administrative expenses increased by 22.4%, from RMB91.3 million in 2023 to RMB111.7 million in 2024, primarily due to the increase in number of administrative staffs supporting our business growth.

Research and Development Costs

Our research and development costs increased by 6.3% from RMB68.9 million in 2023 to RMB73.2 million in 2024, primarily as a result of the increase in the number of R&D personnel.

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Impairment Reversal/(Loss) on Trade Receivables

Our impairment reversal on trade receivables was RMB2.9 million in 2023, while our impairment loss on trade receivables was RMB5.7 million in 2024, primarily due to impairment individually assessed on certain long-aged trade receivables.

Finance Costs

Our finance costs increased by 88.7% from RMB5.5 million in 2023 to RMB10.4 million in 2024, primarily as a result of (i) the increase in balances of our bank loans; and (ii) increased discounted bills financing due to an increase in sales to customers that settled with commercial bills.

Share of Loss of Joint Venture

Our share of loss of joint venture decreased by 91.7% from RMB2.3 million in 2023 to RMB0.2 million in 2024, primarily because the shareholders of our joint venture agreed to cease its operations in 2023, and thereby only limited administrative expenses were incurred in 2024.

Income Tax Expense

Our income tax decreased by 9.3% from RMB5.1 million in 2023 to RMB4.7 million in 2024, primarily due to an increase in the additional deduction for research and development costs. Our effective income tax rate (calculated as income tax expense divided by profit before taxation) decreased from 8.4% in 2023 to 7.0% in 2024.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by 10.5% from RMB56.2 million in 2023 to RMB62.1 million in 2024. Our net profit margin decreased from 2.5% in 2023 to 1.8% in 2024.

SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	41,886	86,215	72,875
Right-of-use assets	26,887	23,817	18,770
Intangible assets	871	2,889	2,962
Equity securities designated at fair value through other comprehensive income (“FVOCI”).	1,429	1,200	4,802
Deferred tax assets	6,399	12,084	20,009
Other non-current assets	6,491	9,705	6,119
Total non-current assets	83,963	135,910	125,537

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	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Loans and borrowings	–	15,382	976
Lease liabilities	12,248	8,698	5,234
Deferred tax liabilities	66	42	44
Total non-current liabilities	12,314	24,122	6,254
CURRENT ASSETS			
Inventories	109,170	452,195	365,654
Trade and other receivables	222,472	1,599,265	672,296
Financial assets measured at fair value through profit or loss (“FVPL”)	–	–	40,036
Restricted bank deposits	3,000	4,000	–
Cash and cash equivalents	47,361	7,802	16,929
Total current assets	382,003	2,063,262	1,094,915
CURRENT LIABILITIES			
Trade and other payables	256,181	1,708,780	579,710
Contract liabilities	40,737	18,854	33,954
Loans and borrowings	60,284	272,263	353,725
Lease liabilities	3,762	4,710	3,466
Financial instruments issued to investors.	–	10,054	10,289
Current taxation	6,061	14,560	18,974
Total current liabilities	367,025	2,029,221	1,000,118
NET CURRENT ASSETS	14,978	34,041	94,797
NET ASSETS	86,627	145,829	214,080

Property, Plant and Equipment

Our property, plant and equipment consist of machinery, buildings, office equipment and electronic devices, vehicles, construction in progress, and leasehold improvements. Our property, plant and equipment increased from RMB41.9 million as of December 31, 2023 to RMB86.2 million as of December 31, 2024, which related to the construction and commencement of operation of Phase II of Yibin manufacturing base. Our property, plant and equipment decreased to RMB72.9 million as of December 31, 2025, primarily due to the depreciation on office equipment and electronic devices and on machinery.

Right-of-use Assets

Our right-of-use assets consist of land use rights and buildings. Our right-of-use assets decreased from RMB26.9 million as of December 31, 2023 to RMB23.8 million as of December 31, 2024, primarily as a result of depreciation on buildings of RMB4.5 million, partially offset by new lease entered into in 2024 which related to a warehouse facility. Our right-of-use assets further decreased to RMB18.8 million as of December 31, 2025, primarily due to amortization on buildings of RMB4.8 million.

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Intangible Assets

Our intangible assets consist of purchased software usage rights. Our intangible assets increased from RMB0.9 million as of December 31, 2023 to RMB2.9 million as of December 31, 2024, primarily as a result of increased purchases of software usage rights in line with the development of our AIoT business, partially offset by amortization of RMB0.7 million. Our intangible assets remained relatively stable at RMB3.0 million as of December 31, 2025.

Equity Securities Designated at Fair Value through Other Comprehensive Income

Our equity securities designated at fair value through other comprehensive income consist of investments in unlisted equity securities and changes in fair value of investments. Our equity securities designated at fair value through other comprehensive income remained relatively stable at RMB1.4 million as of December 31, 2023 and RMB1.2 million as of December 31, 2024. Our equity securities designated at fair value through other comprehensive income increased to RMB4.8 million as of December 31, 2025, primarily due to our newly purchased unlisted equity securities of RMB3.0 million.

Other Non-current Assets

Our other non-current assets primarily consist of deposits and prepayments for property, plant and equipment. Our other non-current assets increased from RMB6.5 million as of December 31, 2023 to RMB9.7 million as of December 31, 2024, primarily as a result of the increase in deposit. Our other non-current assets decreased to RMB6.1 million as of December 31, 2025, primarily as a result of the decrease in prepayments for property, plant and equipment.

Inventories

Our inventories primarily consist of raw materials, finished goods, and work in progress. The table below sets forth our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Inventories			
Raw materials	63,914	257,394	190,929
Finished goods	60,411	143,472	176,317
Work in progress	3,748	71,019	14,180
Less: Provision for impairment loss	(18,903)	(19,690)	(15,772)
Total	109,170	452,195	365,654

Our inventory levels are primarily subject to our sales and procurement strategy and the growth of our business scale. We recorded year-end inventories of RMB452.2 million in 2024, primarily due to a large volume of shipments scheduled for early 2025. We recorded year-end inventories of RMB365.7 million in 2025, primarily since (i) we implemented strategic procurements of raw materials at year-end 2025 in anticipation of market demand in the near future; and (ii) we planned shipments for the first half of 2026.

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The following table sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days ^(Note)	31	31	51

Note: We calculate inventory turnover days using the average of the beginning and ending balances of inventories for the relevant year, divided by cost of sales for that year and multiplied by 360 days.

Our inventory turnover days remained stable at 31 days for the years ended December 31, 2023 and 2024, and increased to 51 days for the year ended December 31, 2025, because we recorded relatively high inventory balances at the end of 2025.

As of February 28, 2026, RMB324.3 million, or 85.0%, of our inventories as of December 31, 2025 had been subsequently sold or utilized.

Trade and Other Receivables

Our trade and other receivables consist of trade receivables, bills receivables, measures at fair value through other comprehensive income, prepayments, value-added tax recoverable, deposits, and other receivables and net of loss allowance.

The following table sets forth our trade and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and other receivables			
Trade receivables			
– Third parties	146,658	1,395,874	318,327
– Related parties	6,367	1,507	1,577
Less: loss allowance	(108)	(5,847)	(6,526)
Bills receivables, measures at fair value			
through other comprehensive income	10,494	76,601	274,716
Prepayments	29,209	12,649	26,981
Value-added tax recoverable	26,355	108,843	53,671
Deposits	3,188	6,802	3,348
Other receivables and net of loss allowance .	309	2,836	202
Total	222,472	1,599,265	672,296

Our trade and other receivables increased from RMB222.5 million as of December 31, 2023 to RMB1,599.3 million as of December 31, 2024, and decreased to RMB672.3 million as of December 31, 2025, primarily due to the changes in our third-party trade receivables balances as a result of the effect of delivery schedules of our smart terminal products and AIoT products at the year end.

Our typical credit term is generally one month and up to three months for our customers. The following table sets forth the ageing analysis of our trade receivables as of the dates indicated, based on the invoice date and net of loss allowance:

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	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	152,416	1,390,563	310,859
Over 1 year but within 2 years	501	971	2,519
	152,917	1,391,534	313,378

The following table sets forth our trade receivables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days ^(Note)	27	84	115

Note: We calculate trade receivables turnover days using the average of the beginning and ending balances of trade and other receivables divided by revenue for that year and multiplied by 360 days.

Our trade receivables turnover days increased from 27 days for the year ended December 31, 2023 to 84 days for the year ended December 31, 2024, and further increased to 115 days for the year ended December 31, 2025, primarily due to relatively large sales of smart terminal products and AIoT products in the fourth quarter of 2024 and 2025. Although the credit period we granted to our customers remained relatively stable during the Track Record Period, our trade receivables turnover days increased to 115 days in 2025, primarily due to a decrease in our revenue.

As of February 28, 2026, RMB298.7 million, or 93.4%, of our trade receivables as of December 31, 2025 had been subsequently settled.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute or disagreement with our customers in relation to the timing, amounts of billing or the collection of our trade and other receivables.

Financial assets measured at fair value through profit or loss

Our financial assets measured at fair value through profit or loss consist of bank wealth management products during the Track Record Period. We recorded nil, nil, and RMB40.0 million of financial assets measured at fair value through profit or loss as of December 31, 2023, 2024 and 2025, respectively. The financial assets measured at fair value through profit or loss of RMB40.0 million as of December 31, 2025 represented the wealth management products we purchased.

During the Track Record Period, our financial assets primarily comprised of wealth management products with Level 2 valuation. Details of the fair value measurement of our wealth management products, particularly the fair value hierarchy and the valuation techniques are disclosed in Notes 20 and 31 in the Accountants’ Report in Appendix I to this Document.

We purchase wealth management products with high liquidity and low risk to increase the return of idle cash and bank balances. To monitor and control the risks associated with our financial assets, we have adopted a comprehensive set of internal policies and procedures that regulate our investment operations. Our finance department is responsible for the overall management of our investment, which primarily encompasses proposing, analyzing and evaluating potential investments. All investment operations are subject to the supervision of our audit department. Our management, including our finance department and audit department, have extensive experience in managing financial aspects of an enterprise’s operations.

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Our investment decisions are made after thorough consideration of a number of factors, which include but are not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions and the expected profit or potential loss of the investment. We endeavor to further reduce risks and enhance compliance associated with investments, by, for example, (i) controlling the amount and scale of investments and (ii) ensuring investments are closely related to our business operations and financial needs, among others.

Upon [REDACTED], we intend to continue our investments strictly in accordance with our internal policies and procedures, Articles of Association and compliance requirements under Chapter 14 of the Listing Rules.

Restricted Bank Deposits

Our restricted bank deposits primarily consist of deposits pledged for issuing bank acceptance drafts to pay our suppliers. Our restricted bank deposits as of December 31, 2023, 2024 and 2025 were RMB3.0 million, RMB4.0 million and nil, respectively. The reason for the fluctuation was that we have primarily made payments to suppliers via bank transfers since 2025 and no longer issue bank acceptance drafts, hence no restricted deposits were maintained.

Cash and Cash Equivalents

Our cash and cash equivalents represent cash at bank and on hand. Our cash and cash equivalents as of December 31, 2023, 2024 and 2025 were RMB47.4 million, RMB7.8 million and RMB16.9 million, respectively. For a discussion on the changes in our cash and cash equivalents, see “— Liquidity and Capital Resources — Cash Flows.”

Trade and Other Payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and Other Payables			
Trade payables	191,528	1,506,665	541,798
Bills payables	10,102	6,000	—
Accrued payroll	13,083	16,896	28,184
Other tax payables	30,467	176,120	4,919
Deposits	9,097	2,968	2,447
Amount due to related parties	400	—	—
Other payables and accruals	1,504	131	2,362
Total	256,181	1,708,780	579,710

Our trade and other payables mainly include trade payables, bills payables, accrued payroll, tax payables, and other payables and accruals.

Our trade payables increased from RMB191.5 million as of December 31, 2023 to RMB1,506.7 million as of December 31, 2024, and decreased to RMB541.8 million as of December 31, 2025, primarily due to the combined impact of procurement and payment schedules on year-end trade payables levels, which also consistent with changes in volume of procurement.

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Our trade and other payables are expected to be settled within one year or are repayable on demand.

The following table sets forth the ageing analysis of our trade payables as of the dates indicated, based on the transaction date:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	160,884	1,478,127	534,421
Over 1 year but less than 2 years.	21,773	4,316	1,543
Over 2 year but less than 3 years.	5,947	21,536	4,212
Over 3 years.	2,924	2,686	1,622
	<u>191,528</u>	<u>1,506,665</u>	<u>541,798</u>

The following table sets forth our trade payables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days ^(Note)	31	93	127

Note: We calculate trade payables turnover days using the average of the beginning and ending balances of trade payables for the relevant year, divided by the corresponding cost of sales that year and multiplied by 360 days.

Our trade payables turnover days were 31 days, 93 days, and 127 days, respectively, for the years December 31, 2023, 2024 and 2025. The increase in trade payable turnover days from 2023 to 2025 was primarily due to relatively large procurements in the fourth quarter of 2024 and 2025.

As of February 28, 2026, RMB332.6 million, or 61.4%, of our trade payables as of December 31, 2025 had been subsequently settled.

During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our trade payables.

Contract Liabilities

Our contract liabilities primarily consist of customer advances for sales. Most of the contract liabilities are expected to be recognized as income within one year.

The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities			
Receipts in advance from customer ⁽¹⁾	40,737	18,854	33,954
	<u>40,737</u>	<u>18,854</u>	<u>33,954</u>

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Note:

(1) The respective revenue is expected to be recognized when the goods are delivered and accepted by the customers.

Our contract liabilities decreased from RMB40.7 million as of December 31, 2023 to RMB18.9 million as of December 31, 2024, and increased from RMB18.9 million to RMB34.0 million as of December 31, 2025, primarily was generally in line with delivery of certain customers with prepayment.

As of the February 28, 2026, RMB13.4 million, or 34.9%, of our contract liabilities as of December 31, 2025 had been subsequently utilized and recognized in revenue.

Current Taxation

As of December 31, 2023, 2024 and 2025, we had current taxation of RMB6.1 million, RMB14.6 million and RMB19.0 million, respectively. The increases in our current taxation were generally in line with our profit for the year during the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

Overview

As of the Latest Practicable Date, we had financed our operations primarily through cash from our operations, bank borrowings, and equity financing. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB47.4 million, RMB7.8 million and RMB16.9 million, respectively. Our cash and cash equivalents primarily consist of cash on hand and cash at bank.

The following table is a summary of our cash flow data from our consolidated statements of cash flows for the years indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	35,620	(137,716)	96,166
Net cash used in investing activities.	(9,423)	(58,701)	(43,130)
Net cash generated from/(used in) financing activities	2,188	156,842	(43,841)
Net increase/(decrease) in cash and cash equivalents	28,385	(39,575)	9,195
Cash and cash equivalents at beginning of the year	18,964	47,361	7,802
Effect of foreign exchange rate changes	12	16	(68)
Cash and cash equivalents at end of the year.	47,361	7,802	16,929

Operating Activities

In 2025, we had net cash generated from operating activities of RMB96.2 million, which mainly represents profit before taxation of RMB70.0 million, as adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of properties, plant and equipment of RMB14.6 million, finance costs of RMB12.1 million and depreciation of right-of-use assets of RMB5.0 million and (ii)

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movements in working capital, mainly consisting of a decrease in trade and other receivables of RMB976.0 million and a decrease in inventories of RMB90.5 million, offset by a decrease in trade and other payables of RMB1,071.1 million.

In 2024, we had net cash used in operating activities of RMB137.7 million, which mainly represents profit before taxation of RMB66.7 million, as adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of properties, plant and equipment of RMB10.6 million, finance costs of RMB10.4 million and impairment loss on trade receivables of RMB5.7 million and (ii) movements in working capital, mainly consisting of an increase in trade and other receivables of RMB1,342.6 million and an increase in inventories of RMB343.8 million, partially offset by an increase in trade and other payables of RMB1,454.6 million.

In 2023, we had net cash generated from operating activities of RMB35.6 million, which mainly represents profit before taxation of RMB61.3 million, as adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of properties, plant and equipment of RMB6.8 million, finance costs of RMB5.5 million and impairment reversal on trade receivables of RMB2.9 million and (ii) movements in working capital, mainly consisting of an increase in trade and other payables of RMB37.1 million and a decrease in inventories of RMB124.0 million, partially offset by an increase in trade and other receivables of RMB197.6 million.

Investing Activities

Net cash used in investing activities in 2025 was RMB43.1 million, primarily attributable to (i) payment for purchase of financial assets measured at FVPL of RMB40.0 million; and (ii) payments for acquisition of financial assets measured at FVOCI of RMB3.0 million.

Net cash used in investing activities in 2024 was RMB58.7 million, primarily attributable to (i) payments for the purchase of property, plant and equipment and intangible assets, net of government subsidies received, of RMB58.0 million; and (ii) payments for acquisition of financial assets measured at FVOCI of RMB1.0 million, partially offset by proceeds from disposal of property, plant and equipment of RMB0.6 million.

Net cash used in investing activities in 2023 was RMB9.4 million, primarily attributable to (i) payment for purchase of financial assets measured at FVPL of RMB83.0 million; (ii) payments for the purchase of property, plant and equipment and intangible assets, net of government subsidies received, of RMB12.3 million; and (iii) payments for acquisition of financial assets measured at FVOCI of RMB1.0 million, partially offset by (i) proceeds from disposal of financial assets measured at FVPL of RMB86.6 million.

Financing Activities

Net cash used in financing activities in 2025 was RMB43.8 million, primarily attributable to (i) repayment of loans and borrowings of RMB274.5 million; (ii) capital element of lease rentals paid of RMB4.7 million; and (iii) interest element of lease rentals paid of RMB0.5 million, partially offset by proceeds from loans and borrowings of RMB237.8 million.

Net cash generated from financing activities in 2024 was RMB156.8 million, primarily attributable to (i) proceeds from loans and borrowings of RMB321.9 million; and (ii) capital injection from investor of RMB9.9 million, partially offset by (i) repayment of loans and borrowings of RMB168.0 million; (ii) capital element of lease rentals paid of RMB4.2 million; and (iii) interest element of lease rentals paid of RMB0.6 million.

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Net cash generated from financing activities in 2023 was RMB2.2 million, primarily attributable to proceeds from loans and borrowings of RMB89.1 million, partially offset by (i) repayment of loans and borrowings of RMB83.3 million; (ii) capital element of lease rentals paid of RMB3.8 million; and (iii) interest element of lease rentals paid of RMB0.2 million.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily consisted of payment for property, plant and equipment and intangible assets, amounting to RMB34.0 million, RMB99.7 million and RMB39.6 million for the years ended December 31, 2023, 2024 and 2025. These historical capital expenditures were funded primarily by cash generated from our operating activities and bank borrowings, and equity financing.

WORKING CAPITAL

The following table sets forth a summary of our liquidity and working capital as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
CURRENT ASSETS				
Inventories	109,170	452,195	365,654	593,045
Trade and other receivables	222,472	1,599,265	672,296	672,476
Financial assets measured at fair value through profit or loss	–	–	40,036	25,020
Pledged bank deposits	3,000	4,000	–	–
Cash and cash equivalents	47,361	7,802	16,929	65,827
Total current assets	382,003	2,063,262	1,094,915	1,356,368
CURRENT LIABILITIES				
Trade and other payables	256,181	1,708,780	579,710	786,311
Contract liabilities	40,737	18,854	33,954	49,997
Loans and borrowings	60,284	272,263	353,725	230,880
Lease liabilities	3,762	4,710	3,466	3,349
Financial instruments issued to investor	–	10,054	10,289	100,844
Current taxation	6,061	14,560	18,974	20,187
Total current liabilities	367,025	2,029,221	1,000,118	1,191,568
NET CURRENT ASSETS	14,978	34,041	94,797	164,800

As of February 28, 2026, we had net current assets of RMB164.8 million, as compared to RMB94.8 million as of December 31, 2025, primarily due to the increase in inventories of RMB227.4 million and the decrease in loans and borrowings of RMB122.8 million, partially offset by the increase in trade and other payables of RMB206.6 million.

As of December 31, 2025, we had net current assets of RMB94.8 million, as compared to RMB34.0 million as of December 31, 2024, primarily due to the decrease in trade and other payables of RMB1,129.1 million, partially offset by decrease in trade and other receivables of RMB927.0 million.

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As of December 31, 2024, we had net current assets of RMB34.0 million, primarily due to the increase in trade and other receivables of RMB1,376.8 million and an increase in inventories of RMB343.0 million, partially offset by an increase in trade and other payables of RMB1452.6 million.

Taking into account the financial resources available to us, including the estimated net [REDACTED] from the [REDACTED], cash flow generated from our operations, facilities available to us and cash and cash equivalents on hand, our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this Document.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025 and February 28, 2026, our indebtedness included loans and 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'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current				
Loans and borrowings	60,284	272,263	353,725	230,880
Lease liabilities	3,762	4,710	3,466	3,349
Financial instruments issued to investors	–	10,054	10,289	100,844
Non-current				
Loans and borrowings	–	15,382	976	583
Lease liabilities	12,248	8,698	5,234	4,701
Total	76,294	311,107	373,690	340,357

Except for our indebtedness as disclosed above, we had no material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits which were either guaranteed or unguaranteed, secured or unsecured.

There was no restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that there has not been any material change in our indebtedness since February 28, 2026 and up to the date of this document.

Loans and borrowings

As of December 31, 2023, 2024 and 2025 and February 28, 2026, we had loans and borrowings (including current and non-current portions) of RMB60.3 million, RMB287.6 million, RMB354.7 million and RMB231.5 million, respectively, mainly representing short-term bank loans and other borrowings to finance our working capital and capital expenditure. Our borrowings are primarily denominated in Renminbi. The effective interest rate on our bank loans ranged from 2.6% to 8.7%

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during the Track Record Period. See Note 25 of the Accountants’ Report in Appendix I to this Document. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB44.0 million.

Lease Liabilities

As of December 31, 2023, 2024 and 2025 and February 28, 2026, we had lease liabilities (including current and non-current portions) of RMB16.0 million, RMB13.4 million, RMB8.7 million and RMB8.1 million, respectively, mainly representing our lease in properties for office and production. See Note 26 of the Accountants’ Report in Appendix I to this Document.

Financial instruments issued to investors

As of December 31, 2024, 2025 and February 28, 2026, we had financial instruments issued to investors of RMB10.1 million, RMB10.3 million and RMB100.8 million, respectively, mainly representing financial liabilities arising from investment arrangements with third-party investors, including contractual obligations to repurchase equity interests in the Company and one subsidiary. See Note 27 of the Accountants’ Report in Appendix I to this Document.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we had no contingent liabilities.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,		
	2023	2024	2025
Net profit margin ⁽¹⁾	2.5%	1.8%	2.2%
Return on equity ⁽²⁾	N/A	53.4%	39.0%
Return on total assets ⁽³⁾	N/A	4.7%	4.1%
Current ratio ⁽⁴⁾	1.0	1.0	1.1
Quick ratio ⁽⁵⁾	0.7	0.8	0.7

Notes:

- (1) Net profit margin is calculated using profit for the year divided by revenue and multiplied by 100%.
- (2) Return on equity ratio is profit for the year as a percentage of the average balance of total equity at the beginning and the end of the year and multiplied by 100%.
- (3) Return on total assets ratio is profit for the year as a percentage of the average balance of total assets at the beginning and the end of the year and multiplied by 100%.
- (4) Current ratio is calculated using total current assets divided by total current liabilities as of the same date.
- (5) Quick ratio is calculated using total current assets less inventories divided by total current liabilities as of the same date.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into, nor do we expect to enter into, any off-balance sheet commitments and arrangements.

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MATERIAL RELATED PARTY TRANSACTIONS

For a discussion of material related party transactions during the Track Record Period, see Note 32 to the Accountants’ Report set out in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 32 to the Accountants’ Report in Appendix I to this Document was conducted on an arm’s length basis and would not distort our track record results or cause our historical results to be not reflective of our future performance.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various types of financial and market risks, including credit risk, liquidity risk, interest rate risk, and currency risk in the normal course of our business. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For details of the risks to which we are exposed, see Note 31 to the Accountants’ Report set out in Appendix I to this Document.

[REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — [REDACTED] Financial Information.”

DIVIDEND POLICY

For the years ended December 31, 2023, 2024 and 2025, we declared and paid dividends of nil, RMB1.8 million and RMB2.0 million, respectively, to our shareholders.

Our Company currently does not have a formal dividend policy or a fixed dividend payout ratio. Our Board of Directors may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment of dividends will be subject to our constitutional documents and applicable laws. Our shareholders at a general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board of Directors. In addition, our Directors may from time to time pay such interim dividends as our Board of Directors considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board of Directors.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Group had retained earnings of approximately RMB158.0 million, representing the distributable reserves available for distribution to our Shareholders.

[REDACTED] EXPENSES

We expect to incur a total of approximately RMB[REDACTED] million (HK\$[REDACTED] million) of [REDACTED] expenses in connection with the [REDACTED], representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED], and assuming that the [REDACTED] is not exercised), including (1) [REDACTED] commissions, SFC transaction levy, Stock Exchange

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trading fees and AFRC transaction levy for all [REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (2) non-[REDACTED] related expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (ii) sponsor fee and other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million). Approximately RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be deducted from equity. The [REDACTED] expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT

See “Summary — Recent Development and No Material Adverse Change” in this Document for further details of the impact of recent developments on our business, operations and financial positions.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial and trading position or prospects since December 31, 2025, and there is no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report, the text of which is set out in Appendix I to this document.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS AND PROSPECTS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED], and based on the mid-point [REDACTED] of HK\$[REDACTED] per Share, assuming the [REDACTED] is not exercised.

We currently intend to apply such net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]%, or HK\$[REDACTED] million, of the net [REDACTED] from the [REDACTED] will be used to iterate and upgrade the capabilities of our Innovatech platform, so as to better support the growth of our existing business as well as the implementation and iteration of our future product technologies. We intend to continue enhancing our platform’s core capabilities, flexible manufacturing capabilities, overall operational efficiency and digital capabilities, so as to further strengthen the Innovatech platform’s support for product research and development, manufacturing and delivery, and operational management. We expect to utilize the relevant net [REDACTED] in phases over the next three years in accordance with our business development needs to implement the foregoing plans: In particular, we plan to expand our overall platform capabilities through:
 - i. Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to strengthen our flexible manufacturing capabilities, including advancing production line construction, expanding our production capacity layout, and supporting the upgrading of automation and digital management capabilities. We plan to establish a new manufacturing base in the Pearl River Delta. Meanwhile, we will carry further upgrade and expansion of our production lines at our Yibin manufacturing base, aiming to set up a flexible manufacturing system capable of accommodating multiple product categories, small-batch production, and customized demand. According to our current plan, we intend to establish a total of ten assembly lines in the Pearl River Delta region, which will be primarily used for the production of AIoT- and robotics-related products, with an estimated annual production capacity of approximately 6.0 million units. Construction is expected to commence in October 2026 and be completed in May 2027. At the same time, we plan to add six SMT lines and nine assembly lines at our Yibin manufacturing base, which are expected to add an annual production capacity of approximately 8.0 million units of mobile phones, wearable devices and other AIoT-related products. Upon completion of the relevant production line construction and upgrades, we expect the Yibin and Pearl River Delta manufacturing bases to form a dual-base coordinated development model, which will further optimize our regional production capacity allocation and enhance our overall delivery capability and resilience to operational risks.

In support of the above production capacity expansion and flexible manufacturing layout, we intend to continue making ancillary investments relating to flexible manufacturing to support the smooth construction and operation of the new and upgraded production lines. Such investments will mainly consist of the following aspects:

FUTURE PLANS AND [REDACTED]

- a. We will make ancillary investments relating to production line construction and operation, including plant renovation, procurement of production equipment and expansion of personnel.
- b. We will continue to advance automation upgrades and the construction of digital management systems relating to flexible manufacturing, so as to further improve line switching efficiency, production process traceability, cross-base coordination and overall operating efficiency. In particular, (i) we intend to continue refining our modular reconfigurable technology; and (ii) we intend to continue advancing full-process automation technology by integrating automated inspection, automated welding and automated packaging equipment across production processes such as printing, placement, fastening, testing, welding and packaging, thereby reducing manual intervention, lowering production costs and improving product quality stability and production efficiency.
- c. We expect to gradually expand our production and technical workforce in tandem with the construction and operation of relevant production lines, so as to support the daily operation of new and upgraded production lines. Over the next 3 to 5 years, we plan to recruit up to 400 employees for our Yibin manufacturing base and up to 1,000 employees for our Pearl River Delta manufacturing base.

Through the continued investment in the above core technologies and system construction, we expect to further enhance the flexibility, automation and digitalization of our overall manufacturing platform, so as to better adapt to the evolving market demand of the intelligent manufacturing industry and customers’ requirements for efficient delivery and customized production.

- ii. Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used primarily to continue optimizing the digital capabilities of our platform and building a full-stack information platform. We intend to continue strengthening the construction of digital systems covering all stages including design, order placement, procurement, production, quality control and delivery, so as to build a full-stack information platform spanning from front-end customer demand identification to back-end fulfillment and delivery, and further improve data connectivity and coordination among different business segments. We plan to establish a digital management system to achieve comprehensive intelligent control through MES, and will continuously upgrade the “Central MES + Edge MES” dual-system synergy technology. We plan to increase our IT investments our existing management systems, such as ERP and MES, and to focus on optimizing key modules including SD (sales and distribution), MM (materials management), PP (production planning) and FI/CO (financial and cost control), thereby forming a complete business closed loop covering front-end business, mid-office operations and back-end management. In addition, we will establish a digital operations platform, displaying key operational metrics of various manufacturing bases in real time through a central control dashboard, thereby supporting dynamic resource allocation among different manufacturing bases and enhancing operational synergy efficiency.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to expand our market presence and product offerings, so as to further enhance our ability to serve different customers, cover more application scenarios and strengthen our global business expansion capabilities. In response to evolving customer demands, regional developments and industry trends, we continue to enrich our product offerings and broaden the commercialization of our products across different regions and scenarios. At the same time, we plan to further strengthen the

FUTURE PLANS AND [REDACTED]

build-out of our core business teams and continue improving our domestic and overseas market coverage, so as to enhance our global delivery and service capabilities. We plan to expand our market presence and product offerings in the following ways:

- i. Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used primarily to continue enriching our product portfolio. We intend to continue expanding our product boundaries and promoting product innovation around key directions such as robotic accessories and AI glasses, so as to enhance our ability to cover different application scenarios.
 - o We will expand our new R&D team for products, such as AI-related products, and industry experts in new application scenarios in order to establish more dedicated teams for target application scenarios and product categories, conducting preliminary market research, analysis and exploration of product types, and, once initial directions are identified, we will then allocate more resources on advancing product design, feasibility analysis, prototype manufacturing and relevant software technology development. We also expect to continue investing in production of product samples and market testing in the subsequent stages, so that we can promote the formal commercialization of relevant products after collecting and analyzing market feedback. Furthermore, we believe we will encounter numerous potential product targets during our preliminary market research.
 - ii. Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used primarily to further expand our market coverage and enhance our global business presence. We intend to continue expanding into overseas markets over the next three to five years. The relevant investments will primarily be used to participate in overseas exhibitions, recruit overseas sales and support personnel and establish three overseas sales centers, so as to support our market development and customer outreach efforts in key regions. Taking into account factors such as local economic conditions, the penetration of AI-related technologies, and the willingness and ability of small- and medium-sized enterprises to pay, we plan to progressively expand into various regions and countries, including the United States, Europe, and Southeast Asia, so as to further expand our influence in overseas markets and enhance our ability to capture opportunities in the global market.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, of the net [REDACTED] from the [REDACTED] will be used to support our strategic investments or acquisitions. (a) We will recruit early-stage external teams and key R&D and product development personnel through the restructuring process to enrich our product portfolio; (b) Through strategic investments or acquisitions, we aim to achieve a broader product layout, foster ecosystem development and business expansion by investing domestic or international qualified industry chain participants in our upstream and downstream ecosystem, including consumer electronics companies such as upstream suppliers and downstream AI original products companies, and other potential targets that can complement our existing business operations. As of the Latest Practicable Date, we have not identified any specific investment or acquisition target, nor have we entered into any legally binding agreement in respect of any potential investment or acquisition opportunity.
 - Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to further integrate AI technology into our operations, and we expect to continuously enhance our internal efficiency by improving our AI hardware infrastructure and introducing and incentivizing talent. In particular, we plan to integrate AI technology into our operations through:

FUTURE PLANS AND [REDACTED]

- i. Expecting to procure computing power to continuously enhance the company’s large model capabilities. By developing proprietary algorithms and introducing external advanced algorithms, we plan to build scenario-specific agents to develop AI-native products and further diversify our products into robotic industry, AI wearables, AIoT and other products;
 - ii. Expecting to be used for AI hardware and related infrastructure construction. We intend to continue procuring core AI hardware infrastructure such as training servers, inference workstations, high-speed network equipment and distributed storage, in order to address the increase in inference workload arising from the continued deepening of AI empowerment and to support the development, training, deployment and iteration of AI-related applications within our company.
 - iii. Being used to continue attracting outstanding talent in the AI field and improving the relevant incentive mechanisms. We plan to enhance our platform and technological capabilities in supply chain management, resource allocation and other internal application scenarios. By strengthening our talent reserves in relevant areas and improving team stability and motivation, we expect to enhance our overall operational efficiency and further strengthen our delivery capabilities as well as the commercialization capabilities of our products and services.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for our working capital and general corporate purposes, so as to support our day-to-day operations and business development.

Assuming the [REDACTED] is exercised in full, we estimate that the net [REDACTED] from the [REDACTED] will be approximately HK\$[REDACTED] million. We currently intend to apply such additional net [REDACTED] to the above purposes in the same proportions stated above.

To the extent that the net [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit such net [REDACTED] only into short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions.

If there is any material change to the above proposed use of net [REDACTED], we will issue an appropriate announcement in due course.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[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]

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[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[1] to I-[82], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI INNOVATECH INFORMATION TECHNOLOGY CO., LTD. 上海易景信息科技股份有限公司, CMB INTERNATIONAL CAPITAL LIMITED AND BOCOM INTERNATIONAL (ASIA) LIMITED

Introduction

We report on the historical financial information of Shanghai Innovatech Information Technology Co., Ltd. 上海易景信息科技股份有限公司 (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[4] to I-[82], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2023, 2024 and 2025 (the “**Track Record Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[4] to I-[82] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**Document**”) in connection with the [REDACTED] of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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ACCOUNTANTS’ REPORT

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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 2023, 2024 and 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

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ACCOUNTANTS’ REPORT

Dividends

We refer to Note 30(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

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ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	4	2,225,241	3,508,457	3,219,341
Cost of sales		(2,003,894)	(3,269,502)	(2,914,740)
Gross profit		221,347	238,955	304,601
Other net income	5	8,339	35,109	22,550
Selling and marketing expenses		(3,309)	(6,077)	(8,568)
Administrative expenses		(91,274)	(111,684)	(135,960)
Research and development costs		(68,887)	(73,245)	(99,845)
Reversal of/(provision for) impairment loss on trade receivables		2,916	(5,739)	(679)
Profit from operations		69,132	77,319	82,099
Finance costs	6(a)	(5,505)	(10,387)	(12,115)
Share of losses of joint venture	29	(2,330)	(193)	—
Profit before taxation	6	61,297	66,739	69,984
Income tax (expense)/benefit	7	(5,139)	(4,663)	233
Profit for the year		56,158	62,076	70,217
Attributable to:				
Equity shareholders of the Company		56,158	61,112	69,168
Non-controlling interests		—	964	1,049
Profit for the year		56,158	62,076	70,217
Earnings per share (RMB)				
Basic (RMB)	10	5.62	6.11	6.92
Diluted (RMB)		5.07	5.51	6.24

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Profit for the year		56,158	62,076	70,217
Other comprehensive income for the year (after tax and reclassification adjustments)				
Item that will not be reclassified to profit or loss:				
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)		429	(1,229)	602
Item that are or may be reclassified subsequently to profit or loss:				
Exchanges differences on translation of financial statements of overseas subsidiaries		(7)	155	(568)
Other comprehensive income for the year		422	(1,074)	34
Total comprehensive income for the year		<u>56,580</u>	<u>61,002</u>	<u>70,251</u>
Attributable to:				
Equity shareholders of the Company		56,580	60,038	69,202
Non-controlling interests		—	964	1,049
Total comprehensive income for the year		<u>56,580</u>	<u>61,002</u>	<u>70,251</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	At 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	41,886	86,215	72,875
Right-of-use assets	12	26,887	23,817	18,770
Intangible assets	13	871	2,889	2,962
Interest in joint venture	29	–	–	–
Equity securities designated at fair value through other comprehensive income (“FVOCI”)	16	1,429	1,200	4,802
Deferred tax assets	17(b)	6,399	12,085	20,009
Other non-current assets	14	6,491	9,704	6,119
		<u>83,963</u>	<u>135,910</u>	<u>125,537</u>
Current assets				
Inventories	18	109,170	452,195	365,654
Trade and other receivables	19	222,472	1,599,265	672,296
Financial assets measured at fair value through profit or loss (“FVPL”)	20	–	–	40,036
Restricted bank deposits	21	3,000	4,000	–
Cash and cash equivalents	22(a)	47,361	7,802	16,929
		<u>382,003</u>	<u>2,063,262</u>	<u>1,094,915</u>
Current liabilities				
Loans and borrowings	25	60,284	272,263	353,725
Trade and other payables	23	256,181	1,708,780	579,710
Contract liabilities	24	40,737	18,854	33,954
Lease liabilities	26	3,762	4,710	3,466
Financial instruments issued to investors	27	–	10,054	10,289
Current taxation	17(a)	6,061	14,560	18,974
		<u>367,025</u>	<u>2,029,221</u>	<u>1,000,118</u>
Net current assets		<u>14,978</u>	<u>34,041</u>	<u>94,797</u>
Total assets less current liabilities		<u>98,941</u>	<u>169,951</u>	<u>220,334</u>

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ACCOUNTANTS’ REPORT

	Note	At 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Non-current liabilities				
Loans and borrowings	25	–	15,382	976
Lease liabilities	26	12,248	8,698	5,234
Deferred tax liabilities	17(b)	66	42	44
		<u>12,314</u>	<u>24,122</u>	<u>6,254</u>
NET ASSETS		<u>86,627</u>	<u>145,829</u>	<u>214,080</u>
Capital and reserves				
Paid-in capital/Share capital	30	10,000	10,000	10,000
Reserves	30	<u>76,627</u>	<u>132,511</u>	<u>199,713</u>
Total equity attributable to equity shareholders of the Company		86,627	142,511	209,713
Non-controlling interests		<u>–</u>	<u>3,318</u>	<u>4,367</u>
TOTAL EQUITY		<u>86,627</u>	<u>145,829</u>	<u>214,080</u>

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		At 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment		1,478	5,210	4,751
Right-of-use assets	12	12,889	10,175	7,461
Intangible assets		157	348	792
Interest in joint venture	29	—	—	—
Investments in subsidiaries	15	56,206	64,206	64,660
Equity securities designated at FVOCI		1,429	1,200	4,802
Deferred tax assets		—	43	40
Other non-current assets		1,232	515	312
		73,391	81,697	82,818
Current assets				
Inventories		13,119	18,824	106,609
Trade and other receivables	19	98,970	171,590	451,660
Restricted bank deposits		3,000	4,000	—
Cash and cash equivalents		42,152	1,327	1,115
		157,241	195,741	559,384
Current liabilities				
Loans and borrowings	25	29,000	107,762	217,071
Trade and other payables	23	147,364	100,678	334,609
Contract liabilities		4,039	6,448	15,479
Lease liabilities	26	2,517	2,622	2,732
Current taxation		—	609	339
		182,920	218,119	570,230
Net current liabilities		(25,679)	(22,378)	(10,846)
Total assets less current liabilities		47,712	59,319	71,972
Non-current liabilities				
Lease liabilities	26	10,415	7,793	5,061
Deferred tax liabilities		20	—	—
		10,435	7,793	5,061
NET ASSETS		37,277	51,526	66,911
Capital and reserves				
Paid-in capital/Share capital	30	10,000	10,000	10,000
Reserves	30	27,277	41,526	56,911
TOTAL EQUITY		37,277	51,526	66,911

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company										Non-controlling interests	
	Share capital	Paid-in capital	Share premium	Capital reserve	PRC statutory reserves	Exchange reserve	Fair value reserve	Other reserve	Retained profits	Total		Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	-	10,000	-	1,382	2,150	(1,499)	-	-	18,014	30,047	-	30,047
Profit for the year	-	-	-	-	-	-	-	-	56,158	56,158	-	56,158
Other comprehensive income	-	-	-	-	-	(7)	429	-	-	422	-	422
Appropriation to statutory reserves .	-	-	-	-	942	-	-	-	(942)	-	-	-
Balance at 31 December 2023	-	10,000	-	1,382	3,092	(1,506)	429	-	73,230	86,627	-	86,627
Profit for the year	-	-	-	-	-	-	-	-	61,112	61,112	964	62,076
Other comprehensive income	-	-	-	-	-	155	(1,229)	-	-	(1,074)	-	(1,074)
Capital injections from investors/ shareholders 30(d)	-	-	-	7,636	-	-	-	-	-	7,636	2,354	9,990
Appropriation to statutory reserves .	-	-	-	-	1,728	-	-	-	(1,728)	-	-	-
Recognition of financial instruments issued to investors 27	-	-	-	-	-	-	-	(9,990)	-	(9,990)	-	(9,990)
Dividends declared in respect of the year 30(b)	-	-	-	-	-	-	-	-	(1,800)	(1,800)	-	(1,800)
Balance at 31 December 2024	-	10,000	-	9,018	4,820	(1,351)	(800)	(9,990)	130,814	142,511	3,318	145,829
Profit for the year	-	-	-	-	-	-	-	-	69,168	69,168	1,049	70,217
Other comprehensive income	-	-	-	-	-	(568)	602	-	-	34	-	34
Conversion into a joint stock limited liability company 30(c)	10,000	(10,000)	45,852	(1,382)	(5,000)	-	-	-	(39,470)	-	-	-
Appropriation to statutory reserves .	-	-	-	-	512	-	-	-	(512)	-	-	-
Dividends declared in respect of the year 30(b)	-	-	-	-	-	-	-	-	(2,000)	(2,000)	-	(2,000)
Balance at 31 December 2025	10,000	-	45,852	7,636	332	(1,919)	(198)	(9,990)	158,000	209,713	4,367	214,080

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Operating activities:				
Cash generated from/(used in) operations	22(b)	37,678	(135,842)	99,441
Income tax paid	17(a)	(2,058)	(1,874)	(3,275)
Net cash generated from/(used in) operating activities		35,620	(137,716)	96,166
Investing activities:				
Payments for the purchase of property, plant and equipment and intangible assets, net of government grants		(12,256)	(58,005)	(141)
Proceeds from disposal of property, plant and equipment.		199	631	31
Proceeds from disposal of financial assets measured at FVPL		86,634	–	–
Payment for purchase of financial assets measured at FVPL		(83,000)	–	(40,020)
Payments for acquisition of financial assets measured at FVOCI		(1,000)	(1,000)	(3,000)
Payments for investment in a joint venture		–	(327)	–
Net cash used in investing activities.		(9,423)	(58,701)	(43,130)
Financing activities:				
Capital element of lease rentals paid	22(c)	(3,822)	(4,224)	(4,707)
Interest element of lease rentals paid	22(c)	(242)	(622)	(461)
Proceeds from loans and borrowings	22(c)	89,103	321,897	237,817
Proceeds of amounts due to related parties	22(c)	2,796	8,350	10,010
Repayments of loans and borrowings	22(c)	(83,251)	(167,999)	(274,490)
Repayments of amounts due to related parties . .	22(c)	(2,396)	(8,750)	(10,010)
Dividends paid to equity shareholders of the Company	30(b)	–	(1,800)	(2,000)
Proceeds from the issue of the financial instruments to investors	22(c)	–	9,990	–
Net cash generated from/(used in) financing activities		2,188	156,842	(43,841)
Net increase/(decrease) in cash and cash equivalents.		28,385	(39,575)	9,195
Cash and cash equivalents at the beginning of the year	22(a)	18,964	47,361	7,802
Effect of foreign exchange rate changes		12	16	(68)
Cash and cash equivalents at the end of the year.	22(a)	47,361	7,802	16,929

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ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 Basis of preparation and presentation of Historical Financial Information

Shanghai Innovatech Information Technology Co., Ltd. (the “**Company**”)* (上海易景信息科技股份有限公司), formerly known as Shanghai Innovatech Information Technology Co., Ltd.* (上海易景信息科技有限公司) was established in Shanghai, People’s Republic of China (the “**PRC**”) on 16 July 2008 as a company with limited liability. On 30 December 2025, the Company was converted into a joint stock company with limited liability.

During the Track Record Period, the Company and its subsidiaries (together, “**the Group**”) are principally engaged to the design and development of smartphones, smart wearables and enterprise AIoT products.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The statutory financial statements of the Company for the year ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Shanghai Xuanhe Accounting Firm (General Partnership).*(上海軒和會計師事務所(普通合夥)). At the date of this report, the statutory financial statements of the Company for the year ended 31 December 2025 were not issued yet.

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries:

Company name	Place and date of incorporation/ establishment	Proportion of ownership interest				Principal activities
		Particulars of registered and paid-up capital	Group’s effective interest	Directly held by the Company	Indirectly held by the Company	
Sichuan Yijing Intelligent Terminal Co., Ltd.* 四川易景智能終端有限公司 (i) (iii)	The PRC 16 October 2018	RMB50,942,453/ RMB50,942,453	98.15%	98.15%	–	Manufacture, research and development and sale of smart hardware
INNOVATECH (HK) INFORMATION TECHNOLOGY LIMITED 易景(香港)信息科技有限公司 (ii)	Hongkong 30 March 2017	USD206,805.51/ USD206,805.51	100.00%	100.00%	–	Trading of electronic parts and components for computer and telecommunications equipment

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (i) The statutory financial statements of Sichuan Yijing Intelligent Terminal Co., Ltd. for the year ended 31 December 2023 were audited by Chengdu Yujian Future Certified Public Accountants (General Partnership)* (成都譽見未來會計師事務所(普通合夥)), and for the years ended 31 December 2024 were audited by Sichuan Huabang Certified Public Accountants Co., Ltd.* (四川華邦會計師事務所有限公司). No statutory financial statements for the years ended 31 December 2025 have been prepared.
- (ii) The statutory financial statements of INNOVATECH (HK) INFORMATION TECHNOLOGY LIMITED for the years ended 31 December 2023 and 2024 were audited by JAS CPA Limited.* (卓聲會計師事務所有限公司). No statutory financial statements for the years ended 31 December 2025 have been prepared.
- (iii) This entity is a limited liability company established in the PRC.
- * The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 34.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand yuan (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

2 Material accounting policy information

(a) Basis of measurement

As the Group’s operation are primarily located in the PRC and most of the Group’s transactions are conducted and denominated in Renminbi (“**RMB**”), which is the functional currency of the Group, the Historical Financial Information is presented in RMB, rounded to the nearest thousand, unless otherwise stated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for certain financial instruments as disclosed in note 30(e), which are measured at their fair value as explained in Note 2(e).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

APPENDIX I

ACCOUNTANTS’ REPORT

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 2(n) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)), unless it is classified as held for sale (or included in a disposal Group classified as held for sale).

(d) Joint ventures

A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income (“OCI”) of those investees, until the date on which significant influence or joint control ceases.

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When the Group’s share of losses exceeds its interest in the joint venture, the Group’s interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group’s interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group’s net investment in the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 1 (i)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

(e) Other investments in securities

The Group’s policies for investments in securities, other than investments in subsidiaries and joint ventures, are set out below:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- Amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(iii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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- Fair value through other comprehensive income (“FVOCI”) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- Fair value through profit or loss (“FVPL”) if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(t)(ii)).

(f) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(i)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

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Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

— Buildings	20 years
— Machinery	10 years
— Office equipment and electronic devices	3-5 years
— Vehicles	4 years
— Leasehold improvements	Shorter of the remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see Note 2(i)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

(g) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)).

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Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets’ estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	2-10 years

The useful life of software was assessed based on the expected service life during which relevant software performs its desired functionality. Both the period and method of amortisation are reviewed annually.

(h) Lease

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets 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, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)). Depreciation is calculated using the straight-line method over unexpired term of lease.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“**lease modification**”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

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(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and pledged bank deposits).

Financial assets measured at fair value, including bills receivables measured at FVOCI (non-recycling) and equity securities measured at FVPL, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

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(ii) *Impairment of other non-current assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- right-of-use assets;
- investments in subsidiaries and joint ventures in the Company’s statement of financial position.

If any such indication exists, the asset’s recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

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— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset’s carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Except for certain bills receivable measured at FVOCI — recycling (see Note 2(e)(i)), receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses(see note 2(i)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i).

(m) Financial instruments issued to investors

A contract that contains an obligation to purchase the Group’s own equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount,. The redemption liability is measured at the highest redemption amount (on a present value basis) the Group could be required to pay from time to time. Any change in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognised in “Finance costs” in profit or loss. The Group derecognises the financial liability when, and only when, the Group’s obligation is discharged, cancelled or has expired.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

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(o) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)(iii)).

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(v).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income (“OCI”).

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Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Group’s business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group’s revenue and other income recognition policies are as follows:

(i) Sales of goods

Sales of smart terminal products and AIoT products

The Group sells smartphones, tablets, AIoT products and other electronic equipment to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either

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the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group sells products to a customer who is also the supplier of key materials used in the manufacturing of products. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group’s ability to direct the use of and obtain substantially all the remaining benefits from the products. The Group obtains the control of the materials purchased from the customer and provides significant services to integrate materials with other goods and services into a portfolio of outputs. The Group considered itself as a principal in the arrangement and accordingly recognises the revenue to the customer on a gross basis.

(ii) Dividends

Dividend income is recognised in profit or loss on the date on which the Group’s right to receive payment is established.

(iii) Interest income

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss or on a systematic basis in the same periods in which the expenses are incurred or deduction in reporting the related expenses.

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Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) *Translation of foreign currencies*

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI;

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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(v) *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) *Related parties*

- (a) A person, or a close member of that person’s family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group’s parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

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Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) *Segment reporting*

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting judgements and estimates

(a) *Critical accounting judgements*

In the process of applying the Group’s accounting policies, management has made the following accounting judgements:

(i) *Principal versus agent considerations*

The Group sells products to a customer who is also the supplier of key materials used in the manufacturing of products. The Group needs to determine whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and therefore records revenue on a gross basis if it controls promised goods before transferring the goods to the customer. Otherwise, the Group is an agent and records as revenue the net amount that it retains for its agency services if its role is to arrange to provide the goods. To assess whether the Group controls the goods before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group (i) is the principal in the arrangement, (ii) has general inventory risk, (iii) has latitude in establishing the selling price and (iv) has significant involvement in the determination of product and service specifications.

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(b) Significant estimation

Note 30e contains information about the assumptions and their risk factors relating to fair value of financial instruments. Other key sources of significant estimation uncertainty are as follows:

(i) Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due. The provision matrix is initially based on the Group’s historical observed default rates. At the end of each of the period, the historical observed default rates had been checked to determine whether they need to be updated and the changes on the forward-looking estimates are analysed.

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 customer’s actual default in the future.

(ii) Net realisable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the balance sheet dates to ensure inventory is shown at the lower of cost and net realisable value.

(iii) Deferred tax assets

Deferred tax assets are recognised 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 recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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4 Revenue and segment reporting

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers within the scope of IFRS 15			
Smart Terminal Products			
– Smartphones	1,949,305	3,359,475	2,983,958
– Others	145,586	23,882	47,163
AIoT Products:			
– Smart Wearables.	94,786	71,930	118,491
– Enterprise AIoT Products.	33,780	40,787	61,436
Others	<u>1,784</u>	<u>12,383</u>	<u>8,293</u>
	<u>2,225,241</u>	<u>3,508,457</u>	<u>3,219,341</u>

All of the Group’s revenue are recognized at a point in time.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group applies the practical expedient in paragraph 121(a) of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts of the Group are within one year or less.

(b) Segment reporting

The Group is principally engaged in the manufacture and sale of smartphones, tablets, AIoT products and other electronic equipment. Information reported to the Group’s chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

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(i) Geographic information

The following table sets out information about the geographical location of the Group’s revenue from external customers. All of its non-current assets and capital expenditure were located/incurred in China. The geographical location of customers is based on the location at which the goods were sold.

	Years ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese Mainland	2,120,841	3,485,651	3,181,550
Other countries/regions	104,400	22,806	37,791
	<u>2,225,241</u>	<u>3,508,457</u>	<u>3,219,341</u>

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group’s revenue during the Track Record Period is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	1,764,997	3,116,843	2,543,489
Customer B	<u>N/A</u>	<u>N/A</u>	<u>462,743</u>

5 Other net income

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest income	392	156	71
Government grants	7,034	1,836	1,970
Value-added tax additional deduction (Note i).	–	33,800	20,947
Others	<u>913</u>	<u>(683)</u>	<u>(438)</u>
	<u>8,339</u>	<u>35,109</u>	<u>22,550</u>

- (i) Pursuant to Taxation Policy for VAT Addition and Deduction for Advanced Manufacturing Enterprises (Announcement No. 43 of 2023), from 1 January 2023 to 31 December 2027, a subsidiary of the Group, as advanced manufacturing enterprise, is eligible to deduct the VAT payable by additional 5% of the qualified input VAT.

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6 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs:

	Note	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Interest on loans and borrowings	22(c)	5,263	9,701	11,420
Interest on lease liabilities	22(c)	242	622	460
Interest on financial instruments issued to investors	27	—	64	235
Total finance costs.		<u>5,505</u>	<u>10,387</u>	<u>12,115</u>

(b) Staff costs:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, wages and other benefits	99,311	138,377	204,048
Contributions to defined contribution retirement plans (note)	<u>4,644</u>	<u>8,221</u>	<u>11,589</u>
	<u>103,955</u>	<u>146,598</u>	<u>215,637</u>

Note: Defined contribution retirement plans

Employees of the Group’s PRC subsidiaries are required to participate in a de-fined contribution retirement scheme administered and operated by the local municipal government. The Group’s PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits beyond the above contributions.

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(c) Other items:

	Note	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of inventories [#]	18(b)	1,998,399	3,260,456	2,910,737
Depreciation:				
– owned property, plant and equipment . .	11	(6,796)	(10,643)	(14,609)
– right-of-use assets.	12	1,900	4,692	5,047
Amortisation cost of intangible assets. . .	13	1,340	696	1,054

During the years ended 31 December 2023, 2024 and 2025, cost of inventories includes RMB32,339,000, RMB61,752,000 and RMB72,222,000 respectively relating to staff costs, reversal for write-down of inventories and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 Income tax in the consolidated statements of profit or loss and other comprehensive income

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current tax:			
Provision for the year	5,257	10,373	7,689
Deferred tax:			
Origination and reversal of temporary differences			
(Note 17(b))	(118)	(5,710)	(7,922)
	<u>5,139</u>	<u>4,663</u>	<u>(233)</u>

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(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before taxation	<u>61,297</u>	<u>66,739</u>	<u>69,984</u>
Income tax expenses calculated at applicable tax rate	15,324	16,685	17,496
Effect of different tax rates applicable to subsidiaries	(7,357)	(8,803)	(10,087)
Effect of non-deductible expenses	510	1,179	545
Effect of using deductible losses unrecognised in previous periods	(1,278)	(1,137)	–
Effect of deductible temporary differences or deductible losses unrecognised in the current period	963	889	2,214
Effect of additional deduction on research and development costs	<u>(3,023)</u>	<u>(4,150)</u>	<u>(10,401)</u>
Actual tax expense/(benefit)	<u>5,139</u>	<u>4,663</u>	<u>(233)</u>

- (i) According to the Corporate Income Tax Law of China (the “**Tax Law**”), the Group’s subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to high and new technology enterprises of 15%. The Company and certain PRC subsidiaries of the Group obtained the certificate of high and new technology enterprise and were subject to income tax rate at 15% in the Track Record Period.
- (ii) Certain PRC subsidiaries of the Group qualified as small and micro enterprises under the relevant PRC tax regulations during the Track Record Period and were entitled to preferential enterprise income tax treatment.
- (iii) An additional 100% of qualified research and development costs incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and its relevant regulations in the Track Record Period.
- (iv) Pursuant to the income tax rules and regulations of Hong Kong, INNOVATECH (HK) INFORMATION TECHNOLOGY LIMITED was liable to the Hong Kong Profits Tax at a rate of 16.5% during the Track Record Period.

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8 Directors and supervisors’ emoluments

Details of Directors and supervisors’ emoluments during the years ended December 31, 2023, 2024 and 2025 are as follows:

Year ended 31 December 2023

2023	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Executive Director				
Sun Bin	345	69	24	438
Supervisor				
Chen Miaobo	281	69	25	375
	<u>626</u>	<u>138</u>	<u>49</u>	<u>813</u>

Year ended 31 December 2024

2024	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Executive Director				
Sun Bin	384	390	24	798
Supervisor				
Chen Miaobo	278	380	24	682
	<u>662</u>	<u>770</u>	<u>48</u>	<u>1,480</u>

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Year ended 31 December 2025

<u>2025</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Discretionary bonuses</u>	<u>Retirement scheme contributions</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Executive director				
Sun Bin	385	995	30	1,410
Supervisor				
Chen Miaobo	298	664	24	986
	<u>683</u>	<u>1,659</u>	<u>54</u>	<u>2,396</u>

Notes:

- (i) Mr. Chen Miaobao, Mr. Wang Tao, Mr. Yan Libin and Ms. Zhou Yujie were appointed as executive directors of the Company on 20 January 2026.
- (ii) Ms. Zhu Xiaolan was appointed as an independent non-executive director of the Company on 24 March 2026.
- (iii) Prof. Yang Wankou and Mr. Liu Deguang will be appointed as independent non-executive directors of the Company upon [REDACTED].

During the Relevant Period, no director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 Individuals with highest emoluments

During the Track Record Period of the five individuals with the highest emoluments, nil, 2 and 2 are directors and supervisors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	<u>Year ended 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Salaries and other emoluments	2,733	1,937	3,145
Retirement scheme contributions	<u>230</u>	<u>139</u>	<u>98</u>
Total	<u>2,963</u>	<u>2,076</u>	<u>3,243</u>

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The emoluments of the individuals who are not director nor supervisor and with the highest emoluments are within the following bands:

	Year ended 31 December		
	2023	2024	2025
	Number of individuals	Number of individuals	Number of individuals
HK\$			
Nil – 1,000,000	5	3	1
1,000,000 – 1,500,000	<u>–</u>	<u>–</u>	<u>2</u>

During the Relevant Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares deemed to be in issue during the Track Record Period.

	At 31 December		
	2023	2024	2025
Earnings			
Profit attributable to equity shareholders of the Company for the year (<i>in RMB’000</i>)	56,158	61,112	69,168
Shares			
Weighted average number of ordinary shares deemed to be in issue (<i>in ’000</i>)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Earnings per share			
Basic (<i>RMB</i>)	<u>5.62</u>	<u>6.11</u>	<u>6.92</u>

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As set out in Note 30, the Company was converted into a joint stock limited liability company and 10,000,000 shares with par value of RMB1.00 each were issued on 30 December 2025. For the purpose of computing basic and diluted earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company’s conversion into a joint stock limited liability company was determined assuming the above conversion had occurred since 1 January 2023 at the exchange ratio established in the conversion on 30 December 2025.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares deemed to be in issue, calculated as follows:

	At 31 December		
	2023	2024	2025
Earnings			
Profit attributable to equity shareholders of the Company for the year (diluted) (<i>in RMB’000</i>).	56,158	61,112	69,168
Shares			
Weighted average number of ordinary shares (diluted) (<i>in ’000</i>)			
Weighted average number of ordinary shares deemed to be in issue.	10,000	10,000	10,000
Effect of deemed issue of shares under the company’s share option scheme (<i>note 28</i>)	<u>1,081</u>	<u>1,084</u>	<u>1,087</u>
Weighted average number of ordinary shares (diluted) deemed to be in issue at 31 December	<u>11,081</u>	<u>11,084</u>	<u>11,087</u>
Earnings per share			
Diluted (<i>RMB</i>)	<u>5.07</u>	<u>5.51</u>	<u>6.24</u>

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11 Property, plant and equipment

	Buildings	Machinery	Vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2023	14,330	20,867	1,779	21,459	263	–	58,698
Additions	–	5,644	386	3,982	21,858	–	31,870
Deduction by government grants received	(5,000)	–	–	–	(19,800)	–	(24,800)
Disposals	–	–	(521)	(937)	–	–	(1,458)
At 31 December 2023 and 1 January 2024	9,330	26,511	1,644	24,504	2,321	–	64,310
Additions	58	18,350	200	9,794	64,418	3,448	96,268
Transfers	61,921	–	–	–	(61,921)	–	–
Deduction by government grants received	(40,665)	–	–	–	–	–	(40,665)
Disposals	(301)	(140)	–	(278)	–	–	(719)
At 31 December 2024 and 1 January 2025	30,343	44,721	1,844	34,020	4,818	3,448	119,194
Additions	–	13,451	175	7,342	17,079	391	38,438
Transfers	21,725	–	–	–	(21,725)	–	–
Deduction by government grants received	(37,138)	–	–	–	–	–	(37,138)
Disposals	–	(72)	–	(217)	–	–	(289)
At 31 December 2025	14,930	58,100	2,019	41,145	172	3,839	120,205
Accumulated depreciation:							
At 1 January 2023	1,264	8,107	1,081	6,435	–	–	16,887
Charge for the year	486	2,661	219	3,430	–	–	6,796
Written back on disposals	–	–	(495)	(764)	–	–	(1,259)
At 31 December 2023 and 1 January 2024	1,750	10,768	805	9,101	–	–	22,424
Charge for the year	732	2,913	298	5,805	–	895	10,643
Written back on disposals	(35)	(48)	–	(5)	–	–	(88)
At 31 December 2024 and 1 January 2025	2,447	13,633	1,103	14,901	–	895	32,979
Charge for the year	1,539	4,607	338	6,985	–	1,140	14,609
Written back on disposals	–	(67)	–	(191)	–	–	(258)
At 31 December 2025	3,986	18,173	1,441	21,695	–	2,035	47,330
Net book value:							
At 31 December 2023	7,580	15,743	839	15,403	2,321	–	41,886
At 31 December 2024	27,896	31,088	741	19,119	4,818	2,553	86,215
At 31 December 2025	10,944	39,927	578	19,450	172	1,804	72,875

Certain property, plant and equipment are pledged for bank loan and borrowings (see note 25).

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12 Right-of-use assets

The Group:

	Buildings	Land use rights	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost:			
At 1 January 2023	2,771	11,731	14,502
Additions	<u>15,132</u>	<u>–</u>	<u>15,132</u>
At 31 December 2023 and 1 January 2024	17,903	11,731	29,634
Additions	<u>1,622</u>	<u>–</u>	<u>1,622</u>
At 31 December 2024 and 2025	<u>19,525</u>	<u>11,731</u>	<u>31,256</u>
Accumulated depreciation:			
At 1 January 2023	(286)	(561)	(847)
Charge for the year	<u>(1,669)</u>	<u>(231)</u>	<u>(1,900)</u>
At 31 December 2023 and 1 January 2024	(1,955)	(792)	(2,747)
Charge for the year	<u>(4,461)</u>	<u>(231)</u>	<u>(4,692)</u>
At 31 December 2024 and 1 January 2025	(6,416)	(1,023)	(7,439)
Charge for the year	<u>(4,791)</u>	<u>(256)</u>	<u>(5,047)</u>
At 31 December 2025	<u>(11,207)</u>	<u>(1,279)</u>	<u>(12,486)</u>
Net book value:			
At 31 December 2023	<u>15,948</u>	<u>10,939</u>	<u>26,887</u>
At 31 December 2024	<u>13,109</u>	<u>10,708</u>	<u>23,817</u>
At 31 December 2025	<u>8,318</u>	<u>10,452</u>	<u>18,770</u>

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The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Depreciation charge of right-of-use assets by class of underlying asset:			
Buildings	1,669	4,461	4,791
Land use rights	<u>231</u>	<u>231</u>	<u>256</u>
Interest on lease liabilities (<i>Note 6(a)</i>)	242	622	460
Expense relating to short-term leases	257	208	366

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 22(d) and 26, respectively.

The Company:

	<u>Buildings</u>
	RMB’000
Cost:	
At 1 January 2023	–
Additions	<u>13,341</u>
At 31 December 2023, 2024 and 2025	<u><u>13,341</u></u>

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	<u>Buildings</u>
	<i>RMB’000</i>
Accumulated depreciation:	
At 1 January 2023	–
Charge for the year	<u>(452)</u>
At 31 December 2023 and 1 January 2024	(452)
Charge for the year	<u>(2,714)</u>
At 31 December 2024 and 1 January 2025	(3,166)
Charge for the year	<u>(2,714)</u>
At 31 December 2025	<u><u>(5,880)</u></u>
Net book value:	
At 31 December 2023	<u><u>12,889</u></u>
At 31 December 2024	<u><u>10,175</u></u>
At 31 December 2025	<u><u>7,461</u></u>

(a) Buildings

The Group has obtained the right to use properties and land through tenancy agreements. The leases typically run for an initial period of 2 to 4 years.

(b) Land use rights

The Group has obtained land use rights in the PRC with a period of 50 years when granted.

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13 Intangible assets

	Software
	<i>RMB’000</i>
Cost:	
At 1 January 2023	6,761
Additions	<u>930</u>
At 31 December 2023 and 1 January 2024	7,691
Additions	<u>2,714</u>
At 31 December 2024 and 1 January 2025	10,405
Additions	<u>1,127</u>
At 31 December 2025	11,532
Accumulated amortisation:	
At 1 January 2023	(5,480)
Charge for the year	<u>(1,340)</u>
At 31 December 2023 and 1 January 2024	(6,820)
Charge for the year	<u>(696)</u>
At 31 December 2024 and 1 January 2025	(7,516)
Charge for the year	<u>(1,054)</u>
At 31 December 2025	<u>(8,570)</u>
Net book value:	
At 31 December 2023	<u>871</u>
At 31 December 2024	<u>2,889</u>
At 31 December 2025	<u>2,962</u>

14 Other non-current assets

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deposits	2,500	5,525	5,025
Prepayments for property, plant and equipment	2,887	3,646	596
Others	<u>1,104</u>	<u>533</u>	<u>498</u>
	<u>6,491</u>	<u>9,704</u>	<u>6,119</u>

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15 Investments in subsidiaries

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment in subsidiaries, at cost	56,206	64,206	64,660

Details of the subsidiaries are set out in Note 1.

16 Equity securities designated at fair value through other comprehensive income

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments in unlisted equity securities, at cost . . .	1,000	2,000	5,000
Changes in fair value of investments	429	(800)	(198)
At the end of the year	1,429	1,200	4,802

The unlisted equity securities were mainly investments in entities established in Chinese Mainland. The Group designated these investments as financial assets measured at FVOCI (non-recycling), as the investments are held for strategic purposes.

17 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	2,862	6,061	14,560
Provision for income tax for the year	5,257	10,373	7,689
Income tax paid during the year	(2,058)	(1,874)	(3,275)
Balance at the end of the year	6,061	14,560	18,974

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(b) *Deferred tax assets and liabilities recognised:*

(i) *Movement of each component of deferred tax assets and liabilities*

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Attributable to equity shareholders of the Company							
	Lease liabilities	Credit loss allowance	Provision for inventories	Deductible tax losses	Unrealised profit on intra-group transactions	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	540	454	2,989	2,773	–	(541)	–	6,215
Charged/(credited) to profit or loss	1,319	(437)	(153)	2,513	75	(3,549)	350	118
At 31 December 2023	1,859	17	2,836	5,286	75	(4,090)	350	6,333
(Credited)/charged to profit or loss	(573)	954	118	4,612	54	496	49	5,710
At 31 December 2024	1,286	971	2,954	9,898	129	(3,594)	399	12,043
(Credited)/charged to profit or loss	(511)	152	(588)	7,890	183	796	–	7,922
At 31 December 2025	775	1,123	2,366	17,788	312	(2,798)	399	19,965

(ii) *Reconciliation to the consolidated statement of financial position*

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax asset in the consolidated statement of financial position	6,399	12,085	20,009
Net deferred tax liability in the consolidated statement of financial position	(66)	(42)	(44)
	6,333	12,043	19,965

(c) *Deferred tax assets not recognised*

In accordance with the accounting policy set out in note 2(r), as at December 31, 2023, 2024 and 2025, the Company and its subsidiaries have not recognised deferred tax assets in respect of cumulative tax losses of RMB23,903,000, RMB27,743,000 and RMB39,785,000 respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses arising from operations in Mainland China can be carried forward to offset against taxable profits of subsequent years for up to five years for general enterprise and ten years for high-technology enterprise, from the year in which they arose.

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18 Inventories

(a) *Inventories in the consolidated statements of financial position comprise:*

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	63,914	257,394	190,929
Finished goods	60,411	143,472	176,317
Work in progress	3,748	71,019	14,180
Less: Provision for impairment loss	(18,903)	(19,690)	(15,772)
	<u>109,170</u>	<u>452,195</u>	<u>365,654</u>

(b) *The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:*

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories used	1,998,399	3,260,456	2,910,737
(Reversal)/write-down of inventories	(1,013)	787	(3,918)
	<u>1,997,386</u>	<u>3,261,243</u>	<u>2,906,819</u>

19 Trade and other receivables

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
– Third parties	146,658	1,395,874	318,327
– Related parties	6,367	1,507	1,577
Less: loss allowance	(108)	(5,847)	(6,526)
Bills receivables, measures at FVOCI	10,494	76,601	274,716
Prepayments	29,209	12,649	26,981
Value-added tax recoverable	26,355	108,843	53,671
Deposits	3,188	6,802	3,348
Other receivables and net of loss allowance	309	2,836	202
	<u>222,472</u>	<u>1,599,265</u>	<u>672,296</u>

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Due to the requirement of cash management, the Group endorsed or discounted part of bills receivable to the suppliers or from bank. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, at December 31, 2023, 2024 and 2025, the Group classified bills receivable of RMB10,494,000, RMB76,601,000 and RMB274,716,000 as bills receivables carried at fair value and whose changes are included in other comprehensive income.

The Company

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables			
– due from third parties	29,622	20,036	81,358
– due from subsidiaries	3,355	14,034	6,474
Less: loss allowance	(9)	(13)	(9)
Bills receivables, measures at FVOCI.	10,494	76,601	274,443
Prepayments	2,405	752	1,864
Value-added tax recoverable	1,708	2,447	12,490
Deposits.	1,312	1,280	1,511
Other receivables and net of loss allowance			
– due from subsidiaries	49,897	55,944	73,516
– others	186	509	13
	<u>98,970</u>	<u>171,590</u>	<u>451,660</u>

All of trade and other receivables of the Group are expected to be recovered or recognised as expenses within one year.

As of the end of each reporting period, the ageing analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within one year	152,416	1,390,563	310,859
Over 1 year but within 2 years	501	971	2,519
	<u>152,917</u>	<u>1,391,534</u>	<u>313,378</u>

Details on the Group’s credit policy and credit risk arising from trade receivables are set out in Note 31(a).

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20 Financial assets measured at fair value through profit or loss

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wealth management products	—	—	40,036

21 Restricted bank deposits

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Pledged bank deposits	3,000	4,000	—

As at 31 December 2023 and 2024, the Group’s pledged bank deposits include deposits for letters of guarantees and bill acceptance notes.

22 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents and fixed deposits with banks comprise:

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents	47,361	7,802	16,929

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(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Profit before taxation		61,297	66,739	69,984
Adjustments for:				
– Depreciation of property, plant and equipment.	6(c)	6,796	10,643	14,609
– Depreciation of right-of-use assets	6(c)	1,900	4,692	5,047
– Amortisation of intangible assets	6(c)	1,340	696	1,054
– Net loss on disposal of property, plant and equipment.		312	323	29
– (Reversal)/write-down of inventories	18(b)	(1,013)	787	(3,918)
– Share of losses of joint venture.		2,330	193	–
– Finance costs	6(a)	5,505	10,387	12,115
– Net realised and unrealised gain on financial assets measured at FVPL		(1,067)	(175)	(18)
– (Reversal of)/provision for impairment loss on trade receivables		(2,916)	5,739	679
Changes in working capital:				
Decrease/(increase) in inventories		124,010	(343,812)	90,459
(Increase)/decrease in deposits.		(246)	(4,025)	4,500
(Increase)/decrease in trade and other receivables.		(197,649)	(1,342,632)	976,009
Increase/(decrease) in trade and other payables		37,079	1,454,603	(1,071,108)
Cash generated from/(used in) operations		37,678	(135,842)	99,441

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(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s cash flow statement as cash flows from financing activities.

	Loans and borrowings	Lease liabilities	Amounts due to related parties	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Note 25)</i>	<i>(Note 26)</i>	<i>(Note 23)</i>	
At 1 January 2023	39,169	4,700	–	43,869
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(3,822)	–	(3,822)
Interest element of lease rentals paid	–	(242)	–	(242)
Proceeds from loans and borrowings	89,103	–	–	89,103
Proceeds of amounts due to related parties . .	–	–	2,796	2,796
Repayments of loans and borrowings	(83,251)	–	–	(83,251)
Repayments of amounts due to related parties	–	–	(2,396)	(2,396)
Total changes from financing cash flows . . .	5,852	(4,064)	400	2,188
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	15,132	–	15,132
Interest expenses (<i>Note 6(a)</i>).	5,263	242	–	5,505
Increase in bills discounted.	10,000	–	–	10,000
Total other changes	15,263	15,374	–	30,637
At 31 December 2023	60,284	16,010	400	76,694

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	Loans and borrowings	Lease liabilities	Financial instruments issued to investors	Amounts due to related parties	Total
	RMB'000 (Note 25)	RMB'000 (Note 26)	RMB'000 (Note 27)	RMB'000 (Note 23)	RMB'000
At 1 January 2024	60,284	16,010	–	400	76,694
Changes from financing cash flows:					
Capital element of lease rentals paid	–	(4,224)	–	–	(4,224)
Interest element of lease rentals paid	–	(622)	–	–	(622)
Proceeds from loans and borrowings	321,897	–	–	–	321,897
Proceeds of amounts due to related parties	–	–	–	8,350	8,350
Repayments of loans and borrowings	(167,999)	–	–	–	(167,999)
Repayments of amounts due to related parties	–	–	–	(8,750)	(8,750)
Proceeds from the issue of financial instruments to investors	–	–	9,990	–	9,990
Total changes from financing cash flows	153,898	(4,846)	9,990	(400)	158,642
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	1,622	–	–	1,622
Interest expenses (Note 6(a))	9,701	622	64	–	10,387
Increase in bills discounted	63,762	–	–	–	63,762
Total other changes	73,463	2,244	64	–	75,771
At 31 December 2024	287,645	13,408	10,054	–	311,107

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	Loans and borrowings	Lease liabilities	Financial instruments issued to investors	Amounts due to related parties	Total
	RMB'000 (Note 25)	RMB'000 (Note 26)	RMB'000 (Note 27)	RMB'000 (Note 23)	RMB'000
At 1 January 2025	287,645	13,408	10,054	–	311,107
Changes from financing cash flows:					
Capital element of lease rentals paid	–	(4,707)	–	–	(4,707)
Interest element of lease rentals paid	–	(461)	–	–	(461)
Proceeds from loans and borrowings	237,817	–	–	–	237,817
Proceeds of amounts due to related parties	–	–	–	10,010	10,010
Repayments of loans and borrowings	(274,490)	–	–	–	(274,490)
Repayments of amounts due to related parties	–	–	–	(10,010)	(10,010)
Total changes from financing cash flows	(36,673)	(5,168)	–	–	(41,841)
Other changes:					
Interest expenses (Note 6(a))	11,420	460	235	–	12,115
Increase in bills discounted	92,309	–	–	–	92,309
Total other changes	103,729	460	235	–	104,424
At 31 December 2025	354,701	8,700	10,289	–	373,690

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating cash flows	257	208	366
Within financing cash flows	4,064	4,846	5,168
	4,321	5,054	5,534

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23 Trade and other payables

The Group

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade payables	191,528	1,506,665	541,798
Bills payables	10,102	6,000	–
Accrued payroll	13,083	16,896	28,184
Other tax payables	30,467	176,120	4,919
Deposits	9,097	2,968	2,447
Amounts due to related parties	400	–	–
Other payables and accruals	1,504	131	2,362
	<u>256,181</u>	<u>1,708,780</u>	<u>579,710</u>

The Company

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade payables	122,015	76,017	305,784
Bills payables	10,102	6,000	–
Accrued payroll	4,770	3,294	9,192
Other tax payables	1,708	4,798	3,274
Amounts due to related parties	400	–	–
Other payables and accruals			
– amount due to subsidiaries	8,133	10,292	13,132
– others	236	277	3,227
	<u>147,364</u>	<u>100,678</u>	<u>334,609</u>

- (a) All trade and other payables of the Group are expected to be settled within one year or are repayable on demand, and are unsecured, non-interest bearing.

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- (b) As of the end of each reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

The Group

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	160,884	1,478,127	534,421
Over 1 year but less than 2 years.	21,773	4,316	1,543
Over 2 year but less than 3 years.	5,947	21,536	4,212
Over 3 years.	2,924	2,686	1,622
	<u>191,528</u>	<u>1,506,665</u>	<u>541,798</u>

The Company

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	<u>122,015</u>	<u>76,017</u>	<u>305,784</u>

24 Contract Liabilities

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Receipts in advance from customer	<u>40,737</u>	<u>18,854</u>	<u>33,954</u>

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Movement in contract liabilities

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	60,869	40,737	18,854
Net increase in contract liabilities during the year . .	40,737	18,854	33,954
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(60,869)	(40,737)	(18,854)
Balance at the end of the year	<u>40,737</u>	<u>18,854</u>	<u>33,954</u>

25 Loans and borrowings

(a) Loans and borrowings comprise:

The Group

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Bank loans	39,000	137,400	164,000
Bills discounted	10,000	73,762	166,071
Other borrowings	<u>11,284</u>	<u>76,483</u>	<u>24,630</u>
	<u>60,284</u>	<u>287,645</u>	<u>354,701</u>

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The Company

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Bank loans	19,000	34,000	51,000
Bills discounted	10,000	73,762	166,071
	<u>29,000</u>	<u>107,762</u>	<u>217,071</u>

Note

As at 31 December 2023, 2024 and 2025, the Group’s bank loans amounted to RMB39,000,000, RMB137,400,000 and RMB164,000,000 bear interest ranging from 2.6% to 4.3% and secured by property, plant and equipment with carrying amounts of nil, RMB148,623,000 and RMB166,323,000, land use rights of RMB5,625,000, nil and nil owned by a subsidiary of the Group and guaranteed by the Company, certain subsidiaries of the Group.

As at 31 December 2023, 2024 and 2025, the Group’s other borrowings from financial institutions amounted to RMB8,484,000, RMB44,979,000 and RMB22,992,000, respectively, bear interest ranging from 4.9% to 8.7% were secured by the Group’s property, plant and equipment.

As at 31 December 2023, 2024 and 2025, the Group’s other borrowings from a third party amounted to RMB2,800,000, RMB31,504,000 and RMB1,638,000, respectively, bear interest ranging of 7.2% were secured by the building and the equity of a subsidiary and guaranteed by the Company.

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(b) *As of the end of each reporting period, loans and borrowings were repayable as follows:*

The Group

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
– Within 1 year.	60,284	272,263	353,725
– After 1 year but within 2 years.	–	15,382	976
.	60,284	287,645	354,701

The Company

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
– Within 1 year.	29,000	107,762	217,071

(c) *As of the end of each reporting period, loans and borrowings were guaranteed and secured as follows:*

The Group

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Secured	60,284	287,645	354,701

The Company

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Secured	29,000	107,762	217,071

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26 Lease liabilities

During the Track Record Period, the lease liabilities were repayable as follows:

The Group

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	3,762	4,710	3,466
After 1 year but within 2 years	3,897	3,465	3,020
After 2 years but within 5 years	8,351	5,233	2,214
	<u>12,248</u>	<u>8,698</u>	<u>5,234</u>
	<u>16,010</u>	<u>13,408</u>	<u>8,700</u>

The Company

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	2,517	2,622	2,732
After 1 year but within 2 years	2,622	2,732	2,847
After 2 years but within 5 years	7,793	5,061	2,214
	<u>10,415</u>	<u>7,793</u>	<u>5,061</u>
	<u>12,932</u>	<u>10,415</u>	<u>7,793</u>

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27 Financial instruments issued to investors

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	–	–	10,054
Recognition of financial instruments issued to investors	–	9,990	–
Interest charges	–	64	235
At the end of the year	–	10,054	10,289

In 2024, the Company entered into an agreement with an investor, pursuant to which the investor subscribed for newly issued registered capital of Sichuan Yijing Intelligent Terminal Co., Ltd. (“Sichuan Yijing”), a subsidiary of the Company, for RMB9,990,000, and the Company granted a right (the “Redemption Right”) to the investor to put those registered capital to the Company for cash upon the occurrence of any of the specified events, including but not limited to (i) a Qualified Initial Public Offering (“IPO”) has not completed by 31 December 2030; and (ii) Sichuan Yijing incurs a net loss in 2025, 2026 or 2027. The redemption price is the higher of (i) the investment amount paid by the investor plus the 1-year Loan Prime Rate published by the National Interbank Funding Center; and (ii) the investment amount paid by the investor plus any dividends distributed by Sichuan Yijing, and any declared but unpaid dividends.

The Group recognised a financial liability for its obligation to purchase from the investor the registered capital for cash in the consolidated statements of financial position (see Note 2(m)).

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28 Equity-Settled Share-Based Payments

The Group has a share option scheme (“**2021 Option Scheme**”) which was approved by the board of directors of the Group in January 2021. The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted.

(a) The terms and conditions of the grants are as follows:

Each share option would become exercisable when the explicit required service period from the grant date to 31 December 2022 and will expire on 31 December 2032. The shares of the Company underlying the share options are not allowed to transfer before the completion of a [REDACTED] of the Company (“[REDACTED]”) unless the Company approves the transfer.

	<u>Number of instruments</u>	<u>Contractual life of options</u>
Total share options granted to employees in January 2021	<u>1,111,111</u>	10 years

(b) The number of share options are as follows:

	<u>Weighted average exercise price</u> RMB	<u>Number of Options</u>
Outstanding as of 1 January 2023, 31 December 2023, 2024 and 2025	2.7	<u>1,111,111</u>
Exercisable as of 31 December 2025	2.7	<u>1,111,111</u>

On 20 January 2026, 1,111,111 share options were exercised.

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29 Interest in joint venture

Details of the Group’s interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest					
				Group’s effective interest			Held by the company		
				2025	2024	2023	2025	2024	2023
Shanghai Caiyou Information Technology Co., Ltd. (“Shanghai Caiyou”)	Incorporated	Chinese Mainland	Registered capital RMB3,000,000.00	50%	50%	50%	50%	50%	50%

Shanghai Caiyou was deregistered on 11 March 2026.

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Carrying amount of the joint venture	2,330	–	–
Investment in a joint venture.	–	327	–
Share of losses of joint venture	(2,330)	(193)	–
Impairment of interest in joint venture	–	(134)	–
At the end of the year	–	–	–

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30 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Paid-in capital	Share premium	Capital reserve	PRC statutory reserves	Fair value reserve	Retained profits	Total equity
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Balance at 1 January 2023	–	10,000	–	1,382	2,150	–	13,901	27,433
Total comprehensive income for the year	–	–	–	–	–	–	9,415	9,415
Other comprehensive income	–	–	–	–	–	429	–	429
Appropriation to statutory reserves	–	–	–	–	942	–	(942)	–
Balance at 31 December 2023 and 1 January 2024	–	10,000	–	1,382	3,092	429	22,374	37,277
Total comprehensive income for the year	–	–	–	–	–	–	17,277	17,277
Other comprehensive income	–	–	–	–	–	(1,228)	–	(1,228)
Appropriation to statutory reserves	–	–	–	–	1,728	–	(1,728)	–
Dividends declared in respect of the year	–	–	–	–	–	–	(1,800)	(1,800)
Balance at 31 December 2024 and 1 January 2025	–	10,000	–	1,382	4,820	(799)	36,123	51,526
Total comprehensive income for the year	–	–	–	–	–	–	16,783	16,783
Other comprehensive income	–	–	–	–	–	602	–	602
Conversion into a joint stock limited liability company	10,000	(10,000)	45,852	(1,382)	(5,000)	–	(39,470)	–
Appropriation to statutory reserves	–	–	–	–	512	–	(512)	–
Dividends declared in respect of the year	–	–	–	–	–	–	(2,000)	(2,000)
Balance at 31 December 2025	10,000	–	45,852	–	332	(197)	10,924	66,911

(b) Dividends

During the years ended 31 December 2023, 2024 and 2025, the Company declared and paid dividends of RMB nil, RMB1,800,000 and RMB2,000,000, respectively to its shareholders.

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(c) *Paid-in capital and share capital*

	Numbers of ordinary shares	Paid-in capital	Share capital
	RMB’000	RMB’000	RMB’000
Issued and fully paid			
At 1 January 2023, 31 December 2023, 31 December 2024 and 1 January 2025	–	10,000	–
Issue of ordinary shares upon conversion into a joint stock company (i).	<u>10,000</u>	<u>(10,000)</u>	<u>10,000</u>
At 31 December 2025	<u><u>10,000</u></u>	<u><u>–</u></u>	<u><u>10,000</u></u>

i: Pursuant to the shareholders’ resolutions and agreements dated 18 December 2025, the shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as of the conversion base date, which is 31 August 2025, including paid-in capital, PRC statutory reserve, capital reserve and retained profits were converted into 10,000,000 shares with par value of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company’s share premium. Upon the completion of registration on 30 December 2025, the Company was converted into a joint stock limited liability company under PRC Company Law, and renamed from Shanghai Innovatech Information Technology Co., Ltd (上海易景信息科技有限公司) to Shanghai Innovatech Information Technology Co., Ltd. 上海易景信息科技股份有限公司.

(d) *Nature and purpose of reserves*

(i) *Capital reserve*

The capital reserve mainly comprises the following:

- the fair value of unexercised share options;
- the excess of the net contributions from the owners of the Company over the total paid-in capital issued;

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(ii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors’ meeting.

For the entity concerned, PRC statutory reserves can be used to make good previous years’ losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 50% of the entity’s registered capital.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(u).

(iv) Fair value reserve

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 2(e)).

(v) Other reserve

Other reserve comprises amounts in relation to the initial recognition of the financial instruments issued to investors (see note 27).

(vi) Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

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31 Financial risk management and fair value of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade and other receivables including the risk that receivables will be collected late or not at all if a customer or another contractual party does not fulfill its contractual obligations.

The Group’s exposure to credit risk arising from cash and cash equivalents, pledged bank deposits and bills receivable is limited because the counterparties are the counterparties are banks and financial institutions with high credit standing for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 days to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group’s five largest customers at 31 December 2023, 2024 and 2025 represented 83%, 99% and 94% of the total trade receivables respectively, while 67%, 98% and 69% of the total trade receivables were due from the largest single customer respectively.

The Group measures loss allowances for trade receivables at an amount equal to life-time ECLs, which is calculated using a provision matrix. As the Group’s historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group’s different customer bases.

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The following table provides information about the Group’s exposure to credit risk and ECLs for trade receivables:

2023					
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	Loss allowance in total
	RMB'000	RMB'000	RMB'000	%	RMB'000
Within one year.	152,460	–	152,460	0.03%	44
Over 1 year but within 2 years	522	–	522	4.02%	21
Over 2 years	43	–	43	100.00%	43
	<u>153,025</u>	<u>–</u>	<u>153,025</u>		<u>108</u>
					<u>108</u>
2024					
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	Loss allowance in total
	RMB'000	RMB'000	RMB'000	%	RMB'000
Within one year.	1,390,854	–	1,390,854	0.02%	291
Over 1 year but within 2 years	6,505	5,501	1,004	3.29%	33
Over 2 years	22	17	5	100.00%	5
	<u>1,397,381</u>	<u>5,518</u>	<u>1,391,863</u>		<u>329</u>
					<u>5,847</u>
2025					
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	Loss allowance in total
	RMB'000	RMB'000	RMB'000	%	RMB'000
Within one year.	310,767	–	310,767	0.01%	33
Over 1 year but within 2 years	2,880	–	2,880	8.19%	236
Over 2 years	6,257	5,518	739	100.00%	739
	<u>319,904</u>	<u>5,518</u>	<u>314,386</u>		<u>1,008</u>
					<u>6,526</u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

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Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Balance at 1 January	3,024	108	5,847
(Reversal of)/provision for Impairment loss.	(2,916)	5,739	679
	<u>108</u>	<u>5,847</u>	<u>6,526</u>

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes deposits to customers and value-added-tax recoverable.

The Group has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

(b) Liquidity risk

The Group’s policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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The following tables show the remaining contractual maturities at the end of each reporting period of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

	At 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	62,565	–	–	–	62,565	60,284
Trade and other payables	256,181	–	–	–	256,181	256,181
Lease liabilities	4,356	4,332	8,834	–	17,522	16,010
	323,102	4,332	8,834	–	336,268	332,475
	At 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	280,167	15,816	–	–	295,983	287,645
Trade and other payables	1,708,780	–	–	–	1,708,780	1,708,780
Lease liabilities	5,172	3,729	5,430	–	14,331	13,408
Financial instruments issued to investors	10,054	–	–	–	10,054	10,054
	2,004,173	19,545	5,430	–	2,029,148	2,019,887
	At 31 December 2025					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	361,363	988	–	–	362,351	354,701
Trade and other payables	579,710	–	–	–	579,710	579,710
Lease liabilities	3,729	3,178	2,252	–	9,159	8,700
Financial instruments issued to investors	10,289	–	–	–	10,289	10,289
	955,091	4,166	2,252	–	961,509	953,400

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(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group’s interest rate risk arises primarily from cash at bank, pledged bank deposits and interest-bearing borrowings. The Group’s interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 2025 primarily are the cash at bank, pledged bank deposits and interest-bearing borrowings, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant.

The Group’s interest rate profile as monitored by management is set out below.

The Group’s interest-bearing borrowings, lease liabilities, pledged bank deposits, fixed deposits with more than three months to maturity when placed and cash and cash equivalents and interest rates at the end of each reporting period are set out as follows:

	At 31 December					
	2023		2024		2025	
	Effective interest rate	RMB’000	Effective interest rate	RMB’000	Effective interest rate	RMB’000
Fixed rate instruments						
Loans and borrowings	3.45% – 8.69%	(6,284)	3.00% – 7.25%	(241,645)	2.80% – 7.22%	(238,701)
Lease liabilities	4.20% – 4.30%	(16,010)	3.45% – 4.30%	(13,408)	2.60% – 4.30%	(8,700)
		<u>(22,294)</u>		<u>(255,053)</u>		<u>(247,401)</u>
Variable rate instruments						
Restricted bank deposits	0.20%	3,000	0.10%	4,000	–	–
Cash and cash equivalents	0.05% – 0.20%	47,361	0.05% – 0.30%	7,802	0.05% – 0.30%	16,929
Financial instruments issued to investors . .	–	–	3.10%	(10,054)	3.00%	(10,289)
Loans and borrowings	3.45% – 3.65%	(54,000)	3.10% – 3.35%	(46,000)	2.60% – 3.00%	(116,000)
		<u>(3,639)</u>		<u>(44,252)</u>		<u>(109,360)</u>

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(i) Sensitivity analysis

At 31 December 2023 and 2024 and 2025, it is estimated that a general increase/ (decrease) of 100 basis points in interest rates, with all other variables held constant, would have (decrease)/increase in the Group’s loss after tax and accumulated losses as follows.

	<u>Increase/ (decrease) in basis points</u>	<u>(Decrease)/ Increase in profit after tax for the year</u>	<u>(Decrease)/ Increase in retained earnings for the year</u>
		<i>RMB’000</i>	<i>RMB’000</i>
At 31 December 2023			
Basis points	100	(403)	(403)
Basis points	(100)	403	403
At 31 December 2024			
Basis points	100	(25)	(25)
Basis points	(100)	25	25
At 31 December 2025			
Basis points	100	(67)	(67)
Basis points	(100)	67	67

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(d) *Currency risk*

As at 31 December 2023, 2024 and 2025, the Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

(e) *Fair value measurement*

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group’s financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable input

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

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Fair value measurements as at 31 December 2023 categorized into				
Fair value at 31 December 2023	Level 1	Level 2	Level 3	
RMB’000	RMB’000	RMB’000	RMB’000	
Recurring fair value measurement				
Bills receivables, measures at FVOCI.	10,494	–	10,494	–
Investments in unlisted equity securities	1,429	–	1,429	–
	<u>11,923</u>	<u>–</u>	<u>11,923</u>	<u>–</u>

Fair value measurements as at 31 December 2024 categorized into				
Fair value at 31 December 2024	Level 1	Level 2	Level 3	
RMB’000	RMB’000	RMB’000	RMB’000	
Recurring fair value measurement				
Bills receivables, measures at FVOCI.	76,601	–	76,601	–
Investments in unlisted equity securities	1,200	–	1,200	–
	<u>77,801</u>	<u>–</u>	<u>77,801</u>	<u>–</u>

Fair value measurements as at 31 December 2025 categorized into				
Fair value at 31 December 2025	Level 1	Level 2	Level 3	
RMB’000	RMB’000	RMB’000	RMB’000	
Recurring fair value measurement				
Wealth management products	40,036	–	40,036	–
Bills receivables, measures at FVOCI.	274,716	–	274,716	–
Investments in unlisted equity securities	4,802	–	4,802	–
	<u>319,554</u>	<u>–</u>	<u>319,554</u>	<u>–</u>

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

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Valuation techniques and inputs used in level 2 fair value measurements

The fair values of the bills receivable 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 fair value of investments in unlisted equity securities in Level 2 is determined by recent comparable transaction price on the market. These investments were either acquired, re-invested by the Group recently or newly financed on the market.

The fair value of wealth management products issued by banks that are measured at FVPL, the fair value is determined by net value of the products at the end of the reporting period that published by commercial banks.

(ii) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group’s financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025.

32 Material related party transactions

(a) *Key management personnel remuneration*

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Short-term employee benefits	2,564	3,698	6,773
Post-employment benefits	173	184	201
	<u>2,737</u>	<u>3,882</u>	<u>6,974</u>

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(b) Names and relationships of the related parties that had material transactions with Group

Name of party	Relationship
Shanghai Yizhen Enterprise Management Consulting Center (Limited Partnership) (“ Shanghai Yizhen ”) 上海翌臻企業管理諮詢中心(有限合夥)	Entity controlled by Sun Bin (the ultimate controlling party)
Yuchang Information Technology (Shanghai) Co. Ltd. (“ Yuchang ”) 上海禹昌信息科技有限公司	Entity controlled by Sun Bin
Shanghai Caiyou Information Technology Co., Ltd. (“ Caiyou ”) 上海彩柚信息科技有限公司	Entity jointly controlled by the Group
E-SKY Industrial Co., Limited (“ E-SKY ”) 易天實業有限公司	Entity controlled by Sun Bin

* The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(c) Material related parties transactions

The Group entered into the following material related party transactions for the years ended December 31, 2023, 2024 and 2025:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Sales of goods and services			
Yuchang	<u>8,320</u>	<u>2,403</u>	<u>70</u>
Proceed of loans			
Shanghai Yizhen	–	8,350	10,010
Yuchang	<u>2,796</u>	<u>–</u>	<u>–</u>
	<u>2,796</u>	<u>8,350</u>	<u>10,010</u>
Repayment of loans			
Shanghai Yizhen	–	8,350	10,010
Yuchang	<u>2,396</u>	<u>400</u>	<u>–</u>
	<u>2,396</u>	<u>8,750</u>	<u>10,010</u>

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(d) *Balances with related parties*

At 31 December 2023, 2024 and 2025, the Group had the following balances with related party:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade related			
Trade receivables, gross amount			
Caiyou.	1,224	–	–
Yuchang	5,143	1,507	1,577
	<u>6,367</u>	<u>1,507</u>	<u>1,577</u>
 Trade and other payables			
E-SKY.	16,215	16,457	–
	<u>16,215</u>	<u>16,457</u>	<u>–</u>
 Non-trade related			
Other payables			
Yuchang	400	–	–
	<u>400</u>	<u>–</u>	<u>–</u>

33 Immediate and ultimate controlling party

As at 31 December 2023, 2024 and 2025, the directors consider the immediate controlling party and ultimate controlling party of the Group to be Sun Bin.

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34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include the followings:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11 . .	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for the year beginning on or after 1 January 2027 and is to be applied retrospectively.

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Among other changes, under IFRS18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS18 and IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

35 Subsequent events after the reporting period

- 1) On 20 January 2026, Shanghai Yilin Enterprise Management Partnership (Limited Partnership) acquired 1,111,111 shares of the Company at an aggregate consideration of RMB3.0 million.
- 2) On 29 January 2026, certain investors entered into a capital increase agreement with the Company to subscribe 709.220 shares with special rights for an aggregate of RMB90.0 million.
- 3) As approved by the Shareholders’ meeting held on 27 March 2026, the ordinary Shares of the Company will be split on a one-for-twenty basis, and the nominal value of the Shares will be changed from RMB1.00 each to RMB0.05 each, effective upon completion of the [REDACTED].

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 December 2025.

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

This Appendix contains a summary of the principal provisions of the Company’s Articles of Association. The major objective of this Appendix is to provide potential investors with an overview of the Company’s Articles of Association, and therefore it may not contain all the information that may be important to potential investors.

SHARES AND REGISTERED CAPITAL

Shares of the Company shall take the form of share certificates. The par value of the shares shall be denominated in RMB.

The shares of the Company shall be issued in accordance with the principles of open, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and the same issuance shall be issued on the same conditions and at the same price. Any subscriber shall pay the same price for each of the Shares it/he/she subscribes for.

INCREASE, REDUCTION, REPURCHASE AND TRANSFER OF SHARES

Increase and Reduction of Shares

The Company may increase capital based on the needs of operation and development and in accordance with the requirements of laws and regulations and resolution on the shareholders’ meeting, by any of the following ways:

- (i) offering of shares to unspecified parties;
- (ii) offering of shares to specified parties;
- (iii) distribution of bonus shares to existing shareholders;
- (iv) conversion of capital reserve into share capital;
- (v) other means as required by laws, administrative regulations, CSRC and other stock exchanges and securities regulatory authorities of the place where the shares of the Company are listed.

The Company may decrease its registered capital. The reduction of registered capital shall comply with the Company Law and other relevant regulations, securities regulatory rules of the place where the shares of the Company are listed, as well as the procedures stipulated in the Articles of Association.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Repurchase of Shares

The Company shall not buy back its shares, except in one of the following circumstances:

- (i) reduction of the Company’s registered capital;
- (ii) mergers with another company holding shares of the Company;
- (iii) use of shares for employee shareholding scheme or equity incentives;
- (iv) Shareholders who object to resolutions of the shareholders’ meeting on merger or division of the Company requesting the Company to purchase their shares;
- (v) use of shares for conversion of corporate bonds issued by the Company which are convertible into shares;
- (vi) where it is necessary for the Company to preserve its value and Shareholders’ interest;
- (vii) Other circumstances permitted by laws, administrative regulations and the regulatory rules of the places where the shares of the Company are listed.

Where the Company purchases its shares under the circumstances set forth in items (i) and (ii) above, it shall be resolved at a shareholders’ meeting. Where the Company purchases its shares under the circumstances set forth in items (iii), (v) and (vi) above, a resolution thereon may, pursuant to the securities regulatory rules of the place where the shares of the Company are listed, be resolved at a Board meeting that is attended by more than two-thirds of the Directors. Upon the purchase of its shares by the Company pursuant to the above provisions, under the circumstance set forth in item (i), such shares shall be cancelled within 10 days from the day of purchase; under the circumstances set forth in items (ii) and (iv), such shares shall be transferred or cancelled within six months; under the circumstances set forth in items (iii), (v) and (vi), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

Transfer of Shares

- Directors and senior management of the Company shall report to the Company their holdings of shares of the Company and the changes thereof. During their term of office confirmed at the assumption of the position, the shares transferred by any of them each year shall not exceed 25% of the total shares of the same class of the Company held by them. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The above personnel shall not transfer the shares of the Company held by them within 6 months after the expiry of their term of office.

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- Where Shareholders holding 5% or above of the shares of the Company (excluding a Recognised Clearing House or its nominees as defined in the relevant regulations in force from time to time under the laws of Hong Kong), Directors and senior management sell the shares of the Company or other securities with an equity nature within 6 months after purchasing the same, or purchase the shares of the Company or other securities with an equity nature as held within 6 months after selling the same, the earnings arising therefrom shall belong to the Company, and the Board of the Company shall recover such earnings. However, the restriction shall not be applicable to a securities company holding 5% or above of the shares of the Company as a result of its purchase of the remaining unsold shares underwritten by it and other circumstances stipulated by the CSRC and the regulatory rules of the places where the shares of the Company are listed.

SHAREHOLDERS AND SHAREHOLDERS’ MEETINGS

Shareholders

- The Company shall establish a register of members with the evidence provided by the securities registration and settlement authority. The register of members shall be sufficient evidence of the holding of the shares of the Company by the Shareholders. A duplicate register of members for the holders of overseas listed foreign shares shall be maintained at the Company’s residence. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of members for the holders of overseas listed foreign shares at all times. The register of members maintained in Hong Kong shall be open for inspection by Shareholders; however, the Company may close the register of Shareholders in accordance with the provisions equivalent to the Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).
- Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Rights of Shareholders

1. to receive dividends and other distributions in proportion to the shares they hold;
2. to request, convene, preside, attend or appoint a proxy to attend shareholders’ meetings and exercise the rights of speak and the corresponding voting rights in accordance with laws;
3. to supervise, present suggestions on or make inquiries about the operations of the Company;
4. to transfer, gift or pledge the shares they hold in accordance with laws, administrative regulations and the Articles of Association;

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5. to inspect and copy the Articles of Association, register of members (including the branch register of members in Hong Kong), minutes of general meetings, resolutions of Board meetings and financial and accounting report, and shareholders who individually or collectively hold 3% or more of the Company’s shares for 180 consecutive days or more may request in writing to inspect the accounting books and accounting evidence of the Company;
6. in the event of termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion with the number of shares held by them;
7. to require the Company to purchase their shares in the event of objection to the resolutions of the shareholders’ meeting on merger or division of the Company;
8. to enjoy other rights stipulated by laws, administrative regulations, departmental rules, regulatory rules of the place where the shares of the Company are listed or the Articles of Association.
 - If any resolution adopted at a shareholders’ meeting or a Board meeting includes content that violates any laws or administrative regulations, Shareholders may request the people’s court to declare it invalid. If the procedure for convening a shareholders’ meeting or a Board meeting, or the voting method used in such a meeting, violates any laws, administrative regulations or the Articles of Association, or if any resolution adopted includes content that violates the Articles of Association, Shareholders may, within 60 days from the date of adopting the resolution, request the people’s court to annul it.

Obligations of Shareholders

1. to abide by the laws, administrative regulations and the Articles of Association;
2. to pay subscription monies as per the shares subscribed for and the method of subscription;
3. not to withdraw the share capitals unless prescribed otherwise in laws and regulations;
4. not to abuse Shareholders’ rights to impair the interests of the Company or other Shareholders; not to abuse the independent status of legal person or Shareholders’ limited liabilities to impair the interests of the creditors of the Company;
5. to assume other obligations prescribed by the laws, administrative regulations, departmental rules, normative documents, the listing rules of stock exchanges of the place where the shares of the Company are listed and the Articles of Association.

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- Shareholders of the Company who abuse their shareholders’ rights and thereby cause loss on the Company or other Shareholders shall be liable for loss compensation according to the laws. Where Shareholders of the Company abuse the Company’s position as an independent legal person and the limited liabilities of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such Shareholders shall be jointly and severally liable for the debts owed by the Company. If a Shareholder, through two or more companies under it or his/her control, commits an act under the preceding paragraph, each company shall be jointly and severally liable for the debts of any one of the companies.

General Provisions for Shareholders’ Meeting

The shareholders’ meeting is the organ of authority of the Company and shall exercise the following duties and powers in accordance with laws:

1. to elect and replace Directors and to determine matters relating to the remuneration of the Directors;
2. to consider and approve the reports of the Board;
3. to consider and approve the profit distribution plan and loss recovery plans of the Company;
4. to resolve on the increase or reduction of the registered capital of the Company;
5. to resolve on the issue of bonds;
6. to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;
7. to amend the Articles of Association;
8. to resolve on the appointment and dismissal of accounting firms undertaking the audit business of the Company by the Company;
9. to consider and approve the transactions and guarantee matters that are required to be decided by the Shareholders’ meetings as required by the Articles of Association and the rules of procedures of the Shareholders’ meetings;
10. to consider matters relating to the purchase and sale by the Company within one year of material assets valued at more than 30% of the audited total assets of the Company as at the most recent period;
11. to consider and approve matters relating to changes in the use of proceeds;

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12. to consider share incentive scheme and employee stock ownership plan;
13. to consider any transactions where the applicable percentage ratios calculated by the Company pursuant to the percentage ratios requirement under Rule 14.07 of the Hong Kong Listing Rules amount to twenty-five percent (25%) or more (including one-off transactions and a series of transactions requiring a combined percentage ratio, but excluding any transactions that are exempt from shareholders’ meeting approval under the Hong Kong Listing Rules or approved by the Hong Kong Stock Exchange) or any connected transactions where the applicable percentage ratio reaches five percent (5%) or more (including one-off transactions and a series of transactions requiring a combined percentage ratio, but excluding any connected transactions that may be exempted from disclosure or announcement under the Hong Kong Listing Rules or with the approval of the Hong Kong Stock Exchange);
14. to consider any other matters that are required to be decided by the shareholders’ meeting as stipulated by laws and regulations, departmental rules, normative documents, regulatory rules of the place where the Company’s shares are listed, the business rules of the National Equities Exchange and Quotations System, or these Articles of Association.
15. (if applicable) variation of rights attached to class shares.
 - The Board of Directors may be authorised by the shareholders’ meeting to adopt resolutions on the issuance of corporate bonds.

External Guarantees Subject to Consideration and Approval of Shareholders’ Meetings

1. any guarantee to be provided after the total amount of external guarantees by the Company and its holding subsidiaries meets or exceeds 50% of the latest audited net assets;
2. any guarantee to be provided after the total amount of external guarantees by the Company meets or exceeds 30% of the latest audited total assets;
3. any guarantee where the amount of guarantees provided by the Company within one year meets or exceeds 30% of the Company’s latest audited total assets;
4. any guarantee to be provided to a recipient whose asset-to-liability ratio exceeds 70%;
5. any single guarantee with an amount exceeding 10% of the Company’s latest audited net assets;
6. any guarantee provided to shareholders, de facto controllers and their connected parties;
7. any other guarantee required by laws, regulations, normative documents, the regulatory rules of the place where the Company’s shares are listed, or these Articles of Association.

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Classification and Time Limit of Shareholders’ Meetings

- The shareholders’ meetings are classified into annual shareholders’ meetings and extraordinary shareholders’ meetings. The annual shareholders’ meetings shall be convened once a year within six months from the end of the previous fiscal year.
- The Company shall convene an extraordinary shareholders’ meeting within two months from the date of occurrence of any of the following circumstances:
 1. where the number of Directors is less than the statutory minimum number as provided for by the Company Law of the People’s Republic of China or two thirds of the number as provided for by the Articles of Association;
 2. when the uncovered loss of the Company reaches one-third of its total paid-in share capital;
 3. upon written request(s) by Shareholder(s) individually or collectively holding 10% or above of the shares of the Company;
 4. when the Board deems it necessary;
 5. any other circumstances stipulated by laws and regulations, departmental rules, normative documents, business rules, regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Summoning of Shareholders’ Meetings

- Independent Directors, after being approved by the majority of all independent Directors, shall have the right to propose the Board of Directors to convene extraordinary shareholders’ meetings. Upon requisition by independent Directors to convene an extraordinary shareholders’ meeting, the Board of Directors must act according to the laws, administrative regulations and the Articles of Association, and provide written reply on whether they agree or disagree to convene the extraordinary shareholders’ meeting within 10 days of the date of receipt of the proposal. If the Board of Directors agrees to convene an extraordinary shareholders’ meeting, a notice of shareholders’ meeting shall be issued within 5 days after such a Board resolution is made; If the Board of Directors does not agree to convene an extraordinary shareholders’ meeting, reasons must be given and announced.
- The audit committee shall have the right to propose the Board of Directors to convene extraordinary shareholders’ meetings, which shall be given in writing. The Board of Directors must act according to the laws, administrative regulations and the Articles of Association, and provide written reply on whether they agree or disagree to convene the extraordinary shareholders’ meeting within 10 days of the date of receipt of the proposal. If the Board of Directors agrees to convene an extraordinary shareholders’ meeting, a notice of

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shareholders’ meeting shall be issued within 5 days after such a Board resolution is made. Amendments to any original proposal to be stated in the notice shall be agreed by the audit committee. If the Board of Directors does not agree to convene the extraordinary shareholders’ meeting or does not reply in writing within 10 days of the date of receipt of the proposal, the Board of Directors will be considered as unable or refused to fulfill the obligation to convene shareholders’ meetings and the audit committee may convene and preside over the meeting by itself.

- Shareholders who individually or collectively hold 10% or above of the shares of the Company shall have the right to request the Board of Directors to convene extraordinary shareholders’ meetings and add proposals to the meeting agenda, which shall be submitted in writing. The Board of Directors must act according to the laws, administrative regulations and the Articles of Association, and provide written reply on whether they agree or disagree to convene the extraordinary shareholders’ meeting within 10 days of the date of receipt of the request. If the Board of Directors agrees to convene an extraordinary shareholders’ meeting, a notice of shareholders’ meeting shall be issued within 5 days after such a Board resolution is made. Amendments to any original request to be stated in the notice shall be agreed by the relevant Shareholders. If the Board of Directors does not agree to convene the extraordinary shareholders’ meeting or does not reply in writing within 10 days of the date of receipt of the request, Shareholders who individually or collectively hold 10% or above of the shares of the Company shall have the right to request the audit committee to convene extraordinary shareholders’ meetings and add proposals to the meeting agenda, which shall be submitted in writing to the audit committee. If the audit committee fails to issue the notice within the prescribed period, shareholders holding 10% or more for 90 consecutive days may convene and preside over the meeting by themselves.
- In the event that the audit committee or Shareholders convenes a shareholders’ meeting by themselves, they shall notify the Board of Directors in writing and lodge a filing (if necessary) with the stock exchange of the place where the shares of the Company are listed. The audit committee or convening Shareholders shall submit the relevant evidentiary materials to the stock exchange of the place where the shares of the Company are listed when the notice of shareholders’ meeting and the announcement of the resolutions passed at the shareholders’ meeting are issued. Before the announcement of the shareholders’ meeting resolution, the shareholding ratio of the convening Shareholders shall not be less than 10%.
- The Board of Directors and the secretary to the Board of Directors should cooperate with the audit committee or Shareholders to convene shareholders’ meetings on their own. The Board of Directors shall provide the register of members on the record date of equity interests.

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Proposals and Notices of Shareholders’ Meetings

- The content of a proposal shall fall within the scope of the shareholders’ meeting’s authority, have definite topics and specific issues for resolution, and shall comply with the provisions of laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.
- When the Company convenes a shareholders’ meeting, the Board of Directors, the audit committee, and Shareholders individually or jointly holding more than 1% of the shares of the Company shall have the right to submit proposals to the Company. Shareholders individually or jointly holding more than 1% of the shares of the Company may submit temporary proposals in writing to the convener 12 days before the shareholders’ meeting. The convener shall issue a supplementary notice of the shareholders’ meeting within 2 days of receiving the proposal, and submit the temporary proposal to the shareholders’ meeting for review. However, temporary proposals that violate laws, administrative regulations, or the Articles of Association, or do not fall within the scope of the shareholders’ meeting’s authority, shall be excluded. Except for the circumstances stipulated in the preceding paragraph or in compliance with the requirements of the Hong Kong Listing Rules, the convener shall not modify the proposals already listed in the notice of the shareholders’ meeting or add new proposals after issuing the notice of the shareholders’ meeting. Proposals not set out in the notice of shareholders’ meeting or not complying with the provisions of the Articles of Association shall not be voted on or resolved at the shareholders’ meeting.
- The convener of an annual shareholders’ meeting shall notify all Shareholders by way of an announcement 21 days before the meeting and the convener of an extraordinary shareholders’ meeting shall notify all Shareholders by way of an announcement 15 days before the meeting. The above time limit shall not include the date of the meeting. If there are other provisions of laws, regulations and securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

Contents to be Included in Notice of Shareholders’ Meeting

1. the time, venue and duration of the meeting;
2. matters and proposals submitted to the meeting for consideration;
3. a prominent written statement that all Shareholders of ordinary shares and Shareholders holding shares with special voting rights are entitled to attend a shareholders’ meeting and each Shareholder is entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a Shareholder of the Company. Any Shareholder who has appointed a proxy to attend any meeting on his/her behalf shall be deemed to have attended the meeting in person;

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4. the record date of registration of Shareholders entitled to attend the shareholders’ meeting;
5. the name and telephone number of the regular contact person for the meeting;
6. voting time and voting procedures online or by other means;
7. other requirements stipulated by laws, administrative regulations, department rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.
 - All specific details of all proposals shall be disclosed on a full and complete basis in the notice and supplementary notice of the shareholders’ meeting.

Convening of Shareholders’ Meetings

- All Shareholders of ordinary shares and Shareholders holding shares with special voting rights registered on the share right registration date or their proxies shall be entitled to attend the shareholders’ meetings and exercise voting rights (including abstaining from voting in respect of specific issues in accordance with relevant regulations) in accordance with relevant laws, regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association at the shareholders’ meetings. Shareholder may attend the shareholders’ meeting in person, or appoint a proxy to attend, speak and vote on behalf of such Shareholder.
- Individual Shareholders attending the meeting in person shall present his or her identity card or other valid licence or certificate that can prove his or her identity. Proxies to attend the meeting shall present valid proof of their identities and the power of attorney from the appointing shareholder.
- Shareholder that is a legal person shall attend the meeting by its legal representative or by proxies appointed by it. If a legal representative attends the meeting, he/she shall present his/her identity card, and a valid certificate proving his/her qualifications as a legal representative. Where the meeting is attended by a proxy, he/she shall present his/her identity card and written power of attorney issued by the legal representative of the corporate shareholder unit in accordance with the law. The Shareholder that is a legal person who has appointed a proxy to attend any meeting on its behalf shall be deemed to have attended the meeting in person.

Requirements of Power of Attorney

- The power of attorney issued by a Shareholder to appoint a proxy to attend any shareholders’ meeting shall contain the following:
 1. the name of the principal, as well as the class and number of shares of the Company held by him/her;

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2. the name of the proxy;
 3. specific instructions from shareholders, including instructions as to whether to vote “for” or “against” or “abstained” from voting on, each item on the agenda of the general meeting as an item for consideration thereat (the power of attorney shall specify that in the absence of specific instructions from the shareholders, whether the shareholders’ proxy may vote as he/she thinks fit. If without any specification, it shall be deemed that the shareholders’ proxy is entitled to vote as he/she thinks fit);
 4. the date of issuance and term of validity of the power of attorney;
 5. the signature (or seal) of the principal. In the case of a corporate shareholder, the seal of the legal person shall be affixed. In the case of a partnership enterprise shareholder, the seal of the partnership shall be affixed. In the case of an overseas corporate shareholder without an official seal, the power of attorney may be signed by its legally authorized person.
- If the power of attorney is signed by other personnel authorised by the principal, the power of attorney for authorised signature or other authorization documents should be certified by a notary. The power of attorney or other authorisation documents upon notarized shall, together with the power of attorney for voting, be placed at the domicile of the Company or such other location as specified in the notice of the meeting twenty-four hours before the meeting or twenty-four hours before the appointed time for voting.
 - The directors or senior management who are required to attend the shareholders’ meeting shall so attend and answer shareholders’ inquiries.

Presiding of Shareholders’ Meetings

- A shareholders’ meeting shall be presided over by chairman of the Board. Where the chairman of the Board is unable or fails to perform his/her duties, the meeting shall be presided over by a Director jointly elected by more than half of the Directors.
- A shareholders’ meeting convened by the audit committee shall be presided over by the convener of the audit committee. Where the convener of the audit committee is unable or fails to perform his/her duties, the meeting shall be presided over by a member of the audit committee jointly elected by more than half of the members of the audit committee.
- A shareholders’ meeting convened by Shareholders shall be presided over by the convener or a representative elected by it. Where the host of the meeting, during the meeting, violates the rules of procedures and makes it impossible to continue the meeting, with the consent of more than half of the shareholders present at the meeting with voting rights, the shareholders’ meeting may elect a person to serve as the host of the meeting and continue the meeting.

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Voting of Shareholders’ Meetings

- Resolutions of a shareholders’ meeting are divided into ordinary resolutions and special resolutions. Ordinary resolutions of a shareholders’ meeting shall be passed by votes representing more than half of the voting rights held by Shareholders attending the shareholders’ meeting. Special resolutions of a shareholders’ meeting shall be passed by votes representing more than two-thirds of voting rights held by Shareholders attending the shareholders’ meeting.

Ordinary Resolutions

1. to elect and replace Directors and to determine matters relating to the remuneration of the Directors;
2. to consider and approve the reports of the Board;
3. to consider and approve the profit distribution plan and loss recovery plans of the Company;
4. to resolve on the issue of bonds;
5. to resolve on the appointment and dismissal of accounting firms undertaking the audit business of the Company by the Company and on the remuneration of the accounting firms;
6. to consider and approve the transactions that shall be decided by the Shareholders’ meetings as required by the Articles of Association and the rules of procedures of the Shareholders’ meetings, and to consider and approve the guarantee matters specified in Article 45 of the Articles of Association;
7. to consider and approve matters relating to changes in the use of proceeds;
8. to consider any transactions where the applicable percentage ratios calculated by the Company pursuant to the percentage ratios requirement under Rule 14.07 of the Hong Kong Listing Rules amount to twenty-five percent (25%) or more (including one-off transactions and a series of transactions requiring a combined percentage ratio, but excluding any transactions that are exempt from shareholders’ meeting approval under the Hong Kong Listing Rules or approved by the Hong Kong Stock Exchange) or any connected transactions where the applicable percentage ratio reaches five percent (5%) or more (including one-off transactions and a series of transactions requiring a combined percentage ratio, but excluding any connected transactions that may be exempted from disclosure or announcement under the Hong Kong Listing Rules or with the approval of the Hong Kong Stock Exchange);

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9. other matters that are identified by the shareholders’ meeting (by ordinary resolution) as having a material impact on the Company and require adoption by special resolution shall be passed by the shareholders’ meeting by special resolutions, and the remaining matters shall be passed by the shareholders’ meeting by ordinary resolutions.

Special Resolutions

1. to resolve on the increase or reduction of the registered capital of the Company;
2. to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;
3. to amend the Articles of Association;
4. to consider matters relating to the purchase and sale by the Company within one year of material assets valued at more than 30% of the audited total assets of the Company as at the most recent period;
5. to consider share incentive scheme and employee stock ownership plan;
6. variation of rights attached to class shares (if applicable);
7. other matters that, as stipulated by laws and regulations, departmental rules, normative documents, business rules, the Hong Kong Listing Rules or these Articles of Association, or as determined by the shareholders’ meeting (by ordinary resolution) to have a material impact on the Company and to require adoption by special resolution, shall be passed by the shareholders’ meeting by special resolution.

Relevant Rules for Voting

- Shareholders (including shareholder proxies) shall exercise their voting rights based on the number of voting shares they represent. Except for shares with special class rights, each share is entitled to one vote.
- The shares of the Company held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a shareholders’ meeting.
- The Board of Directors, independent Directors, shareholders holding 1% or more shares with voting rights or investor protection agencies established pursuant to laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholder voting rights. When soliciting shareholder voting rights, information such as the specific voting intention shall be fully disclosed to the persons being solicited. It is prohibited to collect shareholder voting rights in paid or distorted paid way. Save for statutory conditions, the Company shall not propose the lowest limit of shareholding ratio for voting right collection.

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- Where a shareholder buys shares of the Company with voting rights in violation of the first and second paragraphs of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall not be exercised within thirty-six (36) months after the purchase, and shall not be counted in the total number of voting shares represented by shareholders attending a shareholders’ meeting.
- When a shareholders’ meeting considers matters concerning connected transactions, the connected shareholders shall not participate in the voting, and the number of voting shares they represent shall not be counted in the total number of valid votes. The announcement of resolutions of the shareholders’ meeting shall fully disclose the voting results of non-connected shareholders.

BOARD OF DIRECTORS

Directors

- Directors of the Company shall be natural persons and shall be classified into executive Directors, Non-executive Directors and independent non-executive Directors.

Circumstances under which a Person may not Serve as a Director

1. the person is without civil conduct capacity or with limited civil conduct capacity;
2. the person who has committed an offence of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation, two years have not elapsed since the probation period was completed;
3. the person who is a former director, factory director or manager of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;
4. the person who is a former legal representative of a company or enterprise which has had its business licence revoked or been ordered to shut down due to any violation of the law, and where the person was personally responsible for the situation, and three years have not elapsed since the date of revocation of business licence or shutdown order;
5. the person identified as a subject of enforcement for breach of trust by the people’s court for failure to repay a significant amount of overdue debts;
6. the person has been subject to a ban from accessing to the securities market imposed by the CSRC, and the term of prohibition has not expired;

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7. the person is recognised as unsuitable to serve as a director or senior management member of listed companies publicly determined by a stock exchange for a period which has not yet expired;
8. other circumstances under which the person may not serve as a director of the Company as stipulated by laws, administrative regulations, departmental rules, normative documents, the regulatory rules of the place where the shares of the Company are listed or relevant regulatory authorities.
 - If the election or appointment of directors violates the provisions of this Article, such election, appointment or engagement shall be null and void. If a director falls under any of the circumstances described in this Article during his/her term of office, the Company shall remove him/her from his/her position and cease his/her performance of duties.

Election, Term of Office and Resignation of Directors

- Directors shall be elected or replaced at the shareholders’ meeting. The shareholders’ meeting may depose any director by ordinary resolution, and the deposal shall take effect on the date of the resolution. A Director shall serve a term of three years and may serve consecutive terms if re-elected upon the expiration of their terms. A Director may be removed by ordinary resolution at the shareholders’ meeting before the expiration of his/her term of office, but such removal shall not affect any claim for damages by such director under any contract.
- The term of office of a director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association until the newly elected director assumes the office.
- Senior management officers may serve concurrently as Directors, provided that the total number of such Directors who concurrently serve as senior management officers and the employee representatives shall not exceed a half of the total number of the Directors of the Company.
- Directors may resign prior to the expiration of their terms of office. The Directors who resign shall submit to the Company a written report in relation to their resignation. The resignation shall take effect on the day when the Company receives the resignation report. Relevant information shall be disclosed by the Company within 2 trading days. In the event that the resignation of any Director results in the number of members of the Board of the Company falling below the statutory minimum requirement, such director shall continue to

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perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association until the newly elected director assumes the office; without violating the Hong Kong Listing Rules and the relevant laws, regulations and regulatory rules of the place where the shares of the Company are listed, a person newly appointed as director by the Board to fill a temporary vacancy or to add to the quota of directors of the Board shall serve until the next annual shareholders’ meeting of the Company, at which time the said person is eligible for re-election. All directors appointed to fill temporary vacancies shall accept appointment by shareholders at the first shareholders’ meeting following their appointment.

Requirements for Independent Directors

Independent directors shall maintain independence. The following individuals are not eligible to serve as independent directors:

1. individuals holding office in the Company or its affiliates and their spouses, parents, children or major social relatives;
2. natural person shareholders directly or indirectly holding more than 1% of the issued shares of the Company or among top 10 shareholders of the Company and their spouse, parents or children;
3. the director has obtained any interest in securities of the Company from a core connected person (as defined under the Hong Kong Listing Rules) or the Company itself by way of gift or other financial assistance. However, subject to the conditions set out in Note 1 to Rule 3.13(1) of the Hong Kong Listing Rules, a director shall still be regarded as an independent director if he/she receives any interest in shares or securities from the Company or its subsidiaries (but not from core connected person) as part of his/her director’s fee or pursuant to a share scheme established in accordance with Chapter 17 of the Hong Kong Listing Rules;
4. the director is or has been a director, partner or principal, or an employee of, a professional adviser that is currently providing, or provided within two years prior to the director’s appointment, services to any of the following companies/persons, or was involved (or had been involved during the same period) in providing such services to the following companies/persons:
 - (a) the Company, its holding company or any of their respective subsidiaries or core connected persons; or
 - (b) any person who has been a controlling shareholder of the Company at any time during the two years prior to the proposed appointment date of such individual as an independent non-executive director, or (if the Company has no controlling

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shareholder) any person who was a chief executive or a director (other than an independent non-executive director) of the listed issuer during that period, or any of their close associates (as defined under the Hong Kong Listing Rules);

5. the director has or has had a material interest in any of the principal business activities of the Company, its holding company or any of their respective subsidiaries, either now or within one year before the date of his/her proposed appointment as an independent non-executive director; or is involved or has been involved in a material commercial transaction with the Company, its holding company or their respective subsidiaries or with any core connected person of the Company;
6. the director serves on the Board for the purpose of protecting an entity whose interests are different from those of the shareholders as a whole;
7. the director has been connected with a director, chief executive or substantial shareholder of the Company for the time being or within two years prior to the date of his/her proposed appointment as an independent non-executive director;
8. the director is (or was at any time during the two years prior to the proposed appointment date) an executive or a director (other than an independent non-executive director) of the Company, its holding company or any of its respective subsidiaries, or any core connected person of the Company;
9. the director is financially dependent on the Company, its holding company or any of their respective subsidiaries, or a core connected person of the Company; and
10. other individuals who are not independent as recognized by laws, administrative regulations, rules of the CSRC, the Hong Kong Listing Rules and as stipulated by the Company’s Articles of Association.
 - Independent directors (the term “independent directors” has the same meaning as “independent non-executive directors” under the Hong Kong Listing Rules).

Board

- The Company established a Board, which is accountable to the shareholders’ meeting.
- The Board consists of eight (8) directors, with one Chairperson. The independent non-executive directors shall account for at least one-third of the total number of the directors and shall not be less than three (3). Among them, at least one must possess appropriate professional qualifications or accounting or related financial management expertise as required under the Hong Kong Listing Rules.

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Functions and Powers of the Board

1. to convene shareholders’ meetings, and submit work reports to the shareholders’ meeting;
2. to implement the resolutions of shareholders’ meetings;
3. to resolve on the Company’s business plans and investment plans;
4. to formulate the Company’s profit distribution plan and the plan for recovery of losses;
5. to formulate the Company’s plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;
6. to formulate the Company’s plans for significant acquisition, acquisition of the Company’s shares or merger, division, dissolution and change of company form;
7. to decide, within the scope of the authorization delegated by the shareholders’ meeting, on the Company’s external investments, acquisition and disposal of assets, mortgage of assets, external guarantees, entrusted wealth management, related party transactions, and charitable donation etc.;
8. to decide on the establishment of the Company’s internal management organizations;
9. to decide on the appointment or dismissal of the manager, the secretary to the Board and other senior management members of the Company, and to decide on their remunerations, incentives and penalties; to decide on the appointment or dismissal of senior management members such as deputy manager and financial controller of the Company based on the nominations by the manager, and to decide on their remunerations, incentives and penalties;
10. to formulate the basic management system of the Company;
11. to formulate the proposals for any amendment to the Articles of Association;
12. to manage information disclosure of the Company;
13. to propose to the shareholders’ meeting on engagement or change of the accounting firm which provides audit services to the Company;
14. to listen to work reports of the manager of the Company and inspect his/her work;
15. to consider and approve external guarantees except for those which shall be considered by the shareholders’ meeting;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

16. other functions and powers conferred by the laws, administrative regulations, departmental rules, Hong Kong Listing Rules and the Articles of Association.

- Matters exceeding the scope of the authorization delegated by the shareholders’ meeting shall be submitted to the shareholders’ meeting for consideration.

Special Committees of the Board

- The Board has set up the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee. The Audit Committee exercises the powers and functions of the supervisory committee as stipulated in the PRC Company Law.

Borrowing Authority

- The Company’s Articles of Association do not contain specific provisions regarding the borrowing authority of directors. However, they expressly authorize the Board, within the scope of authorization delegated by the shareholders’ meeting, to decide on matters including external investments, acquisition and disposal of assets, mortgage of assets, external guarantees, entrusted wealth management, related party transactions, and charitable donation etc.

Functions and Powers of the Chairperson of the Board

- The Chairperson of the Board shall be elected by a majority vote of all directors and shall exercises the following functions and powers:
 1. preside over shareholders’ meetings and convene and preside over meetings of the board of directors;
 2. supervise and inspect the implementation of the resolutions of the board of directors;
 3. exercise other powers as authorized by the board of directors.
- Where the Chairperson of the Board fails to or rejects to perform his/her duties, one director shall be elected by over half of the directors to perform such duties.

Convening of Board Meetings

- Board meetings are classified into regular meetings and ad hoc meetings. The Board shall hold at least four regular meetings each year, approximately once per quarter, convened by the Chairperson of the Board. Ad hoc board meetings may be proposed by shareholders representing more than one-tenth of the voting rights, by one-third or more of the directors, or by the Audit Committee. Upon receiving such a proposal, the Chairperson shall convene and preside over a Board meeting within 10 days.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- Regular Board meetings shall be notified to all directors in writing at least 14 days prior to the meeting. For ad hoc meetings, written notice shall be given at least 3 days in advance. In urgent circumstances requiring the prompt convening of an ad hoc Board meeting, notice may be given by telephone or other oral means, and the aforementioned notice periods may be waived; however, the convener shall explain the reasons for such expedited notice at the meeting.

Voting at Board Meetings

- A Board meeting shall be held only if more than half of the directors are present. Unless otherwise provided in the Company’s Articles of Association, resolutions of the Board shall be approved by a majority vote of all directors. Each director shall have one vote in Board resolutions.
- If directors are related to the corporates or individuals involved in the matters resolved at the Board meeting, such directors shall promptly report in writing to the Board. The directors with connected relationship may not exercise voting rights on the resolution, nor may they exercise voting rights on behalf of other directors. The Board meeting may be held if more than half of the directors with no connected relationship are present, and resolutions made at the Board meeting shall be passed by more than half of the directors with no connected relationship. If the number of directors with no connected relationship present at the Board meeting is less than 3, the matter shall be submitted to the shareholders’ meeting for review.
- Board resolutions shall be voted by: voting by ballot or by show of hands. Ad hoc Board meetings may be conducted and resolutions may be adopted via telephone, fax, e-mail, or other means of communication and signed by the attending directors, under the premise of guaranteeing that the directors can fully express their opinions.
- Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he/she may authorize in writing another director to act on his/her behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing director. The appointed director who attends the meeting shall exercise the director’s rights within the scope of authorization. A director shall not make or accept the appointment or carte blanche without any voting intent on the resolutions, or any appointments that are not well defined. When considering matters related to connected transactions, an unconnected director cannot authorize a connected director to attend the meeting on his/her behalf. If a director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he/she shall be deemed to have waived the voting rights at the meeting. A single director may not be authorized to represent more than two other directors at any one Board meeting. Independent non-executive directors may only appoint another independent non-executive director to attend the meeting on their behalf.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Manager and Other Senior Management Members

- The Company shall appoint one manager, who shall be appointed or dismissed by the Board resolution. The Company shall also appoint deputy manager(s), who shall be appointed or dismissed by the Board. The senior management personnel of the Company include the manager, deputy manager, chief financial officer, and secretary to the Board.
- The restrictions on director eligibility, as well as fiduciary and diligence obligations stipulated in the Company’s Articles of Association, also apply to senior management members.
- The manager shall serve for a term of three years, and may be re-appointed upon re-election.

Functions and Powers of the Manager

1. to be in charge of the production, operation and management of the Company, to organize the implementation of the Board’s resolutions, and report to the Board;
2. to organize the implementation of the Company’s annual business plan and investment proposals;
3. to draft the plans for the establishment of internal management structure of the Company;
4. to draft the basic management system of the Company;
5. to formulate detailed rules and regulations for the Company;
6. to propose to the Board the appointment or dismissal of the deputy manager, and chief financial officer of the Company as well as other senior management members;
7. to determine the appointment or dismissal of managerial personnel other than those whose appointment or dismissal is determined by the Board;
8. to exercise other powers conferred by the Articles of Association or the Board.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

- The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and the requirements of relevant regulatory authorities of the PRC.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

H-share Report Disclosure

- The Company shall prepare its annual financial accounting reports at the end of each accounting year in accordance with applicable laws, administrative regulations, departmental rules, and the Hong Kong Listing Rules, and such financial accounting reports shall be audited by an accounting firm as required by law. The annual financial accounting reports shall be made available at the Company for shareholders’ inspection no later than twenty-one days before the annual general meeting (and in any event no later than four months after the end of the financial year).
- The Company shall not set up other account books except for the statutory account books. No assets of the Company may be deposited into any individual’s account.

Profit Distribution

- When distributing each year’s after-tax profits, the Company shall set aside 10% of its after-tax profits for the Company’s statutory common reserve fund. However, when the cumulative amount of the reserve fund has reached not less than 50% of the Company’s registered capital, it may no longer be allocated.
- When the Company’s statutory common reserve fund is not sufficient to make up for the Company’s losses for the previous years, the current year’s profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund in accordance with the preceding paragraph.
- After the Company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders’ meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the Company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to their respective shareholdings.
- Where the shareholders’ meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall refund the profits distributed to the Company. Shares held by the Company in itself shall not participate in profit distribution.
- The Company’s reserve fund is used to compensate for its losses, expand its production and operation, or convert it into an increase in the Company’s registered capital. After converting statutory common reserve funds into increased registered capital, the amount remaining in the statutory common reserve fund shall be no less than 25% of the Company’s registered capital before the conversion.
- The Company’s profits may be distributed in the form of cash or shares.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- On the premise that the Company is profitable and its cash flow meets the needs of normal operation and long-term development, the Company will implement a positive cash dividend distribution policy and attach importance to the return on investment to shareholders.

Internal Audit

- The Company shall adopt an internal audit system, which clarifies the leadership system, duties and powers and authorities, staffing, financial support, application of audit results and accountability for internal audit work, and supervise and inspect matters such as the Company’s business activities, risk management, internal control and financial information.
- The Company’s internal audit system shall be implemented upon approval by the Board, and the internal audit function shall be accountable to the Board.

Appointment of Accounting Firm

- The Company shall engage an independent accounting firm that complies with relevant national regulations and the regulatory requirements of the place where the Company’s shares are listed, to perform services including audit of financial statements, verification of net assets, and other related consulting services. The engagement term is one year and may be renewed.
- The appointment and dismissal of the accounting firm engaged to provide regular audit services to the Company, as well as the audit fees payable to such firm or the method for determining those fees, shall be decided by the shareholders’ meeting.
- The Company shall guarantee that the accounting evidence, accounting books, financial accounting reports and other accounting information provided to the accounting firm engaged are true and complete, and it shall not refuse or withhold any such information nor shall it provide any false information.
- The shareholders’ meeting may, by ordinary resolution, dismiss an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the accounting firm and the Company. The Company shall notify the accounting firm 30 days in advance when dismissing or no longer renewing the accounting firm. The accounting firm shall be allowed to state its opinions when the shareholders’ meeting of the Company votes on dismissing the accounting firm.
- If the accounting firm proposes to resign, it shall explain to the shareholders’ meeting whether the Company has any improper situation.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

- Merger of the Company may take the form of absorption or establishment of a new company. In case of merger by absorption, a company absorbs any other company and the absorbed company shall be dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.
- Where the consideration for the merger payable by the Company does not exceed 10% of the net assets of the Company, the merger is not subject to the approval of shareholders’ meeting, except as otherwise provided in the Articles of Association. Any merger of the Company not subject to the approval of shareholders’ meeting under the preceding paragraph shall be subject to the approval of the Board.
- Where the Company is involved in a merger, the parties to the merger shall enter into a merger agreement and a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the merger resolution and shall publish an announcement on the designated newspaper(s) or National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor may, within 30 days from the date of receipt of the notice or, if he/she does not receive a written notice, within 45 days from the date of the announcement, require the Company to pay off its debt or to provide corresponding guarantees.
- After the Company is merged, the claims and debts of each party to the merger shall be assumed by the company surviving the merger or the new company established resulting from the merger.
- Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the division resolution and shall publish an announcement on the designated newspaper(s) or National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.
- Unless otherwise agreed in a written agreement has been entered into, before the division, between the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the companies surviving the division.
- Where the Company is required to reduce its registered capital, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the resolution on the reduction of its registered capital and shall publish an

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

announcement on the newspaper(s) or National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the right within 30 days from the receipt of the notice or, if he/she does not receive such notice, within 45 days from the date of the announcement, to demand the Company to pay off its debts or provide corresponding guarantees.

- Where a merger or division, capital increase or capital reduction of the Company involves any changes to any registration, such changes shall be registered with the company registration authority in accordance with the laws. Where the Company is dissolved, cancellation of the Company’s registration shall be carried out in accordance with the laws. Where a new company is established, the registration of such company’s incorporation shall be carried out in accordance with the laws.

DISSOLUTION AND LIQUIDATION

Circumstances under which the Company may be Dissolved

1. the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
2. the shareholders’ meeting resolves to dissolve the Company;
3. dissolution is necessary due to merger or division of the Company;
4. the business license of the Company is revoked, the Company is ordered to close down or be rescinded in accordance with the law;
5. where the Company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholders if the Company continues its existence and the situation cannot be resolved by other means, the Company is dissolved by a people’s court in response to the request of shareholders who hold 10% or more of the voting rights of the Company.

Liquidation Procedures

- Where the Company is to be dissolved pursuant to items 1, 2, 4 and 5 of the preceding Article, the Company shall be liquidated. Directors as liquidation obligors shall establish a liquidation committee within 15 days after the event leading to liquidation occurs and carry out liquidation.
- The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement on the designated newspaper(s) or the National Enterprise Credit Information Publicity System and in the manner required by the stock exchange of the place where the Company’s shares are listed within 60 days. A creditor shall declare his/her claims to the liquidation committee within 30 days from the date of

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

receiving the notice, or if he/she does not receive such notice, within 45 days from the date of the announcement. A creditor filing a proof of a claim shall describe the matters related to the claim and provide proof materials. The liquidation committee shall register the proof of claim. During the period of creditor’s filing a proof of a claim, the liquidation committee shall not pay off the creditor.

- Upon sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, the liquidation committee shall prepare a liquidation report which shall be submitted to the shareholders’ meeting or the people’s court for a confirmation. The remaining assets of the Company after paying the liquidation expenses, employee salaries, social insurance expenses, and statutory compensation, paying the outstanding taxes, and paying off the debts of the Company shall be distributed to shareholders in proportion to shares held by them.
- During the liquidation period, the Company exists but shall not carry out business activities unrelated to liquidation. The assets of the Company shall not be distributed to shareholders until they have been paid off in accordance with the provisions of the preceding paragraph.
- If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, it shall apply to the people’s court for bankruptcy liquidation in accordance with the law. After the people’s court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people’s court.
- Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report which shall be submitted to the shareholders’ meeting or the people’s court for confirmation, and file it with the company registration authority for deregistration of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Circumstances Requiring Amendments to the Articles of Association

1. after the amendments are made to the Company Law or relevant laws, administrative regulations and regulatory rules of the place where the Company is listed, the provisions of the Articles of Association are in conflict with the amended laws, administrative regulations and regulatory rules of the place where the Company is listed;
2. there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;
3. the shareholders’ meeting decides to amend the Articles of Association.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- The amendments to the Articles of Association adopted by the shareholders’ meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.
- The Board shall amend the Articles of Association in accordance with the resolution of the shareholders’ meeting on the amendments to the Articles of Association and the approval opinions of relevant competent authorities.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated under the laws of the PRC on July 16, 2008, and reorganized as a joint stock company with limited liability on December 30, 2025. Our registered office is at Room 1513, Building 2, Lane 58, Shenjian East Road, Minhang District, Shanghai, PRC. Our Company’s headquarters and principal place of business in the PRC are located at 17/F Weijing Center Building G, Gudai Road, Xinzhuang Town, Minhang District, Shanghai, PRC.

As a company incorporated in the PRC, our Company is subject to our Articles of Association and the PRC Company Law. A summary of the PRC Company Law is in “Regulatory Overview” of this Document, and a summary of certain provisions of the Articles of Association is set out in Appendix III to this Document.

Our Company has established a principal place of business in Hong Kong at 16/F Wing On Centre, 111 Connaught Road Central, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on March 26, 2026. Ms. Kam has been appointed as the authorized representative of our Company for the acceptance of service of process and notice in Hong Kong. The address for service of process and notices in Hong Kong is the same as our principal place of business in Hong Kong.

2. Changes in Share Capital of Our Company

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this Document:

On January 20, 2026, the registered share of our Company increased from RMB10,000,000 to RMB11,111,111.

On February 4, 2026, the registered share capital of our Company increased from RMB11,111,111 to RMB11,820,331.

For further details, please refer to the section headed “History and Corporate Structure”. Save as aforesaid, there has been no alteration in our share capital within two years immediately preceding the date of this Document.

3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries which principally affected the results, assets or liabilities of the Group are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this Document.

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STATUTORY AND GENERAL INFORMATION

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this Document.

Shanghai Jingchi Chuanglian Technology Ltd. (上海景馳創聯科技有限公司)

On December 25, 2025, Shanghai Jingchi Chuanglian Technology Ltd. was established in the PRC with a registered share capital of RMB30,000,000.

Shenzhen Dolphin Industrial Design Ltd. (深圳海豚工業設計有限公司)

On May 22, 2024, Shenzhen Dolphin Industrial Design Ltd. was established in the PRC with a registered share capital of RMB1,000,000.

Sichuan Yijing Smart Terminal Co., Ltd. (四川易景智能終端有限公司)

On October 17, 2024, the registered capital of Sichuan Yijing Smart Terminal Co., Ltd. was increased from RMB50,000,000 to RMB50,942,453.

Xi'an Dejing Communication Technology Ltd. (西安德景信息科技有限公司)

On February 11, 2026, Xi'an Dejing Communication Technology Ltd. was established in the PRC with a registered share capital of RMB1,000,000.

4. Resolutions of our Shareholders in relation to the [REDACTED]

Pursuant to the written resolutions of our Shareholder passed on March 27, 2026, the following resolutions, among other things, were duly passed:

- (a) the issue by the Company of H Shares pursuant to the [REDACTED] and [REDACTED] be [REDACTED] on the Hong Kong Stock Exchange.
- (b) the split of each Share with nominal value of RMB1.00 each into 20 Shares with nominal value of RMB0.05 each, with effect upon completion of the [REDACTED];

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (c) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the issue and the [REDACTED] of H Shares on the Hong Kong Stock Exchange; and
- (d) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED] Date.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contract (not being contract entered into in the ordinary course of business) has been entered into by us within the two years preceding the date of this Document and is or may be material:

- the capital increase agreement dated January 29, 2026, entered into among our Company, Mr. Sun Bin, Mr. Chen Miaobo, Mr. Wang Tao, Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu, Shanghai Yijia, Shanghai Yilin, and Baoshan Jinpu, Shanghai Changhao, Yibin Private Economic Investment and Suzhou Straits;
- the shareholders agreement dated January 29, 2026, entered into among our Company, Mr. Sun Bin, Mr. Chen Miaobo, Mr. Wang Tao, Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu, Shanghai Yijia, Shanghai Yilin, Baoshan Jinpu, Shanghai Changhao, Yibin Private Economic Investment and Suzhou Straits; and
- The [REDACTED].

2. Intellectual Property Rights of Our Group

(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:

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No.	Trademark	Class	Registered Owner	Place of Registration	Registration No.	Expiry Date
1	易景科技	9	Company	PRC	83786546	2035.09.27
2	易景科技	9	Company	PRC	78325106	2035.01.20
3	易景科技	9	Company	PRC	76191386	2035.10.20
4		38	Company	PRC	35538826	2030.02.06
5	易景	9	Company	PRC	14412970A	2035.08.13
6	精羿智讯	42	Shanghai Jingyi Smart Technology Ltd.	PRC	78497375	2035.01.06
7	精羿智讯	14	Shanghai Jingyi Smart Technology Ltd.	PRC	78496289	2034.11.06
8	精羿智讯	9	Shanghai Jingyi Smart Technology Ltd.	PRC	78505670	2035.01.06
9	精羿智讯	42	Shanghai Jingyi Smart Technology Ltd.	PRC	76194156	2034.09.06
10	精羿智讯	9	Shanghai Jingyi Smart Technology Ltd.	PRC	76202766	2034.09.06
11	精羿智讯	14	Shanghai Jingyi Smart Technology Ltd.	PRC	76185872	2034.06.27
12	精羿智讯	35	Shanghai Jingyi Smart Technology Ltd.	PRC	76196511	2034.09.06

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent Name	Patent Type	Registered Owner	Place of Registration	Patent No.	Application Date	Expiry Date
1	An automatic flash lamp test fixture	Utility Model	Company	PRC	2024233228855	2024.12.31	2034.12.31
2	Electronic handwriting correction method, apparatus, device, storage medium and program product	Invention Patent	Company	PRC	2025110142859	2025.07.23	2045.07.23
3	Electronic device interconnection method, apparatus, communication device and storage medium	Invention Patent	Company	PRC	2025101576774	2025.02.13	2045.02.13
4	Verification device	Utility Model	Company	PRC	2025205271198	2025.03.25	2035.03.25
5	A fault repair method and apparatus for applications	Invention Patent	Company	PRC	2024116904118	2024.11.25	2044.11.25
6	Sensor calibration method, apparatus, electronic device and storage medium	Invention Patent	Company	PRC	2024109196533	2024.07.10	2044.07.10
7	Watch strap and watch having the same	Utility Model	Company	PRC	2023231783040	2023.11.23	2033.11.23
8	Copper foil for preventing screen components from breaking and terminal equipment	Utility Model	Company	PRC	2024202898526	2024.02.08	2034.02.08

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No.	Patent Name	Patent Type	Registered Owner	Place of Registration	Patent No.	Application Date	Expiry Date
9	An interface circuit compatible with multiple USB devices	Utility Model	Company	PRC	2020230349116	2020.12.16	2030.12.16
10	MIPI switch circuit compatible with dual rear cameras and single rear camera	Utility Model	Company	PRC	2018220911379	2018.12.13	2028.12.13
11	Smart Student Card (L2305)	Design	Shanghai Jingyi	PRC	2022305532058	2022.08.23	2037.08.23
12	Notification broadcasting method and intelligent terminal	Invention Patent	Sichuan Yijing	PRC	2025103362888	2025.03.21	2045.03.21
13	A power consumption current test device	Utility Model	Sichuan Yijing	PRC	2024209447433	2024.04.30	2034.04.30
14	Functional module assembly fixture	Utility Model	Sichuan Yijing	PRC	2024209427389	2024.04.30	2034.04.30
15	A charging IC anomaly identification method	Invention Patent	Sichuan Yijing	PRC	2024108887801	2024.07.04	2044.07.04
16	A sensitive text filtering method based on end-edge-cloud collaboration	Invention Patent	Sichuan Yijing	PRC	2024106057064	2024.05.16	2044.05.16
17	PCBA board production scheduling method and scheduling system based on 5G network	Invention Patent	Sichuan Yijing	PRC	2022115664601	2022.12.07	2042.12.07
18	An SMT patch fault diagnosis system based on 5G communication	Invention Patent	Sichuan Yijing	PRC	2023103434590	2023.04.03	2043.04.03
19	Automatic weighing equipment	Utility Model	Sichuan Yijing	PRC	2021214552690	2021.06.29	2031.06.29
20	A high-security intelligent shared charging method for mobile phones	Invention Patent	Sichuan Yijing	PRC	2018112450233	2018.10.24	2038.10.24
21	An IoT system based on wireless networks	Invention Patent	Sichuan Yijing	PRC	201910510961X	2019.06.13	2039.06.13
22	Anti-interference serial data transmission method, apparatus, device and storage medium	Invention Patent	Sichuan Yijing	PRC	2025117369577	2025.11.25	2045.11.25
23	5G-based intelligent terminal factory test method, system and test equipment	Invention Patent	Sichuan Jingnuo	PRC	2023101312014	2023.02.17	2043.02.17
24	A humanoid robot	Utility Model	Chongqing Ruijing	PRC	2017208122114	2017.07.06	2027.07.06
25	An intelligent monitoring method and system for RRC link communication based on LTE terminals	Invention Patent	Chongqing Ruijing	PRC	2025115745903	2025.10.31	2045.10.31

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(c) Copyright

As of the Latest Practicable Date, we had registered the following copyright which we consider to be or may be material to our business:

No.	Copyright Name	Registered Owner	Place of Registration	Copyright Number	Registration Date
1	Innovatech Mobile Eye Protection Function Software	Company	PRC	2021SR1319656	2021.04.13
2	Multi-Market Application and Function Compatibility Software	Company	PRC	2021SR1188434	2021.04.23
3	Built-in Application Dynamic Management Software	Company	PRC	2021SR0242264	2017.03.18
4	Mobile Operator Customized Lock Card Software	Company	PRC	2019SR0651386	2019.04.18
5	Mobile Bottom Indicator Light Function Software	Company	PRC	2019SR0435538	2019.03.10
6	Shutdown Factory Mode Test Serial Communication Mobile Software	Company	PRC	2018SR912928	2017.11.10
7	Mobile Power-on/off Animation Automatic Switching with SIM Card Software	Company	PRC	2018SR912806	2018.03.02
8	Mobile Anti-theft Tracking and Photo Function Software	Company	PRC	2018SR912931	2018.01.15
9	Intelligent Backlight Software	Company	PRC	2018SR833417	2017.12.02
10	GNSS Signal Optimization Software under Complex Conditions	Company	PRC	2025SR1479581	Unpublished
11	Innovatech Dynamic Lock Card Control Software	Company	PRC	2022SR1446841	Unpublished
12	SmartKey Management Software	Company	PRC	2018SR230990	Unpublished
13	Mobile Children Mode Management Software	Company	PRC	2018SR153244	Unpublished
14	System Integration Management Function Control Software	Sichuan Yijing	PRC	2020SR0767775	2020.04.30
15	Mobile Anti-information Leakage Remote Control Software	Sichuan Yijing	PRC	2020SR0767787	2019.09.25
16	Mobile Software for Preventing False Touch Based on Distance and Light Sensor	Sichuan Yijing	PRC	2019SR0838248	2019.06.12
17	DDR Enhanced Aging Detection Function Software	Sichuan Yijing	PRC	2025SR1474860	Unpublished
18	Mobile Strong Light Mode Function Software	Sichuan Yijing	PRC	2025SR1469308	Unpublished
19	Android Mobile Multi-screen Refresh Rate Function Software	Sichuan Yijing	PRC	2024SR1272502	Unpublished
20	App School Commute Guardian Software	Sichuan Yijing	PRC	2024SR0951349	Unpublished
21	IoT Access System Software	Sichuan Yijing	PRC	2024SR0953331	Unpublished
22	Cloud Collaborative Sensitive Word Library Update and Maintenance System Software	Sichuan Yijing	PRC	2024SR0103324	Unpublished
23	Sensitive Information Update and Maintenance System Software for Intelligent Mobile Terminals	Sichuan Yijing	PRC	2024SR0098609	Unpublished
24	Mobile Terminal Information Filtering Software Based on Input Method	Sichuan Yijing	PRC	2024SR0098628	Unpublished
25	Memory Leak Detection and Analysis Software	Sichuan Yijing	PRC	2023SR1337944	Unpublished
26	Mobile Power-on Country Selection Customization Function Design Software	Sichuan Yijing	PRC	2023SR0999797	Unpublished
27	Mobile Power-on Wizard Customization Function Design Software	Sichuan Yijing	PRC	2023SR0998778	Unpublished

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No.	Copyright Name	Registered Owner	Place of Registration	Copyright Number	Registration Date
28	Music Marquee Function Mobile Software	Sichuan Yijing	PRC	2020SR0468935	Unpublished
29	Production Line Multi-market Compatibility Flag Software	Chongqing Ruijing	PRC	2025SR1479865	Unpublished
30	Aging Test Power Management Software	Chongqing Ruijing	PRC	2025SR1479851	Unpublished
31	App Dynamic Backlight Adjustment Function Software	Chongqing Ruijing	PRC	2023SR1001031	Unpublished
32	Mobile App Cold/Hot Start Performance Test Script Software	Chongqing Ruijing	PRC	2023SR0981445	Unpublished
33	Android Face Recognition Fill Light Function Software	Chongqing Ruijing	PRC	2023SR0880394	Unpublished
34	Intelligent Terminal Floating Ball Function Software	Chongqing Ruijing	PRC	2021SR1848929	Unpublished
35	Battery Bidirectional Charging Function Software	Chongqing Ruijing	PRC	2021SR1837666	Unpublished
36	Fall Detection Software Based on Gsensor	Hefei Jingyi	PRC	2025SR2152287	Unpublished
37	Process Management Function Optimization Software	Hefei Jingyi	PRC	2024SR0344998	Unpublished
38	Android15 Automatic Compilation Script Software	Shanghai Jingyi	PRC	2025SR2096443	Unpublished
39	Android Kernel Source Code Packaging Software	Shanghai Jingyi	PRC	2025SR2096395	Unpublished
40	Memory Fusion Software	Shenzhen Hongtaide	PRC	2023SR1051610	Unpublished
41	Mobile Shipment Low Battery Protection Software	Sichuan Jingnuo	PRC	2025SR1474618	Unpublished
42	Gerrit Submission Record Multi-branch Search Function Software	Sichuan Jingnuo	PRC	2024SR1275846	Unpublished

(d) Domain Name

As of the Latest Practicable Date, we had registered the following domain name which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1	innovatech.net.cn	Company	2008.06.16	2028.06.16
2	innovatech.com.cn	Company	2023.05.19	2028.05.19

Save as disclosed above, as of the Latest Practicable Date, there were no other patents, trade or service marks, intellectual or industrial property rights which are or may be material in relation to our business.

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors’ Service Contracts and Letters of Appointment

(a) Executive Directors

Each of Mr. Sun Bin, Mr. Chen Miaobo, Mr. Wang Tao, Ms. Zhou Yujie and Mr. Yan Libin, being our executive Directors, [has entered] into a service contract with our Company for a three years’ term. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

(b) Independent non-executive Directors

Each of Ms. Zhu Xiaolan, Prof. Yang Wankou and Mr. Liu Deguang, being our independent non-executive Directors, [has entered] into a letter of appointment with our Company for a three years’ term. The letters of appointment may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

2. Remuneration of Directors

For details of the Directors’ remuneration, see “Directors and Senior Management — Remuneration of Directors and Senior Management” and Note 8 to the Accountants’ Report as set out in Appendix I to this Document.

3. Disclosure of interests

Disclosure of Interests of Directors and Chief Executive of our Company

Immediately following the completion of the [REDACTED], the Share Split and the Conversion of Unlisted Shares into H Shares (without taking into account any Share that may be issued and allotted upon the exercise of the [REDACTED]), the interests and/or short positions (as applicable) of the Directors or the chief executive of our Company in the Shares, underlying Shares or debentures of our Company or any interests and/or short positions (as applicable) in the shares, underlying Shares or debentures of our Company’s associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they are taken or deemed to have under such provisions of the Securities and Futures Ordinance), (ii) will be required, pursuant to Section 352 of the Securities and Futures Ordinance, 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

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the [REDACTED] are [REDACTED] on the Stock Exchange.

Immediately before the completion of the [REDACTED], the interests and/or short positions (as applicable) of the Directors or the chief executive of our Company in the Shares, underlying Shares or debentures of our Company or any interests and/or short positions (as applicable) in the shares, underlying Shares or debentures of our Company’s associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) are as followed:

Interests in our Company

<u>Name of Director/ chief executive</u>	<u>Capacity/ Nature of interest</u>	<u>Number of Shares^(Note 1)</u>	<u>Percentage of shareholding</u>
Mr. Sun Bin	Beneficial owner	2,600,000 (L)	22.00%
	Interest in controlled corporation ^(Note 2)	6,600,000 (L)	55.83%
Mr. Chen Miaobo	Beneficial owner	400,000 (L)	3.38%
Mr. Wang Tao	Beneficial owner	400,000 (L)	3.38%

Notes:

- The letter “L” denotes a person’s long position (as defined under Part XV of the Securities and Futures Ordinance) in such Shares.
- As of the Latest Practicable Date, Mr. Sun Bin was a general partner of each of Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia, which in aggregate held 55.83% issued Shares. By virtue of the Securities and Futures Ordinance, Mr. Sun is deemed to be interested in the Shares held by Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia

Disclosure of Interests of Substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this Document, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED], the Share Split and the Conversion of Unlisted Shares into H Shares, have an interest or short position in the Shares or the underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance, or directly or indirectly, be interested in 10% of more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

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4. Agency Fees or Commissions Received

Save as disclosed in the section headed “[REDACTED]” in this Document, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this document in connection with the issue or sale of any capital or security of any member of our Group.

5. Employee Incentive Scheme

The following is a summary of the principal terms of our employee equity incentive scheme adopted in January 2021 (the “**Scheme**”). The terms of the Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Scheme does not involve the grant of options or new or existing Shares after the [REDACTED].

Given all Shares issued under the Scheme have been fully vested, and no new Shares will be issued pursuant to the Scheme, there will not be any dilution effect to the total issued Shares.

Objectives. The purpose of the Scheme is to build an incentive mechanism for our employees, fully mobilizing the enthusiasm and creativity of our talents and promoting our long-term development.

Incentive Recipients. Included are management personnel, core technical (business) personnel or consultants who have made or are making significant contributions to our development.

Grant. All the underlying Shares have been issued to Shanghai Yilin. Shanghai Yilin is a limited partnership controlled by Sun Haiyan as its general partner, an independent third party who is an employee of our Company, with all of its limited partners being our current employees. See “History and Corporate Structure – Corporate Development – Early Corporate Development” for further details.

Disposal Restriction Prior to the [REDACTED]. Prior to the completion of the [REDACTED], the partnership interests shall not be sold, transferred, gifted, assigned, pledged, or subject to any other encumbrances, directly or indirectly.

6. Disclaimers

Save as disclosed in this Document:

- (a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the Securities and Futures Ordinance) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities

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and Futures Ordinance or which will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;

- (b) none of our Directors or any of the experts referred to under paragraph headed “D. Other Information — 11. Qualification of Experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this Document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to the business of our Group;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) so far as is known to our Directors or the chief executive of our Company, no person (not being a Director or chief executive of our Company) will, immediately following the completion of the [REDACTED], the Share Split and the Conversion of Unlisted Shares into H Shares, 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 Securities and Futures Ordinance or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (f) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group in each year or period during the Track Record Period.

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STATUTORY AND GENERAL INFORMATION

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [REDACTED] for the [REDACTED] to be issued as mentioned in this document. All necessary arrangements have been made enabling the Shares to be admitted into [REDACTED].

The Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Joint Sponsors in connection with the defined payable by our Company is US\$880,000.

4. Compliance Advisor

Our Company has appointed Red Solar Capital Limited as our Compliance Advisor in compliance with Rules 3A.19 of the Listing Rules.

5. Preliminary Expenses

As of the Latest Practicable Date, our Company had not incurred any material preliminary expenses.

6. Promoter

The promoters of our Company are all of the then Shareholders of our Company as at 30 December 2025 before our conversion into a joint stock limited liability company. Save as disclosed in this Document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this Document within the two years immediately preceding the date of this Document.

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STATUTORY AND GENERAL INFORMATION

7. Consents of Experts

Each of the experts as referred to in “D. Other Information — 11. Qualification of Experts” in this Appendix has given and has not withdrawn its consent to the issue of this Document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

8. Binding Effect

This Document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Bilingual Document

The English language and Chinese language versions of this Document are being published separately in reliance on the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L).

10. Taxation of Holders of Shares

Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

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STATUTORY AND GENERAL INFORMATION

(c) Consultation with Professional Advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the [REDACTED] will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

11. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

Name	Qualifications
CMB International Capital Limited . .	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
BOCOM International (Asia) Limited.	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Jingtian & Gongcheng	PRC legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
KPMG	Certified Public Accountants
	Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

12. No Material Adverse Change

Our Directors believe that there has been no material adverse change in the financial or trading position since December 31, 2025 (being the date on which the latest audited consolidated financial statements of the Group were prepared).

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STATUTORY AND GENERAL INFORMATION

13. Miscellaneous

- (a) save as disclosed in this Document, within the two years immediately preceding the date of this Document:
 - (i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) there are no outstanding options or agreements to option(s) over the share or loan capital of our Company as of the Latest Practicable Date;
- (c) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;
- (d) save as disclosed in the section headed “[REDACTED]” in this Document, none of the persons named in the sub-paragraph headed “D. Other Information — 11. Qualification of Experts” in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;
- (e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Document; and
- (f) no company within our Group is listed on any stock exchange or traded on any trading system and at present, and our Group is not seeking or proposing to seek any listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange; and there is no arrangement under which future dividends are waived or agreed to be waived.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Document delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) the written consents referred to under the paragraph headed “Statutory and General Information — D. Other Information — 4. Qualifications and Consents of Experts” in Appendix IV to this Document; and
- (ii) copies of the material contracts referred to in the paragraph headed “Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts” in Appendix IV to this Document.

DOCUMENTS ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.innovatech.com.cn/ during a period of 14 days from the date of this Document:

- (i) the Articles of Association;
- (ii) the Accountants’ Report of our Group from KPMG, the text of which is set out in Appendix I to this Document;
- (iii) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (iv) the report on the [REDACTED] financial information of our Group from KPMG, the text of which is set out in Appendix II to this Document;
- (v) the service contracts referred to in “Statutory and General Information — C. Further Information about our Directors and Senior Management — 1. Particulars of the Service Contracts” in Appendix IV to this Document;
- (vi) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisors, in respect of certain matters of our Group in the PRC;
- (vii) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed “Industry Overview” of this Document;
- (viii) a copy of each of the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures together with their unofficial English translations;

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR
OF COMPANIES AND ON DISPLAY**

- (ix) the material contracts referred to in “Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts” to this Document; and
- (x) the written consents referred to in “Appendix VI — Statutory and General Information — E. Other Information — 9. Qualifications and Consents of Experts” to this Document.